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PREPARATORY COMMITTEE OF THE WHOLE FOR  
THE SPECIAL SESSION OF THE GENERAL  
ASSEMBLY DEVOTED TO INTERNATIONAL  
ECONOMIC CO-OPERATION, IN PARTICULAR  
TO THE REVITALIZATION OF ECONOMIC  
GROWTH AND DEVELOPMENT OF THE DEVELOPING  
COUNTRIES

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INTERNATIONAL ECONOMIC CO-OPERATION, IN PARTICULAR THE  
REVITALIZATION OF ECONOMIC GROWTH AND DEVELOPMENT OF  
THE DEVELOPING COUNTRIES

Canada: draft proposal

Elements for a declaration of the special session of the General  
Assembly devoted to International Economic Co-operation, in  
particular to revitalization of economic growth and development  
of the developing countries

The world is embarking upon the last decade of the twentieth century cognizant of the profound changes that are affecting us all. Economically, the world is rapidly becoming one. This growing interdependence among nations challenges us all to respond creatively. Global integration requires countries to adopt sound national policies to facilitate open exchange and flexible responses to the changing world economy.

In the context of this increasing interdependence and integration, a major challenge of the 1990s will be to help developing countries to become competitive in the world economy, to have access to markets and to science and technology, to improve the quality of their human capital and to modernize their economies. In a spirit of solidarity, Member States stand ready to forge an international understanding of the principles which will lead to accelerated economic growth and sustainable development.

Developments in the countries of Eastern Europe mark a unique phase in our history, and there should be an international effort to support them in their integration into the international economy. The adhesion of these countries in the specialized institutions and their full participation in the world economy, which is of benefit to their own people and the world as a whole, should be accelerated.

## I. PRINCIPLES FOR INTERNATIONAL ECONOMIC CO-OPERATION

Each State and nation is responsible for its own economic policies for development and for the life and well-being of all its citizens.

In an interdependent world the international community has a responsibility to assist developing countries in pursuing effective policies of development.

All human beings have a basic right to a life free from hunger, poverty, ignorance, disease and fear. The reduction of poverty and greater equity in income distribution are major goals.

We all share a joint responsibility for creating favourable international economic conditions and in strengthening international co-operation, which will help create the environment for sustainable economic growth.

Effective multilateral institutions can and should, on the basis of open participation, effective rules and disciplines, be used to shape economic co-operation. They can be particularly important in involving all in a dialogue on appropriate policies.

Economic growth requires that all countries develop a sustainable macro-economic framework and vigorously pursue long-term domestic economic reform programmes which would emphasize greater flexibility and openness of the economy, effective and efficient mobilization and use of financial and human resources and greater scope for private initiative and enterprise.

It is essential to develop a more open, credible and durable multilateral trading system which can contribute effectively to the promotion of growth and development, taking due account of the specific needs of the developing countries, in accordance with the principles governing the Uruguay Round negotiations and the Punta del Este Declaration.

## II. LESSONS FROM THE PAST

In the past decade an increasing convergence of views has emerged on key approaches to economic policies and problems. After the recession early in the decade, the industrialized countries resumed steady and uninterrupted growth. Considerable progress has been made in resolving imbalances, which for a time threatened stability in the world economy, although further progress remains to be made. Success is important if the world economy is to achieve a basis for further reductions in interest rates and deficits. The international community also

recognizes the damaging impact of protectionism in all its forms and the importance of reducing it.

For most developing countries the past decade has proven more difficult, especially for those with large external debts. The process of adjustment has been slow and hindered by declines in the terms of trade and export prices, which have made it more difficult to address the social consequence or to obtain the necessary political support for adjustment. This does not, however, obviate the need for policy reform. Other developing countries have been more successful in promoting growth and have been able to achieve considerable economic and social progress.

We have learned from these experiences. As the world changes around us we must respond positively. The nature of the world economy is such that flexibility, creativity and innovation must be integral parts of our economic systems, otherwise competitiveness will be lost and stagnation will result. Sound national policies are the basis for sustainable economic growth and development. International economic co-operation and assistance are important to knit together the system and to help developing countries achieve their potential.

### III. POLICIES FOR DEVELOPMENT AND INTERNATIONAL CO-OPERATION

The reactivation of economic growth and development of developing countries will require concerted action by all countries. Success will depend upon sound strategies and policies and a strengthened partnership of developed and developing countries.

Growth needs to be broadly based, drawing the masses of people into productive economic activity with effective, responsive and public decision-making systems. Improvement in the living standards of people, increased equity and broad participation requires the establishment of institutional frameworks and systems which provide larger choice and more opportunities.

