



SUMMARY RECORD OF THE 8th MEETING

Chairman: Mr. NAVAJAS-MOGRO (Bolivia)

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GENERAL DEBATE (continued)

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The meeting was called to order at 10.15 a.m.

GENERAL DEBATE (continued)

1. Mr. TANASIE (Romania) said that the world economy had continued to worsen during the previous year and that the outlook remained clouded by inflationary trends, uncertainties over financial imbalances and exchange rates, and increasing protectionism in the industrialized countries. The glaring disparities between developing and industrialized countries were currently the main source of tension threatening international peace and security. In an unprecedented number of developing countries, per capita incomes had stagnated or actually declined, while poverty was on the increase. The debt crisis continued to be a major political issue, and an obstacle to the development of the developing countries, jeopardizing their future and their political stability. There was an urgent need for a global political solution based on shared responsibility of all parties, in order to reverse the negative transfers of resources, from the South to the North. The drain of resources was forcing developing countries to undertake very rigorous adjustments, through import compression, lower investment, and reductions in per capita consumption.

2. The requirements imposed by the international financial institutions entailed unacceptably high social, political and economic costs for the developing countries and impaired their capacity to grow and develop. The institutions imposed conditions which effectively amounted to interference in the developing countries' internal affairs and adopted anti-democratic and inequitable practices. Meanwhile, developed countries were resorting more and more to economic measures as a means of political coercion against developing countries, sometimes applying non-economic criteria and subjective and arbitrary interpretations of the situation in a given country in order to justify refusal of the most-favoured-nation treatment and of preferential treatment within the generalized system of preferences. Some developed countries were working outside the framework of multilateral economic co-operation in their search for solutions to the complex issues of international economic relations, and were taking important decisions without due regard for the interests of developing countries.

3. The development of industrial activities throughout the world had led to a proliferation of sources of pollution. At the same time, an increase had been observed in illegal transboundary movements of toxic and dangerous wastes and their disposal in the territory of other, generally less developed, countries, and even in national or international waters. The time had come for all nations to take effective measures to combat such dangerous activities. The Romanian Government had thus requested the inclusion in the agenda of the current session of an item concerning the responsibility of States for the protection of the environment and prevention of environmental pollution as a result of the accumulation of toxic and radioactive wastes, and strengthening of international co-operation for the purpose of resolving the problem.

(Mr. Tanasie, Romania)

4. The complex problems of the world economy could not be resolved by a limited number of developed countries; on the contrary, they called for truly global solutions, with the participation of all countries on an equal footing. The United Nations remained the most appropriate instrument for dialogue and negotiation. The Group of 77 had called for a special session of the General Assembly to discuss the reactivation of economic growth and the development of developing countries. Romania fully supported that call. The preparation of the new International Development Strategy should provide an additional opportunity to reactivate the dialogue. The Economic and Social Council could play a useful role in that process by holding open-ended meetings from time to time at ministerial level. All countries must redouble their efforts to eliminate underdevelopment, in view of the growing awareness that development was the new name for peace.

5. Mr. DE LA TORRE (Argentina) said that the main feature of the international economy during the current decade was the growing disparity between its various components. For the major industrialized countries, the period of stagnation accompanied by inflation was over, and it had been possible to overcome the effects of the oil crisis. The developed world had been experiencing a period of uninterrupted and non-inflationary growth for the past five years. Although the world economy continued to be marked by profound disequilibria, the contribution of those countries in securing that period of uninterrupted growth should be recognized by the international community. The disarmament agreements and the progress made towards a peaceful and diplomatic solution of various international problems had given rise to a climate extremely favourable to international co-operation. Furthermore, the far-reaching reforms under way in the main socialist countries and their renewed interest in multilateralism in general and in the United Nations in particular were worthy of note. Such profound changes seemed to be ushering in a new era in the history of international relations.

6. The economic situation of the vast majority of developing countries in general, and of Africa and Latin America in particular, contrasted strongly with the overall picture. Whereas in the 1970s they had seen substantial growth, between 1980 and 1987 real growth in the heavily indebted countries had been negative, as had that of the sub-Saharan countries. The new phenomenon was evidence of the break in the links between growth in the industrialized countries and that of the countries of Africa and Latin America. For the first time since the Second World War, growth in the North was no longer accompanied by growth in the vast majority of countries of the South - a perverse phenomenon associated with the appearance of several imbalances in international relations. Excess liquidity and negative real interest rates during the 1970s had driven international private banks and the Governments of the developed countries to advocate growth policies based on external indebtedness. However, those policies had by no means had the expected effect in the 1980s, since a radical change in the macro-economic policies of the major industrialized countries had been followed by a sharp deterioration in the terms of trade, a rise in protectionism, dearer international credit and a suspension of financial flows. The fall in export prices and the contraction in exports, accompanied by soaring real interest rates, had led to very serious current account deficits in the Latin American countries. At the same time,

(Mr. de la Torre, Argentina)

investment had been dwindling. The situation had been further exacerbated by the enormous transfer of resources abroad necessitated by debt service.

