

United Nations
**GENERAL
ASSEMBLY**

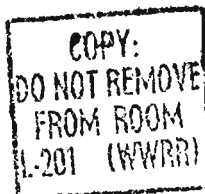
FORTIETH SESSION

*Official Records**



IN LIBRARY

NOV 7 1985



SECOND COMMITTEE
5th meeting
held on
Thursday, 10 October 1985
at 10.30 a.m.
New York

SUMMARY RECORD OF THE 5th MEETING

Chairman: Mr. BIRIDO (Sudan)

CONTENTS

GENERAL DEBATE (continued)

*This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate fascicle for each Committee.

The meeting was called to order at 10.55 a.m.

GENERAL DEBATE (continued)

1. Mr. YOLAH (Under-Secretary-General for International Economic and Social Affairs) said that the world economic recovery remained fragile and was bypassing many countries, and could not in any event alleviate all problems unless accompanied by immediate measures and intensified international co-operation.
2. With regard to the current situation, he pointed out that since the beginning of 1985 the world economy had been characterized by slower growth and increasing trade imbalances and tensions, a marked decrease in inflation in the major developed countries but strongly accelerated inflation in a number of developing countries, rising unemployment in Europe, a slight easing of interest rates, the stagnation of investments and growth in Africa and Latin America owing to negative financial flows, and an intensification of the social and political impact of austerity programmes. It was also expected that the growth in world output, which had slowed down in 1985, would remain weak over the next two years and that international trade would increase at a slower rate. The expansion in 1984, due mainly to a spectacular increase in imports by the United States in response to a massive fiscal stimulus, was unlikely to continue. The trade deficit of the United States and the trade surpluses of Japan and Europe had increased, thus stimulating protectionism. Furthermore, the growth rates of the developed market-economy countries continued to decline.
3. The growth of the countries in the southern hemisphere continued to be very vulnerable and to remain dependent on external factors. East Asia, which formerly had been a model of export-based development, was facing weak external demand, and there was zero output growth in western Asia. Nearly half of all developing countries had experienced a deceleration in growth in 1985, and the situation of the other half had improved only because 1984 had been a year of devastating drought. In general, the situation therefore was still critical. In Africa, the long-term downward trend in per capita income was continuing. Nevertheless, several countries with large populations, such as China, had obtained better results partly because of their strong agricultural growth and reduced dependence on the world economy.
4. With regard to commodity prices, the warnings by the Secretariat in 1984 of a forthcoming drop in prices had unfortunately proved to be well founded. By the middle of 1985, non-fuel commodity prices had fallen below their low, 1982 recession level, with disastrous consequences for the 72 developing countries which exported those products. In addition, official assistance was stagnating and agencies such as IMF, the World Bank and IDA had not increased their resource allocations. Thus, the expectations of a significant improvement in the economic situation of developing countries in 1985 had not been fulfilled.
5. With regard to the reasons for those meagre results, he pointed out that the macro-economic policies of the major developed countries seemed to have been partly

(Mr. Yolah)

responsible for the slow-down in the world economy. In order to sustain the recovery in 1985, all countries with room for policy flexibility should have recognized their share of responsibility for contributing to world growth and in order to prevent an increase in external imbalances, countries with surpluses should have reinforced world import demand.

6. The developing countries had been unable to promote economic recovery, as they had in the past, because they had been forced to limit their imports in response to the reduction in the income some of them derived from commodity exports and the sharp decline in the financial resources of the heavily indebted countries. The United States had absorbed a large share of global savings, but the accompanying trade and current-account deficit had increased pressure for protectionist measures which might lead to retaliation and a substantial decrease in international trade. Europe and Japan therefore needed to make adjustments, which was often difficult. Everyone would follow with great interest the outcome of the recent decisions taken by the Group of Five to remedy the imbalances in their economies and the misalignment of their exchange rates.

7. With regard to the question of the international debt, he found it encouraging that there was now increasing recognition of the need for growth rather than austerity measures, since adjustment without growth was unsustainable. Nevertheless, the type of growth and its extent still had to be determined. The meetings held in Washington in the spring had not led to progress in that regard. None of the assumptions put forward at the time, either with regard to the capital flows out of Africa and Latin America or the developing countries' optimistic analyses of the future up to 1990, were proving to be correct under current circumstances. The international transmission mechanism was not providing adequate external stimulus, because of the slow-down in the economies of the industrialized countries and the changes in the internal dynamics of their growth process, which were leading to a reduction in imports from developing countries. Furthermore, rising protectionism would lead to a rapid increase in the debt-service ratios of developing countries, because the growth rate in the value of their exports would probably remain substantially below nominal interest rates.

