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Thursday, 17 September 1998, 10 a.m.
New York

President: Mr. Opertti . . . . (Uruguay)

The meeting was called to order at 10.10 a.m.

Agenda item 93

Sustainable development and international economic cooperation

(d) Renewal of the dialogue on strengthening international economic cooperation for development through partnership

High-level dialogue on the theme of the social and economic impact of globalization and interdependence and their policy implications

The President (*interpretation from Spanish*): This morning, the General Assembly will begin a two-day high-level dialogue on the theme of the social and economic impact of globalization and interdependence and their policy implications, in accordance with the decision taken by the General Assembly at its 3rd plenary meeting, held on 15 September 1998, pursuant to resolutions 50/122 of 20 December 1995 and 52/186 of 18 December 1997 as well as decision 52/480 of 4 June 1998.

The focus and the modalities of the dialogue are outlined in documents A/52/832 and A/52/919.

In particular, Member States considered that, in order to stimulate high-level interest and ensure interactive dialogue, a combination of plenary meetings, ministerial round tables and informal panels would be the best approach. As was agreed, two ministerial round tables and two informal panels will be held in conjunction with the plenary meetings of the high-level dialogue.

Following consultations, for the first ministerial round table, on national responses to globalization, I have the pleasure to appoint His Excellency Mr. Helmut Schäfer, Minister of State of Germany, as Chairman, and His Excellency Mr. Percy Metsing Mangoaela, Permanent Representative of Lesotho to the United Nations, as Rapporteur.

For the second ministerial round table, on international responses to globalization, I have the pleasure to appoint His Excellency Mr. Ali Alatas, Minister for Foreign Affairs of Indonesia, as Chairman, and His Excellency Mr. Janis Priedkalns, Permanent Representative of Latvia to the United Nations, as Rapporteur.

As indicated in document A/52/832, each rapporteur will present a summary report to the General Assembly at the plenary meeting to be held tomorrow at 5 p.m.

With regard to the plenary meetings of the General Assembly to be held during the high-level dialogue, as indicated in today's *Journal*, in addition to this morning's meeting, the Assembly will meet this afternoon at 4 p.m. and tomorrow afternoon at 5 p.m.

As to the length of statements in plenary meetings, it has been suggested in the information note transmitted

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to Member States that statements should not exceed seven minutes. In order to allow the Assembly to hear all the speakers already on the list, I appeal to Member States to cooperate in this respect.

The schedule for the two ministerial round tables and the two informal panels is also indicated in today's *Journal*.

I shall now make a statement.

Today the General Assembly is to consider a matter that is on the minds of leaders and policy makers throughout the world. Recent events show that globalization and its consequences affect all countries. The forces of global integration and the ways in which we deal, or fail to deal, with them will affect the future of the world in the twenty-first century. The Assembly, which is a sort of world parliament, bears a special responsibility to be all-inclusive and to universalize the world dialogue on this critical issue.

Every day we hear disturbing news about the situation of various financial markets. The instability of currency markets is tangibly and tragically reflected in crises caused by the convergence of many domestic and external factors. Some of those factors arise from decisions by the responsible authorities, while others are related to the actions of market players, who in most cases are not subject to certain rules of prudence that ought to be universal.

Market globalization has undeniably led to improvements in economies on the world level, but there have also been negative phenomena; some of these are localized, but often their scope and effects extend beyond national territories to a greater or lesser — but always significant — degree. Here I need only refer to the so-called tequila effect and to the South-East Asian crisis. In the first case, I would recall that it led to direct intervention by international credit agencies such as the International Monetary Fund, the World Bank and the Interamerican Development Bank, not to mention contributions by friendly countries.

As to the case of South-East Asia, initially diagnosed as a short-term crisis, recovery has not taken place, and what began as a national problem became a regional one, ultimately taking on international dimensions, whose final effects are still difficult to foresee.

To be sure, the crisis is not restricted to the financial markets, but affects the entire economy, has a negative impact on investment flows, puts pressure on bank reserves, diminishes trade, causes unemployment with its attendant social problems, and to a greater or lesser extent influences the political course of the States that are affected. The economies of States of the greatest importance on the world scene have not escaped the contagious effects of this situation.

In a way, this was logical and foreseeable in a world in which the market is no longer subject to limits other than those of free competition and the unrestricted circulation of goods and currency, which have come to constitute the prevailing model.

If we add to this that in many cases the affected countries had been making great efforts to implement anti-inflationary adjustment policies, we see that the solution to this financial and economic problem cannot be achieved through isolated efforts on the part of the economies concerned. This has been reflected in the recent measures adopted by the Group of Seven and in those taken by the Government of the United States to provide financial cooperation.

Moreover, in line with the position taken by regional finance ministers, who met in Washington two weeks ago, the Rio Group, at its most recent summit, in Panama, focused its attention on this matter and called for a clear response from the agencies with responsibility in this sphere.

Thus far we have seen spontaneous or institutional responses from ad hoc groups of countries and agencies, each in line with its own capabilities.

In any event, it has become obvious that the international financial system has been unable to prevent the current crisis and that international cooperation mechanisms of the United Nations and elsewhere have been unable to act with complete effectiveness on the causes of the problem. Ultimately, the Bretton Woods institutional system has proven insufficient in addressing the negative effects, which are not the intentional result of globalization but are closely associated with it.

We must not cry over spilt milk or, worse, yet, rely on individual forces and act alone. As we see it, this is not a question of discussing globalization in hypothetical or doctrinal terms. That might be of interest in igniting academic debates, which are always welcome. What is clear, however, is that it would not be sufficiently helpful at present, when our challenge is to be imaginative and to adopt concerted measures based on principles of order and cooperation that are necessary as never before.

That is why this dialogue is very timely. It may give birth to new ideas about United Nations programmes — the United Nations Development Programme and other agencies, such as the United Nations Children's Fund, the United Nations Population Fund, the International Fund for Agricultural Development and others — and on the need to give attention and resources to all of these in order to create and enhance the United Nations role as international facilitator.

The United Nations attaches particular importance to that role today, with a scope even greater than in the past and in the framework of the principles of universality and legitimacy — in other words, the right of all developing countries without exception to receive international cooperation. This dialogue can also lead to suggestions and even recommendations for channelling the future work of the Organization in this field. The most important consideration, however, may be the need to develop new institutional mechanisms capable of acting preventively and of providing deterrents through the evaluation and assessment of "cross-border" operations which, because they have become so complex and intense, require, like urban traffic, new cautionary or even stop signs and signals, as one international analyst recently put it. The monetary and financial discipline of countries will not be enough to address situations such as that confronting the international economy.

We need to consider what adjustments may be necessary in the post-war institutional situation. In this endeavour, the United Nations must be present with the active participation of all its Member States. The United Nations drawing power, universality and responsibility in helping to order international political, economic and social relations best suit it to that task. Of course, the need to find new patterns or channels and better instruments for the functioning of the international financial system is in essence no different from the desire to reform and modernize that has led to the current reform exercise in the United Nations Security Council.

It is my hope that, at the conclusion of this meeting, each and every participant will feel that we are all able together to resolve lucidly the problems we face without sacrificing the principles and basic values of our United Nations.

It is now my pleasure to give the floor to the Deputy Secretary-General, Ms. Louise Fréchette.

Ms. Fréchette (Deputy Secretary-General): I welcome all to this exceptionally timely session.

Less than two years ago, when the idea of convening this meeting was first mooted, we were all much more optimistic about global economic prospects than we are now. There were signs of improvement even in countries that had been struggling.

Since then, the Asian downturn has triggered a far-reaching economic crisis with devastating social consequences. Some of the most successful economies have been suddenly plunged into crisis. All of us in the international community have been taken by surprise. And we seem ill equipped to cope with the consequences.

The simple truth is that global markets, like domestic markets, can fail. Measures to correct market failure are, of course, needed from national authorities, not least those of developing countries. But the success of those measures in overcoming the crisis will depend — and critically so — on actions taken by the world's leading economic Powers. And those Powers cannot afford to ignore what is happening in developing countries. Even the largest economies today are increasingly influenced by events in the poorer parts of the world. Causality runs in both directions. And so self-interest on both sides calls for cooperative responses to the threats which now confront us all.

At this critical juncture, the most urgent tasks are to restore market confidence; to stabilize financial markets; to support growth; to endow international financial institutions with the means they require; and, last but not least, to provide immediate protection for the most vulnerable. We appeal to Governments to live up to this challenge. The problems we are facing are no longer national, nor regional, but global. President Clinton's recognition of this fact in his statement on Monday is an important step forward.

But, while crisis management is crucial, it is not enough. The more fundamental challenge we face is to engage with the new realities of an increasingly interdependent world. The world economy has entered uncharted waters; fear and anxiety about its future course are spreading. In such an insecure climate, some people are tempted to view globalization as the root cause of crisis and insecurity, or even as the embodiment of economic and social evil.

The reality is more complex. Globalization has brought about as many benefits as it has engendered new risks. The volatility of short-term capital flows does not mean that other forms of capital flows, such as foreign direct investment, follow similar patterns or have the same economic impact. On the contrary, freer capital flows have provided a great stimulus to growth in many countries. Yes, technology can be a threat to established cultures, but without it there can be no growth and no development.

Our ability to overcome this crisis depends crucially on markets remaining open. And the ability of developing countries to overcome it depends above all on markets remaining open in the industrialized world. Thus, the real question we confront today is not whether to embrace or reject globalization. The questions are, first, how can we retain and build on the growth-generating forces of markets while reducing the destructive effects of volatility? And secondly, how can we extend the benefits of globalization to those groups and individuals who at present are being left behind?

We cannot predict the future, but we can learn from the past. Market forces are increasingly global in scope. In some areas, market integration has progressed at a rapid pace. But we have not yet developed institutions capable of dealing with the problems that globalization brings, nor have we succeeded, to anything like an adequate extent, in providing real opportunities for those countries and peoples who risk being marginalized.

While markets and related problems have become global, the reach of Governments struggling to address them remains strictly local. That mismatch is at the root of many problems we are facing today. If domestic markets are to realize their full potential and if their negative effects are to be contained, they must be underpinned by shared values that reflect the broader aspirations of society, with clear and equitable laws enforced by an effective public authority. On that we can all agree.

But as markets go global, so the rules increasingly need to be global as well. The creation of a rule-based international trading system has been one of the great successes of the last 50 years, and is generally acknowledged to have benefited industrialized and developing countries alike. This should remind us that multilateral cooperation, the existence of well-functioning global rules and a level playing field that protects the weak against the strong are necessary preconditions for spreading benefits and reducing risks. We should learn from this experience when searching for new answers to new problems.

Here at the United Nations, as elsewhere, a major effort is now in progress to rethink what has been termed the "architecture" of the international system for economic cooperation.

