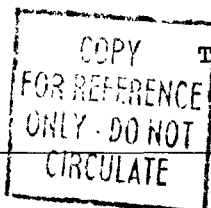


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*Official Records**



SECOND COMMITTEE
14th meeting
held on
Thursday, 20 October 1983
at 10.30 a.m.
New York



SUMMARY RECORD OF THE 14th MEETING

Chairman: Mr. DIETZE (German Democratic Republic)

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The meeting was called to order at 11 a.m.

GENERAL DEBATE (continued)

1. Mr. DIOP (Senegal) said that the thirty-eighth session of the General Assembly was taking place at a time when the public were wondering whether the United Nations system was in a position to formulate and effect a smooth and orderly change in international economic relations. Far from abating, the protracted crisis in which the world economy had been bogged down for a number of years appeared to be gradually growing worse, particularly in the developing countries. Observers on all sides were in agreement that the root causes of the crisis were the imbalances and structural inequalities that were features of the international economic system. The developing countries' growth rate had been severely hampered and their prospects seriously jeopardized, since they had had to bear an increasingly heavy burden of debt and had been obliged to scale down their development activities.

2. The sixth session of the United Nations Conference on Trade and Development had generated considerable hope, in other words, the expectation that it was going to lead to an agreement on the basic components of a programme for world economic recovery and the relaunching of the development process. Emboldened by that hope and displaying realism and solidarity, at Buenos Aires the developing countries had adopted a set of comprehensive resolutions paving the way for a productive dialogue and leaving it to the industrialized countries and the developing countries to decide jointly which issues could be given priority attention with a view to ensuring a smooth resumption of growth. Unfortunately, that message had not been understood. The sixth session of the United Nations Conference on Trade and Development had perhaps come either too late or too early: too late, because once a few signs of recovery had been noted in a number of industrialized countries, some States had maintained that the recovery would promote the development of the countries of the third world, onto which they had thus shifted the entire burden of responsibility; too early, because the recovery that was currently discernible in the developed world could only be lasting and sound if accompanied by an improvement in the situation of the developing countries vis à vis the rest of the world, particularly in the form of a strengthening of their collective autonomy. Moreover, certain developed countries had done their best to set UNCTAD against other organizations in the United Nations system, as though the discussions held at the sixth session could encroach on the sphere of competence of GATT or IMF, whereas in reality the activities of all those agencies were either complementary or closely interlinked. All those considerations might prompt many a third-world delegation to regard the Committee's work as no more than an exercise in rhetoric that would yield no tangible results. However, to adopt such an approach would be to disregard the developing countries' new attitude, which represented the very essence of lucidity and maturity. The Group of 77 had declared itself more determined than ever to pursue the dialogue. However, although it would do so with resolve, it would also be realistic and flexible.

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(Mr. Diop, Senegal)

3. In the view of the countries of the third world, the renewed growth in the developing countries should not be regarded as a mere by-product of the developed countries' growth. Sustained recovery would call for an array of policies forming a comprehensive whole, in which immediate measures focusing on key sectors would be accompanied by the restructuring of international economic relations and the international economic system that was a prerequisite for the establishment of the new international economic order. The developing countries hoped that the specific proposals put forward would meet with a favourable response from their partners so that the dialogue could be re-established.

4. It was true that the developing countries had the primary responsibility for safeguarding their future. Moreover, they were in the process of making the necessary adjustments in their national development policies. At the same time, co-operation among developing countries was being established and intensified and considerable progress had been made in implementing the Caracas Programme of Action. However, in the current age of interdependence, the developing countries were also aware of their limitations, handicapped as they were by the perverse laws of the market-place and the dynamic of international trade. There was little chance that their endeavours would meet with success in an unfavourable international climate.

5. As the least developed continent, Africa had the depressing distinction of being the holder of a whole series of unfavourable records, since it had among its ranks three quarters of the least developed countries, two thirds of the most seriously affected countries, half of the land-locked countries and the greatest concentrations of refugees and displaced persons. At least eight African countries were situated in the Sahelian region and were constantly threatened by drought and desertification. The alarming increase in the number of least developed countries in Africa and the negligible role played by the continent as a whole, particularly regarding agricultural production, world industrial output and international trade in manufactured goods, were resulting in a process of gradual marginalization. Africa had consequently been the region most affected by the world economic recession, which meant that particular attention should be paid to it and that the international community should consider making a greater effort on its behalf with a view to reversing the vicious circle of impoverishment in which it was entrapped. In the long term, such an endeavour to provide assistance would facilitate the effective reintegration of Africa into the international economic process. What was at stake was the future of 500 million people, who were doomed to be the victims of hunger and malnutrition if the current situation was going to continue indefinitely.

