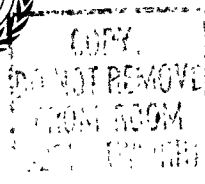


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SECOND COMMITTEE
4th meeting
held on
Wednesday 12 October 1983
at 10.30. a.m.
New York

SUMMARY RECORD OF THE 4th MEETING

Chairman: Mr. DIETZE (German Democratic Republic)

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GENERAL DEBATE (continued)

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The meeting was called to order at 10.45 a.m.

GENERAL DEBATE (continued)

1. Mr. MAQUIERA (Chile) said that the international economy was in its most critical phase since the Second World War, as witness the severity of the economic distortions occurring with respect to inflation, unemployment and productivity, as well as the monetary and food crisis and the inability of countries to take collective measures with a view to recovery. The developing countries, for their part, were suffering from the cumulative effects of the deterioration of terms of trade, the contraction of industrial demand, the growing difficulty of acceding to increasingly protected markets and a huge debt burden. In Latin America, the crisis had resulted in the first drop in real value of gross domestic product which had occurred for 40 years, while external indebtedness had risen from \$67 to \$270 billion between 1975 and 1981. In addition, the crisis was changing from an economic one to a moral and political one, as could be seen from the growing disrespect for international law, the unilateral measures, the economic sanctions motivated by considerations of a political nature and the increasing recourse to protectionist measures.

2. The causes of the crisis were both internal and external. The deficiencies of the developing countries' economies had undoubtedly aggravated the impact of the world crisis. However, although the majority of them were pursuing differing economic policies, they had all been affected to the same degree - a fact which indicated that the causes of the crisis were basically external in origin.

3. The situation called for a rethinking of the interdependence of the world economy resulting from the expansion and integration of markets, of the homogenization of consumption and of the rapid dissemination of technology which had occurred after the Second World War. Selfish attitudes and autarkic and defensive policies merely aggravated the crisis. Yet countries, while advocating more open markets, were erecting huge protectionist barriers which were impeding the productivity of the developing countries. The effects of the recession extended to all regions of the world, because of the adoption of mistaken monetary policies and the lack of discipline and co-ordination displayed by the industrialized countries in their policies. Those countries invoked the concepts of "common interest" and "collaboration" only when their economy was entering a recovery phase, which often ended before it could reach the developing countries. That situation was instrumental in undermining the institutions and principles which guided the conduct of the various countries, and the very fabric of international relations.

4. The strategy for overcoming the present crisis required an effort of international co-operation on the part of the world community as a whole. Any solution which was partial, restricted or lacking in universality was doomed to failure. As the Secretary-General had indicated at the sixth United Nations Conference on Trade and Development, it was first necessary to adopt, as a matter of urgency, measures to end the growing deterioration of economic activity in the

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(Mr. Maquiera, Chile)

developing countries; secondly, those measures should be an integral part of a series of initiatives designed to revive the world economy; thirdly, they should be accompanied by appropriate measures at the national level; lastly, a study should be made of the long-term problems, such as the restructuring of international economic relations, with special attention to the monetary system, to finance and to international trade. That programme of action proposed by the Secretary-General should serve as a basis for the discussions and negotiations to be held during the thirty-eighth session of the General Assembly. Its implementation required an intensification and co-ordination of efforts by countries and United Nations bodies, particularly GATT, UNCTAD and the regional economic commissions, as well as the International Monetary Fund and the World Bank. That world-wide approach, in which the developing countries had a vital role to play, would make it possible to set up a multilateral trade system conducive to export expansion, a monetary and financial system geared to the needs of the developing countries and a broader international framework to ensure the stability of commodity markets through joint projects, co-undertakings or co-participation agreements. To that end, all the parties concerned should tirelessly seek areas of mutual interest in order to provide realistic bases for the negotiation of joint solutions and to identify certain fundamental problems of definite importance, which could be the subject of a common political approach. Such measures of an external nature would complement the efforts made nationally without, however, replacing them. For national efforts remained the mainstay of development and did not preclude technical and economic co-operation among developing countries, which was also an integral part of the process of restructuring of international relations.

5. In conclusion, he noted that the world hoped that the General Assembly would at its current session take initiatives that would be conducive to justice, solidarity and equitable and lasting development.

