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PROVISIONAL SUMMARY RECORD OF THE 20th MEETING

Held at the Palais des Nations, Geneva,
on Tuesday, 9 July 1991, at 3 p.m.

President: Mr. DJOUDI (Algeria)

CONTENTS

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

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The meeting was called to order at 3.25 p.m.

GENERAL DISCUSSION OF INTERNATIONAL ECONOMIC AND SOCIAL POLICY, INCLUDING REGIONAL AND SECTORAL DEVELOPMENTS (agenda item 2) (continued) (E/1991/32, 45, and 56, A/46/132-E/1991/58, E/1991/64, 70, 72, 75, 92 and 115; E/1991/INF.6 and Add.1)

Mr. JI Chaozhu (Under-Secretary-General for Technical Cooperation for Development) said that mankind's millenia-old dream of peace and prosperity was beginning to appear realizable. The United Nations, the appropriate instrument for making that dream come true, was finally emerging from a state of near-helplessness which had lasted too long. With the winding down of the East-West confrontation, the Department of Technical Cooperation for Development was contributing its share towards the difficult task of the reconstruction and development of Eastern Europe, but there was another major conflict which had to be dealt with very seriously, that between the North and the South, whose origin was to be found in the ever-widening gap between the developed and developing countries.

For many low-income countries, the recent trend of financial resources was critical: private bank lending to developing countries had been reduced to almost half the level of the early 1980s, while the level of official development assistance had remained the same over the same period, resulting in a decline in real terms. That situation was aggravated by the need to assist the European economies in transition and to finance the reconstruction in countries affected by the Gulf war. In 1990, the Department of Technical Cooperation for Development, which was the main operational arm of the United Nations for technical cooperation, had had 997 projects with a total delivery of \$181.6 million in the year. Its largest sector of activity had been natural resources and energy, but it was also concerned with development planning, public administration and finance, statistics and population activities. The Department's expenditures for human resources development had amounted in 1990 to \$27.9 million, with Africa accounting for 47 per cent of that total, while expenditures on poverty eradication in the least developed countries had amounted to \$76 million. It was also participating in the preparations for the United Nations Conference on Environment and Development (UNCED). In accordance with General Assembly resolution 44/211, the Department had taken practical steps to support the national execution of

technical cooperation programmes and projects and had made human resources development and the strengthening of national capabilities the main objectives of its activities.

The social and economic sectors of the United Nations constituted a vast pool of experience and expertise whose exceptional value was due to two characteristics: it enabled Member States to examine together critical issues in the economic development of all States, and particularly the developing countries, and it provided technical cooperation to developing countries in an objective, impartial, unconditional, politically neutral and commercially disinterested way through the tripartite partnership of Governments, technical and specialized agencies, and funding bodies. Accordingly, although multilateral assistance channelled through the United Nations technical cooperation system represented only around 5 per cent of all official aid to the developing world, it was of very great importance owing to the beneficial and catalytic role it could play in supporting the efforts of the developing countries, lessening the dangers of North-South confrontation and strengthening mutual understanding and respect as well as furthering stability in the South. Member States should therefore do everything in their power to strengthen, and certainly not weaken, the institutions and agencies involved in assistance activities. As for the donors, they should realize that helping to stabilize the South through truly unconditional assistance, however modest, was in their own self-interest.

The principle of tripartite partnership, between funding agencies such as UNDP and UNFPA, executing agencies including UNDTCD, and the recipient Governments, had proved its great value and had been strongly reaffirmed at the recent meeting of the UNDP Governing Council. Some points of difference had, however, arisen between the Department and the two principal funding agencies over the issue of support costs and the assumption of executing functions by those agencies. The study on the relationship between UNDP and UNDTCD requested by the UNDP Governing Council should lead to better collaboration between the two organs. He intended to take an active personal role in that work.

The streamlining of Secretariat operations in the economic, social and related fields requested by the General Assembly at its resumed forty-fifth session was clearly necessary, but such restructuring should be

aimed at strengthening the role of the United Nations and that of the Secretary-General and the Director-General for Development and International Economic Cooperation in those fields. There again, the right approach was to strengthen, and certainly not to weaken, the tripartite partnership principle which the General Assembly had adopted by consensus. Given the economic and social upheaval of catastrophic global proportions which was liable to result from a prolonged economic marginalization of the third world, the historic opportunity to restructure the existing inequitable international economic regime should not be missed. For its part, UNCTAD stood ready, as always, to make its expertise available to the Member States, to contribute to their deliberations and to implement decisions taken by the General Assembly and its subsidiary bodies.

Mr. MOULTRIE (Bahamas) said that the world economy had entered a new phase which was bound to lead to deep structural changes in the economies of States and in the world economy as a whole. At the same time, the differences in levels of economic development and between the needs of developing countries and the resources available to meet them had never been greater. Mutually acceptable agreements had therefore to be reached with a view to achieving equality, stability and predictability in international economic relations.

