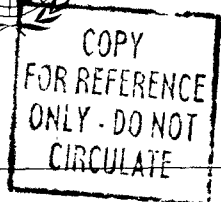


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**GENERAL  
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**THIRTY-EIGHTH SESSION**  
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SECOND COMMITTEE  
7th meeting  
held on  
Thursday, 13 October 1983  
at 4 p.m.  
New York

SUMMARY RECORD OF THE 7th MEETING

Chairman: Mr. DIETZE (German Democratic Republic)

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GENERAL DEBATE (continued)

ORGANIZATION OF WORK

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The meeting was called to order at 4.10 p.m.

GENERAL DEBATE (continued)

1. Mr. PLECHKO (Union of Soviet Socialist Republics) said that the general debate would contribute to the practical work of the Committee if it proved possible to identify clearly why the process of restructuring international economic relations was being held up and whose actions were impeding the efforts of the overwhelming majority of States Members of the United Nations to establish equity and justice in international economic relations.

2. The intensification of the imperialist forces' threats to international peace and security and the arms race they had imposed were the main obstacle to resolving international economic problems. As Yuri Andropov, the General Secretary of the Central Committee of the Communist Party of the Soviet Union and President of the Presidium of the Supreme Soviet, had said, the aim of the Soviet Union was to preserve and strengthen peace, promote détente, curb the arms race and expand and deepen co-operation among States. Those aspirations were also reflected in the documents of the New Delhi Conference of the Non-Aligned Movement, which named the arms race as the chief cause of the aggravation of the world economic crisis.

3. In their efforts to improve international relations the socialist countries had proposed major initiatives, such as those contained in the Political Declaration of the Warsaw Treaty States, adopted at Prague in January 1983, and the joint statement of seven socialist States at their meeting in Moscow in June 1983. The States participating in that meeting had addressed an appeal to the NATO countries for an immediate start of direct negotiations on reducing military spending and applying the funds so released to the needs of economic and social development. At the current session the General Assembly had before it new Soviet peace initiatives aimed at creating favourable conditions for the improvement of economic relations and the resolution of other important international problems. In the opinion of the Soviet Union, the question of the relationship between disarmament and development should be a permanent item on the agendas of the Economic and Social Council and the General Assembly.

4. In the struggle within the United Nations for the restructuring of international economic relations, developing countries, with the political support of the socialist countries, had had some successes, such as the Declaration on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States and a series of General Assembly decisions. As matters stood, with the restructuring process virtually at a standstill, overcoming the resistance of those forces in the West that were sabotaging the implementation of a new international economic order took on particular significance. Some imperialist countries were increasingly resorting to a vast arsenal of political devices to impose on the world an order of their preference. His delegation believed that the use of political and economic pressure against the socialist countries and many developing countries amounted to political interference in the internal affairs of sovereign States and should therefore be resolutely condemned as being incompatible with the Charter of the United Nations, the provisions of the Charter of Economic Rights and Duties of States and other progressive decisions of the United Nations.

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(Mr. Plechko, USSR)

5. Unlike the destructive course being followed by the United States and those who toed its line, the aim of the Soviet Union and other socialist countries in the field of international economic relations was to build relations of competence among States, such as those that prevailed in the operation of CMEA. Steady and planned development of the Soviet economy was having a stabilizing effect on the world economy. The Soviet Union was striving to improve its methods of economic planning and management with a view to accelerating scientific and technological progress. In 1983 the economy had begun to develop more dynamically and almost all the economic indicators had improved. Progress had been made in industry, transport, construction, agriculture and housing, and the efficiency of production had improved. The principal objective of the Soviet economy remained the same, to raise the material and cultural standards of the Soviet people.

6. The Soviet Union was implementing programmes of economic progress despite attempts by the forces of imperialism to make Soviet participation in the international division of labour more difficult. Countries and companies wishing to co-operate with the Soviet Union would always find the necessary understanding. That had been proved by the completion ahead of schedule of the gas pipeline between Siberia and Western Europe, one of the largest in the world.

7. The successful economic and social development of the Soviet Union testified to the effectiveness of socialism as an economic system. The national income generated by Soviet people through their work had been a source of selfless economic assistance to many developing countries. The level of Soviet economic assistance to the developing countries had grown by 70 per cent between 1976 and 1980, totalling 30 billion roubles, which amounted to an average of 1 per cent of the Soviet gross national product. In 1981 the Soviet Union's net economic assistance to the developing countries had been 8.1 billion roubles, approximately 1.3 per cent of its gross national product. The Soviet Union was currently providing economic and technical assistance to 71 developing countries including 24 of the least developed countries. In 1981 the USSR's assistance to the least developed countries had amounted to 1.1 billion roubles or 0.18 per cent of its gross national product.