6. Mr. OTT (German Democratic Republic) said that peace, détente, disarmament and economic co-operation were indispensable for ensuring economic prosperity and eliminating misery, want and hunger throughout the world. In that connection, the Director-General for Development and International Economic Co-operation had rightly stressed the close relationship between disarmament and development. It was imperative therefore to avert the growing threat of nuclear war, as a State situated in the very heart of Europe, the German Democratic Republic opposed the deployment of new medium-range nuclear missiles in Western Europe. The course being followed by the United States, which was aimed at achieving military superiority, had already given the world a multiple overkill capacity and had a considerable impact on international relations. In the light of that situation, the policy of détente and mutually beneficial economic co-operation was seriously endangered, and it was not by accident that the arms race had been accompanied by the most serious crisis which had affected the world capitalist economy since the early 1930s. Sustained economic decline in the capitalist world, precarious monetary and financial relations, falling rates of exchange, record interest rates, mass unemployment, restrictions and even embargoes on trade had produced a severe impact on the developing countries in particular, by impeding their economic and social progress. Imperialist superarmament was by no means the solution to the

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(Mr. Ott, German Democratic Republic)

crisis. All peoples could live a more prosperous life if an understanding could be reached concerning the reduction of military budgets for the benefit of the civilian sector. Consequently, the German Democratic Republic renewed its proposal that the Economic and Social Council and the General Assembly should consider the issue of disarmament and development as a matter of priority, and hoped that its proposal would meet with a positive response.

7. Mutually beneficial economic relations required a climate of trust and constructive co-operation and presupposed reliability, calculability and steadiness. The sanctions, boycotts and economic pressure imposed by the aggressive Western forces to force political compliance were incompatible with the United Nations Charter and with international norms. All parties concerned would therefore benefit from equality-based agreements between States and from the ending once and for all of the economic war and of sanctions.

8. The German Democratic Republic was confident that, given the goodwill of all parties, a positive decision concerning the restoration of trust in international relations could be reached at the current session of the General Assembly, and it hoped that common sense would prevail. Such a decision could certainly help to start a process of global negotiations on international economic issues within the United Nations. The German Democratic Republic was also in favour of the two-stage approach proposed at the seventh Conference of Heads of State or Government of the Non-Aligned Countries held at New Delhi. It believed, like other signatory countries of the Warsaw Treaty, that global negotiations should be launched as soon as possible in accordance with the resolutions adopted by consensus by the United Nations General Assembly, since global economic, scientific, technical and ecological problems required global solutions and the co-operation of all States.

9. The German Democratic Republic also supported the idea put forward by the non-aligned and developing countries that efforts should be made to solve economic issues which could not be deferred on the basis of a programme of immediate measures to stabilize the economic situation in many of those countries. That programme would not constitute an end in itself but would complement the global negotiations envisaged within the United Nations system; it would be useful only if it served the further implementation of the resolutions concerning the establishment of a new international economic order.

10. Monetary and financial problems continued to be a major issue of international economic policy. At all times the German Democratic Republic had advocated that those problems should be considered in universal forums, with the equal participation of all States, since all of them were directly concerned. It had also endorsed the proposal of the developing countries to consider those matters within the framework of global negotiations. The proposal to convene an international conference on monetary and financial questions for development, in which all all countries would participate, which had been adopted at the seventh Conference of Heads of State or Government of the Non-Aligned Countries, was a step in the right direction. The main objective of such a conference would be a basic reform of the existing monetary and financial system and the solutions to be achieved should take account of the legitimate interests of all States.

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(Mr. Ott, German Democratic Republic)

11. The German Democratic Republic hoped that at its current session, the General Assembly would find practical solutions to the urgent problems of international economic co-operation, and in particular would conclude the negotiations on a code of conduct for transnational corporations. Everyone knew who was blocking the adoption of decisions and for what reasons. The developing countries and the socialist States had submitted practical proposals and had never lacked flexibility. The results of negotiations conducted in good faith over many years could not be called into question. Efforts to reorient the code of conduct in a manner favourable to the export of private capital to developing countries were incompatible with the mandate of the Commission on Transnational Corporations.