In his Government's view, one of the major avenues for promoting growth in the developing countries and overcoming the debt problem was the reform of the international trading system. Non-tariff barriers as well as subsidies and tariffs imposed on developing countries had distorted the trade in agricultural products and undermined the ability of developing countries to operate in stable markets. An open international trading system was a major pillar of an interdependent world economy. His Government therefore urged the international community to take the necessary political decisions in order to ensure the success of the Uruguay Round, and encouraged the widest possible participation of developing countries in the Round and their further integration into the multilateral trading system, an objective which presupposed that developed countries were prepared to accept greater multilateral discipline and to offer improved market access in areas of interest to developing countries. The stalemate in the Uruguay Round had to be overcome and an end put to the upsurge in protectionist trends.

It was essential that debtor countries should work hard at improving national policies and implementing structural adjustment programmes which would promote sustainable economic development, enhance creditworthiness and encourage inflows of external finance. The major economic Powers, in turn, should ensure that the growth of the global economy continued and that real growth opportunities were created in commodity production and trade.

Rapid technological development had stimulated growth in the richer parts of the world and brought about structural changes in almost every country. In the developing countries, preoccupation with short-term adjustment sometimes tended to relegate that aspect to the background, vital though it was in the long term. The international community should, within the framework of the International Development Strategy for the Fourth United Nations Development Decade, devise and implement a set of policies which would have a significant impact on the development of human capabilities. In addition, international financial institutions should allocate an increased proportion of their lendings to direct support of education and training and to other assistance for human development. Isolated events or sets of targets were no longer enough. The importance of human beings in economic development should be institutionalized in a systematic and sustained process and, in the 1990s, human-resource development should be placed at the centre of economic development.

Progress made towards democracy and a market-oriented economy had rendered possible the entry of the Eastern European countries into the multilateral trading system and that, it was to be hoped, would improve the prospects for trade between those countries and the developing world. In order to overcome unexpected external obstacles to market transformation, such as the Gulf crisis and the collapse of the CMEA market, it was necessary to continue implementing radical economic reforms while using external technological and financial assistance and actively developing economic cooperation with all countries. In that connection his Government welcomed the assurance of the Western industrial democracies that they would continue to provide technical and financial assistance to Eastern European countries from additional resources, kept apart from those for aid to the developing countries.

The United Nations, with its accumulated knowledge and interdisciplinary approach, had a major role to play in strengthening multilateral cooperation

in international economic affairs. However, the Organization could not ignore the changes taking place all around it. A process of reform was needed in order to enable it to play that role more effectively. The United Nations of the future should offer a better framework for linking international efforts with regional ones in order to help developing countries to proceed from a period of adjustment to one of development growth. To that end, the United Nations needed the unwavering support of its Member States. His Government wholeheartedly supported General Assembly resolution 45/177 on the restructuring and revitalization of the United Nations in the economic, social and related fields. The High-Level Meeting which had just taken place and the informal dialogue - which had proved preferable to a more formal approach - with representatives of multilateral agencies pointed the way to be followed in the future and proved that the Council was in the vanguard of the restructuring process.

Mr. MONTANO (Mexico) said that the new system of international relations that was in the process of being established had some ambivalent aspects which many developing countries found disturbing. The peace dividend which had been expected from détente and which would have facilitated the expansion of the developing countries' trade had failed to materialize. Current developments were giving rise to alarm in view of the growing economic interdependence between countries and sectors, but the strengthening of multilateral cooperation could transform that interdependence into a factor that would be beneficial to all. Unless it created a favourable international economic environment and was accompanied by greater commitment on the part of the industrialized countries, the economic order that was taking shape could not but perpetuate the gap between the wealthy countries and those that lacked everything. The need to correct the imbalances of the world economy and the means towards achieving that end were set out in a number of recent documents, particularly the Declaration on International Economic Cooperation. In that connection, his delegation wished to reaffirm that such cooperation had to be equitable and unconditional. The outline agenda proposed by the Under-Secretary-General for International Economic and Social Affairs could serve as a framework for the Council's activities in that field over the next few years.

World trade was feeling the effects of uncertainties regarding access to major markets and of the development of new forms of protectionism, discrimination and exclusion. The anti-protectionist commitments undertaken

within the framework of the Declaration of Punta del Este had not been effectively observed. The trade-liberalization measures adopted by the developing countries had produced hardly any response from their developed trading partners. It was essential therefore that the Uruguay Round negotiations should lead to a new consensus on a rational international trade system which was reasonable, reliable and equitable and which took into account the developing countries' needs. His delegation urged all participants in the talks to let reason and the general interest prevail over selfish special interests.