More than 50 years ago, world leaders met at Bretton Woods and San Francisco to design new institutions for the post-war world. If those institutions have underpinned international cooperation since then, it is because their founders were not afraid to take risks or to challenge conventional ideas. Our generation must be equally bold and creative in adapting those same institutions to the realities of today, and we must come up with answers that reflect a broad consensus throughout the international community. Only institutions enjoying solid and widespread support can be effective in creating conditions of stable and equitable growth in every part of the world.

Open, well-functioning markets are not an end in themselves. They are a tool in the hands of society, a tool to achieve a broader purpose. The systems and rules that we design must facilitate, and not hinder, the attainment of higher goals. Ultimately, the success and sustainability of market-based approaches will not be measured by stock market gains for the few. They will stand or fall by the degree to which they make possible the achievement of the promise of the Charter: social progress, better standards of life and real freedom for humankind as a whole.

It is indeed one of the most tragic effects of the current crisis that the most vulnerable groups have been worst hit, both within countries and on the global scale. In Indonesia alone, according to a recent study of the International Labour Organization (ILO), 15,000 workers are losing their jobs every day. The least developed countries of Asia are facing drastic reductions in much-needed investment inflows from other Asian countries. Commodity exporters in Latin America and Africa are struggling with falling prices. Overall, it is the countries which had embarked on the most fragile economic recoveries that are now placed in the greatest jeopardy.

Each country's crisis has its own peculiar features and causes. Each country has to address its own specific problems and shortcomings. Much can and must be done at the domestic level. Institutional reform, increased accountability and transparency and the rule of law are indispensable if markets are to realize their growth-generating potential. Clear priority must be given to reducing poverty, not just for its own sake but because improving the health and education levels of the poorest means helping them become autonomous, productive citizens. Such domestic efforts are crucial; but even with the best policies in the world, many developing countries will not be able to improve the welfare of their populations unless they also receive increased and sustained international assistance.

The Secretary-General has repeatedly appealed for more vigorous action on debt, so as to free the most heavily indebted countries from a burden which they simply cannot carry. Official development assistance will also continue to be an essential component of development strategy, especially for the poorest countries. Both the level and the character of official development assistance must be improved. All partners in development — recipient countries, multilateral institutions, bilateral donors and non-governmental organizations — must ask themselves what forms international assistance should take and where efforts should now be concentrated in this new era of globalization.

With over 1 billion people living in dire poverty and the gap between rich and poor widening every day — both within and between nations — the international community cannot afford to wait. This is perhaps the most important challenge we face as we approach the new millennium.

Yet in spite of these constructive steps, and notwithstanding the new consensus on development and the reorientation of international cooperation, the cause of development has not moved substantially forward in recent times. There are still hundreds of millions of human beings languishing in poverty in the developing world. The basic interests of the developing countries are being increasingly sidelined, especially in the core areas of development such as access to trade, financial flows and technology transfers, as the agenda and purposes of the powerful economies continue to dominate international economic decision-making. The concept of development as a special part of a multilateral support system has been replaced by the laissez-faire approach to the globalized economy.

Globalization has opened up tremendous opportunities for creating wealth, but its rewards seem reserved for the strongest of economies — those that are the best equipped to avail themselves of the opportunities. On the other hand, it can lash out with awesome ferocity at vulnerable developing economies. Even the more dynamic developing economies, those that have managed to integrate themselves with the global economy through judicious macroeconomic policies and painstaking structural adjustments, have seen the development gains that they earned over the decades crumble in the span of a few weeks.

If this trend continues, then globalization will further widen the economic gap between the developed and developing countries, between the haves and the have-nots, further impoverishing the poor. For instance, the developing world loses enormous amounts of foreign exchange every year because of outflows resulting from terms-of-trade losses, the external debt burden, payments for imported technology and the repatriation of the profits of multinationals.

The fact that the Asian crisis has been particularly harsh on those economies that have been liberalizing financial flows and investments for a good number of years should therefore teach a valuable lesson to all of us in the developing world. In those severely affected countries, various economic activities have slowed down or ground to a halt and millions of jobs have been lost, raising unemployment rates to unprecedented levels. Millions of children have dropped out of school, adding to the social problems of the affected countries. Soaring inflation has brought the price of household commodities, including basic food items, beyond the reach of many of the poor.

And yet I firmly believe that even the most severely affected economies are capable of an early recovery, given an environment that is conducive to the rigorous reform measures that they themselves are instituting as well as access to development finance, to export markets for their products and to technology appropriate to their development requirements. Their early recovery is to the interest of all countries, developed and developing alike, for it will certainly restore their once considerable contributions to world production. In the ultimate analysis, no country is safe from the hazards of globalization. The contagion effect of every financial and economic crisis in every country and in every region will always threaten the financial and economic stability of every other country and region. The threat of a worldwide recession, even possibly a global depression, is real. And the most practical way to forestall such a dreadful eventuality is to grapple with the crisis where it now occurs and overcome it there, before its tentacles can get a hold on other regions.

The central challenge for the international community is therefore to ferret out the root causes of this crisis and to institute measures to ensure that these will not recur. To start with, all who are involved in this dialogue are called upon to contribute to the development of reasonable but effective regulation of international money markets so that they would become more open and transparent. It may also be the dictate of prudence that we all consider establishing a mechanism to mitigate the unpredictability and dire effects of globalization and to ensure that the opportunities it offers are equitably available to all countries.

Such a mechanism should be able to monitor and carry out surveillance of capital markets and international financial operations. We already have a mechanism of this nature in the field of international trade: the World Trade Organization. There is no reason why we cannot have a similar mechanism in the field of financial and monetary flows if it means the difference between order and chaos in the global economy. For this purpose, an in-depth study of the world monetary and financial system from the perspective of the requirements of development is of crucial importance.

In the face of the adverse impact of globalization, a number of serious questions must be asked: how can it be harnessed to promote the industrialization of the developing countries and improve the linkages between industry, development and trade? How can it be utilized to create employment opportunities for the millions of young people in the developing world who are about to join the labour force? How can it be enlisted in the fight against poverty? And above all, how can its pernicious aspects be tamed so that it will wreak no injury on the vulnerable and so that the enjoyment of its benefits will not mean the erosion of our precious cultural values and traditions?

The only adequate answer I can think of is for us to work for the establishment of a global governance that will match the potency and the scope of globalization. In such a global governance, the collective powers of all peoples to shape our common future are mobilized. It will be a constant process wherein individuals and institutions in the public and private sectors and in all nations accommodate and take cooperative action on their diverse and often conflicting interests. Thus all who are involved in the decision-making process are able to take their destiny in their own hands. That global governance, however, is possible only through the central instrumentality of a reformed, democratized and fully empowered United Nations.

Globalization is by no means an evil force, but it is a blind force. Like the winds of change on the ocean of history, it can shipwreck us or carry us to our intended destination. The developed and developing countries are all in the same boat, and our fate depends on how well we work as a team in trimming the sails. Teamwork means partnership. But we can form that envisioned global partnership for development only when we are able to accommodate one another's anxieties and aspirations as a result of a mutual understanding born of sincere dialogue — such as the dialogue we are holding today. Through this dialogue, therefore, let us begin to tame the winds of globalization.

The President (*interpretation from Spanish*): I now give the floor to Mr. Georg Lennkh, Director General of the Department for Development Cooperation of Austria, who will speak on behalf of the European Union.

Mr. Lennkh (Austria): I have the honour to speak on behalf of the European Union. The Central and Eastern European countries associated with the European Union — Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia — and the associated country Cyprus, as well as the European Free Trade Association country member of the European Economic Area — Iceland — align themselves with this statement.

Permit me first of all to congratulate you, Mr. President, on your election to your important office.

We look forward to this two-day dialogue on the social and economic impact of globalization and expect a stimulating exchange of views on what globalization means for our countries and regions, what the benefits are, where the risks are, how the socio-economic structures should develop in parallel to the new economic environment and how we can work together to face these enormous challenges. The United Nations, with its broad mandate, could play a unique role in promoting greater awareness of the links between the different policy areas and in helping identify areas of common interest and possible ways of common and concerted action.

The notion of globalization embraces the dynamics of the world economy at the end of this millennium — processes that have been partly unleashed and facilitated by a new generation of technological innovations. Capital has achieved an unparalleled degree of mobility. The volume of world trade and foreign direct investment is increasing more rapidly than gross domestic product, and a growing proportion of the increase is within transnational companies themselves. The economic decisions of so-called global players have a significant influence on national economies and on future growth and development. Governments find that their economies are more exposed to global trends than in the past.

On the one hand, liberalization and globalization have generated positive developments for the world economy. For the global economy as a whole, these factors promote a more efficient allocation of resources and, thus, higher growth worldwide. It is the continuation of the trend of growing openness and integration among economies that has brought the world half a century of unparalleled prosperity. It has opened up the world's most populous regions to international trade and helped developing countries improve their standards of living. It has led to the increasingly rapid dissemination of information, technological innovation and the proliferation of skilled jobs.

But globalization entails risks and poses challenges to societies and economies. Financial instability caused by, *inter alia*, the weakness of public and private banking and financial structures made countries particularly vulnerable to sudden shifts in market sentiments. Marginalization constitutes a serious problem, in particular for the least developed countries. The countries currently being marginalized are precisely those most in need of the trade, investment and growth that global integration could generate. This raises the prospect of a widening gulf between countries that are able to benefit from globalization and those that do not benefit or find it difficult to participate.

Increasing income disparities pose the risk of marginalization within countries. In many developing countries in some regions, marked progress in poverty reduction contrasts with increasing wage differentials. This is paralleled by growing unemployment rates, particularly within the unskilled labour force, resulting in an increased share of people living in poverty in many developed countries, as highlighted in this year's United Nations Development Programme *Human Development Report*.

There are also fears that globalization endangers environmental and social standards and undermines cultural diversity as well as national and regional identities. The complexities and the pace of change involved in the new globalized environment, as well as precarious working and social conditions, constitute for many people a source of insecurity.

As all these challenges transcend the mere economic sphere we will not be able to cope with the consequences of globalization only with the instruments of the market. In order to address effectively the issues of inclusiveness and participation and to achieve the goals set at the Copenhagen Summit for Social Development to improve the quality of life for all people, universal acceptance of certain societal values is needed to make globalization an overall positive development. The European Union welcomes the deliberations of the last session of the Commission for Social Development on social integration and looks forward to participating in the high-level segment of next year's Economic and Social Council substantive session dedicated to the role of employment and work in poverty eradication and the empowerment and advancement of women.

As I stated before, globalization is an inherent part of the development of the world of today. The challenge we are facing at the national and international level is to fully utilize its potential and to spread the benefits more widely and evenly, in particular to the poorest. Governments, other public actors and civil societies have to contribute effectively to shaping the forces that bring about the changes and openness of modern economies.

European integration should be seen as a means for European countries and their citizens to more effectively influence their future in a globalized world. It is an answer to the demands of the new global economic environment. The Single Market, with over 370 million consumers, has given an immeasurable impetus to economic activity in Europe by stimulating competition, accelerating the pace of industrial restructuring and providing a broader range of goods and services to consumers at lower prices. At the same time, it has remained open to products and investment from all over the world. A further major step in the European integration process constitutes the successful launch of the single currency. The Euro should not only strengthen the European response to the global challenges, but also constitute a stabilizing factor for the world economy.