12. The economic development of the German Democratic Republic was continuing at a steady rate. During the first half of 1983, the economic growth rate had been very high and national income had increased by 4 per cent. That proved once again that the long-term plans for the 1980s, the close co-operation within the Council for Mutual Economic Assistance and peaceful coexistence among States with different social systems constituted a solid basis to guarantee a continuation of economic growth. Those elements also enabled the German Democratic Republic to provide economic, scientific and technological assistance to developing countries. It concentrated in particular on promoting the integrated and balanced development of the economic potential of developing countries, helping those countries exploit their natural resources on a mutually beneficial basis and on conditions which guaranteed respect for the legitimate rights of the parties concerned and providing assistance in the fields of economic and social planning, the organization of efficient public and co-operative sectors and education. In 1982, the assistance provided by the German Democratic Republic to developing countries and national liberation movements had amounted to a total of 1,587.7 million marks, which was equivalent to 0.79 per cent of its national income. Of that amount, 250 million marks had gone to the least developed countries. Economic co-operation between the German Democratic Republic and countries of Asia, Africa and Latin America had grown considerably over the years. In 1982, 29,249 citizens from developing countries had received vocational training, which brought the number of cadres from developing countries who had been trained in the German Democratic Republic since 1970 to over 54,000. During the same period, the German Democratic Republic had sent over 20,000 experts to developing countries.

13. The German Democratic Republic also believed that the growth of foreign trade contributed to the healthy economic development of developing countries. In 1982, the German Democratic Republic's trade turnover with developing countries had increased more rapidly than its aggregate foreign trade turnover. Its imports of semi-finished and finished goods from developing countries formed a growing part of total imports from those countries. Multilateral co-operation was also beginning to develop in the construction of industrial projects. Since 1970, the German Democratic Republic had constructed hundreds of factories in developing countries, without imposing any conditions, since those initiatives were not aimed at transferring profits, producing a "brain-drain" or promoting protectionism.

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(Mr. Ott, German Democratic Republic)

14. Economic planning proved to be a stabilizing element in the international economy, particularly during the current crisis. Through its assistance, the German Democratic Republic contributed to the economic independence of developing countries and to the restructuring of the international economic order. The German Democratic Republic also believed that developing countries had a legitimate right to claim financial and material compensation from those who had practised colonialism and were still practising neo-colonialism.

15. From the very outset, the German Democratic Republic had started to implement the resolutions concerning the establishment of a new international economic order. The communiqué of the Ministerial Meeting of the Non-Aligned Countries published on 6 October 1983 and the declaration by Ministers of Foreign Affairs of the Group of 77 of 10 October 1983 contained various proposals which the German Democratic Republic supported. In future, the German Democratic Republic would take effective steps so that the peoples could live in peace, without being afraid of a nuclear holocaust.

16. It was more urgent than ever before to take constructive steps aimed at the implementation of the principle of peaceful coexistence and at the normalization of international economic relations. Thus the current session should not be marked by confrontation and economic war, but by dialogue. His delegation was prepared to make efforts to that end.

17. Mr. LEE (Canada) said that for some months there had been an improvement in the world economic situation: inflation had slowed down, consumer confidence had strengthened and economic growth had resumed in a number of countries, particularly in North America. Yet the situation was still not favourable everywhere in the world. In some regions of the world, recovery was still too slow, and many uncertainties persisted, especially in the developing countries. Unemployment remained much too high, the substantial structural budgetary deficits in some countries were liable to give rise to new inflationary pressures, and high real interest rates were a great burden for the heavily debt-ridden developing countries and hindered economic recovery in the industrialized countries. Moreover, the provision of adequate financial assistance to developing countries to enable them to manage their debts and make the necessary internal adjustments was another source of concern.

18. The process of economic recovery must therefore be strengthened, and its base must be expanded. While sustained recovery in the industrialized countries would help improve growth possibilities in developing countries, that was not enough. The developed countries were morally obliged to help the developing countries consolidate their economies and resolve the structural problems of underdevelopment and poverty. Moreover, the development of the economies of those countries was an assurance of mutual prosperity in the long term. For example, it was clear that opening of markets to exporters and the lessening of fluctuations in exchange rates would eventually strengthen stability in international economic relations and were therefore in the common interest.

