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SECOND COMMITTEE  
8th meeting  
held on  
Monday, 14 October 1985  
at 10 a.m.  
New York

SUMMARY RECORD OF THE 8th MEETING

Chairman: Mr. BRODODININGRAT (Indonesia)

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GENERAL DEBATE (continued)

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The meeting was called to order at 10.30 a.m.

GENERAL DEBATE (continued)

1. Mr. LICHILANA (Zambia) said that the economic and social tragedy in southern Africa had begun over 100 years earlier when gold and diamonds had been discovered. The combined action of speculators and mining companies had led to the establishment of a system with three socio-economic groups. First came the modern economic sector based on mining, industrial and commercial activities whose economic benefits were enjoyed by non-indigenous people and foreign investors. The second group consisted of farmers and traders of Dutch descent who enjoyed the privileges of the first group at the expense of the indigenous population. The third consisted of rural blacks, from South Africa and from neighbouring independent States, who were used as a source of cheap labour by the two other groups.
2. While the countries in southern Africa did not have the power to make the international community take steps to establish a new international economic order they had established a Preferential Trade Area that excluded South Africa. Likewise, the black independent States in southern Africa had established the Southern African Development Co-ordination Conference to enable them to disengage their economies from the so-called Republic of South Africa.
3. However, some Governments represented in the Committee did not seem to realize that it was the continued investments of their nationals in South Africa which prevented the black independent States of southern Africa from realizing their goal of self-sustaining economic development. The call for disinvestment from South Africa had been loud and clear. Some had responded by pointing out that disinvestment would hurt the blacks most. Yet, experience had shown that foreign investors were not generally guided by a desire to improve the economic and social welfare of the local population but by a desire for profits.
4. He stressed that foreign investments in South Africa had merely helped to undermine the economic development of the areas inhabited predominantly by the black people of South Africa and of the independent neighbouring States. The international community must now put an end to such investments for the following reasons: (a) foreign investments had essentially been confined to the exploitation of non-renewable natural resources and had thus robbed the indigenous people of their right to exercise sovereignty over their natural resources; (b) foreign investments in the field of commerce and industry had been concentrated in the urban areas and the profits accruing therefrom were not invested in agricultural development projects in the rural areas where the black people lived but were repatriated abroad; (c) foreign investments had strengthened the capacity of the South African régime to continue its brutal repression of the indigenous population within South Africa; (d) they had enabled the South African régime to maintain bands of malcontents in the independent neighbouring States for the sole purpose of frustrating the economic development goals of those countries.

(Mr. Lichilana, Zambia)

5. It was clear that the question of foreign investments in South Africa was an important matter which needed urgent action on the part of the international community. Disinvestment from the South African economy would represent a concrete and vital contribution to the struggle for change in that country. His delegation therefore called on the Committee to play a leading role in that area and to urge all States, particularly the major Western countries, effectively to terminate their investments in South Africa.

6. Mr. KOBAYASHI (Japan) said that a number of important and positive events had taken place recently: the Committee on the Review and Appraisal of the Implementation of the International Development Strategy for the Third United Nations Development Decade had successfully concluded its work; the mid-term review of progress for the implementation of the Substantial New Programme of Action for the Least Developed Countries had been completed and during the meeting of the Interim Committee of IMF and the Development Committee of IMF and the World Bank a broad consensus had emerged on the need to focus on growth and to pay more attention to the political and social dimensions of the adjustment policies to be pursued when dealing with debt issues. That did not mean that delegations could be complacent for the world economic situation and the situation of the developing countries in particular remained uncertain and full of serious problems.

7. Since trade was an important engine of growth and development protectionism must be countered individually and collectively. His Government therefore welcomed the decisions taken by the GATT Contracting Parties regarding the new round of multilateral trade negotiations. Japan, for its part, had improved access to its market by adopting a series of unilateral measures relating specifically to tariffs, standards, certification, import procedures, government procurement, financial and capital markets and services. It had announced the elimination or reduction of tariffs on more than 1,800 products and had expressed its readiness, along with other industrialized countries, to eliminate the tariffs on industrial products in the course of the forthcoming new round of multilateral trade negotiations.

8. Another area which called for resolute action was that of the flow of financial resources. Official development assistance had a significant role to play in that respect, particularly in low-income countries. Despite the fact that Japan was faced with enormous budgetary deficits and that for the last few years its overall budget had been subject to the rule of zero growth, it would endeavour to double its ODA by 1992 raising it to more than \$40 billion. Concessional flows to international financial institutions also played a very significant catalytic role by encouraging private investment in middle-income debtor countries. The recent decisions taken in Seoul by IMF and the World Bank were encouraging in that respect. However, it should be noted that the result which countries obtained with the resources they received depended largely on their ability to put them to effective and productive use. The creation of a sound environment in recipient countries attracted further direct foreign investment, just as the restoration of creditworthiness was a decisive factor in facilitating a smooth flow of private bank loans. In that context, he hoped that the multilateral investment guarantee

(Mr. Kobayashi, Japan)

agency which had been discussed at the fortieth annual meeting of the Board of Governors of the World Bank would be established and would promote direct foreign investment in developing countries.