European integration, however, should also be seen as a catalyst for openness. The European Union is deeply committed to living up to the historic challenge of enlargement, to strengthening the partnership with the African, Caribbean and Pacific countries through the upcoming negotiations of a successor convention to Lomé and to fostering relations with other countries or regional groupings.

With over 18 million people currently out of work in the European Union, the fight against unemployment is of top priority. The Member States of the European Union have intensified their efforts to address the structural dimension of unemployment. All 15 members are implementing employment action plans which focus on the employability, in particular, of the young, long-term unemployed and women; are actively promoting the development of skills and lifelong learning; are seeking to improve conditions for small and medium-sized enterprises and the self-employed; and are taking measures to promote work as opposed to dependence.

Let me now turn to the possible responses at the international level: how to make best use of the enormous possibilities globalization offers, while at the same time limiting the risks it brings with it to acceptable levels.

One answer is obvious: the market economy would in principle benefit from a world without artificial barriers. But while most countries have been more or less successful in steering their national economies, a similar process internationally is still in its infancy. It is true that in recent years an increasing number of countries have embraced macroeconomic stabilization and structural reform. Fiscal consolidation, successful anti-inflationary policies, deregulation and the opening up of economies have produced investment, growth and jobs. The recent financial and economic turmoil has further shown the importance of sound domestic financial and banking systems with adequate supervisory and regulatory frameworks, transparency and good governance.

But the recent events have revealed severe weaknesses in the functioning of the international financial system, as well as in the lending practices of the private sector investors. The increased integration of global capital markets and the changes in the magnitude and composition of international financial flows, as well as the increased diversity and number of actors and instruments, require strengthened financial systems addressing in particular the following aspects: strengthened surveillance and crisis management; early warning and preventive mechanisms; best practices for banking regulation and supervision at the national level; and better information and data dissemination. The issue of moral hazard also needs to be addressed in ensuring that the private sector takes responsibility for its lending decisions.

The liberalization of trade and investment regimes is an important vehicle for fostering economic growth and stability in poor countries. The integration of developing countries, and in particular the least developed countries, into the world trading system is one of the primary objectives of the development policies of the European Union. This objective will be attained only if a smooth adaptation to the new conditions of international trade is achieved. With regard to least developed countries in particular, additional policies, such as support for trade-related institution building, will have to be applied to this end. The European Union will assist developing countries in their efforts, with due regard to their choices as to the means of their integration into the world economy and in full conformity with the provisions of the World Trade Organization.

While private capital and trade flows play a crucial role in growth and reducing poverty in developing countries, many low-income countries are not attracting such flows sufficiently. Aid continues to have an important role in supporting the efforts of these countries in creating an enabling environment by improving, *inter alia*, governance, the rule of law and public accountability. Furthermore, official development assistance finances development in areas not attractive to private flows. This applies to capacity-building and to social sectors such as health and education. The European Union, which provides more than half of the global official development assistance, therefore recognizes the continued need for substantial official development assistance flows, particularly to the poorest developing countries.

We need a global discussion on a coherent and effective response to the opportunities and challenges of the future. The universality and the broad mandate of the United Nations make it a unique platform for a dialogue around the concept of global housekeeping. In this framework, we believe that the Economic and Social Council could play a significant role as the central mechanism in the coordination of United Nations activities in the economic and social fields. We look forward to further opportunities for dialogue that may be offered by such a forum. We also welcome the fact that the discussion today transcends the strict sphere of Governments and reaches far into all domains of civil society. Only thus will it be possible to promote a global civic ethic necessary to shape the rules which can bring the benefits of globalization to all of us.

Globalization is a reality, not a choice. We are aware that the poor developing countries are already bearing the burden of some of its most negative effects. It is urgent that the international community work closely and purposefully in order to find answers to the challenges and risks posed by today's economic realities. The European Union stands ready to share its experience and to fully engage in the search for ways to meet these challenges and risks so that its positive effects and the opportunities that come with it are shared by the international community.

The President (*interpretation from Spanish*): I now call on Mr. Montek Singh Ahluwalia, member of the Planning Commission and Minister of State of India.

Mr. Ahluwalia (India): My delegation would like to express its appreciation for your insightful remarks, Mr. President, and for those of the Deputy Secretary-General, Ms. Louise Fréchette. I would also like to fully associate my delegation with the statement made on behalf of the Group of 77 and China.

This meeting is taking place at a time when the world looks very different from the way it did two decades ago, when the North-South dialogue occupied centre stage. The group of centrally planned economies has become fully integrated with world markets, eliminating an important fault line, which divided the world economy at that time. A broad consensus has evolved on what economic policies are likely to work, with a much greater acceptance of the role of markets and the private sector and the desirability of open trade and investment policies. The process of globalization, facilitated by the adoption of more open economic policies by most countries, has accelerated the integration of developing countries into the world economy. Financial liberalization has unleashed an explosion of private capital flows across national boundaries, adding a new dimension to the concept of international integration and interdependence.

These forces for integration are potentially positive developments. It would be comforting if we could also say that the system is working well and provides an environment conducive to global economic prosperity in general and the aspirations of developing countries in particular. Unfortunately, the long-term development of a large part of the developing world has actually fallen behind expectations, and the financial crisis in East Asia, which has engulfed some of the best performing developing economies and is having ripple effects on other parts of the world, has added new worries and uncertainties.

Let me elaborate on these two points. As far as long-term development is concerned, there is no doubt that significant advances have been made. Some developing countries, mainly in East Asia, achieved very high rates of growth over the past two decades, transforming the living standards of their people. Many others have made less dramatic, but nevertheless steady, progress. The relative importance of developing countries as a group in the world economy, measured in terms of shares of gross domestic product or world trade, has clearly increased.

These are important gains, but they do not tell the full story. Large numbers of developing countries in Africa, and many in Latin America, have experienced very low growth in the past two decades. There has been some improvement in growth performance in recent years, but it is not a robust revival and is now threatened by the aftershock of the Asian crisis. Per capita income in many countries, especially in Africa, is lower than it was in 1980. It used to be thought that poor performance was due to weaknesses in domestic policies, but this explanation is less convincing because policies have in fact converged over the past decade. Furthermore, a large number of the developing countries experiencing poor growth have been engaged in structural adjustment programmes under the close supervision of both multilateral and bilateral donors, aimed precisely at aligning their policies with current perceptions of best practice. This underscores the importance of a more comprehensive identification of constraints, which are holding up economic growth in large parts of the developing world. Some of these constraints are domestic and have to be addressed by the countries themselves. But there are also external constraints, which can only be addressed jointly with the world community, making continuing dialogue more important than ever before. Such a dialogue would need to embrace a range of issues.

The first relates to the flow of external financial resources. The developing countries have consistently argued that acceleration of development requires a steady flow of financial resources from the rest of the world. This requires an increase in official development assistance, and also flows of long-term non-concessional resources from multilateral institutions. The story of official development assistance is well known. Instead of increasing relative to gross national product to approach international targets, the percentage has actually declined. The flow of non-concessional resources from multilateral institutions such as the World Bank and the regional development banks has also declined in real terms.

These declines would not have mattered if other sources of finance had been available. Reference is often made in this context to the growth of private capital flows. There is no doubt that globalization has led to a remarkable growth in private capital flows to developing countries; the scale of these flows now dwarfs the flow of official assistance. However, private flows are not a substitute for official flows in all cases. For one thing, they are concentrated in about a dozen countries; there is no doubt that a very large number of developing countries will not be able to benefit from these flows, and for these countries an expansion in official flows is clearly essential. Even countries which can attract private capital must recognize that some of these flows are potentially volatile and can present problems. As the East Asian crisis amply demonstrates, private financial markets are vulnerable to sudden changes of perception and confidence often triggered by contagion arising from problems elsewhere. They are also liable to overshooting because of herd instincts leading to excess inflows in certain circumstances and large outflows in others. This can subject developing countries to sudden and destabilizing behaviour, which they are ill equipped to handle.

Developing countries would therefore be well advised to concentrate on inflows of foreign direct investment, which is typically long-term, and to take a more cautious approach to short-term flows. In these circumstances, even developing countries which can attract private flows would be helped by a substantial continuing flow of long-term funds from multilateral institutions. This would act as a stabilizing element in the capital account. Premature graduation from multilateral flows may not therefore be desirable, especially if it is these flows that have to be activated in times of crisis. Private flows also cannot meet the financing needs of certain sectors, such as the social sectors, environmental protection and certain types of infrastructure. At a time when an international consensus has been forged through a series of high-level United Nations conferences and summits on a priority agenda in social development, protection of the environment, *et cetera*, it is essential to ensure an adequate flow of public resources to achieve these shared objectives. For all these reasons, serious consideration must be given to expanding the flow of official resources to developing countries, including especially flows from multilateral institutions.

Developing countries trying to pursue open economic policies need also to be assured of access to markets in industrialized countries. The early exponents of export-oriented industrialization faced a relatively benign climate in this respect. But with the advance of globalization and the persistence of high rates of unemployment in many industrialized countries, protectionist voices are heard more often in the industrialized world. There is much that is lacking in the international trading system from the point of view of developing countries. Areas of special interest to the developing countries, such as textiles and agriculture, remain subject to protectionist barriers with phase-outs promised only over relatively long periods. Even where markets are theoretically open, developing countries face frequent anti-dumping actions which are difficult to counter and in any case always expensive and time-consuming. Efforts are also being made to introduce environmental conditions and social issues such as labour standards into the trade agenda. From the perspective of developing countries, these actions are seen as thinly disguised protectionism. If developing countries are to follow open economic policies in these turbulent times, as they are trying to do, they need greater confidence in a shared commitment to establishing trading rules that are fair to them.

These are the long-term issues. We must also address the more urgent concerns raised by the Asian currency crisis, which has shaken confidence in the stability of the international financial system and our ability to manage crises once they erupt. Several features of the crisis are relevant in this context. First, it was not anticipated by any of the participants in the international financial system, casting doubt both on the quality of the market intelligence on the basis of which private sector participants take decisions and on the quality of surveillance exercised by the International Monetary Fund (IMF). Secondly, the crisis has proved difficult to manage partly because contagion effects spread the crisis to other countries, but, more important, because the usual prescriptions either proved ineffective or involved a much longer transition, with greater loss of output and greater social distress than was envisaged initially. This has provoked considerable rethinking on what should be the ideal design of programmes to manage crises in future. Finally, the possibility of extended contagion effects beyond the Asian region, combined with the limitations on the resources available to the IMF for handling a large number of crises simultaneously, raises fears that the international financial system is inherently unstable. The threat of a worldwide deflationary spiral looms large.

