



SECOND COMMITTEE
9th meeting
held on
Friday, 14 October 1983
at 3 p.m.
New York

SUMMARY RECORD OF THE 9th MEETING

Chairman: Mr. DIETZE (German Democratic Republic)

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GENERAL DEBATE (continued)

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The meeting was called to order at 3.30 p.m.

GENERAL DEBATE (continued)

1. Mr. ALOUIDOR (Haiti) said that the current economic crisis was the most serious of the post-war period and its effects on the economies of developing countries, particularly the least developed, were verging on complete catastrophe. According to a recent report by the World Bank, if the present trend were to continue, there would be, by the year 2000, some 850 million people, or 100 million more than at present, living in the most abject poverty.

2. The developing countries had looked on powerless as their growth rates declined and their development plans were disrupted by various factors, particularly falling export earnings, rising indebtedness and the consequent balance-of-payments deficits. The situation was even more serious in the least developed countries in view of their slim resources and structural deficiencies. Only 16 per cent of the land in Haiti could be used for crops; the country was buffeted by frequent hurricanes; it had a population explosion; and any effort to develop was therefore particularly difficult. Nevertheless, Haiti had put into effect a drastic austerity policy at considerable sacrifice. In view of the situation of such countries, an increase in development aid was essential, and Haiti implored the developed countries to co-operate in implementing the Substantial New Programme of Action for the Least Developed Countries.

3. The economic recession was widening the gap between the developed and developing countries, but not just because of the current crisis; it was due also to structural problems, and new economic mechanisms better suited to the needs of development must therefore be found. It was more than ever urgent to move faster ahead in the North-South dialogue, to initiate global negotiations with a view to restructuring the international economy, and to establish a new international economic order. His delegation hoped that the discussions in the Second Committee would result in concrete proposals to remedy the situation.

4. Mr. RAMACHANDRAN (India) said that, given the interdependence of the economies of the countries of the world, it was not possible to find solutions to the present crisis in isolation. The economic resurgence in some developed countries would be difficult to sustain, and was unlikely to have a positive effect on the international economic situation unless there was a revival of demand within developing countries and a substantive change in the regressive policies adopted by some important industrialized nations. The importance of developing countries in world trade and production and in international financial markets could not be ignored. In that connection, the international community should address itself seriously to overcoming the prevailing paralysis in the North-South dialogue. For its part, the Group of 77 had given proof of a political will to bring a pragmatic and flexible approach to negotiations designed to restructure the global economy.

5. During the current session there had been informal consultations between Heads of State or Government of the developed and developing countries which had largely concentrated on issues of international economic co-operation for development. In

(Mr. Ramachandran, India)

the course of those consultations it had become clear that, despite some divergent views, there was common ground, and that such informal and friendly meetings could rise above ideological, geographical and economic divisions. The consultations also represented an effort to enhance the credibility of the United Nations system and gave a fresh impetus to the creation of a better climate for international co-operation.

6. During those informal discussions there had been a generally shared perception that the institutions on which the international economic system was based had been set up at a time when most developing countries did not exist, at least as independent States, and that those institutions should therefore be adapted to current realities and requirements. Various proposals on the subject had been made and they should be harmonized to enable a consensus to be reached and the early convening of an international conference on monetary and financial matters. The consultations had also produced positive results on such matters as increasing developmental assistance to developing countries; problems of external debt of developing countries; additional liquidity requirements and a new allocation of special drawing rights; the need to adapt conditionality and other policies of the International Monetary Fund to the requirements and realities of developing countries; the need for greater coherence and the establishment of a system of stable adjustable parity; and the stabilization of commodity prices and compensatory financing.

7. In that context, the present session provided an important opportunity to make progress in various aspects, including a review of the prevailing crisis in the United Nations operational system for development; taking the necessary steps for the establishment of the long-term financing system for science and technology for development and giving it sufficient resources; and reviewing the far from adequate results of the sixth session of the United Nations Conference on Trade and Development (UNCTAD) at which there had been no discussion of some vital problems relating to food and energy. At the Seventh Conference of Heads of State or Government of Non-Aligned Countries and the Buenos Aires meeting of the Group of 77 measures had been proposed to ensure that resources would be provided to assist developing countries; that was indeed a matter requiring the priority attention of the international community. Also, the current session should agree upon steps to improve the development of energy resources in developing countries.