Mexico was making efforts to diversify its economic relations, find new forms of cooperation and develop its presence in all parts of the world. It had begun to modernize its production structures, organizational forms and strategies with a view to obtaining entrance to the complex trade mechanisms that were being established. It had embarked upon negotiations on a free-trade agreement with the United States and Canada, its objective being not to become part of a closed bloc but to respond realistically to the demands of the world economy's new dynamics. It had launched upon a process of economic integration and political concertation with the countries of Latin America within the framework of the Latin American Integration Association (LAIA) and of the Rio Group. It had signed a third-generation framework agreement with the European Economic Community. In addition, it had joined the Conference on Economic Co-operation in the Pacific. In that way, it intended to contribute towards the establishment of an international trade system that would be fairer, more equitable, more open, and more in line with the standards of international law.

The problem of debt and of the transfer of considerable resources to the developing countries meant some very real sacrifices for those countries. It was henceforth recognized that a reduction of debt and of debt-servicing had to be the central element of any solution to the problem, but initiatives taken to date in that field, although positive, were of only limited scope. The international community should show boldness in finding a durable solution.

His delegation welcomed the progress made in preparing for the International Conference on Environment and Development. Mexico had recently acted as host to the regional preparatory meeting for Latin America and the Caribbean, and the Declaration of Tlatelolco, adopted on that occasion, expressed the continent's concerns in that regard.

Mexico reaffirmed its will to act in a constructive fashion. It had undertaken structural adjustment programmes and modernized its economic structures. It was managing its resources more effectively and was seeking viable alternatives to traditional models of growth and development. Commitments could not always be one-sided, however, and reciprocity should be the rule. The universal need for adjustment stressed by the Director-General of the International Monetary Fund should be reflected in the facts. Solutions adopted thus far fell short of meeting the challenges of an interdependence which was developing more rapidly than expected. Cooperation should no longer be regarded as a concession to some countries but should be seen as a collective project of capital importance to all.

Mr. BRODODININGRAT (Indonesia) recalled that, at the Council's summer session of 1990, the general mood had been one of optimism because world developments, and particularly the end of the cold war, had offered the promise of more stable peace and common prosperity. The landmark consensus reached at the eighteenth special session of the General Assembly had given rise to renewed expectations for the revitalization of economic growth in the developing countries. The Uruguay Round, which at that time had reached its final stages, had promised a more open and equitable international trading system. However, all those hopes had been dashed by the Gulf conflict, which had absorbed a substantial part of badly-needed resources. Worse still, the demonstrative effect of technologically advanced war machines had spread a feeling among many countries that their defence systems had become obsolete, and encouraged them to increase military spending. At the same time, efforts to implement the hard-won consensus of the special session of the General Assembly had failed to yield the expected results and the Uruguay Round, at its Brussels meeting in December 1990, had failed to arrive at a successful conclusion.

Under such circumstances, it was hardly surprising to note from the World Economic Survey, 1991 that world output in 1990 had recorded a minimal growth of only 1 per cent. The prospect for 1991 was even bleaker, it being expected that the world economy would suffer from virtual stagnation and a possible decline in per capita output of the order of 2 per cent. The steady decline in the growth of world trade registered since 1987 was particularly worrying, accompanied as it was by a continuing deterioration of primary commodity prices. Those trends had correspondingly affected the export growth

performances of developing countries in the Asia and Pacific region. So far as Indonesia was concerned, the value in United States dollar terms of its non-oil and gas exports had fallen from 35.2 per cent in 1988 to 20.4 per cent in 1989 and to only 6.7 per cent in 1990.

In the light of the deteriorating conditions of the world economy, the task of strengthening multilateral cooperation in international economic affairs assumed added urgency. In the current era of increased globalization, adjustment measures or development efforts, no matter how strenuously pursued at the national level, could be of enduring impact only if complemented by a favourable international economic environment. Whether in international economic relations or in the domestic economy, exclusive reliance on the workings of market forces did not suffice to bridge the gap between the rich and the poor.

The question arose whether it was necessary to create new institutions in order to strengthen multilateral cooperation in the economic field. Without being a priori opposed to such an idea, he would prefer first to see whether institutions already in existence might not be improved and made more responsive to the changing situation. Moreover, the international community should put into effect, without delay, the Declaration adopted at the eighteenth special session of the General Assembly, implement the International Development Strategy for the 1990s and display a more forthcoming attitude in order to bring the Uruguay Round to a successful conclusion. He continued to believe in the ability of the United Nations system to measure up to the challenge by shaping effective programmes which reflected a new sense of shared responsibility for the future of all mankind. A new institution that might perhaps be set up within the framework of the United Nations was a mechanism to channel towards development purposes resources released as a result of arms reduction.

It was encouraging to note that multilateral cooperation on other important issues, such as the protection of the environment, the alleviation of poverty and human development, was gathering momentum. It was to be hoped that cooperation for development would receive the same enthusiastic response as cooperation on the environment, that the promotion of pluralistic democracy at the national level would go hand in hand with a drive for democratization

at the international level, and that the human right to decent food, clothing, shelter and employment would be accorded the same prominence as civil and political rights.

Mr. CESKA (Austria) said that overall economic growth had slowed down considerably in 1990 and forecasts pointed to zero growth for the world as a whole in 1991. In his own country, economic indicators during the year under review had been above the OECD average. Those good results notwithstanding, efforts towards microeconomic reform and fiscal consolidation had to be continued.