Developing countries have the responsibility for mobilizing their national resources fully and adopting sound and realistic macro-economic policies. They should continue to work towards keeping control over inflationary tendencies, encourage domestic savings with appropriate interest rate policies and raise their level of international competitiveness. Moreover, the developing countries should continue to encourage both domestic and foreign investment. There is a need to establish favourable domestic conditions for investment and capital formation and encourage enterprise, private initiative and risk-taking. Effective markets and appropriate pricing can improve the efficiency of resource allocation and promote investment.

The developed countries and multilateral institutions should provide the necessary external resources to facilitate the structural reform process in developing countries and, in particular, assist the implementation of programmes designed to alleviate adverse consequences for the poor and vulnerable groups.

In some countries the existence of a very large external debt has crippled the economy and threatened the development process. The debt can also render economic adjustment more difficult by undermining the essential political basis and commitment to reform. It is important that countries implementing growth-oriented reforms receive sufficient support and that the collaborative debt strategy be flexible enough to encourage the reforms essential to their economic recovery. Initiatives aimed at a reduction of the stock and service of debt of developing countries, as well as debt relief measures, should continue to be pursued in an effort to renew vigorous growth. A supportive international economic environment, together with a growth-oriented development approach will also assist debtor developing countries to restore their economies and credit-worthiness.

We are especially concerned with preserving the environment for our children and future generations. This challenge is global in scope and requires effective international co-operation - a commitment to the environment must permeate all our endeavours. Economic development must be environmentally sound and sustainable. This is the responsibility of all peoples, their Governments, businesses, trade unions and individual citizens.

The current threat to the environment, which is a common concern of all, stems essentially from past neglect in managing the natural environment and resources and from decades of industrial and other pollution. As the major sources of pollution and depletion of natural resources, the developed countries have a special responsibility for taking necessary measures urgently. The responsibility for improving the environment should be shared, sufficient resources made available and consideration given to providing access to technology so that developing countries can exercise their national responsibilities and manage their natural resources. The economic growth of developing countries is an essential prerequisite for environmental protection, because poverty is an important cause of deforestation and desertification. Excessive population growth adds to the strain.

The most important economic asset of all countries is the people themselves. Our goal should be to enable every child, woman and man to live a full life, in dignity and free from suffering and want and according to their own ideas and preferences. It is of special importance to improve the integration of women in the development process.

Sustained development depends upon the strength and quality of a country's institutions in all sectors of Government, schools, the judiciary, co-operatives, the financial sector and voluntary organizations. Effective institutional frameworks and predictable public administration are necessary to shape and foster other development initiatives.

Education and training are prerequisites for economic growth, and it is an indispensable part of a successful economic policy that they be accessible to all people. Investments in education, training, health and other social services, sanitation, housing and water are all essential if human resources and skills are to be fully developed.

The full utilization of human resources also requires that human rights be guaranteed to each individual. A multiplicity of views and expression enriches every society by stimulating creativity, innovation and initiative and allowing these to be brought to fruition. Economic decision-making should be decentralized to advance efficiency.

Substantial additional aid, other financial resources and export expansion will be required for developing countries to be able to cope with the challenges of the 1990s. All developed countries should assume their responsibility to supply to developing countries an adequate flow of official development assistance, striving to achieve international targets, including a level of 0.7 per cent of their gross national products for official development assistance. For aid to be effective we need to pay full attention to project quality and design and the appropriate policy environment.

All countries should contribute to a successful conclusion of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) which holds the prospect of significant market liberalization from which all will benefit. We must resist protectionist forces and work towards a stronger GATT which can more effectively promote an open trading system. Expansion and liberalization of trade in commodities would be of particular benefit to developing countries. All countries should strive to respond to changes in efficient world demand with innovation and diversification of their productive sectors.

Commodity exports play a key role in the economies of developing countries and make a crucial contribution to export earnings and investment. There is a need for better functioning of commodity markets and more stable and predictable conditions. Diversification would assist the developing countries to increase and stabilize their export earnings. All countries and multilateral institutions should undertake measures to support these efforts.

#### IV. CONCLUSION

The United Nations is a unique forum in which the community of nations can address all issues in a comprehensive and integrated manner and, giving due regard to the respective competences of the specialized institutions, play a key role in setting the basis for the revitalization of economic growth and development.

The Member States of the United Nations pledge their commitment to address the issues in this declaration of the special session through their national policies, international co-operation, in the elaboration of the international development strategy for the Fourth United Nations Development Decade and in the Second United Nations Conference on the Least Developed Countries.

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