Recognizing these problems, the international community is currently engaged in defining an appropriate architecture for the international financial system which could increase confidence in its stability. Some elements of this architecture are indisputable. There is need for much better regulation and supervision of the financial system in all countries, based on a common set of norms and standards. There is also need for much better information and transparency. There is also agreement on the need for more effective surveillance. But many questions remain unresolved. How can surveillance be made more symmetric so that it focuses not just on the financial systems of recipient countries but also on financial institutions in the capital-exporting countries? Is the present International Monetary Fund sufficiently equipped to serve as a lender of last resort in the international financial system or do we need a somewhat different type of institution? Is the present system adequate for handling future crises or do we need other instruments and mechanisms for crisis management? In particular, how do we ensure equitable burden-sharing between debtors and creditors in the event of a crisis? And finally, does full convertibility of the capital account introduce too much potential instability in the system, which developing countries may not be able to handle, and should developing countries therefore concentrate on liberalizing trade and direct investment flows as the major sources of benefit from integrating with the world economy, while maintaining a more cautious approach to liberalizing capital flows in general?

No consensus has yet been evolved on these questions, but answers are urgently needed if we are to restore confidence not just in the international financial system but also in globalization and liberalization. I hope our deliberations at these meetings will move us closer to the answers.

The President (*interpretation from Spanish*): I call next on His Excellency Mr. Helmut Schäfer, Minister of State of Germany.

Mr. Schäfer (Germany): It is a great pleasure for me to extend the congratulations of my Government to you, Sir, on your election to the presidency of the General Assembly at its fifty-third session. We wish you great success in the forthcoming deliberations.

At the same time, we should also like to support the statement of the Austrian Presidency of the European Union.

At the outset of the Fifth United Nations Development Decade, at a time of increasing liberalization and globalization, the prospects for further progress in development are good. More and more countries in all parts of the world are becoming increasingly integrated into the global economy.

Any failure, however, to make the necessary structural adjustments in good time can easily lead to setbacks and crises. That is why it is right to renew the dialogue on strengthening the forces for global growth also by continuing and enhancing international economic cooperation through partnership. The United Nations is an appropriate forum for this and, in fact, today's discussions can draw on the debate conducted in recent years in the Economic and Social Council and the General Assembly, as well as, in particular, at the series of world conferences held over the past eight years.

I would like to recall here that the 1996 G-7 summit in Lyon made a number of important points concerning the implementation of a new global partnership for development, which it identified as an ambition for the twenty-first century. The ideas spelt out by the G-7 on how this partnership should evolve also reflect the consensus that emerged from the various world conferences. The developing countries are held to have a responsibility for their own development, notably in providing conditions conducive to sustainable development beneficial to their citizens. There is a recognition that the international community must support the efforts of the developing countries in a spirit of common purpose and efficiency. And there is a strong focus on the important role of the multilateral organizations in cooperating with each other and with bilateral donors.

These principles also inform Germany's economic and social policy, as well as its development policy. We agree that sustainable development should be one of the most important goals of our development policy. Particularly in an age of wide open global markets, economic development is sustainable only if due attention is given to social and ecological concerns. The task of politics is to set the course and provide an environment that will also safeguard future needs — economic, ecological and social. Effective responses to global threats, such as a rapidly growing population, over-exploitation of natural resources and shortages affecting people in many parts of the world, are possible only if all three interdependent aspects of sustainable development are addressed.

In the high-ranking segment of the Economic and Social Council, we have this year conducted an intensive debate on market access for developing countries and their integration into the world economy. This has served to highlight the importance of these issues in the globalization age. One of the things to emerge from those discussions was that, as the world becomes increasingly globalized, promoting private enterprise has a pivotal role to play. This, then, is now an integral part, a key aspect, of German economic and development strategy. Enhancing productive skills to remove the structural causes of poverty will, in the medium and long terms, help dismantle and overcome obstacles to development that often hinder the integration of poor countries into the global economy.

Our strategy for promoting private enterprise in partner countries is based on our own experience that the successful development of the private sector cannot be achieved solely by instituting government policies favourable to the growth of a market economy nor by setting up effective and independent institutions to run the private sector's own affairs, nor even by developing innovative entrepreneurial structures. What is in fact needed is a combination of all three. We see development cooperation as harnessing economic and development policy goals.

Let me, in this context, also mention the heavy debt burden of quite a few countries, which all too often is a serious obstacle to their further development. Germany strongly endorses assistance to highly indebted poor countries and has already made a substantial contribution to reducing their debt burden. Bilaterally, we have thus implemented or pledged debt cancellation vis-à-vis least developed countries in Africa. Furthermore, Germany has participated in multilateral debt-rescheduling arrangements with developing countries arising from commercial credits. We have cancelled more than $7 billion in various kinds of debts. Additionally, we have, since 1978, provided non-repayable grants to least developed countries, also amounting to about $7 billion. From the very beginning, Germany has also been actively involved in the formulation and evolution of the Heavily Indebted Poor Countries Debt Initiative, which includes all the elements to resolve the debt problems of these countries, including ambitious and sustained economic policy reforms in the debtor countries themselves. For Germany, the link between adequate economic policy reform and debt relief is of fundamental importance.

Market reforms, functioning financial and capital markets, thriving foreign trade, together with the growth of a middle class, are essential elements of balanced, healthy, internationally competitive economic development and the basis for further integration into the world economy. The pace of economic activity in the emerging markets shows what dynamic forces can be unleashed through expanding trade and incentives to private investors. However, the Asian crisis, as mentioned earlier today, has also highlighted structural weaknesses in the process of development. Clearly, it is imperative to put the institutional framework in place to ensure sound economic growth also in the longer term. We see it as one of the preeminent tasks of bilateral and multilateral development cooperation to support our partners, especially in their efforts in this area.

The instruments of national policy are no longer effective in dealing with what are essentially transnational developments. The question is whether, and if so, what kind of national or multilaterally agreed intervention in the market is justified. Is it possible, for example, to establish better crisis prevention mechanisms? We have to deal with this question very thoroughly here.

Seen in this light, then, our dialogue here, and especially in the relevant technical bodies, is all the more relevant. We need to consider in what areas international standards should be established or further developed, not in order to curb the dynamism of economic forces or impose rigid rules, but to allow action to be taken to prevent crises arising.

Germany, like many other countries, has considerable experience in the field of monetary and credit policy, public supervision of banking and insurance, the stock exchange business and financial policy, as well as in national and European law on competition. At the World Trade Organization we advocate the development of a set of global trade and competition norms.

Solving these problems will require a greater degree of international cooperation in the forthcoming century. An important focus of such concerted efforts will be to establish more effective cooperative structures and management. Certainly, in this context we also need to review the structure and role of the United Nations. In his reform proposals put forward last year, the Secretary-General addressed these issues and outlined his vision of a world Organization that can give its members the support they need to successfully tackle the global challenges ahead. This, too, should be part of the dialogue on which we are embarked.

The President (*interpretation from Spanish*): I now call on Mr. J. Brian Atwood, Administrator of the United States Agency for International Development.

Mr. Atwood (United States of America): The United States delegation welcomes the opportunity to participate in this important and timely discussion of issues that concern all of us as we face a period of unusually intense economic turmoil and uncertainty. I was listening carefully to the statements that have been made previously, and I must say that this is a very constructive beginning for this conference. I and members of my delegation look forward to the round-table discussions and further discussions of these issues.

I want to recognize one very distinguished member of the United States delegation, a person who has participated in and witnessed the evolution of the international system over the past 50 years: Senator Claiborne Pell, the former Chairman of the Senate Foreign Relations Committee.

The crisis in Asia is taking a toll on the very proud and hardworking peoples of that region, peoples whose prodigious accomplishments over the past several decades have earned our deep respect. We must join those Governments in a commitment to ensure that the investments we have all made in development are not lost.

In Russia, too, we are witnessing the drama of courageous and talented people struggling with the complexities of a difficult but necessary transformation to a market-based economy. Countries, including the United States, whose economies had decades or centuries to gradually put in place the markets and the related legal and regulatory institutions should not underestimate the tremendous challenges facing Russia.

As the world contemplates these events, some are questioning the desirability of free markets and the increasing interdependence of national economies following in the wake of what has come to be known as globalization. Even in the United States, some want to turn back the clock and return to what they remember as a more bucolic and self-reliant time. Such isolation is more blissful in nostalgic recall than in the hard facts. For example, the average American at the beginning of this century had a shorter life expectancy than the average person in the developing world today, and he or she had only slightly more wealth than the average person in the developing world today.

We should not allow the problems we are facing today to define the meaning of globalization. The benefits still vastly outweigh the costs. Globalization also means the availability of cheap and rapid communications, cost-effective transportation systems and open markets that make possible the global dissemination of ideas, technology and investment. These benefits of our modern world can make people more productive as workers and more informed and capable as citizens. Globalization spurs creativity by widening the market for innovation.

It can also stimulate competition among Governments to become more efficient, to develop their nations' human capacities or their national financial, political and legal systems. This sense of the need to compete, when combined with a more effective international effort to help especially the poorer countries achieve sustainable development, can produce the growing and stable global economy we all seek.

In a globalized world, Governments must recognize that they have less control over their country's economic trends. Still they can create a favourable environment for investment, for capital inflows and for increased productivity. They have to create confidence for investors. If, instead, their actions create fear, their countries will be relegated to watching growth take place elsewhere.

We need to put the current crisis in its proper perspective by understanding the tremendous gains in the global economy in the past 50 years, precisely as a result of successful development efforts and globalization. Even amidst the current gloom, I do not believe that the dynamic nations of Asia would want to go back to where they were two or three decades ago. Their temporary downturn does not fundamentally alter their long-term growth path or their bright prospects for the future.

We are already beginning to see signs of an Asian revival. Exchange rates have stabilized in Thailand and Korea, allowing interest rates to come down, and production is beginning to level off. These accomplishments would not have been possible without strong, democratically elected leadership and the determined pursuit of policy reforms; and they would not have been possible had these countries not invested over the years in their own people's education, health care and productive capacity.

Mexico's 1995 financial crisis also offers encouragement. Following a loss of confidence by investors and major capital outflows — much like what Asia experienced last year — Mexico's economy shrank by 6 per cent that year; but with strong policies and conditioned support from the United States, the International Monetary Fund (IMF) and others, Mexico grew by over 5 per cent during the following year and has sustained that pace ever since.

In a speech to the summit meeting of the Non-Aligned Movement in Durban three weeks ago, South Africa's Deputy President Thabo Mbeki spoke eloquently of the new forces sweeping through the global economy — globalization, liberalization, deregulation and pervasive information flows. These forces, he said, represent the international context in which all of us have to work to eliminate poverty in our countries. He went on to point out that the very fact of globalization, in all its forms, means that our own success as developing countries cannot be achieved in conditions of autarchy or self-contained development. This states the basic proposition clearly. No nation can isolate itself from these positive forces, nor should it want to. The countries that embrace globalization most effectively are the ones that will prosper most in the years ahead.