9. With respect to the international monetary system, Japan considered that IMF was the appropriate forum for considering that issue in view of its complex and technical nature. The structure of the present monetary system had basically allowed the system to respond to changing conditions and no major institutional change was needed.

10. The debt problem of developing countries continued to be of major concern to the entire international community. In order to face the situation effectively, States had to work together, particularly in the following areas: sustained non-inflationary growth of the developed countries; a policy mix that permitted a further decline in real interest rates; effective adjustment policies by debtor countries; adequate flows of financial resources, and the halting of protectionism. With regard to debt relief operations, his country still believed that debt problems could best be handled on a case-by-case basis, taking into account the particular conditions in a given country. Co-operation was required of all interested parties: debtors, creditors, governments, central banks, international financial institutions and private banks, and due attention should be paid to the political and social problems faced by debtor countries.

11. Assistance for Africa provided an excellent example of how the United Nations, and its Member States had responded effectively to a critical problem of world-wide concern. His country remained convinced of Africa's potential for development. It was encouraging that the nations of Africa were themselves taking the initiative to resolve the crisis, as the Organization of African Unity had recently declared. The international community should make further efforts to assist them in that process. It was also imperative for donor countries to respond not merely with emergency assistance, but to intensify their co-operation with self-help efforts by African countries in the agricultural sector, in particular to increase food production in the medium and long-term. The Japanese Minister for Foreign Affairs had proposed a comprehensive plan for a green revolution for Africa which would include not only agricultural research projects but also afforestation. Finally efforts should be continued to maintain or increase assistance to Africa. The United Nations was playing a leading role in that respect, as demonstrated by the world-wide response generated by the appeal of the Secretary-General.

12. Many speakers had referred to the role which the Second Committee could play in enhancing international co-operation. With regard to the efforts made to revitalize the role of the Second Committee and the Economic and Social Council, and to rationalize their work, his delegation appreciated the suggestions made by the Director-General for Development and International Economic Co-operation and by the representatives of Canada and Denmark. The Second Committee and the Economic and Social Council were better placed than any other body to engage in an overview of economic issues on the basis of discussions on specific issues in other fora. There could and should be examples of dialogue aimed at bringing together points of view, particularly on major issues of the North-South dialogue. The recent

(Mr. Kobayashi, Japan)

negotiations on the review and appraisal of the international development strategy were a good example of the progress that could be made. It was not surprising that in such a wide-ranging exercise some differences in viewpoint should have been observed among developed and developing countries but a spirit of compromise and co-operation had nevertheless led to an agreement. His delegation believed that one of the practical ways of facilitating the important role of surveillance and co-ordination, played by the economic bodies of the United Nations in New York, would be to intensify the deliberations of the Committee for Programme and Co-ordination and to pay more attention to the work of the Joint Inspection Unit.

13. Those bodies had also had considerable success in the area of operational activities for development. His Government attached great importance to those activities, and had demonstrated that interest by steadily increasing its contribution to UNDP, UNICEF, and UNFPA. Member States in a position to do so should also increase their contributions, to enable the United Nations to intensify its operational activities for development. There was a growing need to co-ordinate activities carried out in response to the currently very diverse requirements for development. He stressed in that regard the important role to be played by UNDP, a role which should be supported by all States Members and organs of the United Nations.

14. His delegation was pleased to note that the Constitution of UNIDO had finally come into force and hoped that that organization would become a major tool to accelerate the industrialization of developing countries.

15. The Second Committee should be the forum for a constructive dialogue to achieve steady and gradual, if not spectacular, progress. For that reason, his delegation sincerely regretted the negative and polemical tone adopted by certain delegations, and fully shared the comments made by the representatives of Canada, the United States, the Federal Republic of Germany and the United Kingdom, on the statement of the delegation of the Soviet Union. The United Nations was composed of independent sovereign States which had different political, economic and social systems and ideologies, and often different interests. The position of others should be respected and they should not be accused because of those differences if dialogue was to bear fruit.

16. Mr. PALENCIA (Mexico) expressed the gratitude of the people and the Government of Mexico to the international community for the solidarity shown and assistance provided after the earthquake which had struck Mexico, and described the process of reconstruction undertaken in his country.

17. His delegation felt that debt, development, decolonization and disarmament would dominate the discussions of the current General Assembly session. The United Nations was commemorating its fortieth anniversary at a particularly critical moment for the developing countries. In spite of various efforts, the establishment of a new international economic order had not yet been achieved, and the Charter of Economic Rights and Duties of States, which should pave the way for a more just and more egalitarian society and which could perhaps have kept the crisis within bounds, had not been implemented as it should have been. The

(Mr. Palencia, Mexico)

economic crisis had not abated despite isolated and fragile signs of recovery in some countries. According to the most optimistic projections, Latin America would not reach its 1979 per capita income level again until 1990, and that would be possible only through enormous effort. The situation of women and children had deteriorated considerably. Latin America had become a net exporter of capital (\$90 billion over the past three years). Developing countries could not obtain a sufficient share of the scarce financial resources available, if only some of them adopted restrictive adjustment measures while others adopted expansionist fiscal policies and restrictive monetary policies. All interested parties should fulfil their responsibilities in that regard.