The changes in Eastern Europe had resulted in the short term in a sharp drop in economic activity, a decline in interregional trade and an increase in unemployment and inflation in the subregion. The transition to a market economy would take longer than anticipated and would require a great deal of effort on the part of the countries concerned, as well as of the international community at large.

The Gulf conflict had disrupted international relations and had led to untold human suffering, a grave disruption of the world economy, environmental degradation of unprecedented dimensions and the displacement of millions of innocent people. His delegation hoped that the informal exchange of views that was to be held on the subject would shed light on how the economic, social and environmental consequences of the Gulf conflict could be dealt with most constructively.

Restructuring through deregulation and privatization had become a major factor in the economic endeavours of both developing and Eastern European countries. While welcoming that move, his Government considered that there were functions of the public sector, such as primary education, preventive health care, basic social security and the creation of a legal framework conducive to economic activity, trade and foreign investment which should not be delegated to the market mechanism.

In many developing countries, particularly in sub-Saharan Africa, the situation continued to be bleak, despite decades of international development endeavours. The gap between average incomes in the North and in the South was widening, partly because of a disparity in economic growth rates and negative resource transfer and partly because of the population growth factor. There

were 1.2 billion poor people in the developing countries and some 200 million people - many of them belonging to ethnic minorities - who lived in poverty in the industrialized countries. Much remained to be done in the economic and social fields to arrive at a truly human world order.

His delegation was heartened by the main conclusion of the UNDP Human Development Report, 1991, namely, that human development could be financed. Lack of political commitment, not of resources, was often the real cause of neglect in that field. His delegation therefore welcomed the idea put forth by the Secretary-General in his opening address that an international conference be convened on the financing of development.

The end of the cold war had enabled the United Nations, for the first time in its history, to play the role assigned to it by the founding fathers in the area of politics and international security. It was high time that the United Nations came into its own in the economic and social fields also. He hoped that the current session of the Council would be a step in the right direction.

Mr. SERSALE di CERISANO (Argentina) said he wished to protest at the delay in distributing the documentation for the current session of the Council. Such a delay prevented the appropriate services in the various capitals from carrying out the necessary technical analyses, so that delegations were unable to formulate in the meetings the informed and useful conclusions which the Secretariat expected of them. He did not, however, intend to invoke rule 14, paragraph 4, of the Council's rules of procedure which provided that, if the documentation relating to an item of the agenda had not been circulated six weeks before the opening of a session, the item should be postponed to the following session; were he to do so, the Council would be obliged to defer consideration of too many items of its agenda. He strongly hoped, however, that his protest would have some effect.

Turning to the international economic situation from the point of view of national and regional economic policy, with particular reference to the World Economic Survey, 1991 (E/1991/75), the summary of the economic survey of Latin America and the Caribbean, 1990 (E/1991/56) and the report of the Secretary-General on the role of the public sector in promoting the economic development of developing countries (A/46/132-E/1991/58), he said that the Department of International Economic and Social Affairs was to be congratulated on having, in the World Economic Survey, 1991, produced a

working tool which usefully complemented the data published every year by the World Bank, the IMF and UNCTAD. For all its merits, however, the Survey deserved some criticisms of a methodological nature. In chapter III on international trade, Box III.1 on grain subsidization (p. 65) referred to the share of agricultural expenditure in total current Government expenditure in Germany, the United States and France without once mentioning the common agricultural policy of the European Economic Community under which the Community covered more than 50 per cent of total budgetary expenditure set aside for agriculture in its member countries. The comparison was therefore invalid. In connection with the Uruguay Round of multilateral trade negotiations the survey stated that, according to recent OECD calculations, agricultural support policies had cost the OECD countries' consumers and taxpayers roughly \$251 billion in 1989 (*ibid.*, p. 63), while footnote 33 on the same page stated that total transfers were defined as the sum of all transfers from taxpayers plus all transfers from consumers minus budget receipts from tariffs. However, in the countries of the European Economic Community and in Japan, unlike the United States, practically all the support given to agriculture was derived exclusively from consumers. There again, some refinement of the methodology employed by the Department's experts would be welcome.

With regard to international relations (*ibid.*, chapter IV), despite the declarations and resolutions adopted at the highest level with a view to finding solutions to external impediments to growth which developing countries were encountering in the sectors of financing, trade and access to technology, the Survey stated that the net transfer of financial resources from developing countries to developed countries had reached \$39 billion in 1990 as against \$33.7 billion in 1989 (*ibid.*, table IV.1). His delegation intended to repeat over and over again in all international forums that that catastrophic trend of the 1980s had to be reversed during the 1990s. To that end, the main industrialized countries had to take into account the effects on developing countries of the decisions they adopted at the macroeconomic level. Thus, the Group of Seven, which was to meet shortly, should take into account the recent rise in the dollar and encourage countries such as Japan and Germany, which had surplus balances of payments and which, moreover, were anxious to contain inflation, to invest their surpluses in the developing countries; the increase

in investment in developing countries would also contribute towards improving the trade balance of the country with the largest deficit, namely, the United States.