We must not, however, make the mistake of seeing globalization as a purely economic process. It must take place in the right context, one in which people can express their social and political aspirations and can help shape the world their children will inherit. Furthermore, economic growth cannot be pursued at the expense of future generations. Protection of our environmental resource base is essential if development is to be sustainable. Additionally, we must ensure that nations have our help in facing this task. The international community — a phrase we often use — should want each individual member of our community to succeed. We have a common interest in our collective well-being. Therefore, we must find a new way to create a safety net that will minimize the risks associated with globalization and encourage countries to embrace the concept. We also should examine how the IMF, international financial institutions and bilateral donors can improve coordination to provide a rapid response to crises such as those we have seen in Russia, Mexico and throughout Asia.

The United Nations system has a vitally important role to play. It can be instrumental in helping nations to create the environment for successful globalization by promoting a genuine respect for human rights and core labour standards — not only civil and political rights, but the fundamental human rights of all individuals to progressive realization of their economic, social, and cultural potential.

President Clinton made clear this week, in his remarks to the Council on Foreign Relations here in New York, that the United States remains ready to help countries that help themselves. He proposed six steps to deal with the immediate global financial crisis: collaboration with other industrialized democracies to spur economic growth; debt relief for private-sector firms in countries affected by the crisis; a doubling of World Bank support for social safety net programmes; activation of the $15 billion IMF emergency fund to prevent further spread of financial panic; increased lending by the United States Export-Import Bank; and, finally, funding by our Congress of the IMF, a matter that will be decided in the next few weeks.

The President also announced two initiatives to better deal with international economic emergencies in the future. First, he called for further opening of markets to expand trade while putting in place safeguards for labour standards and the environment. Secondly, he called for a meeting within 30 days of the finance ministers and central bank directors of the G-7 countries and the key emerging economies to adapt the international financial architecture for the problems we face in the twenty-first century. This is not an endorsement of the current status quo; this is clearly an indication that we understand the problems of globalization and that we want to work to fix those problems. The meeting has already been scheduled.

The United States is determined to remain fully engaged in the effort to achieve global economic well-being. We are profoundly connected to the developing world in a variety of ways — just look at our citizenry, if you wish. We realize that maintaining our own economic growth is one of the most important contributions we can make. Last year, the United States — with just 4 per cent of the world's consumers — absorbed fully 20 per cent of developing country exports. Our trade deficit with the developing world was $200 billion. American foreign direct investment in developing countries now totals more than $150 billion. These are building blocks of a sustainable and mutually beneficial relationship.

Our bilateral foreign assistance programmes also contribute to the solutions we seek. The Agency for International Development is responding to the financial crisis by helping Governments put in place financial regulatory systems that can reduce the likelihood of future panics and improve the ability to manage soundly in crises. We are actively working in places such as Indonesia to help provide a safety net for the most severely affected. We are providing assistance in a number of countries in the areas of banking, capital markets, tax policy, privatization, deregulation and sector reform of various types.

And to bring greater opportunity to Africa, a region that has yet to benefit fully from globalization, President

Clinton has asked our Congress to approve the African Growth and Opportunity Act.

The Clinton Administration understands the importance of international leadership on these issues. We want to do more, and we look forward to working with the United Nations, the Bretton Woods organizations and the nations that are feeling the current crisis the most to turn globalization into a fully positive concept. My delegation looks forward to hearing from others and to participating fully in this dialogue.

The President (*interpretation from Spanish*): I call on Mr. Koichi Haraguchi, Deputy Minister for Foreign Affairs of Japan.

Mr. Haraguchi (Japan): The most important trends in the world today are globalization and increasing economic interdependence. Of course, these trends have been evident for some time, but they have become more pronounced as a result of the conclusion of the cold war and the spectacular development of information technology.

For example, it is said that today some $50 billion is transferred around the world every hour; that is $1.2 trillion every day, $300 trillion every year. The number of host computers that support the Internet grew more than forty-fold in the six years from 1991 to 1997, and that growth continues.

Globalization frees us from the constraints imposed by our national boundaries. Whereas in the past growth was often hindered when the necessary capital or technology was unavailable within a country's borders, that is no longer the case now that those resources can move freely across borders to wherever they may be used with the greatest economic efficiency. The economic miracles that have occurred in Asia are excellent examples of what globalization makes possible.

On the other hand, it cannot be denied that in promoting efficiency through competition, globalization creates some problems. Enhanced competition produces losers in a much harsher manner along with winners, and enlarges the gap between the rich and the poor.

Traditional states were characterized by a sense of solidarity or a feeling of belonging to the same community, and people managed to balance the drive to increase efficiency with consideration for the weak — or, to put it in more general philosophical terms, to balance the pursuit of freedom and the pursuit of equality.

However, globalization has tended to destroy that delicate balance. Some developing countries are better able to take advantage of the opportunities created by globalization, it is true, but others are in danger of being left behind and thus marginalized. This can be destabilizing and in the long term damaging to the prosperity of us all.

It should also be recognized that the acceleration of globalization and the intensification of interdependence have increased to a great extent the systemic risks the world faces. Whenever a problem arises in some part of the world today, there is a danger that it may lead to a paralysis of the entire system. The contagiousness of the current financial crisis is a concrete example of what can happen.

Clearly, the challenge facing us is to derive the maximum benefit from the positive features of globalization while avoiding or minimizing the damage done by its negative features. In order to take advantage of the positive features, we need to introduce internationally recognized rules, such as democratic procedures, transparency, accountability, the rule of law and the prevention of corruption. This is the surest way to promote an inflow of productive resources from abroad.

On the other hand, we should also be prepared to address the negative side of globalization. It is to this end that Japan has put forward the idea of the New Development Strategy. The New Development Strategy is a means of surmounting the problems of development. At its core, it is the idea that as globalization proceeds, it is essential that a partnership be formed between recipient and donor countries and a wider range of international cooperation pursued, while at the same time the ownership of the development process by developing countries must be encouraged.

The Strategy also advocates combining a comprehensive and an individual approach to development. The comprehensive approach stresses the importance not only of official financial assistance but also of integrating private investment, trade, market access, and the development of socio-economic infrastructure into national development strategies.

At the same time, an individual approach is needed since, despite increasing globalization, the problems this process causes and the measures that must be taken to resolve them are not the same for all affected countries.

In dealing with the possible systemic risks that globalization entails, international cooperation is indispensable. For example, in view of the devastating effect the abrupt movement of short-term capital had in the recent Asian financial crisis, the G-8 leaders in Birmingham urged the International Monetary Fund to examine how to monitor effectively capital flows, particularly short-term flows, to provide information and promote market stability. We need to undertake such international cooperation in other fields as well.

As I have suggested, globalization creates both opportunities and challenges. I have touched on how we should respond to them in general terms. Now I wish to describe some of the measures Japan itself has been taking. In response to the economic crisis in Asia, Japan has provided strong support for the efforts of affected countries to extricate themselves from the problems besetting them. These efforts include providing a safety net so that the weaker members of society, who are bearing more than their fair share of the pain, do not fall any farther. They also include developing human resources in order to be better able to cope with this crisis. Japan is providing $43 billion in such support, making it the largest source of bilateral assistance.

In order to respond to the needs of Africa, where the possibility of marginalization is most serious, Japan, together with the rest of the international community, is embarked on an effort to implement the new development strategy there. It is as part of that effort that Japan will convene the Second Tokyo International Conference on African Development next month in cooperation with the United Nations and the Global Coalition for Africa. Its primary theme and objective is “Poverty Reduction and Integration of Africa into the Global Economy”. At the conclusion of the conference, it is expected that an action plan will be adopted that will guide us in pursuing African development effectively as we move towards the twenty-first century.

Japan is of the view that meetings such as this one can do much to enhance the awareness of people everywhere with respect to the activities of the United Nations in this important area. We therefore wish to express the hope that our efforts here will meet with success.

The President *(interpretation from Spanish)*: I now call on Mr. Dan Abodakpi, Deputy Minister of Trade and Industry of Ghana.

Mr. Abodakpi (Ghana): It is my great pleasure to make a contribution to this important process. The theme of this dialogue really warms my heart, as it relates to the rapidly evolving twin phenomena of globalization and interdependence. These processes are resulting in dramatic changes to international economic and trade relations, changes that have an impact on all countries, both developed and developing. Indeed, it is impossible to forget that the end of this century, particularly the 1990s, will go down in history as a period of profound changes in international relations. From the standpoint of trade and economic relations, the most prominent of those changes have been the twin processes of globalization and interdependence. The fact that these processes basically tend to bring more growth opportunities to all countries is a great source of satisfaction and hope. But let us not lose sight of the fact that behind the considerable wave of applause for these laudable trends are also the risks of marginalization and uncertainty for developing countries, particularly those in the sub-Saharan region of Africa.

Globalization has come to assume a more comprehensive meaning, while interdependence between nations has grown stronger. Indeed, the processes have become irreversible and affect all sectors of the universal economy — namely, production, investment, employment, trade, development and the general well-being of people.

The current trend of the global economy, which continuously gravitates towards more interdependence, makes it obvious that developing countries have no choice but to integrate into the world economy. More importantly, they must acknowledge that their destinies are linked to those of other nations. It therefore becomes quite clear that developing countries have no choice but to look beyond their borders for more business.

It has been said that globalization enables countries to seize opportunities irrespective of their degree of development. What is apparent from this is that the phenomenon of globalization has the potential to generate enormous benefits for all countries. In effect, developing countries, especially African countries, should also find more scope to grow and prosper.

The beneficial link between the global economy and the socio-economic consequences for developing countries appears to me to be that of more broadly based development over the medium to long term. By implication, developing countries, particularly African countries, should over time largely overcome their social and economic problems in such areas as population, health and education, as well as trade, investment and finance.

The reality, however, is that the potential benefits will not come easily and that the phenomenon of the global economy carries with it considerable risks, frustration and fear, and I will proceed immediately to elaborate with particular reference to Africa.

A very significant characteristic of the global economy of late is the boom in the flow of foreign direct investment. In the *1995 World Development Report*, it is noted that in the 1990s, the rate of growth of foreign direct investment stock has substantially exceeded that of world output (gross domestic product) and world exports. Clearly, this indicates that foreign direct investment now plays a very crucial role in the global economy.

There is, however, considerable evidence to indicate that the global flow of foreign direct investment has not been evenly distributed. Apart from its over-concentration in the developed world, as far as the developing world is concerned, sub-Saharan Africa has in the main been bypassed. Admittedly, the distribution of foreign direct investment cannot be equal, but in a situation where only the 10 largest developing countries account for about two thirds of the total stock of developing countries' share of foreign direct investment, resulting in the marginalization of sub-Saharan Africa, then the benefits of globalization as far as Africa is concerned appear to be an illusion. Statistics indicate that in 1994, the total value of foreign direct investment in sub-Saharan Africa was a meagre $1.86 billion, which was only the amount of the flows to New Zealand.