18. The debt problem had become a serious political problem with generalized affects. The costs of adjustment were becoming unbearable and instability threatened the entire world. At the international level, contracts, traditionally bilateral and commutative had become unilateral and contingent. Countries were aware of the volume of loans they received but never of the amount they would have to pay for them. In addition, the strong fluctuations of interest rates increased the climate of uncertainty. Those interest rates were unsustainable in real terms because they exceeded the growth rate of real income as well as the real value of the exports of developing countries.

19. His delegation had noted with interest the report of the Secretary-General on the work of the Organization and the statements by the Director-General for Development and International Economic Co-operation and the Under-Secretary-General for International Economic and Social Affairs, which had the common element of giving an essential place to the debt problem. Heads of State or Government and Ministers had also treated that matter in positive terms. The meetings recently held in Seoul had witnessed the beginning of a changing approach to the debt problem. Creditor nations appeared to have become aware that in order to be able to pay it was necessary to grow. The outline of an overall solution and a programme for sustained growth was emerging. The response had been slow and was still incomplete, and must still be reflected in deeds, but it was encouraging to note that the accent was now being placed on the concept of development and not on recessive adjustments which did not promote economic recovery and imposed unbearable burdens.

20. Mexico would pursue its policy of austerity, based not on restrictive measures but on financial and budgetary discipline. However it needed financial and economic conditions that moved those efforts towards adequate and rational growth in order to release more resources than those required for servicing the debt so as to be able to pursue social programmes and meet the urgent needs of the population and improve its standard of living, failing which its future would be hopeless.

21. According to some, in order to overcome the debt problem, it was necessary to increase foreign investment, open borders to trade and allow the market forces to promote it. It should be noted in that connection that Mexico promoted foreign investment but that its accumulated value up to 1985 barely sufficed to pay the debt service for one year. On the other hand, Mexico had reduced radically the list of products requiring import permits. It had made great efforts to export,

(Mr. Palencia, Mexico)

but many of its products were subjected to protectionist measures and had seen their prices drop. Moreover, the terms of exchange had deteriorated significantly. The trade surplus Mexico had registered was also due to an important cutback in imports, which was impossible to maintain without grave risk to the economy. Those cutbacks had increased unemployment in the industrialized countries, which had had to reduce their exports. Those examples showed that the debt problem must be solved through a restructuring of the international financial, monetary and trade system. A political dialogue was needed in which debtor and creditor Governments, banks and international financial institutions shared responsibility for finding global and permanent solutions. Specifically, innovative steps must be taken to reduce interest rates. The sharing of responsibility between banks and creditor Governments should make it possible to reduce the levels of indebtedness.

22. Mexico had given priority to reconstruction and development. It must go beyond short-term measures and implement growth plans and programmes. Mexico, like other debtor countries, required a re-evaluation of the importance of the debt problem for the stability and development of the world system.

23. Mexico wished to stress the fundamental importance, among the important proposals put forward by the Group of 77 in the economic field, of the launching of global negotiations. The monetary and financial system must be reformed. It was also necessary, at the fortieth session of the General Assembly, to begin preparations for the international conference on money and finance for development.

24. Lastly, he could not conclude without mentioning the critical situation in Africa. The General Assembly should agree on new formulas for co-operation to remedy that situation.

25. Mr. Li Luye (China) noted that the world economy had shown signs of recovery at the end of 1982; but it had been fragile and not all countries had benefited from it, particularly certain developing ones. International economic relations had been marked by acute monetary instability, protectionist measures had been strengthened and the debt problem had assumed increasingly alarming proportions, imposing the adoption of restrictive measures which had had an adverse impact on social and economic planning. The situation of the African countries, which had been victims of natural disasters, had been alleviated somewhat, but had at the same time deteriorated in a number of areas (prolonged structural problems, stagnation of agricultural production, rapid increase in debt). Generally speaking, nearly all the developing countries were suffering from the repercussions of falling commodity prices, worsening terms of trade, reduced capital inflow, overvalued dollars and particularly rising protectionism. Those factors and their effects had helped to widen the gap between north and south, an unacceptable state of affairs.

26. His Government held that any corrective action must be taken simultaneously on both fronts. States must adjust national policies and at the same time the international economic environment must be improved. The economic development of

(Mr. Li Luye, China)

any country was primarily its own responsibility. The developing countries must adjust their strategies, redefine their priorities according to their own specific conditions and mobilize all their resources. At the same time, the developed countries, especially those having a major impact on the world economy, should re-examine and re-adjust their macro-economic policies. International financial institutions should increase surveillance of those policies. Only by doing so would it be possible to create an environment favourable to the accelerated development of the developing countries and sustained recovery of the world economy.