7. An alarming resurgence of protectionism, particularly in the area of agricultural products, had had disruptive effects on the developing countries. The very heavy subsidies granted to agriculture by the European Economic Community, the United States of America and Japan, meant that Japan was paying its farmers three times the international market price for its rice, while the EEC was paying twice the international price for its dairy products. Such a waste of resources in the industrialized countries contrasted with the devastating effects their policies had on the developing countries. Argentina had had to reorient its grain exports. In 1962, the EEC had been a major importer of grain, whereas in 1986 its grain exports had amounted to 17 million tons. The damage inflicted on Argentina was approximately equivalent to the annual interest payments on its debt.

8. The industrial countries still did not recognize that their economies were also dependent on growth in the developing countries. Recognition of that interdependence would lead those countries to recommend a reactivation of economic growth, which would be accompanied by increased financing and measures to alleviate debt. That would make it possible to remedy the most serious imbalances in the world economy. However, the industrial countries, adhering to an erroneous concept of interdependence, required the developing countries to step up their adjustment efforts, which often had the effect of isolating their economies, making it impossible for those countries to meet their obligations.

9. It had been overlooked that development must be based on the concept of interdependence between the North and South, and was a prerequisite for stable and just international relations. The United Nations had an important role to play in launching a new international development strategy. The prospects for détente which seemed to be emerging would only have long-term positive effects in a new era of development and co-operation between North and South. Only international economic co-operation would make it possible to correct the unfairness of debt and international trade, consolidate democracy and guarantee peace and prosperity in Latin America.

10. Mr. BOECK (Austria) said that the economic climate was relatively favourable, global trade had expanded vigorously and output in the industrial countries, as well as in many developing countries, had been higher than expected. Those positive features were partially due to an improved dialogue and to the basic consensus that international economic co-operation must be based on the free play of market forces. However, serious imbalances remained and the difficulties which many developing countries, in particular heavily indebted ones, continued to experience, left no room for complacency. The fight against poverty required not only a favourable external environment but also improved domestic economic policies and adequate mobilization of resources.

(Mr. Boeck, Austria)

11. While the role of the United Nations in improving the global political climate was becoming increasingly recognized, its importance in the economic and social fields had still to be reaffirmed, since the Organization was the ideal framework for an in-depth debate on development, trade, the environment, poverty and population growth.

12. The mid-term review of the United Nations Programme of Action for African Economic Recovery and Development clearly showed that the situation remained critical. It was therefore essential to accelerate the implementation of that programme and to take urgent measures in favour of many sub-Saharan States which were experiencing declining per capita incomes and an output which lagged behind population growth. Austria had announced several large contributions to projects in sub-Saharan Africa to be financed by the World Bank, the African Development Bank and the Enhanced Structural Adjustment Facility of the IMF. In view of the continuing validity of the Programme of Action, efforts should be focused on human resources development and the economic integration of African countries; financial flows to Africa should be increased and the role of multilateral institutions strengthened.

13. Economic growth also depended on the expansion of world trade and the continuation of an open international trading system. The launching of the Uruguay Round two years ago had been an attempt to give a new impetus to trade relations between industrial and developing countries by reducing protectionist tendencies in the interest of all. The mid-term review of those negotiations offered an opportunity to break the vicious circle of protectionism and to liberalize further the world trade system.

14. Interdependence and structural adjustment were interlinked. Austria could no less escape that process than could other countries. It had therefore undertaken several measures to make its structures less rigid: reduction of the federal budget deficit, restructuring of unprofitable State-owned enterprises, privatization and the reduction of income taxes.

15. The situation was particularly burdensome for the heavily indebted developing countries which were required to generate large trade surpluses in order to service their debts. After a prolonged period of marginal or no improvements in living standards or growth prospects, the vigorous implementation of adjustment policies was meeting with increased resistance in a number of countries. Those policies should therefore avoid a further worsening of the situation of disadvantaged groups, without deviating from their goals. Some progress had been achieved in solving the debt problem. Austria fully supported the initiatives and the measures recommended by the Toronto Summit, aimed at alleviating the debt burden of low-income debtor countries, as well as the generous solutions for those countries which had been proposed by the Paris Club.