The Group of Seven should also act to ensure the elimination of trade protectionism in all its forms, as it had undertaken to do at Houston in 1990. In order to promote economic growth, it was necessary to establish a comprehensive and open multilateral trade system, which meant stopping all support to insufficiently profitable sectors, providing access to markets and abolishing export subsidies. Those were the basic principles of a market economy as taught by the industrialized countries: the problem was that those countries did not really practise what they preached.

Argentina, for its part, had not hesitated to embark upon deep structural reforms aimed, in particular, at freeing the markets from State intervention and redefining the role of the State, which would no longer engage in production activities, but would concentrate instead on the weakest sectors of the economy; an ambitious programme of privatization of public enterprises had been launched in consequence. The reform also extended to the fiscal regime, decision-making (which had been decentralized to involve provincial governments and then town councils), the struggle against inflation through the elimination of the budget deficit, and the reorganization of the financial regime and the Central Bank, which had been placed in charge of monetary control and supervision of the financial entities. Privatization was advancing at an accelerated rate in accordance with the principles of deregulation and the abolition of monopolies, so that the Argentine State, while continuing to be principally responsible for decision-making on matters of economic policy, would soon have delegated the production of all goods and services to the private sector. A major tariff reform whereby duties were to exist at three levels only - 0, 11 and 22 per cent - had recently been implemented. Furthermore, the currency had recently been pegged to the United States dollar as a consequence of its free convertibility, which the Central Bank was to guarantee at all times. The indexing mechanism, thanks to which Argentina had been able to function under inflation, had itself become a factor of inflation and had been abolished.

The Argentine economy, with its free-trade market and with so radical a restructuring of its public sector, was indisputably integrated into the world economy. At the regional level, integration had already made considerable

progress with the setting up of a Common Market of the Southern Cone (MERCOSUR) whose four member countries (Argentina, Brazil, Paraguay and Uruguay) had recently signed an agreement with the United States providing for the establishment of a trade and investment council. The regional economic space created by the establishment of MERCOSUR represented 50 per cent of the GNP and 37 per cent of the population of Latin America. It should be understood that MERCOSUR was an instrument and not an end in itself, the objective being to ensure a better response to market demand, to make use of economies of scale to lower prices, and to improve quality.

With regard to strengthening multilateral cooperation in international economic affairs, which formed the subject of a report of the Secretary-General (E/1991/72), he said that the preparation of the report had been undertaken in accordance with Council decision 1990/263 and was therefore entirely justified. He had, however, some criticisms to make concerning the contents of that report, the main one being that the paper had a closer bearing on other agenda items and was somewhat out of place in a general discussion. The first two sections referred to commitments agreed upon in other bodies, particularly the Declaration on International Economic Cooperation adopted by the General Assembly at its eighteenth special session. The question of the implementation of the commitments and policies agreed upon in the Declaration was covered by item 4 of the Council's agenda, and also appeared under item 90 of the provisional agenda for the forty-sixth session of the General Assembly. Furthermore, in recalling some initiatives, the report ran the risk of overlooking certain others which might also be of interest to the member countries. That defect was particularly apparent in sections III and IV, and particularly in paragraphs 38 to 42, which gave an incomplete account of the restructuring of the economic and social system.

In the circumstances, his delegation would refrain from participating in a detailed discussion on the subject, for three reasons. First, the General Assembly in its resolution 45/264 (which was not even mentioned) had already adopted a position on a number of the recommendations made in the report. Secondly, the restructuring of the economic and social system already formed the subject of an agenda item for the forty-sixth session of the General Assembly, and was accompanied by a timetable of negotiations extending until the forty-eighth session; there was thus no reason for the Council to deal with the matter. Lastly, the documentation referred to was selective and

did not include the proposal of the Group of 77, although it had served as a basis for the negotiations which had led to the adoption of resolution

His delegation wished, however, to state its views on certain points in the report. First, on the subject of coordination (E/1991/72, paras. 30 and 31), it would not subscribe to a mode of coordination based on selective criteria established without the participation of Governments. The Council could perform its coordinating function under the Charter on the basis of the provisions of resolution 45/264, on condition that it applied the method of work agreed within the Council itself; failing which the work of the Council and of its secretariat would lose all meaning. Moreover, coordination was an end in itself and could hardly be discussed in the abstract. As for the proposal that an economic security council be created (ibid., para. 40), that would hardly meet the wishes of Governments as expressed in General Assembly resolution 45/264. Lastly, with regard to the possible upgrading of the Committee for Development Planning (ibid., para. 41), his delegation took the view that the Department of International Economic and Social Affairs could take over any new tasks that might otherwise have devolved upon the Committee. It was not essential to create new structures. His delegation wished to state that it was willing to continue the search for solutions at the forty-sixth session of the General Assembly.