8. The economic crisis had permeated all sectors of the developed capitalist countries, in which working conditions and workers' wages had worsened considerably and unemployment had reached levels unprecedented in the post-war period. At the same time imperialist competition for markets and raw materials had intensified. There was growing dissatisfaction with the policy of maintaining high rates of interest and inflated dollar exchange rates with which the United States was burdening the entire world in its efforts to cure the chronic problems of its economy, with the resulting disruption of the economies of other countries, including the closest allies of the United States. Economic commentators were forecasting that the excessively high United States interest rates would continue for a long time, with repercussions on the economies of other countries. Given that information, there seemed to be no justification for the view that what was needed to solve almost all world economic problems was to wait for the United States economy to recover and have a beneficial effect on other countries.

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(Mr. Plechko, USSR)

9. Many delegations had rightly emphasized that the developed capitalist countries had done their utmost to transfer the hardships of the crisis to the developing countries through the manipulation of trade, monetary and financial mechanisms. It would suffice to cite one example, the extremely high interest rates and dollar exchange rates. It was estimated that a 1 per cent increase in interest rates led to an increase of \$4 billion in the debt-servicing costs of the debtor countries, which was equivalent to an increase in the real cost of the loans they secured from the West. Bearing in mind the rising balance-of-payments deficit of the United States and the high level of unemployment in that country, it would be naive to believe that the United States would participate effectively in liberalizing international trade and reducing protectionism.

10. A particularly acute problem was the outflow of financial resources from the developing countries owing to the activities of transnational corporations. As the periodical Business Week had reported on 3 October 1983, since 1975 over \$120 billion had been transferred from developing to developed countries through transnational corporations and other channels. The United Nations Secretariat, UNCTAD and especially the United Nations Centre on Transnational Corporations should be involved more actively in the study of that phenomenon.

11. The United Nations could well have been engaged long since in evaluating actual progress in restructuring international economic relations instead of wasting time on seeking new political approaches to the problem. Nevertheless, the impasse that persisted in that area was a direct result of the adamant policies of diktat, confrontation, and consolidation and redistribution of the spheres of influence of the imperialist Powers. They were sabotaging the Convention on the Law of the Sea, the Code of Conduct for Transnational Corporations and the Code of Conduct on the Transfer of Technology and they intended to launch a counter-offensive in the North-South dialogue, while attacking progressive régimes and utilizing intimidation tactics against the rest of the developing countries. Therein lay the causes of the disappointing results of the sixth session of UNCTAD and the summer session of the Economic and Social Council.

12. The Soviet Union firmly supported the developing countries' demand for practical short-term steps to be taken to restructure international economic relations on an equitable and democratic basis. At the current session a group of interested socialist countries had issued a detailed statement on all the basic aspects of that subject (A/38/479). His delegation favoured the launching as early as possible of global negotiations within the United Nations on the most pressing world economic issues, in accordance with General Assembly resolution 34/138.

13. The Soviet Union supported the proposal of the Non-Aligned Movement and the Group of 77 to convene an initial phase of a conference on global negotiations within the framework of the United Nations. It also viewed with sympathy the proposal by the Movement of Non-Aligned Countries for the convening of an international monetary and financial conference, with the participation of all interested States, with a view to a radical restructuring of the international monetary and financial system on a just and equitable basis, including the

(Mr. Plechko, USSR)

democratization of existing international monetary and financial institutions. The final position of the Soviet Union on the latter proposal would depend on how its purposes and objectives were formulated and the extent to which the legitimate interests of all States were taken into account.

14. The proposed "programme of immediate measures" could help to alleviate, partially, the economic predicament of developing countries and it would provide an opportunity to present certain demands to the monetary, financial and trade institutions whose policies were exacerbating the problems of those countries. He believed, however, that certain interests had to be prevented from using the programme to conceal their inaction with regard to the global negotiations. The programme, in fact, did not address the problems that were impeding development in Asia, Africa and Latin America and the radical restructuring of international economic relations.

15. The current crisis in the capitalist sector of the world economy, which had brought about an almost complete collapse of the economies of many developing countries, had demonstrated how little had been done so far to restructure international economic relations, and how great the ability of the capitalist States was to export their difficulties, primarily through transnational corporations. It was imperative to embark on implementing the progressive provisions of the Charter of Economic Rights and Duties of States, the Declaration on the Establishment of a New International Economic Order and the International Development Strategy.

16. As Yuri Andropov had pointed out, resolute resistance to imperialism, combined with a satisfactory strategy for economic and socio-political development and an attitude of respect for the interests and rights of others, would enable the peoples of developing countries to overcome the difficulties of growth. The Soviet Union would do its utmost to contribute to the achievement of that objective through the work of the Second Committee.

17. Mr. GOLOB (Yugoslavia) said that the declaration adopted at the ministerial meeting of the Group of 77, which had been based largely on the Buenos Aires platform and relevant recommendations of the seventh Summit Conference of Non-Aligned Countries, was designed to guide developing countries at the current session of the General Assembly.

18. Some favourable signs had emerged of the attitude of developed countries but no real progress had been made in relation to any of the major problems. For example, the sixth session of UNCTAD had been expected to open up real prospects for the revival of the growth process in developing countries and for the overall recovery of the world economy, but the results had been disappointing despite the seriousness of the problems, the comprehensive technical and political preparations and the presence of many Heads of State or Government. Some were attributing that lack of results to the excessive demands of the Group of 77 but those demands were in fact, a response to the enormous problems confronting the developing countries, since it was they that were most seriously affected by the world economic crisis.