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(Mr. Lee, Canada)

19. During the past year the international community or various groups of countries, had had the opportunity to consider at a number of meetings means of promoting growth and economic development and improving the management of economies. That was a complicated matter and progress was necessarily slow, but the dialogue had continued and there had even been some positive results. The recent meetings of the non-aligned movement and the Group of 77, the OECD meeting and the Williamsburg summit had all revealed a desire to be flexible and avoid confrontation. In UNCTAD, the adoption by consensus of resolutions on sectoral questions had been a step in the right direction. The joint declaration on the world economic situation, even though it had been hedged around with reservations, had contributed to a better understanding of the process of recovery and development. The recent ministerial statements of the non-aligned movement and the Group of 77, and the statement by the Chairman of the Group of 77, testified to a desire to approach the question of negotiations in a positive spirit and with an open mind. Finally, his delegation had noted with great interest the statement by the Director-General for Development and International Economic Co-operation.

20. The world organizations, and those of more limited membership, which during the coming months would be discussing issues relating to the North-South dialogue should give priority to questions which were ripe for action and should institute concrete work programmes. As far as the Second Committee was concerned, the review and appraisal of the International Development Strategy would provide an opportunity for assessing the difficulties encountered and the progress made in connection with development. The discussions on the launching of global negotiations which would take place in plenary meeting and in the Committee, and at the meeting of Commonwealth Heads of Government to be held in New Delhi, would no doubt focus on economic questions and would also advance the dialogue. In any case, the key to progress on the matters to be discussed at those meetings lay in the adoption of a realistic and positive approach.

21. It was clear that money and finance and trade questions remained near the top of the global agenda. While debt problems had been satisfactorily managed to date, the international financial situation remained a serious concern. Canada would take all necessary steps to assist in finding solutions. It was essential to foster co-operation among creditor and debtor countries, commercial banks and international financial institutions.

22. In recent years IMF and IBRD had had constantly before them proposals for ways to adapt to changing circumstances, and a number of important steps had been taken. The recent IMF/IBRD meeting had resulted in compromises on one or two important issues. Evidently, difficult issues still remained to be settled. Canada attached importance to putting into effect as quickly as possible the proposed increase in IMF quotas, together with the expanded General Arrangements to Borrow. Given the limitations in Fund resources and the serious financial problems confronting some of the Fund's members, the flexibility exhibited in the past in providing temporary assistance or bridge financing to countries in need should be retained. For that reason, Canada had agreed that adjustments recently worked out in the Interim Committee of IMF for enlarged access to IMF resources should be in

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effect for 1984 and be reviewed annually. Canada had also indicated that a modest new SDR allocation was desirable as a means of maintaining and strengthening the role of SDRs in the international monetary system.

23. The needs of low-income countries must not be overlooked. Canada was concerned to note that, while the date for the seventh replenishment of the International Development Association (IDA) was less than a year away, very little progress had been made on the negotiations. The funding level should be at least as large as the \$12 billion originally agreed upon for the sixth replenishment, if adequate funds were to be available for priority areas such as sub-Saharan Africa and a new programme for China. The continued strength of the multilateral system of development depended on all Bank member countries' at least maintaining their current levels of support for IDA.

24. It was also important that there should be an immediate selective capital increase for the World Bank and that negotiations on a new general capital increase should be initiated by September 1984. The selective capital increase at present under discussion by the Bank should be large enough not only to reflect the conclusions of the Fund's quota review but also to allow some immediate boost in the Bank's lending programme.

25. In addition, Canada had made a number of suggestions at the recent Bank/Fund meetings for ways to improve the existing institutional framework and increase the scale of operations of the international financial institutions. Canada believed that the most productive approach to the crucial problem of indebtedness was to persevere in the pragmatic case-by-case technique that had worked well to date. It had also proposed strengthening the role of the Interim Committee of IMF and expanding the mandate of the Development Committee, which might, for example, look at the links between the development process and the maintenance of an open multilateral trading system. As for the exchange rate system, Canada would support a strengthening of the surveillance system but did not believe that there was a need to return to pegged rates. The Williamsburg summit had made commitments to gear domestic financial policies to the objective of promoting exchange rate stability.

26. There had been calls from a number of bodies and eminent persons for a broader review of the international monetary and payments system, and even for the convening of a money and finance conference. Those calls all reflected the desire for an efficient and equitable monetary system. Canada believed that the issues which had been raised merited careful study in the appropriate forums. At Williamsburg, for example, the participants had invited finance ministers to study conditions for improving the international monetary system. More recently, the Commonwealth finance ministers had drawn the attention of the international community to a report entitled "Towards a new Bretton Woods". Certainly, there was much that could usefully be done without upsetting the markets or calling in question some existing mechanisms of proven value. A broad conference might be appropriate at some future time, but the search for perfect institutional solutions should not be allowed to divert energies from dealing with pressing problems within the framework of existing institutions.