16. In that respect, the pace-setting role of the IMF and the World Bank warranted particular attention. Given the reluctance of financial and commercial institutions to provide financing for debtor countries, the Bretton Woods

(Mr. Boeck, Austria)

institutions must strengthen their catalytic role not only by providing funds but also by mobilizing financing from other sources. The World Bank's programme of assistance to low-income debtor countries in the sub-Saharan region provided an excellent model for raising additional resources and for co-ordinating the objectives of a multitude of donors. World-Bank-assisted projects and programmes should be co-financed. The World Bank and IMF should also provide assistance in the elaboration of reform programmes and economic policies, taking into account the social circumstances in the countries concerned. The ability of the Bretton Woods institutions to fulfil their functions should not be limited by a lack of capital. That was why Austria had consistently supported the capital increase of the World Bank. Nevertheless, a substantial increase in IMF contributions was essential and IDA resources should be replenished as soon as possible.

17. Finally, Austria regretted that the Special Commission of the Economic and Social Council on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields had been unable to reach a consensus on a set of recommendations. Nevertheless, Austria believed that the Special Commission's sessions had heightened the awareness of delegations that the reform process was necessary. It hoped that the momentum of that process would be maintained during the current session of the General Assembly.

18. Mr. DOLJINTSEREN (Mongolia) said that the forty-third session of the General Assembly had opened in a more favourable international climate. Progress had been made towards genuine nuclear disarmament and in the settlement of regional problems. If those positive trends continued, additional resources could be allocated to development and greater attention could be given to international economic problems. The reforms currently under way in the Soviet Union and in other socialist countries had also contributed to that development. A major international event of recent date had been the signing of a declaration on the strengthening of official relations between the the Council for Mutual Economic Assistance (CMEA) and the European Economic Community (EEC). That initiative was convincing proof of the emergence of a new political approach in economic relations among States.

19. However, the overall international economic situation remained critical. Many chronic problems had not disappeared, and the capitalist economies were in large part responsible. The disastrous consequences of financial and monetary instability, inflation and other phenomena characteristic of the developed capitalist countries had been widely felt in the developing countries. In particular, protectionism, unfavourable terms of trade, falling commodity prices, fluctuations in the major Western currencies, high interest rates and the excessive growth of foreign debt were worthy of mention.

20. All that showed the need for a global approach to solve the basic problems. The political successes that had been achieved must be consolidated and supplemented by economic measures. That approach should include two basic elements: the strengthening of international economic security and the establishment of a new international economic order.

(Mr. Doljintseren, Mongolia)

21. The problem of the external indebtedness of the developing countries was still a very serious one. It obviously had many causes: structural distortions in the economies of the developing countries, their unequal position in the system of international capitalist trade and their increased exploitation by transnational banks. High interest rates and the reverse transfer of the resources of the developing countries to the developed market-economy countries had particularly adverse effects; the United Nations must pursue more vigorously the study of the causes and characteristics of that transfer and the results of the study should be the subject of a resolution.

22. Mongolia had noted that several Western countries had promised to cancel part of the external debt of the developing countries, but that was not enough. The underlying causes of the indebtedness must be dealt with by restructuring international economic relations, including monetary and financial relations. The adoption of a special programme on the settlement of the debt crisis, under the auspices of the United Nations, could be a first step in that direction. Mongolia was accordingly following with great interest the consultations that were taking place between the Secretary-General and several Governments on the problem of indebtedness. It also found the proposals submitted by Poland and the Philippines on the creation of an international centre and a special commission to study the problems of external indebtedness and development very interesting.

23. The deterioration of the environment and the climate was another subject of great concern that deserved the Organization's full attention. His delegation therefore supported the proposals to organize a colloquium in the Soviet Union to discuss the health of the Earth, in 1989, and a summit meeting of 15 to 20 leaders from all continents, in 1990, and to convene the second United Nations Conference on the Human Environment in 1992 or earlier. The proposal that the United Nations Environment Programme should be replaced by an ecology council also deserved serious consideration.

24. His delegation wholeheartedly endorsed the efforts of the African countries to prevent foreign States from disposing of waste and toxic substances in their territory. It was also following with interest Malta's initiative aimed at protecting the climate as part of the common heritage of mankind. It advocated strengthening international co-operation in the reduction of natural disasters. General Assembly resolution 42/169, which proposed designating the 1990s as a decade for the reduction of natural disasters and mitigation of their effects, established an appropriate framework for action in that area.