6. The time had come for the entire international community to display a constructive political will and to show a keen understanding of its duty to deliver mankind from the most serious crisis experienced since the great depression. The current session would culminate in an overwhelming success if the General Assembly could call into being a new spirit of co-operation based on the primacy of mankind, since, as the Minister of Trade of Senegal had indicated, a certain philosophy would increasingly prevail in the forthcoming period of world history, in other words, resignation would be no more.

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7. Mr. GOKCE (Turkey) remarked that in most countries, whether developed or developing, the economic situation was continuing to deteriorate and collective measures had yet to be taken to bring about a world economic recovery. The developing countries had to pay about \$125 billion every year to external creditors, meeting strict deadlines despite their stagnating economies, their declining incomes and the large portions of their populations that were starving. The specialized agencies of the United Nations system had to go begging for funds to finance programmes in such crucial areas as education, health, food and nutrition while a tiny fraction of the resources devoted world-wide to armaments would cover their entire budgets. Instead of strengthening the creative multilateralism of the 1940s, many countries were turning increasingly to the bilateralism and protectionism of the 1920s and 1930s, unprepared to recognize that prosperity, like adversity, was interlinked and indivisible.

8. To his delegation, sustained growth in the world economy was, in the long run, the only viable long-term solution for most of the current problems. Such growth was, however, impossible in the present climate of trade restrictions and diminishing world liquidity, and with the deflationary measures being taken in many countries. Financial and monetary problems had reached unprecedented proportions. To combat inflation, the most critical problem facing the international monetary system, countries were being forced to adopt austerity programmes that hampered export and import growth and aggravated the recession and unemployment in many countries in both the North and the South.

9. The major conferences on economic problems in 1982 and 1983 - the Williamsburg Summit, the Seventh Conference of Heads of State or Government of Non-Aligned Countries, the sixth session of the United Nations Conference on Trade and Development - had been unable to improve the situation to any great extent. There were many different perceptions of the real nature of the crisis. Some dreaded an imminent breakdown of present structures caused by either a banking failure or rising unemployment. Others were concerned that economic, social and political change had vastly outpaced the capacity of Governments and international institutions to adapt their policies accordingly. His delegation believed there was a deeper crisis - a crisis of courage. The countries of the North and South must analyse their weaknesses rather than attack their partners, and learn to negotiate with those who did not share their point of view.

10. It was, therefore, more important than ever to intensify co-operative efforts to overcome common problems. An historic readjustment of economic power and wealth among nations was also needed. That could come about in two stages, one short- and one long-term. The first would comprise immediate measures, the other, structural adjustments. Accordingly, the North-South dialogue should be revitalized and means of responding to changing needs should be introduced. Any strategy for surmounting the crisis must take full account of the role of developing countries as full partners in world development: the close links between economic growth, external debt and international trade had clearly demonstrated the interdependence of the developed and developing countries and highlighted both the importance and the vulnerability of the middle- and high-income developing countries. Only an integrated set of policies applied in a co-ordinated manner could lead to a really sustained world-wide economic recovery.

(Mr. Gökce, Turkey)

11. The transfer of substantial financial resources to the developing countries required immediate attention, since the existing structure of capital flows fell short of the balance-of-payments requirements of most such countries. The volume of development assistance had not increased in nominal terms for several years, and had, therefore, substantially declined in real terms. The increase in IMF quotas and the General Agreements to Borrow (GAB) were belated attempts that had not yet borne fruit. As far as the poorest countries were concerned, absolute priority should be given to an increase in the volume of official development assistance on preferential terms, for without such assistance even their absolute minimum requirements could not be met. But flows of capital were not by themselves enough. If they were not accompanied by an increase in trade outlets, particularly in the industrialized countries' markets, the developing countries' economies would not recover and their debt problems would worsen. The accumulation of restrictions on international trade was a threat to the multilateral trade system and, more immediately risked severely upsetting the international monetary and financial system. The industrialized countries must realize that it was in their interests to put an end to protectionist practices and embark upon accelerated structural adjustment programmes.