27. Pursuit of the long-term goal of restructuring international economic relations must be closely linked to the adoption of immediate measures on behalf of the developing countries. The protectionist trend and the debt crisis had further exposed the deficiencies of the international financial and trade systems and shown that it was not suited to the economic development needs of the developing countries. Reforms should therefore be gradually introduced in all areas of the economy (division of labour, production, exchange, policy-making, etc.). That long-term action should be supplemented by immediate measures on behalf of the developing countries to stabilize commodity prices and export earnings; to roll back and, where possible, remove protectionist barriers; to provide the developing countries with greater access to the international markets; to increase official development assistance, particularly concessional loans to the least developed countries; to continue to render emergency assistance to those African countries hit by natural disasters; to support medium-term and long-term development projects on that continent; and to promote a dialogue between debtor countries, creditor countries, banks and multilateral financial institutions with a view to finding a global and integrated solution to the debt problem.

28. That presupposed restarting the North-South dialogue. In that connection, China welcomed the consensus reached in the consideration of the International Development Strategy and hoped that the sixth session of the Intergovernmental Group on the Least Developed Countries of the United Nations Conference on Trade and Development would produce results which could facilitate the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries. It supported the proposals for convening the international conference on money and finance as well as a special session of the General Assembly devoted to Africa. Also, the new round of multilateral trade negotiations being planned by GATT should take into full account the interests of the developing countries. China was ready to explore any approach which might make it possible to revive the North-South dialogue.

29. The United Nations must play an essential role in strengthening multilateral economic co-operation, particularly since there was a growing interdependence among economies. The fortieth session of the General Assembly would provide countries with an opportunity to reaffirm their commitment to the objectives of development, to the North-South dialogue and to multilateralism.

30. Mr. EL FORGANI (Libyan Arab Jamahiriya) said that the lack of respect on the part of certain developed countries for the purposes and principles of the United Nations, which had been founded on the principle of multilateralism, was impeding international economic co-operation, causing Governments and international institutions to be mistrustful of each other, and giving rise to an economic situation similar to that which had prevailed during the depression of the 1930s.
31. The pursuit of arbitrary unilateral or bilateral trade policies, and the conclusion of alliances for economic and technical co-operation without taking account of the interdependence of economic problems, would lead to instability in international economic relations rather than the strengthening of peace and security in the world.
32. The economic measures and practices adopted by certain developed countries, particularly the United States, together with the political pressures exerted by them, against the will of developing countries, were among the factors which had impeded international economic co-operation, implementation of the International Development Strategy for the Third United Nations Development Decade, the establishment of a new international economic order, and the drafting of a code of conduct on transnational corporations, and had caused the failure of the global negotiations and economic co-operation among developing countries. The best proof of that attitude was that the United States continually threatened any developing country which voted for a draft decision condemning its policy. The Government of the United States practised a policy of hostility to the aspirations of peoples, particularly the Libyan people, by exerting political and economic pressures in the form of economic blockades, military manoeuvres off the Libyan coast and false information transmitted to world public opinion. Such hostile practices constituted a flagrant violation of the Charter and of all internationally recognized principles, and were a desperate and iniquitous attempt to deny to the peoples of the third world the right to economic and social progress, peace, security and stability.
33. His delegation reaffirmed its full support for the heroic struggle of the Palestinian, South African and Namibian peoples, and of those peoples subjected to any form of imperialist domination, to recover their freedom, independence and full permanent sovereignty over their national resources, and to exercise their inalienable political rights.
34. Agreements had been concluded within the International Monetary Fund (IMF) under which exchange rates should not be affected by speculative pressures but should be fixed by Governments. However, when monopolistic corporations had taken over the international financial system, particularly in the early 1970s, following the decision of the United States Administration in August 1971 to suspend convertibility of the dollar into gold in order to increase the flexibility of monetary policies, the corporations had been able to speculate very profitably at the expense of developing countries. Moreover, the ineffective monetary policies of IMF had in their turn aggravated the debt crisis faced by developing countries. Their debt had risen from \$768 billion in 1983 to \$812 billion in 1984 and would reach \$970 billion in the last quarter of 1985, and they were now incapable of

(Mr. El Forqani, Libyan Arab Jamahiriya)

repaying even the interest due on their debts. His delegation therefore called upon the international community, particularly developed countries, financial institutions and international banks, to co-operate with developing countries with a view to finding a solution to the problem.

35. The critical situation in Africa had become particularly serious in the course of recent years. Thirty-four countries in eastern, central, western and southern Africa had been affected by the crisis, which was due to a number of interdependent factors, including low rainfall in the west and south of Africa, the lack of modern agricultural equipment, the fact that the population growth rate was higher than the economic growth rate, inequality in terms of trade, the fall in prices of raw materials, fluctuations in exchange rates, lack of diversity in exports, and the plundering of the African continent's resources during the imperialist era, endangering the lives of millions of Africans. The United Nations and its Secretary-General should be congratulated for the efforts they had made to acquaint world public opinion with the economic problems of the African continent, culminating in the holding of the Conference on the Emergency Situation in Africa in March 1985. The international community should also be congratulated for having respected the pledges contained in the Declaration on the Critical Economic Situation in Africa, adopted by the General Assembly at its thirty-ninth session. The situation could be resolved only by taking urgent and effective measures to deal with the crisis. Furthermore, his delegation supported the holding of a special session of the General Assembly at ministerial level to consider the economic crisis in Africa and called on the twenty-first session of the Assembly of Heads of State and Government of the Organization of African Unity to do likewise.