25. To solve the major problems of the world economy, and particularly to vanquish under-development, it was extremely important to promote the dissemination of science and technology in the developing countries. The international community must take specific measures to enable all countries to reap the benefits of state-of-the-art technology, such as microcomputing, robotics and biotechnology. It would be advisable to strengthen United Nations machinery in the field of science and technology, and especially to facilitate the dissemination of information to Member States on the most recent scientific advances. A

(Mr. Doljintseren, Mongolia)

recommendation to that effect should be submitted to the General Assembly. His delegation also attached special importance to the full implementation of the Vienna Programme of Action on Science and Technology for Development. In a more general way, the preparation of a new international development strategy for the 1990s should make it possible to consider specific measures aimed at solving the crucial problems of the world economy.

26. His delegation supported the proposal to convene another special session of the General Assembly devoted to international economic problems, made by the Movement of Non-Aligned Countries. That initiative would give the necessary impetus for the preparation of the aforementioned new strategy, and would make it possible to evaluate the results achieved in the establishment of a new international economic order. The United Nations undoubtedly played a useful role with respect to the settlement of regional problems. His delegation was convinced that its work could be just as effective in the case of issues affecting development and economic problems in general.

27. Dame Ann HERCUS (New Zealand) said that New Zealand, although included in the category of "developed countries", none the less faced the same economic problem as a number of developing countries.

28. Since 1984 New Zealand had been undergoing a period of rapid economic restructuring. Its economy was based on agricultural production and for decades it had enjoyed guaranteed markets. The markets had contracted, however, and to maintain the standard of living, the Government had launched a large-scale borrowing programme in the hope that the prices of agricultural products would rise again. That was not the case, and overburdened with debt, New Zealand had seen its standard of living, one of the highest of the OECD countries, collapse.

29. Realizing that the method of borrowing in the hope of better days to come reflected in fact a refusal to confront the realities of economic life, the new Government had acted vigorously: it had devalued the New Zealand dollar and let it float, eliminated all farm subsidies, deregulated the key sectors of the economy such as finance and transport, freed imports, reduced company taxes and individual income tax and radically transformed the economic environment. The results were starting to make themselves felt and businesses and individuals were now being given incentives to compete and succeed.

30. Restructuring was not an easy task, of course, and it had repercussions on the social aspects of life in New Zealand because the social and economic areas were closely linked. Moreover, an attempt at internal restructuring, no matter how effective, could well be futile if not supported by a favourable international economic climate. That was not the case, however. While the economically most important countries spoke of free trade, very few actually practised it. The countries of the northern hemisphere exported computers and television sets to New Zealand quite freely, but New Zealand could not sell its dairy products to those countries in the same way. The situation was the same for most third world countries.

(Dame Ann Hercus, New Zealand)

31. The industrialized countries should understand, however, that protectionism was costly and inefficient and jeopardised their own growth. Moreover, by maintaining protectionism they prevented the poorest countries from developing by their own means, which hurt all, rich and poor. In view of the feeling of frustration that the economic situation engendered in New Zealand and very many other countries, she hoped that the mid-term review of the Uruguay negotiations scheduled to take place in Montreal in December 1988 would be the occasion for dismantling protectionist barriers and truly freeing international trade.

32. The other challenge the international community must take up as a matter of urgency was the protection of the global environment. The Second Committee must gear its efforts in that area to the initiatives based on the resolutions adopted at the previous session.

33. Mr. VILLAGRAN DE LEON (Guatemala) said that the dialogue established between the great Powers augured well for the re-establishment of peace in certain parts of the world. Guatemala hoped that the agreements thus achieved would be reflected in a reduction of expenditures on the arms race and that the funds thus released would be devoted to humanitarian, financial, material and technological assistance.

34. In Central America as well the dialogue had resulted in considerable progress. The presidents of the countries of Central America were to meet again in El Salvador in November. The United Nations was participating in the peace process, and the General Assembly had approved the special plan for economic assistance to Central America, which was of vital importance to the region. It could help in particular to eliminate poverty and illiteracy, improve education and health services, encourage the participation of women in development, solve the problem of refugees and displaced persons, and generally improve the living standards and welfare of the population.

35. Peace and development were inseparable. However, the development of Central America was advancing only slowly, owing in particular to the low prices of export goods, increased protectionism, and the reverse transfer of resources, which imposed enormous sacrifices on various countries. Forty-five per cent of Guatemala's export earnings went on debt service; the social cost was incalculable. The approach taken to the debt problem had so far been unfair. The developing countries had tried to apply the adjustment policies, with social, political and economic consequences which endangered their stability and lowered the standard of living of their peoples. It was now necessary to adopt, within the framework of the United Nations, a coherent world strategy based on the shared responsibility of the creditor developed countries and the debtor developing countries and of commercial banks and international financial institutions, a strategy which would stimulate economic growth and development and promote international trade. The recommendations of the Trade and Development Board were pertinent in that respect.