8. At the national level, the import restrictions which had been imposed were causing social tensions whose political consequences could not be underestimated. It was difficult to imagine that domestic demand could be reduced further in the years to come without running the risk of serious social and political upheaval. It was almost equally difficult to imagine that domestic policies alone, without adequate external capital, would promote investment and expand export capacity.

9. Unfortunately, despite the persistent efforts made by the debtor developing countries for the past three years, the banks seemed unwilling to increase their voluntary lending, which showed that the austerity measures did not reassure the financiers, and that a country's credit-worthiness was closely linked to economic growth and the well-being of its population.

10. Currently, the continuing curtailment of capital inflows was causing a substantial shortfall in the resources needed for normal debt roll-over, with the

(Mr. Yolah)

resultant risk of another liquidity crisis. The need for a comprehensive approach to the problem must be reaffirmed; the recognition of that need seemed, moreover, to be emerging from the meetings currently being held in Seoul. Crisis management was not sufficient; the chronic aspects of the debt problem must be tackled.

11. The requirements for sustained growth should be carefully assessed and actually met in order to ensure the success of a new development-oriented debt strategy. Furthermore, if interest rates remained at their current level, the increase in capital flows to developing countries, from both public and private sectors, would have to be substantially higher than the increase implicit in recent proposals made in Seoul, and dialogue between creditor and debtor countries, banking institutions and international agencies, as proposed by the Group of 77, would therefore be useful.

12. With regard to money, finance and trade problems, the industrialized countries, recognizing the international implications of measures taken at the national level, now seemed ready to co-ordinate their macro-economic policies to a greater extent. They had also agreed to adopt mutual surveillance measures. However, it remained to be stressed that a primary objective of such co-ordination should be the further lowering of international interest rates. Also worthy of note was the recent agreement of the key currency countries to co-operate on exchange rates. Nevertheless, other issues in that area remained to be resolved, and he hoped that solutions would be found within the multilateral framework of the system of the United Nations.

13. Moreover, now that preparations for a new round of trade negotiations had just begun, an attempt should be made to strengthen and improve the GATT framework and to bring under it arrangements currently negotiated outside.

14. In spite of the successful negotiations of the World Bank Special Assistance Facility for sub-Saharan Africa and other measures, net concessional flows of aid were still expected to fall in real terms. Further write-off of official debt and increased development assistance also remained essential. The primary objective of international co-operation should be to ensure adequate resource flows for development.

15. Developing countries needed, for their part, to make greater use of national public and private savings to finance their investments and to promote greater trade among themselves. They also needed to reduce the import content of their growth strategies. In addition, all countries and the United Nations system should continue to attach high priority to the reorientation of development strategies.

16. Domestic actions and enlarged official flows could be no substitute for flows of private capital, but they were indispensable for providing a favourable investment environment necessary to attract foreign capital. The Multilateral Investment Guarantee Agency, as well as other activities which the World Bank and IDA might undertake, would not diminish the need for increased credits, and all donor countries could do more in that regard, whatever means they chose of doing so.

(Mr. Yolah)

17. The question of resource flows for development should be viewed essentially in terms of a restoration of long-term growth and a return to stability, and the developing countries should be given the opportunity to contribute, as they had in the past, to world growth.

18. The United Nations system and all the international institutions concerned had a role to play in the promotion of growth. Better use could be made of them if serious attention was given to examining ways in which United Nations deliberations could be made more effective in overseeing and guiding that effort. The Department of International Economic and Social Affairs, for its part, had the capacity to address the interrelationships between diverse economic and social phenomena, drawing on the work of United Nations programmes and specialized agencies, and to translate the results of its analyses into guidelines for programming and co-ordination.

19. Mr. FREYBERG (Poland) said that, on the occasion of the fortieth anniversary of the United Nations, which was founded at the end of the most disastrous war in history, it was fitting to recall one of the lessons of that era, namely that there could be no security without co-operation, nor lasting peace without development.

20. In its 40 years of existence, the United Nations had done a great deal to fulfil its mandate in the economic and social fields. Multilateral co-operation had undoubtedly contributed to economic growth and to the liberalization of trade, fostered the political and economic independence of developing countries and, above all, promoted changes in the pattern of the post-war economic order. If much remained to be done in each of those areas, it was because multilateralism could not cure all the world's ills, and because, even if it could, powerful selfish interests would oppose it.