8. As the Prime Minister of India had pointed out to the General Assembly, in her capacity as Chairperson of the Non-Aligned Movement, to help developing countries was not mere largesse; it would directly benefit the industrialized countries because development and the enlargement of the developing countries' incomes would enable them to absorb industrial goods and machinery from advanced countries, stimulate economic activity and ease their unemployment problem. What better investment could the North make in its own future than turning the deprived people in the South into the consumers of tomorrow.

9. Mr. DE ROSAS (Venezuela) expressed full support for the statement made in the Committee by the Chairman of the Group of 77.

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(Mr. De Rosas, Venezuela)

10. The prevailing economic crisis, which had no precedent in the post-war years, had reached truly explosive proportions and yet the international community, instead of solving its global problems on the basis of mutual understanding, justice and reason, had chosen to follow the old and discredited road of domination, injustice and unreason.

11. The international economic system must be not merely reformed, but restructured. The present economic order had sunk into a very deep decline. His delegation rejected the concept of a "recovery" of the world economy as being insufficient and artificial and not designed to bring about any structural transformation. He did not dispute the existence of the cyclic principle but he was not receptive to the idea that recovery in the industrialized world would almost automatically bring about an improvement in the system itself and in the actual economic situation of the developing countries. That argument not only disregarded all questions of structure but it also attempted to conceal the fact that the so-called resurgence of some economic centres was being effected largely at the expense of the developing countries by means of fiscal, monetary and commercial policies which were discriminatory and inconsistent.

12. Mindful of the interdependence of States, Venezuela attached great importance to the start of global negotiations since only a dialogue between North and South would make it possible to bequeath to the next generation an orderly system of international economic relations. As part of the same universal approach he supported the proposed convening of an international conference on monetary and financial questions for development, and stressed the urgency of restructuring the world monetary system and of finding agreed solutions to the external debt problems of many developing countries. The obstacles in the path of multilateral aid were another disquieting factor on which action was called for; the obstacles were largely attributable to a tendency to adopt bilateral aid programmes to the detriment of international co-operation for development. In international trade the protectionist measures of the industrialized countries made it more difficult for the developing countries to weather the world crisis by diversifying their exports.

13. In view of the distressing world food situation, everything possible must be done to establish a system of world food-security and emergency assistance in the event of shortages. Measures must be adopted with a view to eradicating hunger and malnutrition as part of the package of immediate measures sought by the countries of the third world.

14. Venezuela had worked steadily for the cause of protection against products harmful to health and the environment and accordingly trusted that the Secretary-General would be able, in the near future, to complete the task which the General Assembly had entrusted to him in its resolution 37/137.

15. Economic co-operation among developing countries was of special significance although it had to be remembered that, during the latest ministerial meeting of the Group of 77, it had been emphasized that economic co-operation among developing countries was not a substitute for co-operation between those countries and the developed countries.

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(Mr. De Rosas, Venezuela)

16. The basic proposal of the Group of 77 in its review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade was to determine the causes for the shortfalls in achieving the objectives of the Strategy and to propose corrective measures with a view to the establishment of a new international economic order. In that connection consideration must be given to the elements of a new international human order in which the moral aspects of development would be developed in greater detail. His delegation was deeply disappointed at the lack of political will shown by the developed countries in implementing the Strategy.

17. Mr. BORG (Malta) said that, notwithstanding innumerable meetings in various international forums, no breakthroughs had been made in the many sectors of critical importance to the developing countries, although it had been thought at the time that such meetings would offer a valuable opportunity to reverse the trend of the current world economic situation. The developing countries appealed to the industrialized world to co-operate in achieving economic and social development. When told of economic recovery in a number of industrialized countries, it was difficult for them to accept the fact that the developing countries continued to be faced with protectionist measures, huge amounts of debt, unemployment and other social and economic upheavals.

18. The latest annual report of GATT showed that, since 1980, world trade had fallen to its lowest level in 35 years. It was expected that the volume of international trade would be static during the current year after falling by 2 per cent in 1982. Clearly the developing countries must redouble their efforts to find a solution to the critical issues which faced them. Although the developing countries possessed the necessary political will, it was extremely important that the developed countries which traded with them should respond immediately in a sincere and responsible manner. In that connection, all Governments must seek new initiatives to turn back the protectionist tide. Words of friendship, co-operation and assistance were meaningless if they were not translated into concrete action. Meaningful negotiations must be entered into; antagonisms and apprehensions must be left aside; and it must be remembered that all countries were interdependent in that one country's import was another country's export.