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(Mr. Lee, Canada)

27. Trade was another key element of the international economic structure; it was vital for each country to have access to international markets for its products and services. The recent recession had led to a decline in international trade, to a severe reduction in most commodity prices and consequently to greater unemployment, shrinking real per capita income and balance-of-payments difficulties. That had forced many countries to take actions to protect their domestic economies. The danger of widespread protectionism had been recognized in many international forums, including the GATT ministerial meeting in the autumn of 1983 and the Williamsburg summit. Canada hoped that the need for such safeguard measures would be short-lived, as the economic upturn in some industrialized countries was already having some positive effects on world trade flows.

28. It would be well, as that upturn continued, to consider what steps might be taken to enable all countries to share in the benefits of expanded commerce. There was first of all the question of tariffs, which could severely limit access to markets. In that regard, Canada along with many other countries had for a number of years had in place the General Preferential Tariff (GPT), which gave products from developing countries preferred access to its domestic markets. That system had recently been improved and extended for another 10 years. Tariffs had also been completely removed for products covered by GPT originating in least developed countries.

29. More generally, Canada advocated an open multilateral trading system. It received great benefits from its membership in GATT and believed that similar benefits were available to other contracting parties, including the developing countries. Canada was willing to consider in the appropriate forums what could be done to promote the expansion of international trade and economic growth and prosperity in the developing countries.

30. As to the important question of the efficiency of the Second Committee, Canada had noted the constructive comments made by the Secretary-General in his annual report on the work of the Organization (A/38/1). It was also pleased at the progress made on that topic by the Economic and Social Council at its summer session, as reflected in its decision 1983/164. It supported the recommendations contained in that decision, particularly with respect to greater focus in the Committee's debates, dealing with issues in clusters, the adoption of a biennial work programme, and adherence to deadlines for the submission of draft resolutions.

31. Canada continued to support the practice of taking decisions by consensus wherever possible. Informal consultations had acquired particular importance in that process and had become increasingly structured, and perhaps they should be made even more so. For instance, they should have access to Secretariat services and other facilities on a priority basis, just as formal meetings of the Second Committee did. Informal meetings should also, perhaps, be planned by subject and by week.

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(Mr. Lee, Canada)

32. It seemed to his delegation that issues which had been exhaustively discussed in subsidiary bodies, such as the Governing Council of UNDP or the Executive Board of UNICEF, need only be referred for substantive discussion to one senior body - either the Economic and Social Council or the General Assembly in alternation - each year. That would have many advantages for the executive heads of the bodies concerned and would allow discussions on their subjects to be more substantive. Similarly, concentrating on certain agenda items each year would enable the Second Committee to reduce its work-load and devote more time to substantive discussions on the various items. His delegation hoped that it would be possible to begin such streamlining at the thirty-ninth session. For example, at the current session, the Committee might begin to consider a number of sub-items under item 78. The next substantive consideration of those issues might then be postponed to the fortieth session of the General Assembly. The consideration of certain other sub-items - for example, the report of the Industrial Development Board - might be completed at the current session and then removed from the agenda. The other sub-items under item 78 concerned ongoing activities and could thus be considered in depth at the thirty-ninth session of the General Assembly. Similarly, starting with that session, item 80 could either be dealt with entirely in alternate years or be divided, part of it being examined one year and the other part the next.

33. His delegation was aware of the need to be flexible in structuring the work programme and hoped that a decision could be taken at the current session.

34. Finally, his delegation deplored the inordinate amount of time and resources that were wasted because meetings of the Second Committee and informal consultations often did not begin on time. It hoped that the Chairman and the Bureau would endeavour to improve the situation.

35. Mr. KAZEM (Afghanistan) said that the world economy was in the deepest crisis in history. That crisis had a devastating impact on the economies of developing countries, particularly the least developed among them, whose development process had been severely disrupted. Most developing countries had experienced a decline in their per capita income during the past two years. The least developed countries had recorded no growth at all, or a negative growth rate, as compared with 1980. The collapse of commodity prices, rising protectionism in capitalist countries, increases in the prices of manufactured imports and high interest rates in Western countries had created balance-of-payments difficulties in most of the developing countries.