Mr. NGUYEN LUONG (Observer for Viet Nam) said that, in 1990 and the first half of 1991, economic activities had slowed down in nearly all parts of the world; the situation was thus alarming, especially for the developing countries but also, in the last analysis, for the developed ones. In granting support to developing countries and other countries in transition, the developed countries served their own interests as much as those of the recipients.

Of the two central issues he wished to raise, the first was that of the external debt of the developing countries, which totalled more than \$1,300 billion and was the cause of the net capital outflows, low rates of investment and economic stagnation of many developing countries. Efforts made over the past few years to relieve the debt and debt services had been too limited and in some cases discriminatory. A comprehensive solution had to be found, and his delegation supported the Secretary-General's idea of a conference on financing development. The second point was that current practices employed, for political purposes, by certain developed countries

against a number of developing countries, such as limitations on economic cooperation, coercive measures, trade embargoes and discrimination, ran contrary to the trend towards the increasing interdependence and internationalization of the world economy. In the interests of mankind as a whole, such practices should be abandoned.

So far as his own country was concerned, it had over the previous four years carried out a policy of renovation in all fields with the central objective of transforming the planned economy based on administrative bureaucracy and State subsidies to a market-oriented economy with macro-planning based on a diversity of ownership. By the end of 1990, the Vietnamese National Assembly had adopted a law on private enterprises, a law on shareholding companies and amendments to the law on foreign investment authorizing private entities to undertake joint ventures with foreign partners. Only a few days previously, the banks had been authorized to carry out all activities in foreign currencies.

Thanks to the renovation policy, a number of important achievements had already been recorded. Since 1989, Viet Nam - although traditionally an importer of food grains - had been exporting rice. Industrial production in 1990 had risen by 4.5 per cent over the 1989 level. A large number of enterprises had succeeded in improving their competitiveness from the point of view of product quality. Galloping inflation had been reduced to 2.8 per cent a month in 1989. Since the adoption of the law on foreign investment three years previously, licences had been issued to more than 200 joint ventures and foreign enterprises to establish themselves in Viet Nam. In the past two years, the country's export earnings had doubled.

Viet Nam was fully aware of challenges it had to face owing to its low level of development, poor infrastructures, high rate of population growth, increasing unemployment, trade adjustment with Eastern Europe, external indebtedness and the effects of an unjustified economic embargo. However, it was determined to continue its policy of renovation and to keep the door wide open to cooperation with all countries and all international institutions.

Mr. SOMAVIA (Chile) said that the current period was marked by many positive signs, ranging from the extension of political freedom in numerous authoritarian societies to the attenuation of the general fear of a nuclear conflagration, to the consensus emerging on the ability of open economies to ensure long-term well-being, to the capacity of the United Nations to

contribute towards the establishment and maintenance of peace and to the recognition that the economies of the great Powers could not remain by the levels of their military expenditure.

Negative signs were also to be seen, however. His Government was particularly concerned over the persisting gap between countries or sectors in which well-being and security were a more or less stable reality and those where the main problem of daily existence was sheer survival. The "social cost" of political change or economic adjustment was regarded as inevitable or even indispensable, and it seemed to be forgotten that an improvement in the quality of life of the general population was and remained the only ethical criterion for assessing the validity and efficacy of economic development. If, in an open economy, it was essential to preserve macroeconomic stability as the condition sine qua non of sustained growth, it was no less important to have regard for macro-social balances, without which equitable development - the very basis of political stability - was impossible. An open economy should go hand in hand with social justice. The international community must collectively recognize the need to reach agreement on fundamental criteria which would enable economic efficacy and social efficacy to be politically reconciled. The problem was neither new nor insoluble. Thus, for example, the development of European countries since the end of the Second World War had been based on the search for a satisfactory relationship between those two requirements.

In the view of his Government, it was essentially the Council's responsibility to help supply specific guidelines in the matter. The social problems facing mankind were universal in nature and could not be viewed purely within a North-South perspective, any more than they could within the perspective of the, no-longer existing, East-West confrontation. In all societies, those problems were the source of serious tensions. Poverty, unemployment, drugs, environmental degradation, hopelessness among the young or the role assigned to women in patriarchal cultures were not the doubtful privilege of underdevelopment alone.

Traditional concepts of security based on strategic and military ideas were incapable of taking into account the full complexity of problems which, for the most part, were social, economic or environmental in origin. For example, the fact that a billion people were living in extreme poverty was, in the same way as drug abuse and environmental degradation, a latent source of

insecurity and instability at the national, regional and world levels. It should be recognized that the individual and social security of citizens was as important as, or even more important than, the internal or external security of the State. To define those modern ideas on security was an urgent task. The Council ought to be capable of accepting the realities and adjusting its work accordingly.

The limitations of the market economy in the matter of reducing poverty and promoting the social well-being of the most disadvantaged sector of the population had to be recognized. A policy which encouraged economic expansion, increased employment opportunities and an equitable fiscal system were also necessary. Without a general framework of simultaneous support to growth and to social justice, sectoral measures aimed at eliminating poverty would be ineffective.