19. Four years had passed since the discussions on global negotiations had been started and in the meantime the situation of the developing countries had deteriorated further. The industrialized world must therefore provide political, financial and technical assistance to the developing countries in their search for a better future for their peoples. Small countries, such as Malta, had to face special handicaps and impediments and it was therefore urgent to implement the recommendations relating to island developing countries formulated by the United Nations Conference on Trade and Development at its sixth session.

20. The work of the Committee would be facilitated by the interesting proposals recently put forward, especially those submitted by the delegations of Canada and Austria.

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21. Mr. TUAN (Liberia) said that the current international economic situation was having a disastrous impact on the developing countries, particularly the African countries, which were experiencing zero economic growth. The industrialized countries had an enormous capacity to reverse that trend through the reduction of their huge military expenditures and a substantial increase in their purchases of raw materials and other goods from developing countries. Moreover, the debt burden problem of the developing countries could be solved if high interest rates on current outstanding loans were reduced substantially and some rescheduled loans written off. The developing countries and the industrialized countries were interdependent and a healthy economic climate was an essential condition for the achievement of world economic and political stability. It was therefore urgent that concrete and lasting measures to be taken to bring about sustained economic recovery in a global context. In that connection, particular attention should be given to the balance-of-payments problem which represented one of the main threats to such recovery.

22. Although it was strongly felt in some quarters that the IMF principle of conditionality was the proper answer to the global economic situation, it had to be stated frankly that that principle was not the solution to the crisis but, on the contrary, created more social unrest and political uncertainty. Consequently the principle must be modified in such a way as to reflect the authentic economic situation. Hitherto the response of the international financial institutions to the current global economic situation had been grossly inadequate. If their activities were to be effective, their resources must be increased substantially and structural and operational changes must be made. Only in that way could international confidence in them be restored.

23. Mr. FAFOWORA (Nigeria) said that his delegation associated itself fully with the comments made by the Chairman of the Group of 77. The current world economic crisis had had a particularly adverse effect on the developing countries and had forced them to resort to budgetary retrenchment which threatened their future growth. In Africa, in particular, the number of the least developed countries had increased from 21 to 26 during the past two years.

24. The Heads of State or Government of the Organization of African Unity had, in May 1983, called attention to the need for increased official development aid which would make it possible to accelerate implementation of the Transport and Communications Decade in Africa, the Industrial Development Decade for Africa as well as measures for promoting Africa's food self-sufficiency.

25. As the economies of the developed countries and those of the developing countries were largely interdependent, a fundamental structural adjustment of the international economy was required. The Lagos Plan of Action had recommended that, in so far as the existing multilateral framework was inadequate and inequitable, measures should be taken to set up a new trading framework at the international level, including the launching of new trading rules and principles. In view of the existing disorder in the obsolete international monetary and financial system, the developed countries should give serious consideration to the appeal of the developing countries for a fundamental reform of multilateral economic and financial institutions.

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(Mr. Fafowora, Nigeria)

26. There could be no question about the constructive spirit which the developing countries had shown in all forums in connection with the restructuring of the international economy. It had also, however, become clear that the developed countries lacked the necessary political will. Among the proposals which had been submitted were the following: an early start to the operations of the Common Fund for Commodities; the convening of an international monetary conference; an immediate halt to protectionist measures; the provision of substantial financial contributions, on an assured and predictable basis, to strengthen those United Nations bodies which were engaged in operational activities; a greater role for international financial institutions in support of the development process; and the implementation of the long-term financial and institutional arrangements for the United Nations Financing System for Science and Technology for Development.

27. His delegation hoped that the developed countries would commit themselves to the global negotiations for international economic co-operation specified in resolution 34/138 and would respond to the proposal submitted more than a year earlier by the Group of 77.

28. The CHAIRMAN announced that the Committee would not meet in the morning of Monday, 17 October, as the plenary General Assembly would be celebrating the third World Food Day at that time.

The meeting rose at 4.45 p.m.