21. In that sense, and in that sense only, could one speak of the current crisis of multilateralism. Indeed, the consensus on which the role of the United Nations in the world-wide process of economic and social development must be based seemed to be threatened, and the so-called "new development consensus" was a negation of the previous one. That new and politically motivated philosophy favoured the domination of a few economically strong partners over a majority of less fortunate countries, and assigned only a marginal role to multilateral instruments. At a time of unprecedented growth in international interdependence, and increased need to improve international economic co-operation, what was needed was a rededication to the objectives of multilateral co-operation which were proclaimed when the United Nations was founded, and in the Charter of Economic Rights and Duties of States.

22. The signs of world economic recovery registered during the past two years had given rise to hopes which were perhaps premature. The effects of that recovery had not been felt in most countries, especially the developing countries. National per capita income in half of them, had continued to fall or had stagnated, particularly because of the heavy debt burden and the inequitable conditions of its repayment. The expansion of co-operation, stability and confidence in international economic relations were therefore not yet in sight, and the future remained, in that regard, fraught with uncertainty.

/...

(Mr. Freyberg, Poland)

23. The reason for that state of affairs was becoming more and more apparent. There was evidence to support the statement that economic neo-conservatism, whose rebirth had caused Poland concern even before the economic recovery of the 1980s, was indeed able to generate growth, but it was a growth without stability, equity and elementary social justice. Therefore, the recovery that had taken place had fallen dramatically short of the challenges of the current decade, and of the inescapable responsibilities incumbent upon the most developed Western nations. In the view of the majority of nations which had been left on the shelf in that process of recovery, neo-conservatism currently was of no help to them. It was no longer politically feasible to build affluent societies while evading the difficult problems of world economic development, and without showing a common commitment to broader goals of finding instruments of economic growth which would make it possible to tie the accumulation of wealth on one side with, at least, the provision of equal chances for development on the other.

24. In that context, the world debt problem deserved special attention. Many efforts undertaken so far in that respect had brought about temporary relief, but they could not provide a solution. That problem contributed to a large extent to the destabilization of the world economy. The adjustment policies undertaken by many debtor countries, leading - at the cost of tremendous sacrifices - to large trade surpluses, were difficult to combine with their overall development efforts. In that regard, additional financial flows were indispensable to invigorate the economies of those countries.

25. In that context, he denounced again the policy of illegal economic sanctions against Poland. He emphasized the strangeness of that policy, by virtue of which creditors purposefully created obstacles to prevent a debtor from repaying his obligations. In his view, such methods constituted an instrument of politically motivated interference in Polish internal affairs.

26. Poland believed it was important to find a solution to the debt problem that was acceptable to all. While the responsibility to repay debts rested primarily with debtors, the debt burden, in a negotiated form, must also be shared by the creditors. He noted with satisfaction that a growing number of representatives of financial institutions were accepting that pragmatic approach. Unusually difficult situations required unusual, perhaps as yet unknown, solutions. As to the role the United Nations might play in that area, he recalled that the Polish Prime Minister had, in his recent statement to the General Assembly, expressed the view that it would be desirable to establish, under the aegis of the Secretary-General of the United Nations, an international debt and development research centre; in addition to eminent experts, representatives of Governments directly concerned would participate in its work. Initially, a seminar might be held to assess the problem, take stock of existing views on the problem and offer advice as to the best way of organizing future institutional studies. His delegation believed that global problems required global solutions.

27. As had been noted at the second regular session of the Economic and Social Council, the elimination of protectionism, a more unanimous approach to the

(Mr. Freyberg, Poland)

necessary profound reforms in the world monetary system and a substantial decrease in real interest rates must be achieved. His delegation therefore supported the opening of a new round of multilateral trade negotiations under the auspices of GATT, as well as the convening of an international conference on money and finance for development, on the understanding that the interests of all participants would be respected.

28. The dramatic state of the African continent had brought an immediate and enormous response from the international community, and the unprecedented efforts made on behalf of Africa by the United Nations system demonstrated the Organization's ability to serve the world. Poland, which was itself recovering from a deep recession, was also rendering modest assistance within the limits of its means in the form of food, medicine and clothing. In addition, the Polish Government had, with FAO assistance, recruited a group of volunteers to serve in those African countries that had been affected the most in the fields of animal production and animal health, and welcomed the interest expressed by other Governments in that project.