The national budget was the instrument by means of which such concepts could be transformed into political realities. At the international level, it had hitherto been the International Monetary Fund that had been most concerned about the composition and balance of national accounts within the framework of its functions, namely, granting loans and supervising the international monetary order. The Council might usefully develop the habit of examining the questions before it on the basis of a more thorough analysis of their implications for national budgets.

The current system of international economic relations suffered from a persistent anomaly which consisted in applying a double standard. While, on the one hand, the advantages of an open economy and the need to maintain a budgetary balance and to carry out privatizations were preached to the developing countries, there were more and more refined manifestations of protectionism, huge budgetary and trade deficits and numerous examples of striking successes achieved by conglomerates in which public capital played a determining role observable in the developed countries. The truth was that an open economy with balanced accounts and a strong private sector was more and more widely accepted as the best contemporary model for economic success, provided it was accompanied by flexible policies adapted to all national or regional situations and provided it incorporated a judicious combination of economic, social, environmental and political measures.

In order to reconcile economic efficacy with social efficacy in a lasting manner, a growing level of national consensus between the main social and

political agents was required. No one could take the place of the country itself in the task of building a nation, strengthening its identity and giving its people the feeling that they belonged to the same society. For the developing countries, the achievement of their own national integration was an arduous task. Obviously, however, failure to rally support for their political systems and development projects and the resulting internal divisions would create an additional factor of weakness at the international level.

For a variety of reasons, many countries and regions of the third world were currently going through a period, only temporary it was to be hoped, of great international weakness. It would be regrettable if that situation were used as an excuse for doing nothing to help them solve their problems. In the last analysis, what should ultimately unite all nations, inspired by the Charter, were the humanist values to which they subscribed and which should govern relations between States as well as within individual countries.

Dr. ABDELMOUMENE (World Health Organization) said that WHO was greatly heartened by the fact that the international community was once more focusing its attention on the question of multilateralism, and hoped that the unprecedented changes of recent months, which had reshaped the international political environment, would help to strengthen the multilateral approach in the social and economic fields of the United Nations system. Such an approach, with intersectoral cooperation, was essential in the field of health in order to achieve the goal of health for all, contemporary societies being afflicted by dramatic inequalities in that regard.

Between 1985 and 1988, WHO had conducted concerted efforts to monitor progress towards that goal. Progress in the 42 least developed countries, characterized by the lowest socio-economic and health indicators, had been particularly disappointing. In 1989, the Director-General of WHO had launched an initiative for intensified cooperation with the most needy of those countries. That initiative, in which 23 countries were currently participating, sought to channel all available resources into coherent and coordinated action, with particular emphasis on programmes designed to strengthen health-system infrastructures in the light of each country's self-determined needs. Multilateral cooperation was crucial to the initiative, in which other United Nations agencies, as well as financial institutions, development banks and bilateral agencies, were already taking an

active interest. The achievement of an adequate level of health for all people which would permit them to live socially and economically productive lives was a goal to which the entire international community was committed, particularly under General Assembly resolution 34/58. It was also a basic human right. In that context, he wished to mention a few high-priority areas which demonstrated the need for close multilateral cooperation.

The first among such areas was that of the environment. The disastrous effects of environmental degradation on human health weighed heavily on individuals and communities and had a negative effect on their ability to contribute to development efforts. WHO, through its Commission on Health and Environment, was contributing to the international efforts to improve the environmental situation and people's standard of living.

A special concern of WHO was tobacco, both as a commodity and as a danger to health. The Director-General, aware of the plight of certain countries which depended heavily on tobacco production to sustain their weak economies, had agreed with the World Health Assembly meeting in May 1991 that it was essential to bring to the Council's attention the serious socio-economic and health problems revolving around tobacco production and consumption in the hope that, in due course, the competent agencies would take up with WHO the important issues of crop substitution, industrial and tobacco trade issues, government subsidies to tobacco growers and import duties and taxes on tobacco products.

Drug abuse, which was seriously disrupting family life and local and national economies in both developed and developing countries, called for new and innovative approaches to prevention and treatment. It was a global phenomenon which called for a global and multisectoral response. Urgent attention should be given to the health implications of drug abuse and to ways of reducing its impact and the initial demand for drugs and alcohol. WHO, through its Programme on Substance Abuse and working closely with other United Nations bodies, was increasingly advocating a multisectoral approach using every level of the health sector, including primary health care.

WHO had noted with great interest that the UNDP Governing Council had, at its recent meeting, broached the issue of drug abuse control and crop substitution, had decided to allocate resources to finance projects in that area and had urged the international community to increase significantly its support for such efforts. It therefore hoped that a similar effort to provide

multilateral assistance to tobacco-related projects in the developing countries with a view to reducing their dependence on that crop would also be successfully negotiated within the international community.