36. It was also necessary to relaunch the dialogue between developing and developed countries which dealt on an integrated basis with such interdependent issues as financial and monetary problems, both debt and trade and development,

(Mr. Villagran de Leon, Guatemala)

with a view to establishing a just and fair world economic system designed to secure the growth of the developing countries in particular.

37. His country noted with satisfaction that several developed countries had declared themselves in favour of the convening of a special session of the General Assembly devoted to the relaunch of the economic growth and development of the developing countries, with participation at the highest possible level. It thought that such a session should take place before 1990 but that it should be prepared with all possible care.

38. Turning to international trade, he said that the deterioration in the terms of trade, the drying-up of sources of financing, and the drop in per capita incomes had only increased the poverty and suffering of the developing countries, especially the least developed countries. Several sectors of the international community had disregarded the repeated recommendations of the ministers for foreign affairs of the Group of 77 and had strengthened protectionism and other measures such as subsidy of unproductive economic activities in the industrialized countries. His country hoped that the mid-term review of the Uruguay Round would succeed in reversing that protectionist trend.

39. The General Assembly must keep the question of agriculture and food under constant review. A supply of food was a fundamental human right and it must be protected as such; that was why his country firmly condemned the use of food aid as an instrument of political pressure. It was paradoxical, to say the least, that some regions of the world were dying of hunger while others sought to reduce their agricultural production in order to keep stocks low and prices high. It was therefore necessary to strengthen international co-operation in order to help the developing countries to achieve food self-sufficiency. Guatemala declared its solidarity with the countries of Africa and hoped that they would be able to resume their economic development as a result of implementation of the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990. It also stated its solidarity with the least developed countries and called for speedy implementation of the Substantial New Programme of Action for the 1980s.

40. A rational and balanced ecological development plan must be launched in order to combat the degradation of the environment. Measures of environmental protection were certainly necessary, but it was regrettable to note that increasingly often the obligation to adopt such measures was imposed as a condition for the granting of various forms of assistance to developing countries. Increasingly often too, the territory of the developing countries and the oceans were used for the disposal of radioactive, industrial and toxic wastes. It was therefore necessary to establish a monitoring group to ensure exchange of information on industrial and shipping companies which disposed of such wastes and to prepare a convention to prohibit their transport and disposal in third countries. Environmental protection was the responsibility of all. Current practices must be prohibited, and companies or countries which ignored the prohibitions must be obliged to compensate the countries suffering harm, which in turn must be encouraged to co-operate on a bilateral or multilateral basis to try to reduce the damage caused.

41. Mr. PILBEAM (Australia) said that economic conditions had never changed as quickly as they were changing today. Economies had never been so dependent upon each other. No country acting alone could guarantee the prosperity of all its citizens. International co-operation could be a useful tool in facilitating adaptation to a rapidly changing contemporary world, but no international gathering could legislate stability. If the aim was to improve peoples' living conditions, it was necessary to remain sensitive to the needs created by external constraints, and countries must share the fruits of their experience in order to make the necessary adjustments.

42. The world economy was in its sixth successive year of growth and the pace was more rapid than anticipated. Investment was strong, external imbalances had narrowed a little, and inflation remained moderate. The near-term outlook was encouraging. However, there was no cause for complacency. The re-emergence of inflation was still a possibility in some countries, and structural economic imbalances remained large in the developed countries. Furthermore, the United States budget deficit remained a source of instability.

43. Amidst that uncertainty, adjustment policies must be pursued vigorously in both developed and developing countries. All countries must introduce institutional reforms designed to improve their own development. Australia knew from experience that it was not an easy task, but structural reforms would improve the flexibility and responsiveness of market structures and thus help to create favourable conditions for sustained non-inflationary growth in the medium term. Moreover, if action was too slow, the problems might grow worse. It was therefore important to ensure careful programming of the implementation of adjustment policies.

44. His own country had been undergoing a comprehensive programme of structural change since 1985, with very satisfactory results. The internal and external imbalances had been corrected to a large extent, and the deficit on the current account of the balance of payments had been steadily reduced. His Government was also carrying out longer-term structural reforms, especially in the areas of transport, communications and public services. It also intended to lower protective barriers against imports.