Another important characteristic of the global economy, especially in the 1990s, has been the intensity of competition, with countries trying hard to outpace each other in the international market place. This has been the case particularly since the Uruguay Round of Multilateral Trade Negotiations. Admittedly, the Uruguay Round constitutes one successful, good example of a global attempt at restructuring world trade. It has been hailed as a truly remarkable achievement by the international community. Given its outcome, I may say that new horizons for the promotion of our mutual trade have been opened.

It is pertinent to remind ourselves that the benefits of the Uruguay Round will not flow automatically to countries and that it is only the dynamic economies that adjust adequately to the new order that stand to benefit. Unfortunately, sub-Saharan Africa constitutes a region whose trade structure is characterized by a high dependence on a narrow range of primary commodities as the main export items, and which has persistent balance of payment deficits and mounting foreign debt. It is also the region in which the prospects for trade creation and increased participation in global trade remain inadequate, while institutional frameworks for the implementation of the results of the Uruguay Round remain weak and are sometimes non-existent.

Superimposed on these difficulties are the fundamental development issues, such as halting rapid population growth and the creation of human skills — especially sufficient technical cadres — as well as improved health care. In all these areas, sub-Saharan Africa trails dismally behind other regions of the developing world. For sub-Saharan Africa, the sense of risks and uncertainties is not, therefore, unfounded. By every standard, the prospects for Africa appear frightening.

Given these features of sub-Saharan Africa, it is proper to ask whether the processes of globalization and interdependence will be good and therefore facilitate the region's ultimate development. The answer to that question may still be positive. I say that because African countries are still optimistic about the long-term benefits of globalization. More than ever before, African countries, including Ghana, have acknowledged the need to mobilize resources more effectively, invigorate their development and exploit some of the numerous global opportunities for their well-being. Most, if not all, sub-Saharan African countries are therefore pursuing growth-oriented adjustment programmes to ensure their early integration into the global economy. The specifics are so well documented that I do not intend to spend time elaborating any further.

It is important, however, to note that it has been a Herculean task to maintain the momentum of these programmes, particularly with the entry of democratic Governments into most of Africa. Public opinion, and both internal and outside pressures, have the potential to compromise or slow down the pace of the implementation of programmes. In spite of the efforts by African countries to improve their economic standing, the risks of marginalization remain, even at this stage when their recovery programmes are yielding tangible results.

We may ask, "Can the African economic crisis end?" Yet again, the answer is positive. The African efforts, if spurred on by specific programmes by the developed partners, will certainly serve as sufficient calming factors to facilitate the continent's economic growth. Indeed, the modest recovery of African economies should serve to whet the appetite for extensive assistance. Sub-Saharan African countries require a major push to supplement their efforts at reversing the downturn of their economies. Certainly, there is a powerful case for providing special programmes specifically for Africa in critical areas such as resources for development, international trade and technology transfer. Such programmes will maximize the potential gains from our structural adjustment and growth-oriented strategies. It is in this context that we welcome the initiative of the Government of the United States, the African Growth and Opportunity Act.

In all these cases, the commitment of the international community to fully play its role within the framework of global cooperation is critical. While African countries commit themselves to pushing through the necessary sound economic policies with zeal, it will be equally important for the rest of the world to complement those efforts through unhindered access to markets and the extension of adequate financial assistance on appropriate terms. In this way, our partners in the global economy will live up to their responsibility to help those African countries which are making such tremendous efforts to follow the principles of market orientation and the reinforcement of democracy in all its forms.

On the nagging issue of African debt, I note that African countries still have a long way to go, in spite of the strategies and policies they already have in place to meet the attendant obligations. I urge a more durable solution through, *inter alia*, more debt reduction, as well as refinancing. Industrialized countries may wish to consider the cancellation of all official bilateral debts owed by sub-Saharan African countries.

Furthermore, the overall net transfer of resources to Africa should be enhanced. Indications point to the fact that, for some time, official aid will have to increase to sustain Africa's development. An aid programme generous enough to ensure sufficient official development assistance to Africa will go a long way in contributing to sustainable economic development.

On international trade, there is an urgent need for Africa to break away from its overdependence on a few export items. What is required in that respect is a well-focused programme to facilitate the development of an expanded and diversified value-added export drive, taking advantage of the increasing market openings that are emerging as a result of globalization and the liberalization of world trade.

I find it pertinent also to stress the important role of technological innovation, which, as we are all aware, is seriously altering the distribution of economic activity and has turned into a key factor in determining the competitiveness of countries in trade. Preferential and concessional access to technology for sub-Saharan Africa will go a long way towards bringing efficiency to its industry.

Underlying all these efforts is the important factor of human capital. In this area, too, Africa is deficient and lags dismally behind other regions of the world. Sub-Saharan Africa has to be aided to develop adequate internal capacity for policy work.

In conclusion, I will say that, today, Africa's development problems are immense and complex, and require urgent attention. Simply put, the argument for helping the continent now is that this would give it a chance of steadying and improving the conditions necessary for accelerated development. A buoyant Africa playing its fair role in the global economy will be mutually beneficial to all countries.

We should never lose sight of the essential objectives and benefits of globalization and interdependence: prosperity and better living conditions for people in all walks of life. We must broaden our vision towards the achievement of this vital goal to ensure greater welfare for all.

The President (*interpretation from Spanish*): I call next on Mr. Rogelio Martínez Aguilar, Senior Adviser to the Vice-Minister for Foreign Affairs of Mexico.

Mr. Martínez Aguilar (Mexico) (*interpretation from Spanish*): Mexico welcomes the renewal of the high-level dialogue and reiterates its unswerving commitment to strengthening international cooperation for development through partnership.

The phenomenon of globalization, in all its diversity, is a reality that cannot be ignored. A world of destinies that exclude others is no longer possible or desirable. Globalization engenders opportunities that the international community must pursue with creativity. But at the same time it has adverse effects that require timely responses and strategies. To this end, Mexico has supported the adoption of measures to revitalize international cooperation for development and to combat poverty. Here Mexico speaks out for shared international responsibility vis-à-vis the risks and opportunities of global integration in finance and trade.

The voices united in this urgent call are many and important, for the latest events in the international economy clearly underline the enormous challenge confronting the international community: in an era of globalization, the economic crisis too is becoming global. The most recent crisis began in Asia, and despite the great efforts deployed by the affected countries and the cooperation of the international financial community, the crisis has spread to other parts of the world.

At the beginning, it was a financial crisis. But now it is severely affecting international trade. It has also depressed to historically low levels the prices of commodities as fundamental as oil, minerals and basic grains. Instability and inefficient functioning of, and speculation in, the financial markets have caused a trend towards recession on a global scale, seriously hampering the economic development prospects of developing countries.

All this calls for committed international cooperation to strengthen the world economic architecture. It is urgent that the developed countries take all the measures needed to revitalize world economic growth with stability in the financial markets. It is also clear that the Bretton Woods institutions, particularly the International Monetary Fund (IMF) and the World Bank, must adapt in order to be in a position to confront in an effective and timely manner the monetary, financial and development challenges offered by a crisis induced by large-scale movements of capital.

We are increasingly convinced that transparency and good management of the monetary, financial and trade systems at the international level are of the utmost importance. The international institutions must match the efforts of our countries by launching a fundamental review of their organizations, policies, conditionalities, procedures and financial capabilities.

Mexico has had to respond in a timely and firm manner to the enormous economic policy challenges that we faced in December 1994 and again since the first months of this year. Mexico's strategy in tackling the economic emergency of 1995 attained its objectives. Thanks to the efforts of the entire Mexican people, and with international cooperation, it was possible to start the economic recovery just as planned. But again, over the past year, globalization factors have had a negative impact on Mexico, whose economy has suffered external shocks, such as the volatility of capital flows, the sharp fall of oil prices and the Russian crisis.

The Mexican Government, however, has reiterated its commitment to continue to conduct its economic policy responsibly in order to ensure stability and growth. Measures must also be adopted on an international scale to prevent the international financial crisis from deteriorating into a world recession.

Parallel to this urgent and very decisive action, there is a need for continued work in the following areas: strengthening North-South and South-South cooperation; reversing the trend towards reduced financial assistance for development, and ensuring predictable, continuous and reliable assistance flows; enhancing access by developing countries to global markets, direct investment flows and technological transfers; and providing lasting solutions to the external debt problems of the developing countries.

Mexico attaches high priority to systematic, comprehensive, high-level international intergovernmental consideration of financing for development, as proposed by the General Assembly. This will give us the opportunity to ensure that we have the necessary means to promote international cooperation in a context of solidarity and shared responsibility.

Globalization is a reality, not a problem or a conspiracy. It is a new expression of an interdependence in which we all share responsibilities and commitments. If we act boldly, with resolve and in a timely manner, we will be able to take full advantage of the benefits of global integration and swiftly overcome its negative effects.

The President (*interpretation from Spanish*): I call next on Ms. Dawlat Hassan, Assistant Foreign Minister for Economic Affairs and International Cooperation of Egypt.

Ms. Hassan (Egypt): It a pleasure for me to extend my delegation's sincere congratulations to you, Sir, on your election to the presidency of the General Assembly at its fifty-third session. I am confident that under your able leadership the work of the Assembly will be conducted with success.

I would also like fully to associate my delegation with the statement made earlier on behalf of the Group of 77 and China.

Our meetings today provide an excellent opportunity to exchange views and to foster a fruitful and constructive dialogue based not on confrontation but on shared responsibility and genuine partnership, which should lead to more meaningful cooperation for development.

Although there has been no agreed definition of globalization, there is a wide understanding that globalization, as an accelerated economic activity across national political boundaries, finding expression in the increased movement of goods and services, reflects not only trade transactions, but touches upon every aspect of the economy, notably flows of capital and foreign direct investment, technology transfers, employment, labour mobility and even the cultural life of a nation.

The forces of this phenomenon have wrought dramatic changes on the global economic scene, giving rise to vast opportunities as well as to grave challenges and risks. For the majority of developing countries that do not compete to integrate their economies with the global economy, globalization represents enormous uncertainties to their endeavours to achieve social and economic progress. With their access to markets, financial flows and technology severely limited, their economic growth has been stifled. Moreover, in the process of international economic decision-making, where their participation could enable them to obtain redress for their situation, developing countries are not participating. This trend needs to be reversed.

To give impulse to a new scheme of relations, we must come forward with an agenda that is sensitive to the concerns of both sides. There is, fortunately, considerable policy coherence and no ideological divide. The main element we developing countries need to get factored in is our development stage and how we may more equitably participate in the global economy from this aspect. To manage the emerging realities, the social and economic impacts of globalization, our strategy should focus on interconnecting efforts undertaken at the national and international levels.

To adjust to the new forces of integration, Egypt, like many other developing countries, has recognized that its basic growth impulses must be founded on their economies and that self-reliance and national effort are imperative in the global context. A wide range of reform and structural adjustment policies have been adopted, often at high social cost. In addition to pursuing economic growth, priority is given to a people-centred development, reducing poverty and increasing productive employment.