12. The integration of the developing countries into the world economy was the crucial phase of the North-South dialogue. A premature and abrupt integration would arguably be counterproductive. But the manner in which the integration took place would be determined by the extent to which the industrialized countries were prepared to make structural adjustments. The developing countries could not be expected to bear the burden of adjustment alone, nor could it be hoped that they would restructure their industries while their main trading partners were doing nothing of the kind, or that they would liberalize their trade in an increasingly protectionist environment. The multilateral trade system would remain unstable until strict rules on structural adjustments in the industrialized countries had been internationally agreed.

13. Short- and medium-term measures might not, however, be sufficient to bring about a return to sustained world economic growth. A set of co-ordinated long-term policies also needed to be developed in the fields of trade and international payments. In particular, an overhaul of the monetary and financial system appeared to be a prerequisite for world economic recovery and stability. To that end, there should be closer co-operation between Governments, central and private banks. The International Monetary Fund should be bolstered by providing it with more funds and the means of bringing more effective pressure to bear on both surplus and deficit countries. In that connection, his country welcomed the proposals for a conference on money and finance, to produce medium- and long-term solutions to the problems of the world economy.

14. His delegation was happy to note that certain convergence of views between the North and South was beginning to show in a number of international bodies. Small international gatherings to take an objective look at major economic issues would create the necessary political will for putting those views into practice. The North-South round table meetings were extremely useful in that respect, and would

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(Mr. Gökce, Turkey)

pave the way for the global negotiations on international economic co-operation for development. The United Nations and its specialized agencies had a crucial role to play in setting the right framework for the North-South dialogue. Those attending the current session should devote themselves to the attainment of that objective.

15. Mr. MADRID FORNOS (Nicaragua) said that the deterioration of international economic relations, which were based on inequality and exploitation of the developing countries by the developed market economy countries, posed an increasingly serious threat to international peace and security. Aware of that fact, his delegation totally endorsed the Declaration of the Ministers of Foreign Affairs of the Group of 77 (A/38/494, annex). The idea that economic recovery in some countries would put the world economy back on its feet was completely without foundation. Most countries recognized the structural nature of the crisis, the close interdependence of States and the need to take an overall approach to economic problems and act jointly to solve them. Therefore, the process of global negotiations should be started as soon as possible, and a conference with universal participation should be convened to consider money and finance.

16. The economic situation was at the root of many conflicts in the world, particularly in Central America, as underlined by the Contadora Group, which had recently adopted a document of objectives containing a number of very important economic components to combat the crisis (S/16041, annex). However, those objectives would not produce the desired results unless they were accompanied by political measures.

17. Despite the appeals of the Contadora Group, which had been widely supported by the international community, Nicaragua had been subjected to financial pressure on a bilateral level, to boycott attempts on the part of certain international financial institutions and to an economic and commercial blockade. For example, in 1981, the current United States Government had suspended payment of \$15 million provided for as part of a \$75 million loan, as well as the granting of a loan to enable Nicaragua to purchase corn from the United States, although those two loans had been approved by the previous Government. During the same year, the United States had decided to suspend indefinitely all bilateral assistance to Nicaragua using the pretext of an alleged arms traffic between that country and El Salvador. In December 1981, the Inter-American Development Bank (IDB) had refused to finance a \$500,000 project to promote the establishment of agricultural co-operatives, as a result of a veto exercised by the United States, which was currently trying to oppose the granting of a loan for the construction of piped water and drainage systems. In February 1983, a member of the United States Senate had proposed that the United States should stop paying contributions to IDB if that organization continued to assist what he called "Marxist Nicaragua".