45. Australia was heavily dependent on international trade and relied on commodity exports for the greater part of its export income. Consequently, it had felt the full effects of protectionist policies. The need for reform of world agricultural markets was now better recognized. However, political rhetoric had yet to be matched by concrete measures. The countries in which agriculture was heavily subsidized had initiated reforms but they were clearly not substantial enough to redress the serious distortions in world agricultural markets. The current improvement in the prices of agricultural products was an encouraging sign but it was only the result of cyclical swings and other temporary factors. Without fundamental reform, it was probable that prices would subsequently resume their downward movement.

(Mr. Pilbeam, Australia)

46. The mid-term review of the Uruguay Round might provide an opportunity for preparing that action. The proposal recently tabled by the Cairns Group had the potential to bridge the gap between the positions of various countries on agricultural issues and provide direction for the forthcoming negotiations on global reforms in 1989 and 1990.

47. Early progress on agricultural questions in the Uruguay Round of Trade Negotiations would do much to contribute to the momentum for trade liberalization in other areas of the negotiations. The liberalization of international trade would play a decisive role in the structural reforms undertaken by the developed countries in order to improve the medium-term growth prospects for all countries. It was a sad indictment of decades of supposed international co-operation that the protectionist measures taken by the industrialized countries had reduced the national incomes of the developing countries by almost twice the amount of the official development assistance that they currently provided. The subsidization and protection of agricultural production in the developed countries had further aggravated that situation.

48. Australia shared the concerns of the international community on the need to deal urgently with the debt problems of the developing countries. It supported the current case-by-case growth-oriented debt strategy, including the further development of voluntary market-based menu techniques which did not involve the transfer of risks from private lenders to official creditors. As the Australian Treasurer had noted in his statement at the recent Berlin meeting of the International Monetary Fund and the World Bank, adjustment was an inescapable policy imperative for the developing countries. The efforts and sacrifices involved should be encouraged through the maintenance of respectable rates of economic growth, access to markets and the transfer of resources.

49. The question of the environment was one of global structural adjustment. The United Nations would have a central role in that regard, and it must respond in a co-ordinated and cohesive way. The United Nations Environment Programme/World Meteorological Organization Panel on Climate Change would hold its first meeting at Geneva on 9 November 1988. The Panel's work was crucial to providing a reliable data base for future policy development in that field.

50. Mr. VILCHEZ (Nicaragua) said that the forty-third session was beginning in much more unfavourable circumstances than those prevailing in previous years and that, far from improving, the world economic crisis was becoming more acute. Countries were waging a new kind of war which was even more devastating than military war and which brought with it a deterioration in living conditions in the developing countries, kept more than 800 million persons below the poverty level and had as its corollary high infant mortality, malnutrition, hunger, underdevelopment, economic stagnation and social disturbances.

(Mr. Vilchez, Nicaragua)

51. In the political sphere, some progress had been made in the search for peace, but there could be no just and lasting peace without sustained economic development. Unfortunately, economic peace had been jeopardized by the selfish interests which had already tried to weaken multilateralism and undermine the unity of the developing countries, continuing as they did to appeal for the establishment of a new international economic order. It was difficult to be optimistic when the Charter of Economic Rights and Duties of States, the only guarantee of a more just and more equitable international system, continued to be subjected to criticism in many industrialized countries.

52. The developed countries must show the political will necessary to resolve the international economic crisis, to revive the North-South dialogue and to restructure a monetary and financial system whose inefficacy no longer needed to be pointed out. The situation was serious indeed for the developing countries: a halt to economic growth, a deterioration in the terms of trade, protectionism, continued high interest rates, and the reverse transfer of resources owing to debt servicing.

53. For its part, Nicaragua continued to be subjected, by a country which pursued a policy of State terrorism, to an economic, financial and military war of attrition. That war, forced upon it by those who claimed to be working for peace in the world and to be the champions of multilateralism, had already claimed more than 50,000 victims, including 25,000 dead, and had caused a direct economic loss of \$1,760 million. The aggressor had resorted to all forms of economic terrorism - sabotage, the mining of ports, an embargo, pressures brought to bear on international financial institutions, and other coercive economic measures - despite the many appeals made by the international community.

54. Since peace and development were inextricably linked, all members of the international community should redouble their efforts to solve the problems which had brought on the current crisis. On their side, the developing countries should strive to rebuild confidence and to improve the climate for negotiations. In the elaboration of the international development strategy for the fourth United Nations development decade, the industrialized countries would find an ideal opportunity to demonstrate their desire to achieve concrete goals. The United Nations was still the forum best fitted for seeking concrete, just and lasting solutions to the economic crisis, and Nicaragua supported the efforts made by the Secretary-General in the field of development and international economic co-operation. Concrete results could indeed be obtained, as had been shown in 1987 by the adoption of the special plan of economic co-operation for Central America.