36. The Libyan Arab Jamahiriya had provided bilateral and multilateral assistance to countries of various continents, amounting to some \$3,528 million between 1973 and 1981. It had also established numerous ties with African States in the form of agreements and high-level economic commissions and had set up joint corporations with certain African States. It had established joint banks with some of those countries, provided assistance in the form of grants or long-term loans, and was a member of Arab, Islamic and African banks and institutions, as well as of international organizations. In response to the international appeal in connection with the critical economic situation in Africa, the Libyan Arab Jamahiriya had contributed \$10 million to those States affected.

37. Investments by monopolistic corporations in Africa had amounted to some \$3,780 million between 1970 and 1977, permitting industrialized countries to make profits totalling \$13,327 million. Domination by monopolistic corporations caused developing countries to lose an estimated total of \$100 billion each year. Transnational corporations also dominated the political life of developing countries. The international community must redouble its efforts to draft a code of conduct on transnational corporations and must endeavour to prevent those corporations from carrying out activities which were injurious to developing countries, interfering in the internal affairs of those countries, and co-operating with the racist régime of South Africa.

(Mr. El Forqani, Libyan Arab Jamahiriya)

38. His delegation reiterated the demands of developing countries concerning restructuring of the international economic system and respect for the Declaration and Programme of Action on the Establishment of a New International Economic Order, together with the Charter of Economic Rights and Duties of States, with a view to establishing the principle of justice and equality among peoples. It was ready to contribute to economic co-operation among developing countries because it accorded the highest importance to collective self-reliance and to economic and technical co-operation among developing countries.

39. Mr. MURIN (Czechoslovakia) said that the United Nations system played a central role in efforts to develop co-operation based on equality and justice in international economic relations. It was therefore regrettable that there was a tendency to treat certain real and pressing economic problems outside the framework of the United Nations, especially since full use had not been made of the Organization's potential. In fact, the absence of real political will on the part of certain Member States was the main obstacle to solving those problems.

40. The adverse effects of the arms race, which swallowed up vast human and financial resources, had often been made clear. Czechoslovakia and the States members of the Council for Mutual Economic Assistance made constant efforts to encourage the utilization of those resources for peaceful purposes. The fundamental importance of the link between disarmament and development was well known. No real improvement in the world economy could be expected unless military potential was steadily and considerably reduced. The International Conference on the Relationship between Disarmament and Development had an important contribution to make in that field. On 5 March 1984, the socialist countries had submitted constructive proposals to the NATO countries with a view to opening negotiations on a reduction in military expenditure. They had declared their intention of using for development the resources which would then become available.

41. Fresh impetus should also be given to the activities of the United Nations system in the disarmament field by implementing the relevant resolutions. The General Assembly would no doubt adopt further measures on the subject after considering the issue of general and complete disarmament. The problems connected with disarmament were too complex and wide-ranging to fall exclusively within the competence of a few specialized bodies. The implementation of the relevant United Nations resolutions should be carried out by the United Nations system as a whole.

42. The problems of the developing countries were multiplied by the inherent economic laws of the capitalist system and by the economic policies currently pursued by major capitalist countries. The real nature of development aid should be considered, against that background. It was ironic that considerable financial aid was required for the financing of a debt created by earlier assistance. That aid now ran counter to the interests of developing countries and the objectives of the new international economic order, because it led to dependence and even to neo-colonialist exploitation by perpetuating foreign debt.

(Mr. Murin, Czechoslovakia)

43. The Conference on Latin American Debt held in Havana had drawn attention to the alarming character of the debt problem and the need to find an appropriate solution. The Conference had shown that the debt crisis was due to the policies of capitalist countries with market economies and the reverse transfer of resources from the "beneficiary" countries to the "donor" countries. For many years, Czechoslovakia had denounced the harmful consequences of the penetration of private capital into the developing countries, but its views had not been always heeded. Transnational banking corporations had unleashed a financial crisis in developing countries by exerting pressure, in their capacity as creditors, on the economies of those countries and by failing to warn them of the risks of indebtedness. The net total of financial losses suffered by developing countries in 1980 and 1981 had thus risen to an estimated \$200 billion, and the situation had not improved. The data which had been obtained showed that current losses amounted to considerably more than the official development assistance. The harmful effects of the activities of transnational corporations on foreign trade, production and pricing in many sectors shed a fresh light on the debate on development aid and debt. The debt problem was clearly linked with the nature of relations between western and developing countries; it could therefore be resolved only by restructuring international economic relations on a just and democratic basis. That objective could not be achieved without concerted action by developing countries and rejection of any attempts to weaken their position. Czechoslovakia supported the just demands of developing countries, including the convening of an international monetary conference under the aegis of the United Nations.

44. The United Nations could help to uncover the real reasons behind the economic difficulties of developing countries by compiling data on debt and analysing the phenomenon of the transfer of resources from those countries to the developed capitalist countries. A more detailed study might also be made of the negative effects of the activities of transnational corporations and the completion of the code of conduct on transnational corporations. If the code was to provide effective protection for developing countries, it must reflect the real nature of the world economy (high level of capital concentration, monopolization of many economic activities at the transnational level, etc.).