Another area calling for intensive multilateral cooperation was that of AIDS control. The pandemic, which was entering its second decade, had confronted all societies and the United Nations system with unprecedented problems. While WHO had provided global leadership in confronting the resulting crisis, it had done so in a spirit of multilateralism, not least in its effort to plan adequate responses to the economic and social consequences of the pandemic. It was engaged in active and continuous discussion with UNDP, UNICEF, UNFPA and the World Bank with a view to fostering coordinated planning aimed at minimizing the impact of the pandemic on sectors other than health. In order to underline the urgency of such cooperation, the Director General had decided that the theme for the current year's World AIDS Day would be "Sharing the Challenge" in order to convey the need for all those involved in AIDS prevention and control to mount a comprehensive assault in the years ahead, taking into account the health, social and economic aspects of the pandemic.

Lastly, in collaboration with its development partners, WHO would continue to make its own specific contribution to achieving the development goals adopted by the international community, and particularly to the International Development Strategy for the Fourth United Nations Development Decade. Its own work in international health was a direct contribution to human development and to achieving social equity, peace and justice.

Mr. PARK (Observer for the Republic of Korea) said that in contrast to the 1980s which had been a "lost decade" for many developing countries, the 1990s should be a decade for development and prosperity. However, despite the hopes aroused by the immense opportunities following the early end of the Gulf crisis and the dramatic changes that had occurred in political and economic sectors at the international level, the prospects for the economies of the developing countries were not bright. Those countries were suffering from an increasing burden of external debt, unstable international financial markets, falling commodity prices, a rising tide of protectionism and the heavy cost of structural adjustment programmes. The development of those countries was a most urgent task for the growth of the world economy. In that regard, his delegation believed that the Declaration adopted by the General Assembly at

its eighteenth special session represented a momentous starting point for the attainment of the goals of peace and development, and reaffirmed its strong commitment to the successful implementation of the Fourth United Nations Development Decade.

With the transformation of the economies of the Eastern European countries into market economies, the world was facing important challenges. For that reason, the convening of a Special High-Level Meeting had been particularly timely. It was in the interest of the international community as a whole to support the reform under way in the Eastern European countries so that their transition to the market-economy system might be effected in a way that allowed the world economy to maintain stability and accelerate growth. At the same time, a major effort should be made to minimize the possible negative impact of the evolution of East-West relations on the economies of the developing countries.

The common prosperity of the world community would be further enhanced when each country pursued sound economic, industrial and trade policies and when each national economy could adapt to the changing conditions of the world economy. As free-trade policy was considered to be the best instrument to generate growth and prosperity, the persistence of protectionism posed a serious problem. The desire to arrest that trend had provided the impetus for the Uruguay Round trade negotiations, and all countries, especially the major developed ones, should seek to avoid further delay in reaching a successful conclusion to those negotiations.

The burden of external debt was another main obstacle to growth and development in many developing countries. More vigorous concerted efforts should be made to reduce the external indebtedness of those countries so that their economies might be restored to the path of sustained development.

His delegation welcomed the adoption of the debt-restructuring plan introduced by the Paris Club to assist several severely indebted lower-middle income countries. Political will and a sense of shared responsibility between debtors and creditors, including financial institutions, were needed more than ever.

The trend towards regional economic integration was also a cause for concern. The developing countries wanted to be sure that regional economic arrangements would be not detrimental but contributory and beneficial to the expansion of world trade as a whole.

Economic growth and environmental problems were closely interlinked. If the existing pattern of economic growth continued, serious negative effects on the biosphere could be expected. While countries could not be expected to abstain from industrial growth in order to preserve the environment, it was necessary to seek ways and means to accomplish environmentally sound and sustainable economic growth which harmed it little as possible. The future of the planet should not be sacrificed for the sake of current necessities. It was to be hoped that the United Nations Conference on Environment and Development would result in binding commitments on basic principles and action programmes.

The Republic of Korea, with no natural resources other than its human resources, had become the world's thirteenth largest trading nation, thanks to the free-market system. In recognition of the need to preserve and balance the benefits of that system with its trading partners, his Government was moving quickly to open the country's market and was pursuing a multilateral trade liberalization plan. The plan featured the lifting of import restrictions in every sector of industry, significant reductions in tariff rates, and reforms of foreign investment regulations. As a result of import liberalization, 99.9 per cent of manufactured goods entering the Korean market would be free from any restriction by the end of 1991.

In the spirit of economic cooperation among developing countries, Korea had sought ways and means of expanding, within the limits of its capabilities, the scope of its South-South cooperation. It had introduced a technical training programme for overseas participants in 1965 and established an economic development cooperation fund in 1987. He was happy to report that the development programme of cooperation with developing countries had entered into a new phase with the recent establishment of the Korean International Cooperation Agency (KOICA). With that new institution consolidating all types of overseas cooperation activities, such as technical cooperation, grant-type aid and the Korean youth volunteer programmes, Korea could look forward to systematic cooperative activities with the developing countries.

The meeting rose at 6.05 p.m.