55. Nicaragua endorsed the declaration adopted by the Ministers for Foreign Affairs of the Group of 77 at their meeting in New York in September as well as the economic declaration of the Ministerial Conference of the Movement of Non-Aligned Countries held at Nicosia, which together contained the basic elements required for the creation of a more favourable international climate.

56. Mr. SY (Senegal) said that enormous problems continued to hinder economic recovery in many developing countries. Certain positive initiatives, such as the United Nations Programme of Action for African Economic Recovery and Development, had come up against policies and practices which were unfavourable to the developing countries. The fact that the industrialized countries were currently more sensitive to the devastating impact of those policies and practices on the weakest members of the international community was an encouraging sign of a new awareness which nevertheless still required to be translated into concrete and effective measures. The developed countries and the international financial institutions should, in particular, co-operate with the developing countries with a view to improving, in a manner that took account of local conditions, the structural adjustment programmes implemented by them and should provide large-scale financial support. Those programmes did indeed sometimes have conflicting goals, such as self-sufficiency in food and the liberalization of imports, and could have negative consequences for employment, health and education, whose prime victims were the more vulnerable groups such as women and children.

57. In the last analysis, the future of structural adjustment programmes depended on the opening up of external markets and on debt reduction. Trade, particularly trade in commodities, should be the favoured means of financing the development of the developing countries. Diversification, as a proposed solution to the problem of the dependence of the developing countries on commodity exports, required in the medium and long terms a sufficient transfer of resources and technologies as well as a mutually advantageous industrial partnership between the countries of North and South and the co-operation of transnational corporations. In that regard, it was essential to ensure the speedy commencement of the activities of the Common Fund for Commodities, which should be provided with sufficient resources to promote the stabilization of commodity prices and their horizontal and vertical diversification. It was likewise desirable that current mechanisms for the compensatory financing of export revenue deficits should be strengthened and expanded so as to provide effective support to structural adjustment programmes.

58. In the field of manufactured and semi-manufactured goods, it was regrettable that the export liberalization policies that a number of developing countries had been induced to adopt in conjunction with structural adjustment programmes did not always entail reciprocal measures on the part of their trading partners in the developed world, which maintained very high tariff and non-tariff barriers.

59. The debt burden was another major constraint on economic recovery in the developing countries, and no satisfactory solution seemed to be in sight. The measures taken by certain developed countries to write off the debt of a number of low-income countries did not, in fact, address themselves to the true causes of indebtedness. In order for that to be done, a global approach should be adopted combining debt reduction measures, an increase in financial flows and the stabilization of export revenues. Creditors must also enter into a genuine dialogue with debtors.

(Mr. Sy, Senegal)

60. As a Sahelian country waging a long-standing battle against desertification, Senegal welcomed the international community's increased interest in environmental protection, particularly as the developed countries currently sought to turn the developing countries into dumping grounds for their industrial wastes. In that connection, his delegation warmly welcomed the proposal to hold a conference on the environment in 1992 and believed that it should be preceded by regional preparatory conferences.

61. Given the scant progress achieved, efforts should be focused on the most important issues, such as reactivating development, eliminating poverty, settling the debt crisis, promoting South-South co-operation and resuming the North-South dialogue. Above all, narrow national interests and cultural prejudices should be overcome so that new economic, technological and environmental challenges could be tackled jointly, thereby ensuring mankind's survival.

62. Mr. BEN MOUSSA (Morocco) said that underdevelopment posed as many dangers as war and that peace could be maintained only if the United Nations and the international community laid the foundations of a new consensus for sustainable development. In that regard, the prompt convening at a high level of a special session of the General Assembly devoted to the reactivation of economic growth and development should serve, together with the fourth United Nations development decade, as an opportunity for jointly defining the qualitative objectives of development: the elimination of hunger, malnutrition and disease, the provision of educational and social services, and the reduction of threats to the natural environment.

63. The developing countries could not resign themselves to the ghastly alternative of economic decline or environmental disaster. The vicious circle of extreme poverty and environmental degradation must therefore be broken; more specifically, the destruction of tropical forests must be stopped and food security must become a reality so that all people could lead active and productive lives. A global environmental security plan must also be established that would redirect the allocation of resources, set new technological research objectives and limit the disastrous consequences of a form of growth based on over-consumption.