45. The elimination of colonialism and of neo-colonialism in all its forms was essential for the establishment of the new economic order and the implementation of the International Development Strategy, especially in the context of the twenty-fifth anniversary of the adoption of the Declaration on the Granting of Independence to Colonial Countries and Peoples. The issue of colonialism and neo-colonialism should therefore be considered from all angles in the same way as famine and foreign debt.

46. As it had done at the thirty-ninth session of the General Assembly, Czechoslovakia would submit a document on the aid which it had provided to developing countries and national liberation movements in 1984. It had allocated 0.9 per cent of its national income to the countries in question and 0.11 per cent to the least developed countries. More than 2,000 Czechoslovak experts had been sent to 40 developing countries, and 4,600 students from developing countries had studied in Czechoslovakia. His Government would continue its aid to the developing world without ulterior motive and without exerting economic pressure.

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(Mr. Murin, Czechoslovakia)

47. Negotiations within the United Nations in the previous 40 years had produced many important documents which, if implemented, would make it possible to realize those economic objectives. The restructuring of international economic relations on a just and democratic basis was now more urgent than ever, and tangible measures, particularly the holding of global negotiations on the subject, were needed in order to achieve it. However, conditions seemed less favourable and political will less in evidence than in the past. States should refrain from jeopardizing the economic security of other States, imposing arbitrary measures and exploiting economic relations for political ends, and should instead abide by the basic principles of the United Nations. Czechoslovakia would support all efforts to bring about balanced and constructive international negotiations in that field.

48. The Organization offered many possibilities in that regard. States which claimed that it was incapable of solving those problems were often trying to conceal their own lack of political will. The same was true of the claims concerning a "crisis of multilateralism" or "excessive politicizing of negotiations". In general, there was an alarming contradiction between the words and the deeds of certain countries and organizations. For example, the position of IMF, which called for the elimination of budget deficits in developing countries and granted new loans only when economic policy restrictions had been introduced, to the detriment of economic and social development, did not coincide with the position of capitalist States which maintained or even increased their own budget deficits. In the same way, the capitalist countries consistently glorified private enterprise but did not rule out State intervention in the economy when it served their interests. They advocated free trade but practised protectionism and adopted discriminatory economic measures against certain socialist countries (embargoes against Cuba and Nicaragua, export controls on so-called strategic goods, etc.). Some of those policies were not aimed exclusively at the socialist countries. Under the pretext of security, they were sometimes used for the purpose of competition among Western countries. The time had come to put a stop to those aggressive practices and to build economic relations on a foundation of international co-operation. Czechoslovakia would support all efforts to promote concerted action on those issues within the United Nations.

49. Mr. ROSELLO (Spain) said that the successful outcome of the work of the Committee on the Review and Appraisal of the Implementation of the International Development Strategy for the Third United Nations Development Decade was an important factor in the dialogue on international economic issues. His Government considered it equally important that the United Nations Industrial Development Organization had recently been converted into a specialized agency. Spain had, indeed, been one of the first to ratify the Constitution of that new agency and to approve its entry into force.

50. In 1984, world production and trade had experienced a considerable expansion, and all indications were that the trend would continue in 1985, although there were some signs of a possible slowdown in 1986. Furthermore, that process of growth was not manifest in all regions, despite the serious efforts made by many developing countries to overcome their economic difficulties. Many countries were still

(Mr. Rosello, Spain)

feeling the effects of inflation, budget deficits, external deficits, unemployment and increased protectionist pressures. The persistence of those pressures, as well as the unbalanced nature of the current process of economic recovery, helped aggravate the debt problem, especially in Latin America and Africa, as well as the critical situation in the African continent. At its previous session, the General Assembly had given particular attention to the economic crisis in Africa, where many countries were suffering from hunger, desertification and drought, and had reaffirmed the need to take urgent and effective steps to resolve the crisis in the short and medium term and subsequently to undertake structural reforms whereby the cyclic recurrence of those scourges could be avoided. The Office for Emergency Operations in Africa had been set up for that purpose, and its co-ordinating work had had a decisive impact on the handling of the crisis and had demonstrated what the United Nations system was capable of when the necessary will was there. His Government had for its part participated in all the meetings called to deal with the emergency situation and in the programmes to stimulate agriculture and provide food aid to refugees, and it was contributing to the International Emergency Food Reserve.

51. The external debt of the developing countries remained one of the most serious problems affecting not only the international financial system but also the whole range of international economic relations. It prevented debtor countries from obtaining enough resources to finance the reforms and adjustments needed to reactivate their economies, and it also introduced an element of uncertainty into the economy of the developed countries and into the world economic situation as a whole. The debt problem was not an isolated phenomenon but the result particularly of the imbalances of development in an interdependent world. Its solution therefore required a united effort on the part of both the debtor and the creditor countries.