36. It was regrettable that the capitalist countries lacked the political will to take urgent measures to achieve effective and equitable solutions to the current economic crisis. They continued to adopt retrogressive policies which ran counter to the objectives of the new International Development Strategy for the Third United Nations Development Decade. Afghanistan was of the opinion that the current crisis was neither of a short-term nor of a cyclical nature. Its roots lay in structural imbalances and in the inequities of the international economic system. It was therefore essential to carry out a major restructuring of the world economy through the establishment of the new international economic order based on equality

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(Mr. Kazem, Afghanistan)

and justice. Failure to do so would have catastrophic economic and political consequences for the whole world. The developing countries and particularly the Group of 77 had played and continued to play a crucial role in the efforts to ensure the economic independence of all developing countries and to expedite the establishment of the new international economic order.

37. Afghanistan noted with concern the limited forward movement towards the launching of global negotiations. It particularly regretted that, owing to the stubbornness of the United States of America and its refusal to acknowledge the economic and political need for such negotiations, the initiatives of the Group of 77 and the General Assembly had been unsuccessful. The question of the launching of global negotiations should be pursued with both firmness and flexibility in order to safeguard the principles underlying the negotiations and at the same time to reach an understanding. A realistic and concerted strategy should be worked out within the United Nations system to accommodate the diverse policy objectives. Afghanistan fully supported the two-phase approach put forward by the Seventh Conference of Heads of State or Government of Non-Aligned Countries at New Delhi for dealing with the current crisis. The parallel strategy suggested by the Conference, which consisted of global negotiations for a comprehensive restructuring of international economic relations and a programme of immediate measures, including a conference on finance and money, was a sign of flexibility on the part of developing countries and of their willingness to adopt a constructive and co-operative approach. Afghanistan hoped that the first phase of negotiation would commence early in 1984 on agreed agenda items and that efforts would continue to secure agreement on the agenda and organization of work for the second phase, to commence in 1985.

38. In 1983, the developing countries had reached full agreement at Buenos Aires on the strategy and measures to be adopted to cope with the international economic crisis. That agreement had resulted in a political declaration and in decisions and draft resolutions which could provide a concrete basis for efforts to establish a more just international economic order that would end the crisis and make for balanced economic development. The developing countries had agreed to go to the sixth session of UNCTAD in a spirit of understanding and co-operation and had urged the developed countries to do likewise. However, the capitalist countries had shown that they were not willing to restructure their international economic relations with the developing countries on a just and democratic footing, and in certain matters they had even retreated from their international commitments. They had refused to recognize the need for a thorough restructuring of international economic relations, on the pretext that the current economic crisis would be temporary and could be overcome without any reform. There had, however, been some useful exchanges of views and some accomplishments at the sixth session of UNCTAD, and his delegation hoped that the remaining matters would be dealt with in detail during the current session of the General Assembly.

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(Mr. Kazem, Afghanistan)

39. The debates at the sixth session of UNCTAD had covered all major aspects of the world economy - commodities, international trade, money and finance, science and technology, shipping and land-locked and least developed countries. Afghanistan was gratified that those countries had been considered under an independent agenda item at the session and that a resolution had been unanimously adopted on progress in the implementation of the Substantial New Programme of Action for the Least Developed Countries for the 1980s. His delegation regretted, however, that the general economic situation of those countries had continued to deteriorate and that levels of living in them were totally inadequate. At the Paris Conference the international community had recognized that only a substantial increase in official development assistance would enable the least developed countries to achieve the objectives of their programmes within the framework of the Substantial New Programme of Action. However, a very alarming decline was occurring in such assistance to those countries. That was particularly regrettable in that it came at a time when those countries were facing serious economic and financial problems as a result of the international crisis. His delegation therefore hoped that the States Members of the United Nations would reaffirm the need for urgent and effective implementation of the Substantial New Programme of Action.

40. At the current session the Committee had much important work before it and it was to be hoped that it would be able to submit practical proposals and draft resolutions to the General Assembly.