64. The ultimate goal of development was not so much to overcome backwardness in a particular sector as to provide a satisfactory standard of living for all along with a basis for production that corresponded to man's basic economic and socio-cultural needs, while fulfilling the obligations that linked the current and future generations. World development would be sustainable only if it managed to strike a balance between resources, population, the environment and science and technology. The holding of a special session of the General Assembly devoted to the reactivation of economic growth and development ought to result in the establishment of a generalized multilateral system for monitoring macroeconomic policies with a view to ensuring that they were compatible with the objectives of a qualitative development that incorporated new indicators such as the environment.

(Mr. Ben Moussa, Morocco)

65. Viewed in political, economic and social terms, the external debt crisis called for an innovative strategy: a solution that relied solely on annual rescheduling was a stopgap measure that had no future, and structural adjustment was already running into problems stemming from insufficient net external resources and the hostility of the international economic environment. While the merits of bilateral and multilateral initiatives undertaken to help low-income debtor countries should be acknowledged, it was equally important to reduce debt and debt-servicing burdens of middle-income debtor countries and to tackle the problem of heavily-indebted countries' commercial debt with determination.

66. In that connection, his delegation supported the proposal by the President of France to create a new fund in IMF to guarantee the payment of interest charged on commercial loans converted into bonds; it also endorsed the proposal by the Japanese Prime Minister under which Japan would provide debtor countries with additional, untied concessional financing in the form of a supplementary credit tranche, in parallel with agreements between debtor countries and IMF. Those complementary initiatives deserved to be supported by creditors, debtors and the international community as a whole.

67. At the same time, the international environment should be improved, primarily by reversing the negative flow of resources from the South to the North, a flow that was both illogical and immoral. The mid-term review of the Uruguay Round should also play a determining role in the elimination of protectionism and export subsidies for agricultural commodities. The Agreement Establishing the Common Fund for Commodities should also be implemented, as should the agreement on a Global System of Trade Preferences among developing countries. The international community must also be more active in demonstrating its commitment to the full implementation of both the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 and the special plan of economic co-operation for Central America.

68. Inspired by those ideals and objectives, his delegation intended to do all it could to help solve regional and international problems. To that end, Morocco had already organized a series of conferences on various issues which, in addition to fostering ties of solidarity in a time of crisis, should lead to ongoing co-operation among developing countries. His delegation also planned to submit two draft resolutions, one on locust infestation and the other on the preparation and proclamation of an international decade for natural disaster reduction.

69. Mr. DJOUDI (Algeria) said that, far from diminishing, the world economic crisis was growing worse and relentlessly keeping two thirds of the human race in a state of underdevelopment. The crisis, which was of unprecedented seriousness, had made the developing countries' economic growth its chief victim and famine its chief beneficiary. It was a crisis of development and thus, development being a synonym for peace, a crisis of peace as well; peace would remain in jeopardy as long as the current system of economic relations endured, as long as every individual's basic right to a life of human dignity continued to be denied, and as

(Mr. Djoudi, Algeria)

long as the development of some was fueled by the underdevelopment of the majority. Peace was in a critical state and would remain so as long as the most vulnerable links in the chain of nations continued to bear the heaviest burden of structural imbalances, as long as international co-operation continued to be based solely on the patching up of an outdated system of international economic relations, and as long as that system's asymmetrical structures continued to divide the world economy up into antagonistic elements.

70. Phrased another way, efforts to improve international relations at the world and regional levels would not get off the ground so long as the equal right of all people to development was not fully reflected in everyday reality. And efforts by the United Nations to get that process under way would remain unfinished so long as the collective well-being of all mankind was not guaranteed through a new type of international co-operation.

71. The decision to take up the complex challenges posed by that crisis meant opting for the only possible future open to mankind, a future characterized by solidarity and universal prosperity. In making that choice, any outright rejection of the concrete proposals which the developing countries had consistently put forward should be avoided; an effort should also be made to search together, by means of a constructive dialogue, for lasting solutions to serious international trade, financial and monetary imbalances. The proposal by the Group of 77 to hold a special session of the General Assembly devoted to the reactivation of economic growth and development in the developing countries was inspired by that very conviction and afforded the perfect framework for such a dialogue. It was therefore to be hoped that such an important initiative would meet with a favourable reception in the Second Committee.

72. If the 1980s were irrevocably lost to development, care must be taken to ensure that the next decade was not. The start, at the urging of the Group of 77, of preparations for the new international development strategy for the fourth United Nations development decade gave the Committee an opportunity to help in the task of reconciling man with his essential needs and gave Member States an opportunity to provide the United Nations with the resources needed to accomplish all its tasks under its mandate. It was to be hoped that they would be able to take full advantage of that opportunity.

The meeting rose at 1.10 p.m.