52. In that spirit of solidarity, Spain had taken an active part in the international meetings on the subject held during the past year, in particular those of the International Monetary Fund and the World Bank in November 1984 and of the IMF Interim Committee and the IMF/World Bank Development Committee in April 1985. Spain advocated the adoption through global negotiations of flexible solutions which would make it possible to assist the debtor countries to meet their payment obligations. Such solutions must go well beyond financial agreements and debt renegotiations.

53. In recent years the Spanish economy had been subjected to rigorous structural adjustment at great social cost, with the aim of reducing the external imbalance, dealing with the budget deficit, reducing inflation and unemployment rates, and promoting exports. At the same time, Spain had sought to increase its participation in regional development mechanisms on all continents. Thus, it had become a member of the African Development Bank and recently of the Asian Development Bank. Similarly, Spain's membership in the European Economic Community presupposed, as provided in the treaty of accession, that it would respect commitments undertaken by EEC with regard to aid and co-operation programmes with the developing countries.

(Mr. Rosello, Spain)

54. While world economic prospects were more encouraging than a few years earlier, the persistence of the problems he had referred to precluded the assumption that the crisis had been definitively overcome. The adoption of measures to roll back protectionism, the provision of firmer support to multilateral economic agencies and the harmonization of the major developed countries' macro-economic policies were among the steps that should be taken to create a more stable and more favourable international economic climate. If, however, the aim was to set the world economy on the road to balanced and sustained growth, account must also be taken of the interdependence of monetary, financial and trade factors in the current economic world: as the Secretary-General had stated in his report on the work of the Organization, what was required was a wider vision and more dynamic understanding of the global nature of the problems facing the international community.

55. Mr. TUAN (Liberia) said that, on the occasion of the fortieth anniversary of the founding of the United Nations, the Committee should assess both the uniqueness of its role in promoting international economic co-operation and the state of the world economy, and particularly its impact on the socio-economic development objectives of the developing regions. Such an assessment would give a clear picture of the many structural deficiencies of the current international economic order and of the impoverishment of the people exacerbated by the substantial transfer of capital from the developing to industrialized countries and financial and multilateral debt-servicing institutions. His delegation therefore called upon the international community, the major industrialized countries and the financial institutions to play a decisive role, within the framework of multilateral economic co-operation, in reversing that situation with its debilitating effects on the social and economic growth of some developing regions.

56. There was an urgent need for the international community to take concrete and appropriate measures to alleviate the crushing debt burden of African countries south of the Sahara. According to a World Bank/IMF estimate, African countries were transferring over 50 per cent of their export earnings to international institutions and industrialized countries for debt servicing. Those earnings could have been used to spur their economic and social development. The African continent, already suffering from shortfalls in export earnings, low prices for commodities and other export products, and the ravages of famine, drought and desertification had the world's highest debt-servicing ratio.

57. That tragic situation could no longer be ignored, because it was an intolerable affront to the conscience of the international community and to all men of goodwill. His delegation called upon the major world economic Powers to demonstrate the political will to infuse new capital immediately to ensure social and economic development in Africa. The international community, the financial institutions and the developed countries must without further delay consider the debt problem as a crisis of unpredictable consequences for African institutions and the living standards of African people.

(Mr. Tuan, Liberia)

58. His delegation welcomed the new spirit which had presided over the work of the World Bank/IMF meeting recently held in the Republic of Korea with a view to addressing the debt crisis, just as it welcomed the new facility for sub-Saharan Africa. It trusted, however, that there would be no new or cross conditionality imposed upon African Governments.

59. His Government further appealed to the donor countries, the international community and financial institutions to play an active role in the forthcoming special session of the General Assembly, as called for at the twenty-first Conference of the Assembly of Heads of State and Government of the Organization of African Unity to deal with the economic crisis in Africa, and to consider convening an emergency international conference on the African debt crisis.

60. Furthermore, given the state of the world economy and its negative impact on the developing countries, it was imperative to convene an international conference on money, finance and trade problems in order to improve the global financial climate. Economic interdependence required that the developed countries and the financial institutions should marshal the necessary political and institutional will to find a lasting solution to those problems, which were retarding the economic and social development of the developing regions.

61. Lastly, in view of the close relationship between disarmament and development, his delegation hoped that some of the resources earmarked for the arms race could be used instead for the purpose of development so as to improve the economic climate in the world, and particularly in the developing countries. It believed that IMF should create more special drawing rights and expand the compensatory financing facility to deal with the critical economic situation in some developing countries.

62. Mr. CHOWDHURY (Bangladesh) said that despite the recovery, in 1984 in the developed countries which nevertheless was uneven, and the expansion in international trade, the world economic situation had become more uncertain since the last session of the General Assembly because in 1985 there had been an economic slowdown which was likely to be intensified in 1986. The continuing economic crisis in the sub-Saharan African countries, notwithstanding the measures taken to reduce famine and misery in the least developed countries, constituted a serious threat to the future of the large majority of developing countries.