18. In addition, political pressure from the United States had forced the World Bank to take unilateral action against Nicaragua, which included the suspension of the programme of loans and a demand that a programme of economic stabilization should be carried out. Although Nicaragua had honoured the commitments it had undertaken in renegotiating its foreign debt, private international banks, under

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(Mr. Madrid Fornos, Nicaragua)

pressure from the United States Government, had virtually stopped granting new loans to Nicaragua, or had demanded harsher terms, so that the credits obtained to date by Nicaragua from the private banking sector amounted to the derisory figure of \$10 million. In 1982, the United States had threatened to stop importing meat from Nicaragua if that country continued to purchase selected breeding animal sperm from Cuba, allegedly to avoid a possible outbreak of foot-and-mouth disease. In the same year, the Standard Fruit Company had decided to stop marketing bananas intended for export, although that company had concluded an agreement with Nicaragua which expressly provided that it should do so until 1985. In 1983, the United States had decided to reduce its purchases of sugar from Nicaragua by 90 per cent. In June 1983, after the Nicaraguan Government had publicly denounced the attempted assassination of its Minister for Foreign Affairs by CIA agents, the United States had reacted by closing six Nicaraguan consulates. That measure was also part of the trade war being waged against Nicaragua.

19. While the situation was alarming in Central America, it was none the less so in the world as a whole. Deteriorating terms of trade, heavier foreign indebtedness, reduced credit facilities, and the increasingly frequent use of force in international relations posed a serious threat to world stability and helped to create a large number of centres of tension, as was currently the case in Central America. Given that situation, the gap between the industrialized market economy countries and the developing countries should be reduced and the terms of trade renegotiated in order to establish a new economic order which would include, in particular, a food strategy to enable third world countries to meet their own food needs. In the short term, the measures to be taken included the establishment of fair prices for marketed products and the granting of adequate credit at reasonable rates of interest to promote a massive transfer of resources; the provision of greater opportunities for development; the opening of a constructive dialogue between rich and poor countries; the creation of a body that would bring together the debtor countries in order to enable them to take concerted, prompt, rational and effective measures; and the establishment of a suitable framework for the strengthening of the machinery for mutual assistance and solidarity.

20. In addition, his delegation requested the international community to condemn all measures taken by certain developed countries against the developing countries, in defiance of the principles set forth in the Charter of the United Nations and in the Charter of Economic Rights and Duties of States and of the sovereignty and independence of peoples.

21. The policy and activities of the United States in Nicaragua had resulted in considerable loss and damage to that country. That was why Nicaragua denounced the attitude of the United States Government, which was stepping up its economic pressure, particularly with respect to food, thus undermining the development process and the stability of the region. Such attitudes and political manoeuvres must not be tolerated and should be condemned with the utmost vigour by the international community.

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(Mr. Madrid Fornos, Nicaragua)

22. The efforts of the Contadora Group to solve the problems of Central America had been supported by all peoples who were truly interested in the cause of peace. However, despite those efforts, the situation in the region was still getting worse. Aggression was being stepped up against Nicaragua, which was being subjected to military, economic and food pressures, and to intimidation and interference. An attempt was being made to put the alleged vital interests of a great Power ahead of the establishment of peace and peaceful coexistence in Central America based on respect for the sovereignty of all countries of the region.

23. The structures underlying the international economic system were collapsing. Every day, thousands of women, children and elderly people died of hunger in the developing countries. In view of that situation, it was essential to abolish the current economic order, which was based on injustice. That objective went beyond the individual interests of particular countries and regions. Indeed, it was the duty of all countries, and in particular of those which possessed neither atomic weapons nor economic power, to employ all their moral force to demand peace, which alone was capable of ensuring the development of their peoples.

24. Mr. WABUGE (Kenya) said that the many statements made during the Second Committee's general debate clearly demonstrated that the world economy was undergoing a serious crisis and that the international community as a whole must urgently take concerted, concrete and lasting measures to remedy the situation. It could be asked whether the general debate had served a purpose and, in particular, whether it had made it possible to identify the questions to be dealt with as a matter of priority during the current session of the General Assembly and whether it would help the members of the Committee to take the necessary constructive measures to resolve the economic problems of each country individually and of the world as a whole.

25. The main objective sought by the Second Committee was the establishment of the new international economic order, which was necessary to correct the injustices detrimental to the socio-economic growth of the developing countries. For its part, the Committee on the Review and Appraisal of the Implementation of the International Development Strategy for the Third United Nations Development Decade would have to undertake a critical examination of the world economic situation and propose practical solutions for overcoming the obstacles to the implementation of the Strategy.