41. In an increasingly interdependent world, the economic future and political stability of all countries were closely linked. Peace and development were likewise interlinked. There could be no lasting peace as long as the economic disparities between nations were widening. Conversely, countries could develop steadily only in an atmosphere of peace, harmony and co-operation, which required the halting of the arms race and the adoption of disarmament measures so that additional resources might be released for the social and economic development of the developing countries. Afghanistan hoped that the current session of the General Assembly would help strengthen international understanding and co-operation in order to establish conditions favourable to the development of the world economy.

42. Mr. MARTINEZ (Panama) said that, both at the political and at the economic and social levels, the world situation offered no prospect that the distressing problems of the third world could be solved in the near future. It was clear to everyone in Latin America that the situation in the region was governed by developments in the international economy, which themselves were determined by those in the economies of the major industrialized countries, which were undergoing a serious economic crisis. So far, global negotiations on commodities, energy, monetary and financial issues and development had not led to agreement on any practical measures of international economic co-operation for development which would be compatible with the establishment of a new international economic order and be conducive to faster growth in the developing countries and the restructuring of international economic relations. All of that made it questionable whether, leaving aside their ever-generous statements of intent, the industrialized countries really wanted to shoulder their responsibilities to the third world.

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(Mr. Martinez, Panama)

43. After three decades of steady growth, Latin America and the Caribbean were experiencing the most serious depression since the turn of the century. The peoples of Latin America, far from achieving the objectives of the United Nations Development Decade, were losing ground in social terms. Inflation, unemployment and underemployment were seriously affecting the living standard of the middle classes and workers. The Latin American countries had not shirked their responsibilities in dealing with the crisis. Almost all of them had implemented adjustment policies in order to reduce their deficits. However, those policies had had disastrous effects on income distribution and economic growth, which was negative in almost all the countries of the region. Austerity programmes were tolerable only if they were temporary, remained within certain bounds and offered real prospects of improvement.

44. Despite the industrialized countries' declarations that they were motivated by the best intentions, international trade was continuing to deteriorate, commodity prices had fallen in some cases to below their 1930 level, the industrialized countries were resorting to all sorts of arbitrary protectionist measures - which had gone beyond acceptable limits - and the volume of resources received by Latin America in 1982 had been less than half that of the previous year and would be even lower in 1983. Some countries had such a shortage of foreign exchange that they could not even obtain essential raw materials and food stuffs, while the high interest rates charged by lending banks made debt rescheduling extremely difficult.

45. The "Group of 7" felt that their own economic recovery was the best way of stimulating recovery in the least developed countries. It was, of course, essential for Latin America that the recovery in the United States should continue and be extended to other industrialized countries. However, even if the optimistic predictions proved to be true, it would probably be over a year before the effects of the recovery were felt, and the region's difficulties would get worse in the meantime. In addition, if debt problems continued and stagnation persisted, recovery in the industrialized countries might well not have the effects anticipated. In that case, the world economy might collapse. In the meantime, social conflicts were getting worst and political stability was daily becoming more vulnerable, thereby seriously jeopardizing the security of the southern hemisphere.

46. On 9 September 1983 the Ministers for Foreign Affairs of the Central American countries, together with the representatives of the countries of the Contadora Group, of which Panama was a member, had expressed their intention to achieve the following objectives: to co-operate economically in order to ensure the progress of their peoples and to strengthen their self-reliance; to implement economic and social development programmes; to revive and normalize economic integration schemes in order to bring about sustained development based on solidarity and mutual advantage; to obtain external financial resources for the revival of intra-regional trade, overcome the serious balance-of-payments difficulties, support programmes for development and the restructuring of production systems and encourage medium- and long-term investment projects; to broaden access to international markets in order to develop trade between the countries of Central America and the rest of the

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(Mr. Martinez, Panama)

world, particularly the industrialized countries, by revising trade practices, eliminating tariffs and other barriers and guaranteeing fair and remunerative prices for products exported by the countries of the region; and to establish technical co-operation machinery to plan, programme and carry out multisectoral investment projects and to promote trade.

47. In conclusion, he said that the negotiating strength of the developing world and the unity of the third world in negotiations should be strengthened. The developing countries could not make the mistake of pursuing separate or sectoral negotiations. Only in unity could the countries of the third world achieve their basic economic objectives.

48. Mr. KAABACHI (Tunisia) withdrew the request he had made at the previous meeting and thanked the Director-General for Development and International Economic Co-operation, who had promised to make the text of his statement available to members of the Committee.

The meeting rose at 12.20 p.m.