63. The problem of debt, which was reaching the level of \$1,000 billion, and the social and political consequences of adjustment measures were no longer tolerable. The total volume of capital flows showed that the developing countries had now become net suppliers of capital to the developed countries, while official development assistance remained stagnant and the loans made by virtually all multilateral financial and development institutions had declined. The prices of commodities such as jute, the main export of Bangladesh, had fallen by 25 per cent since 1980. Furthermore, protectionism continued to grow, preventing developing countries from maintaining their level of exports. In general, the foundations of

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the world economy had been altered in such a way that the chances of another recession in many developing countries were now greater than ever. The situation of the least developed countries was even more serious because of the inherent structural weaknesses in their economies. Furthermore, their share of official development assistance had not increased since 1980, while during the first three years of the decade their external debt had grown by \$10 billion.

64. Although there was greater recognition today of the interdependent nature of the world economy, no serious effort had yet been made to solve the development problems of developing countries and take account of the relationships between the key sectors. An attempt should be made, in particular, to correct the fundamental imbalances in the international monetary and financial system in order to promote the long-term development of the world economy.

65. In that connection, the decision taken at the recent meeting of GATT to organize a new round of trade negotiations could not allay the apprehensions of the developing countries. The measures outlined at the World Bank/IMF meeting in Seoul should involve additionality to increase the flow of resources to developing countries. It remained to be seen, though, whether the factors responsible for the fundamental imbalances in the international monetary, financial and trade sectors would be addressed in a comprehensive manner. It was for that reason that his delegation attached such importance to the convening of an international conference on money and finance for development.

66. The debate, albeit useful, which had taken place at the second regular session of the Economic and Social Council on the relationship between monetary and financial questions, debt and trade, the results of the International Development Strategy and the outcome of the mid-term review of the implementation of the Substantial New Programme of Action could not constitute ends in themselves, but, must lead to the adoption and implementation of concrete measures.

67. Despite the differences of views, everyone recognized the need to take measures, both substantive and procedural, to generate momentum in international economic negotiations. His delegation wished to make a number of comments in that connection. First of all, it felt that the United Nations was the appropriate forum for negotiations to promote economic and social development. Furthermore, the United Nations Secretariat should help ensure continuity and co-ordination in the various discussions of the main economic and social questions within the system. It would be useful, as the Secretary-General had proposed, to hold a meeting of the former chairmen of the Trade and Development Board and the Second Committee and the former Presidents of the Economic and Social Council; they should be joined by the former chairmen of the World Bank/IMF Development Committee and the IMF Interim Committee. The advisability of holding a special session of the Economic and Social Council at the ministerial level also needed to be examined; such meetings could be useful only if all Member States enthusiastically supported them. His delegation considered that it would also be useful to focus the general debate of the Second Committee each year on a number of specific issues, and to conduct informal consultations on the main economic issues, well in advance of the

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beginning of each session of the General Assembly in order to obtain optimum results. Lastly, the Second Committee should try to concentrate on those areas where real results could be achieved through a broad consensus.

68. His country was fully aware that, in view of the nature of the problems under consideration, dramatic results could not be achieved overnight. Nevertheless, it was sincerely hoped that all countries would be able to engage in a constructive dialogue and facilitate the complex process of negotiations that lay ahead.

69. Mr. FLEMING (United States of America), speaking in exercise of the right of reply, said it was most regrettable that when the representative of Japan had just urged the members of the Committee not to engage in polemics, the delegation of the Libyan Arab Jamahiriya had seen fit to attack the United States and the West, holding them responsible for most of the developing world's ills and thus diverting the Committee's attention from the important economic issues before it.

70. His country's position with regard to the Libyan Arab Jamahiriya and its attempts to destabilize neighbouring States on the African continent and elsewhere, as well as its active support for international terrorism, was clear. His delegation intended to devote its energies to the realistic search for solutions to the economic problems in the world, and therefore would not comment further on the statement just made by the representative of the Libyan Arab Jamahiriya.

71. Mr. EL FORGANI (Libyan Arab Jamahiriya) said it was disturbing that a Member State like the United States, which had played an important role in the establishment of the United Nations, was undermining the principles of the Charter of the United Nations and jeopardizing international peace and security through repeated violations of the national sovereignty of many developing countries. Vessels of the United States Navy were plying the territorial waters of a number of countries and interfering in the internal affairs of other States. The United States was opposed to the independence of peoples, sought to destabilize developing countries and refused to grant them aid, dumped into the sea tons of grain which could be sent to developing countries, and wasted billions of dollars in the arms race. It continued to carry out nuclear explosions in the territory of developing countries and mine their territorial waters, and threatened developing countries with interference in their internal affairs if they espoused any idea which seemed contrary to its interests. It provoked conflicts between small countries in order to test its weapons. Everyone knew the role played by that country and even those who had not yet been the object of its schemes would soon find themselves in that position.

72. Mr. FLEMING (United States of America) said that the preceding statement clearly illustrated what the representative of Japan had warned the members of the Committee against and what he himself had tried to say in his statement. There were other committees where accusations could be exchanged and tiresome arguments advanced. The Second Committee had the task of promoting economic and social development and should concentrate on that aspect of its work.

73. Mr. EL FORGANI (Libyan Arab Jamahiriya), said he would not add anything to the description he had just given of United States practices with regard to developing countries, since they were well known to all. Everyone knew, too, that the United States was the real source of terrorism.

The meeting rose at 1.10 p.m.