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(Mr. Golob, Yugoslavia)

19. In his view, it was futile to devote lengthy debates to the signs of recovery that had appeared in some countries when the overall situation was getting worse and no remedial measures were being taken. The contraction of economic activity in the early years of the 1980s had been the longest and deepest in the previous half-century; for the first time the world economy had contracted both in volume and in value, commodity prices had collapsed and protectionism was spreading and taking new forms.

20. According to the World Economic Survey, protectionist pressures were unlikely to diminish in the near future, and the Committee for Development Planning had warned that such policies were exacerbating the chaotic situation prevailing in international financial relations and the contraction forced upon all developing countries, including oil exporters. The external adjustments which developing countries were being compelled to make would merely serve to reinforce the recession. In those circumstances, and bearing in mind the enormous debt problems of developing countries, it was naive to expect signs of recovery to continue, still less to spread to developing countries. It was more important than ever to embark on global negotiations through which progress towards a more just situation could be made.

21. At the thirty-seventh session of the General Assembly no action had been taken in the most vital fields of multilateral economic relations and the situation had continued to deteriorate since then. Developing countries were cutting their imports owing to declining foreign exchange earnings, reduced inflows of external capital and rising debt service requirements. Investment programmes were being cut back or eliminated for lack of funds. That situation threatened not only the growth prospects of developing countries but also the prospects for world recovery. It was to be hoped that the General Assembly would take adequate action, such as convening a conference on financial and monetary problems, immediate measures concerning commodities and international trade and the full and timely implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries.

22. Mr. GRECU (Romania) stressed the importance of the declaration adopted at the ministerial meeting of the Group of 77. The world economic situation was deteriorating and no real progress had been made towards the establishment of the new international economic order. Recently protectionism and discriminatory practices had spread, raw materials prices had fallen, a high interest rate policy had been followed and the external indebtedness of developing countries had grown.

23. Efforts to tackle those serious problems had been fruitless. The sixth session of UNCTAD, for example, had ended with no significant results. In the circumstances, it was not surprising that many developing countries had been obliged substantially to reduce their development programmes, with very unfavourable effects on the living conditions of the population.

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(Mr. Grecu, Romania)

24. The rate of growth of world production had fallen from 1.4 per cent in 1981 to 0.2 per cent in 1982 and the volume of international trade had declined in 1982 by some 2 per cent after remaining static in 1981. Those world averages concealed the difficult predicament of developing countries in which, for the first time since the Second World War, negative rates of economic growth had been recorded. Moreover, national per capita income in developing countries had declined by 12 per cent in 1982 while their external debt, as a percentage of their export earnings, had risen in 1981 to 16.3 per cent and in 1982 to over 20 per cent with some countries having a figure of over 70 per cent.

25. Those figures sufficed to demonstrate how far the international community still was from the objectives of the International Development Strategy. If disaster was to be averted, conditions would have to be established for the revival of economic activity in the developing countries so that they could again play their dynamic role in the world economy and world trade. At the current session of the General Assembly efforts would have to be made to establish the guidelines and major objectives for a programme of urgent and immediate measures to alleviate the most critical aspects of the situation in which many developing countries found themselves. In his delegation's opinion, that programme should include, as a priority, certain measures which could alleviate the external debt burden, such as a moratorium on the poorest countries' debts, the reduction and rescheduling of the debt of other developing countries, deferring debt payments for two or three years and the convening of a conference of debtor and creditor countries. It was also imperative to devise practical ways of reducing interest rates and stabilizing them at reasonable levels and of ensuring the access of developing countries to international credit markets on favourable terms. Developed countries should undertake not to introduce new restrictive measures, to abandon discriminatory practices, to make the necessary adjustments to facilitate the developing countries' exports, to guarantee the marketing of raw materials at prices remunerative to producers and equitable to consumers, to agree on assistance programmes for developing countries in agriculture, industry, transport and other sectors, to help those countries to exploit their material and human resources, to agree, as a matter of urgency, on a set of principles and rules for the transfer of technology to developing countries, to give assistance for the training of national personnel in those countries and substantially to increase international assistance for development.

26. Growing interdependence between developed and developing countries and the complexity of international economic relations made it necessary to use an integrated world approach in tackling the necessary structural changes. It was becoming increasingly clear that recovery in a single developed country or a few developed countries would not suffice to revive the world economy, and it was accordingly imperative to start a genuine and fruitful dialogue with a view to bringing about real relations of co-operation between developed and developing countries. In that connection, his delegation, like the whole of the Group of 77, favoured launching global negotiations within the United Nations and convening an international monetary and financial conference at which new and more just and equitable foundations could be laid for the international monetary and financial system.

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ORGANIZATION OF WORK

27. The CHAIRMAN proposed that the general debate should end on the morning of Thursday, 20 October, and that the afternoon of that day and the following day should be set aside for informal consultations.

28. It was so decided.

The meeting rose at 5.15 p.m.