Our future relations must reflect the credit developing countries have earned by pursuing such policies. To this end, the developed world must set the example of genuine liberalization by facilitating market access in sectors of export interest to developing countries and areas where the latter possess a competitive advantage, such as agriculture and textiles. Developing countries must be given support in respect of new disciplines where they are to acquire competition by extending the concept of a generalized system of preferences. It is necessary to resist the protectionist demands of those opposed to competition and fully preserve the letter and spirit of multilateralism. This means preventing the use of countervailing duties and anti-dumping measures.

While liberalization is expanding, it is unfortunate that we continue to witness with perplexity the operation of the greatest protectionist apparatus ever put in place by some countries for the preservation of one sector — agriculture — and to prevent it from being exposed to competition.

Given the importance of private capital flows for development and the growing integration of developing countries in the international financial markets, there is a need for a new approach to managing this sector, particularly after the recent disturbances in the international financial and capital markets that have severely affected many countries in Asia and other parts of the world. The international monetary and financial system needs to be adapted and reviewed in order to increase confidence in the system. We need to engage, as a first step, in a study of the underlying global causes of the crisis and how best to safeguard against future occurrences.

Developing countries are also facing obstacles to possessing technology at a time when this is crucial to their development and to their becoming competitive in the global market. They are almost exclusively buyers of technology and the present world intellectual property system of patents, trademarks and copyrights gives the industrialized world monopolistic power in the markets. We need to reflect on ways to facilitate easy access to technology on affordable terms.

Changes in the relative importance of production factors, which imply a move from material labour-intensive products to knowledge-intensive products have meant a loss of comparative advantage for the developing countries. This shift has given rise to increased unemployment, with all its adverse effects. In addition to adopting specific policies, it is fundamental to tackle structural questions related to job opportunity, which can no longer be viewed only from the standpoint of national realities.

The imperatives for moving towards a system that could equitably deal with the increasing integration of the world are becoming stronger. A world in which one quarter of the people is affluent and three quarters are deprived hardly offers an enduring basis for global peace and security. Spurring economic growth in the developing countries, with their significant potentials in production and purchasing power, is certainly in the interests of the global economy as a whole.

Our collective security lies in building conversions among nations and peoples on the logic of the mutual benefits of a balanced international economic system. We should be ready to assume responsibilities, each according to its capacities, in the context of a global strategy eventually leading to a positive-sum game between all countries, with the vigorous assistance of the United Nations.

Finally, let me express my fervent hope that our dialogue today will become truly a force multiplier for development cooperation.

The President *(interpretation from Spanish)*: I now give the floor to Mr. Leiv Lunde, State Secretary for International Cooperation and Human Rights of Norway.

Mr. Lunde (Norway): Let me first of all underline how much I appreciate being able to take part in this debate. The question of globalization and development is indeed a topical issue in which dialogue between the North and the South is essential for meeting our common challenges.

It is therefore with great interest that we noted the focus on this issue at the recent summit of the Non-Aligned Movement in Durban. In their final document, the Heads of State and Government of the Movement point to the ambiguity of the processes of globalization and liberalization, noting that, while these trends were expected to lead to increased economic opportunities for developing economies, a large number of developing countries continue to be marginalized and thus unable to share the benefits of the global economy.

In my view, it is clear that the greatest benefits of globalization have so far been garnered by a rather small minority, while many are worse off than before. The gap between those living in affluence and those suffering the hardship of poverty is growing, both within nations and between them. The assumption that globalization is a process that benefits everyone has proved to be utterly untrue.

In the wake of the Asian financial crisis we have seen unemployment soar, living standards plummet and expectations of a better life shattered — not only in Asia, but all over the world. The Asian crisis clearly illustrates the shift in economic power away from national Governments to stock markets and other actors with little, or at least unclear, responsibility for the common good.

The reduced significance of national boundaries also represents a challenge to national identities, traditions and culture. To many the process of globalization has led to reduced cultural variation and increased economic inequality, instead of increased cultural variation and reduced economic inequality, as had been hoped.

Many of the menaces facing us have become truly globalized. Financial crises, environmental degradation, the spread of disease, violent conflicts and organized crime and terrorism are affecting us all, regardless of where we live on this shrinking planet. To overcome these threats, some people are prescribing a recipe of protectionism and isolation. But is this really a viable alternative in a world where ideas and financial transactions travel round the globe in seconds, where help is available only to those with something to offer in the global marketplace and where many of the challenges we are faced with are of such a magnitude that no country, not even the most powerful, can tackle them alone?

My Government does not believe this to be the case. There is no way back to yesterday's world, where trade, travel and transactions across borders were much more limited. The processes of economic, cultural and technological globalization cannot be reversed.

But the globalization process can and must be managed. Better management of the forces of globalization at both the national and the international level is the only way to proceed if we are to maximize the positive effects of an integrated world, while minimizing its negative aspects.

At the national level we must invest in both human resources and physical infrastructure and promote good governance, democracy and human rights. The prospects for the next century depend above all on our willingness and ability to make the necessary long-term social investments, particularly in health and education. The investment base must be broad. The creative potential of society will be fully unleashed only if we are all stockholders in the development process.

The forces of globalization challenge the sovereignty of individual States, but they will never make them redundant — quite the contrary. The market has an important role to play in allocating resources as effectively as possible, thus increasing the volume of funds available for social and environmental concerns. But resources do not by any means flow automatically to meet such common needs, nor to care for the most vulnerable groups in society. Vigorous governmental policies are therefore called for to ensure that resource allocations meet the demands of the people to whom Governments are responsible.

Internationally, there is no alternative to strengthening multilateralism. We must further improve decision-making procedures at the international level. We must create a world order based on law and contract, where solidarity and social responsibility are not limited by national boundaries, but stretch across borders and continents.

With one of the most open economies in the world, Norway has greatly benefited from the development of a global economy. But we have also experienced how external, anonymous forces have contributed to make jobs vanish overnight and ruin dreams and expectations. Against this background there has been considerable political debate in my country about how globalization can be managed for the common good. My Government will, in the next few months, be arranging national and international meetings in an effort to increase our common understanding of the various features and challenges of globalization. We must ensure that globalization serves our interests and that it does not become our master.

One of the most pressing dangers of globalization is the increased marginalization of the least developed countries. Many of the world's poorest nations are hardly in a position to benefit from the global economy. These countries receive minimal foreign investment and lack a dynamic private sector as a basis for employment and growth. Furthermore, they are often deprived of the benefits of increased export earnings due to heavy debt burdens and closed markets in Western countries.

Although the prime responsibility for development lies with the leadership of any country, which must ensure political stability and sound macroeconomic policies, the international community has an obligation to assist. We cannot, yet again, allow ourselves to stand by and see the weakest among us being left behind.

It is a regrettable fact that the industrialized countries are increasingly distancing themselves from the agreed United Nations target of 0.7 per cent of gross national product for development purposes. Norway is going in the opposite direction, and we have plans for a further increase in our official development assistance, which is already well above the United Nations target.

We believe that international debt relief schemes must be improved, as has been stressed by many other speakers today, and we are doing our part through a newly launched national debt relief plan to better assist heavily indebted poor countries. We are also currently finalizing a strategy for private sector development in developing countries. But, above all, we are actively seeking to counter the widespread and growing donor fatigue and striving to make multilateral organizations more sensitive to the needs and aspirations of the developing world.

At the Non-Aligned Movement Summit in Durban, the heads of State and Government reaffirmed that there is no alternative to a constructive dialogue between developed and developing countries if we are to reap the benefits of globalization while effectively meeting its challenges. The United Nations is an important forum for addressing the challenges of globalization. It belongs to us all. It is unique and indispensable. It is our repository of hope for a better future. Let us support it, make it more efficient and place it at the heart of our efforts to derive the very best from the globalization processes, particularly for those who need it most.

The President (*interpretation from Spanish*): I now call on Ms. Huguette Labelle, President of the Canadian International Development Agency.

Ms. Labelle (Canada): It is a distinct pleasure to be here today to represent my country, Canada. I believe that this meeting provides a valuable and very timely opportunity for us all to better understand this pervasive phenomenon called globalization. I am looking forward to what I am sure will be constructive and frank exchanges on how globalization is reshaping the whole international community.

There is no doubt that globalization is the most important socio-economic phenomenon of this generation. With every day that passes, trade, technology and the information age erode our national boundaries and transform our planet into an enormous metropolis which is wired together by the Internet, fax and many other things. The effect has been profound. Many this morning have been able to paint them in a very vivid way. It has affected every area of our lives — the economy, transportation, government, the media, culture, even personal friendships and family life.

We also know that global power has been more dispersed than it has been in the past; that globalization is reflected in the spread of consumerism and in an increased homogenization of certain aspects of our lives. Yet, for all this conformity — and despite the immense wealth generated by globalization — we have also heard and seen that it has been characterized by profound contradictions.

It is true that a number of countries have benefited enormously. It is also true that many others have been passed by. So while the world is smaller, it has not become more equitable or necessarily economically and socially secure. We witnessed this especially in the last months of last year and then this year.

Further, it is all too clear from these events that even those who have benefited have also fallen prey to the negative consequences of very rapid globalization, and the toll has been heavy. Our hope is that, because those countries have worked so well and so hard in recent decades, there will not be too important a regression or one that cannot be reversed very rapidly.

As we confront these contradictions, we must be aware of one other profound change wrought by globalization: the difference in the power and relevance of the nation-state, and its obviously diminished ability to change and guide the course of human events. There is an increased place in our world, therefore, with all those countless transactions, for a very different kind of interrelationship, a different kind of cooperation and a different kind of support.

We have heard this morning about the importance of being able to minimize the negative sides of globalization and maximize its benefits for all. Many very important points have been raised that I know will be discussed during the next two days. I also should like to leave some points on the table that I think are very closely related to many of the ones that have already been made.

First, we hear more and more that we need to protect ourselves against the volatility of the financial markets by, among other things, enhancing our cooperation to deal rapidly with crises as they emerge and also by improving existing surveillance mechanisms. It was in this spirit that Canada’s Minister of Finance, Paul Martin, at the spring meetings of the World Bank and the International Monetary Fund (IMF), suggested that we all consider together establishing a peer review mechanism in close collaboration with the World Bank and the IMF in order to enhance supervision of the financial sectors of all of our countries. A working group of the Group of 22 will be meeting next week and will report to the World Bank and IMF meeting in early October.

A second theme that has been prevalent is that we need to continue to address with increased vigour the troika of poverty, environmental degradation and population growth, and in this respect that we must use every occasion, including this meeting and this year’s session of the General Assembly, to renew our commitment to the goals that have been arising out of the United Nations summits of recent years. Of course, central to these are poverty reduction and enhancing quality of life for all by providing the social and physical infrastructure that all countries require.