26. Moreover, during the current session, it was essential for the General Assembly to launch global negotiations on international economic co-operation for development. In that regard, it was regrettable that the lack of political will on the part of the developed countries had hampered the launching of those negotiations, as underscored by the Ministers of Foreign Affairs of the Group of 77 in their Declaration of 10 October 1983. The international community should give all due attention to the urgent calls made in that Declaration, which requested, in particular, that immediate measures should be taken to alleviate the debt problems of the developing countries, to abolish protectionist practices obstructing international trade, to bring about structural adjustments to enhance the

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(Mr. Wabuge, Kenya)

productive and export capacity of the developing countries in food and agriculture, to enhance co-operation among developing countries as well as regional and subregional co-operation, and to undertake major reforms in the monetary and financial sectors. In that connection, his Government fully supported the idea of convening an international conference on money and finance and expressed the hope that the proposal would be endorsed by the General Assembly during the current session. It was particularly urgent to improve the transfers of resources in real terms to the developing countries, especially since the financial situation of most of those countries was absolutely critical.

27. The economic recovery as viewed in several developed countries could be an obstacle to the growth of the developing countries and, unless protectionist barriers and other discriminatory practices were lifted, a truly healthy world economy could not take hold. He regretted the lack of real progress during the sixth session of the United Nations Conference on Trade and Development, which had not brought about any of the measures urgently needed to improve the terms of trade, and recalled that it was essential to make rational use of the scarce resources available for development rather than squander them on the arms race.

28. He urged the representatives in the Second Committee to make every effort to adopt specific measures to arrive at agreed policies which, if they were to reach their goal, must be immediately implemented.

29. Mr. SAHNOUN (Algeria) fully supported the Declaration of the Ministers of Foreign Affairs of the Group of 77, which depicted the problems confronting the system of international economic relations. The current crisis was weighing most heavily on the developing countries, which had to bear the consequences of a halt in their economic growth, a decline in the prices of raw materials, growing indebtedness, protectionist barriers erected by the developed countries, the harsh terms imposed for assistance from the International Monetary Fund and a scarcity of credit on international capital markets as well as a reduction in official development assistance on preferential terms.

30. For the least developed countries, the implementation of the Programme of Immediate Measures described in the economic declaration of the Seventh Conference of Heads of State or Government of Non-Aligned Countries, held at New Delhi in March 1983, was so urgent that it became a matter of simple survival. In that regard, he deplored the slow pace of Implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries. He also emphasized the critical food situation affecting the African continent as a whole.

31. The world economic crisis reflected the fragility of the structural foundations of the existing order, and stopgap remedies could only be ineffectual. The growing interdependence among nations underscored the asymmetry and inequality of the foundation of the existing international economic system. Moreover, because of the close correlation between them, any obstacle to development constituted a threat to peace, and vice versa. The participants in the New Delhi Conference had proposed the adoption of a two-phase approach to global negotiations on

(Mr. Sahnoun, Algeria)

international economic co-operation for development. First, immediate measures should be taken in the areas of critical importance to developing countries, followed by an international conference on the monetary and financial means to development in order to overhaul the international monetary system and give the third world the means of making its voice heard when internationally significant economic decisions were taken. The global negotiations could serve as a framework for concerted efforts to find a global and coherent response to the major challenges posed by the existing system of international economic relations. During the first phase, efforts should be made to achieve a recovery of the world economy, by reactivating the development process in the developing countries. The second phase would concentrate on consolidating the recovery in order to achieve a true expansion of the world economy through the introduction of the necessary structural reforms. It was to be hoped that the current session of the General Assembly would at last see the beginning of those global negotiations.

32. At the current session it should also be possible to outline the process for the mid-term review of the implementation of the International Development Strategy for the Third United Nations Development Decade. Finally, with regard to the restructuring of international economic relations, economic co-operation among developing countries should receive broad support from UNCTAD during the negotiations on the generalized system of preferences among developing countries. Unfortunately, the sixth session of the United Nations Conference on Trade and Development had not fulfilled the most modest hopes of the developing countries. During the current session, the General Assembly must therefore endeavour to re-establish constructive dialogue, which alone could solve the serious problems of the world economic situation. The Second Committee had an essential role to play in that regard.

ORGANIZATION OF WORK

33. Mr. SEVAN (Secretary of the Committee) requested delegations, during consideration of agenda item 78, to keep their statements brief and to adhere to the order of speakers. If they did not do so, it would be difficult, without night meetings, to complete on schedule the work planned for the following week.

The meeting rose at 12.40 p.m.