A third aspect that has been brought up is that the developing countries themselves have been working very hard at establishing an enabling environment for investments to flow to their countries. We know that the flow of investments has been uneven and that they have been volatile. However, many, if not all, countries have to various degrees been trying to establish that enabling environment and have also been working at strengthening their application of the rule of law. Canada will continue to support countries in their efforts and hopes to be able to enhance that support in this sector.

Fourthly, the issue of debt continues to loom over many of the poorest countries. In 1989, Canada forgave its debt loans to sub-Saharan Africa and to some of the poorest countries of Latin America. We therefore feel that we are in a good position to support the implementation of the Heavily Indebted Poor Countries Debt (HIPC) Initiative, and we remain convinced that together we can continue to improve this mechanism in order to deal with some of the many issues that people have raised, be it speed of implementation or other aspects.

I think that in dealing with debt we have to be very careful to look for resources other than public funding, though I think that is important, in the quest to develop countries' physical infrastructure, so that we do not create a new wave of debt over the next decade that will come back to haunt us. I feel very optimistic, therefore, about mixed public and private-sector funding, both bilateral and multilateral, but I would inject a note of caution as to how it is done.

I think one clear aspect that has emerged in the last few years is how important it is for all countries to work very closely together and for the developing countries to be at the centre of their development. We must therefore continue to remind ourselves of that fact and to find new approaches to working together in full respect of that very important concept.

The future may be impossible to predict, but it is not predetermined. Our hope is that the next millennium will be one of humanism and one in which the United Nations will play a vital role in shaping that future.

The President (*interpretation from Spanish*): I give the floor to Mr. Carlos Dotres Martínez, the Minister for Public Health of Cuba.

Mr. Martínez (Cuba) (*interpretation from Spanish*): I should like to congratulate you, Sir, on your recent election to the presidency of the fifty-third session of the General Assembly, and to wish you success in your work. I wish also to associate myself with the statement made by the Minister for Foreign Affairs of the Republic of Indonesia, Mr. Ali Alatas, the Chairman of the Group of 77 and China.

It is clear that globalization is an objective fact. It is also clear that, as stated just a few days ago by the Non-Aligned Movement at its summit meeting, while the process in which the world is now engaged provides opportunities, it is also having adverse economic and social consequences which add to the burden of everyday life in the countries of the South.

The recent Non-Aligned Movement Declaration for the New Millennium, adopted at Durban, rightly indicates that we must guard against forms of globalization which impose solutions that ignore the historical, cultural and psychological elements peculiar to national and local economies. That Declaration goes on to warn that globalization must not sweep all before it, that it must not mean uniformity and that its impact must be channelled not just by the large and powerful nations but by the representatives of the majority of humankind.

Some argue — and it is undeniable — that the globalization process has brought prosperity to some areas, promoted certain levels of wealth and encouraged growth in the economies of some countries. However, it cannot be denied that the same process, by making the economies of all States and regions more interdependent, has caused the effects of certain regional crises to spiral, threatening even the most flourishing economies.

The globalization of information and the dissemination of knowledge make positive contributions, but they are not without hazards and challenges, because they establish single standards aimed at making the behaviour of entire nations conform to the ideologies and models that the powerful economies consider to be paradigms.

But the most dangerous element in the current processes of globalization is their selectivity. They help certain economies, but a large part of the world remains mired in the most abject poverty, deriving little or no benefit from the increased exchanges and flourishing markets so much talked about by the apologists for neoliberalism.

A typical example is provided by Africa, many of whose countries are left out of the currents of growth that other areas enjoy. Those countries do not attract global interest, except when they are provided with so-called humanitarian assistance in response to fratricidal wars, great famines or cyclical droughts.

But it is not only Africa. Let us take a look at the other third world regions, where from a statistical standpoint many societies seem to have progressed. Economic growth rates are high, but there are enormous segments of population in which life below the poverty line is an ordinary phenomenon.

We observe today — every day — a growing feeling of uncertainty and frustration, as human beings are unable to control their own lives or the environment they must inhabit. The developmental disparity between North and South shows shocking differences in the nineties, with the South always at a disadvantage. For example, life expectancy at birth is 11.7 years less; per capita calorie consumption is 25 per cent less; the infant mortality rate is higher by 61 per thousand live births; 32 per cent less of the population has access to potable water; and there are 72 fewer scientists and technicians for every thousand inhabitants.

In the 1997 United Nations Development Programme *Human Development Report*, the following data stand out: 507 million people will not live to the age of 40; 800 million people do not have access to health services; and 17 million of the developing world's inhabitants die every year from curable contagious and parasitic diseases, such as diarrhoea, malaria and tuberculosis. Of the 23 million people in the world who are infected with AIDS, more than 90 per cent live in developing countries. In sub-Saharan Africa, 65 million hectares of productive lands have become desert in the last 50 years.

Because of the arms race, world peace and stability have also become global issues, and the mammoth military expenditures continue to be crimes of omission against humanity's development and health. Let me give an example. With the money it costs to build one nuclear aircraft carrier, it would be possible to buy 3,500 to 4,000 pieces of nuclear magnetic resonance equipment for diagnoses, or 20,000 cobalt pumps for cancer treatment. In many ways, the world is going through the current age of globalization without a clear goal and without knowing the terrain.

Another major factor for developing countries is undeclared wars and wars fuelled by an unjust economic and political order capable of destabilizing and ruining a country. A clear instance of this kind of conflict is the United States blockade of Cuba, which has already lasted close to 40 years. Suffice it to recall the many billions of dollars this has cost the Cuban economy.

Lastly, we have only two options if we are to come to grips with these issues in the third millennium: either we continue with the animal ethics that would lead us inexorably to collective suicide, or we adopt human ethics as the only means of saving our civilization.

This is why President Fidel Castro, in his recent honorary address at the Universidad Autónoma de Santo Domingo, affirmed:

> "The world cannot save itself if it continues on its present course. In my opinion there will not be the slightest chance of survival for the species, nor will there be any chance of survival for the globalization and the new order that are being established, because masses rise up, because peoples rise up, because humankind rises up."

He closed by announcing the important meeting on globalization and neoliberalism that prominent economists from Latin America and other parts of the world will hold next January in Havana. At that meeting, exactly as our President stated, the conclusion will be reached that the question is not how to fight the inexorable phenomenon of globalization, but how to fight, cooperate, reflect and act in order to achieve a human and fair globalization.

The President *(interpretation from Spanish)*: I now call on the representative of the Netherlands.

Mr. Ramaker (Netherlands): Next week the Netherlands Minister for Foreign Affairs, Mr. Jozias van Aartsen, will have the opportunity to congratulate you, Sir, on behalf of the Government of the Netherlands, on your assumption of your high office.

Today I wish to share with you some thoughts of the newly appointed Netherlands Minister for Development Cooperation, Ms. Eveline Herfkens. Ms. Eveline Herfkens had been looking forward to this meeting, and she is terribly disappointed that she was unable to join us today. As we speak, the Government is debating in Parliament its policies for the coming year, and her presence in The Hague is indispensable. Ms. Herfkens, however, will be with us during the forthcoming general debate in the Second Committee.

Nevertheless, she wanted to contribute to the debate today in a personal way, and has included her views on the matter in the following statement. With the Chair's permission, I would like to read her statement into the records of this meeting:

> "I would like to share two comments with the Assembly. First, I want to make a strong pitch for multilateralism. To many nations, over many decades, multilateralism has been an article of faith, an independent policy goal all by itself. Today, multilateral cooperation has come under pressure. Instead of a policy goal in its own right, it has become one of many policy instruments, an instrument to be used when conducive to the national interest. Countries prefer cooperation to be ad hoc, and to the extent that it suits their needs. International organizations are rated by the benefits

they have to offer, or the services they can provide. I refer to that attitude as a ‘shopping mall mentality' with regard to multilateral cooperation.

“That kind of cynicism does not sit very well with the people I represent. By virtue of its geographical situation, the Netherlands has traditionally been a seafaring nation, a nation of traders. Besides becoming the eighth largest trading nation in the world, we have become an outward-looking people, internationally oriented. We feel a strong commitment to multilateralism. We are probably one of the few countries whose Constitution has given a special position to international organizations.

“Yet to us, this is not a matter of mere principle. We are pragmatic as well. We also favour multilateralism for reasons of necessity. In a globalizing world, people are faced with problems that cannot be tackled single-handedly, even by the most powerful of nations. We in the Netherlands seek to promote the institutions of worldwide cooperation, with the United Nations system at its core. The United Nations and its specialized agencies, as well as the Bretton Woods Institutions and more recently the World Trade Organization, have proved to be a viable framework for facilitating cooperation. Together they span the entire range of human activity.

“But these institutions are not good enough in themselves. We must make them better — we must make them perform better. The United Nations must constantly adapt to a world that itself is in constant change. Agencies should no longer think in terms of their own territory and be driven by donor envy. The World Bank, the United Nations Development Programme and the Food and Agriculture Organization, to name a few major players, should pool their forces without reservation. I plead for making use of the comparative advantages of each organization for coherent policies. I also plead for a systematic follow-up of United Nations summit meetings. I plead, too, for better coordination at home, among stakeholders in capitals. And I also plead for more resources.

“This brings me to my second comment, which is a pitch for multilateral development cooperation. Indeed, the development agenda lies at the core of the United Nations. But despite declared intentions, the world’s official development assistance barely holds steady at 0.21 per cent of gross national product. Only a handful of donor countries, including my own, the Netherlands, do better than 0.7 per cent. Despite pledges to the contrary, contributions to United Nations funds and programmes have shown a gradual decline in recent years.

“We the Member States, in particular the affluent among us, must breathe new life into multilateral cooperation. Funding should be made secure and predictable. Donor burdens should be shared by other nations as well — by newly industrialized States and by States with massive revenues from oil. Capacity to give should be the leading principle. For our part, we in the Netherlands will expand multilateral aid in the years to come.

“Yet multilateral development aid is not about money alone. It is also about potential. For about five years, developing countries, taken together, have been spending more on interest and debt repayment than they have received collectively in the form of bilateral aid. Those are telling figures. All international agencies combined, if they truly pulled together, could probably have more of an impact on the overall well-being of recipients than the national aid programmes of individual donor countries separately.

“But that is not enough. In addition, there are at least two major tasks as corollaries to multilateral aid. First, those of us that can should ensure that all developing countries, in particular the poor ones, can take part in the process of global integration on equal terms. In doing so, we should coax the United Nations agencies, the international financial institutions and the World Trade Organization to bring this about.

“Secondly, our development must be sustainable — not sustainable just in terms of ecology, as seems to be the fad, but sustainable in a wider sense. It should be development that includes basic human needs, that respects human rights, that builds human capacities, that is socially responsible and that does not mortgage the choices of future generations. That, of course, is a lot to ask of multilateral development cooperation. But then again, nobody said it would be easy. If we are able to achieve it over the long haul, multilateral cooperation may thus be able to bridge the gap between the ever richer and the eternally poor. And that, really, lies at the core of this high-level dialogue."

The meeting rose at 1.05 p.m.