29. The reinvigoration of the world economy required an enhancement of international economic co-operation, and the States members of the Council for Mutual Economic Assistance (CMEA) intended to participate actively in that process. At both the summit meeting held at Moscow in June 1984 and the fortieth session of CMEA, which had recently taken place at Warsaw, a series of decisions to that effect had been adopted, and the desire to expand economic relations with developing countries in many areas and maintain equitable exchanges with market-economy countries had been reaffirmed. In Poland, the plan for 1986-1990, which was currently being prepared, anticipated a further developing of co-operation with the socialist and developing countries; at the same time, the expansion of trade with developed market-economy countries clearly depended on the complete removal of the so-called economic sanctions applied against Poland for political reasons, on the availability of credits, the curtailing of protectionism and, above all, an easing of debt-servicing with a view to re-establishing the previous level of imports.

30. If international economic co-operation was to be strengthened further to the mutual benefit of all parties, it must be predictable, stable and transparent. The United Nations system seemed best suited to promote such co-operation, and it was at the United Nations that Poland had chosen to present two initiatives designed to strengthen those fundamental features of international economic relations. The first concerned the examination of long-term social and economic trends, which had already resulted in the drafting of the report on the overall socio-economic perspective of the world economy to the year 2000; in that connection, Poland advocated the provision to Governments by the United Nations of the analytical material and conclusions pertaining to economic relations in order to facilitate a structural adjustment of national economies. The second initiative related to confidence-building in international economic relations, which the General Assembly had already recommended in its resolution 39/226.

(Mr. Freyberg, Poland)

31. In conclusion, he expressed the hope that the Committee's deliberations during the current anniversary session would yield significant results in the form of mature decisions that would improve international economic relations and make them free from discrimination.

32. Mr. AL-JUMAILY (Iraq) said it was quite unfortunate that the spirit of co-operation should be losing ground and that multilateralism should appear to be weakening during the fortieth anniversary of the United Nations, which was precisely the time for strengthening and expanding international economic co-operation. Recent international conferences had been extremely disappointing. It had been necessary to adopt bilateral approaches to offset the erosion of multilateralism. The increasingly critical problems of the developing countries had not been solved and resolutions to that end had not been implemented. In an increasingly interdependent world, in which no single country or group of countries, however powerful, could solve those problems unassisted, it was the responsibility of the international community to reverse the adverse economic trend, co-ordinate efforts and demonstrate the political will needed to make such action commensurate with the problems of development. More than ever, it was imperative that mutually beneficial co-operation should be established on the basis of justice and fairness, the gap between developed and developing countries narrowed and, to that end, international relations restructured on the basis of instruments adopted by the United Nations, particularly the Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States.

33. The situation of the developing countries was growing increasingly dramatic. The decline in national income and the standard of living was combining with rising unemployment and protectionism, plunging commodity prices and the growing burden of debt. The economic recovery in certain developed countries, as yet somewhat shaky and perhaps only a temporary phenomenon, had not extended to the rest of the world nor had its effects been felt by the developing countries, particularly the least developed. Outflows of capital from developing to developed countries continued to increase, undermining efforts to correct the imbalances.

34. Urgent measures were required. The great economic Powers must co-ordinate their economic policy in order to consolidate the recovery and restore financial stability. The developing countries must be able to maintain their rate of development and thus avoid being subjected to stronger socio-economic pressures. Food and agriculture problems must be considered from social, economic and technical perspectives in both the short and long terms, and must be given top priority, since food independence was a prerequisite for growth in the developing countries. Iraq would support any international initiative directed at calling upon the developed countries to renew their commitment to development and reaffirming the need to restructure the international economic system. His delegation was convinced that the holding of global negotiations on international economic co-operation for development, called for in General Assembly resolution 34/138, would constitute a decisive step and hoped it would be possible to begin preparations for them during the current session. His delegation also wished to

(Mr. Al-Jumaily, Iraq)

reaffirm the validity of the goals and objectives of the International Development Strategy for the Third United Nations Development Decade and the necessity of achieving them. He welcomed the consensus which had been reached during the meeting of the Committee on the Review and Appraisal of the Implementation of the International Development Strategy, even though it had not been possible to carry out a full evaluation or to introduce the necessary changes, and expressed the hope that a fruitful North-South dialogue would be initiated on that basis.

35. Iraq stood as one with the African countries in their time of crisis, and supported their efforts to remedy the situation in the short and long terms. If current trends were not reversed, the situation would worsen until the socio-economic environment of all Africa was placed in jeopardy. It was therefore of the utmost importance that the Declaration on the Critical Economic Situation in Africa (General Assembly resolution 39/29), which contained specific measures and must constitute the framework of any international action in that area, should be implemented without delay.

36. He welcomed the conversion of UNIDO into a specialized agency which, far from being a merely administrative step, should reflect the political will to expand international co-operation, particularly North-South co-operation. It was to be hoped that UNIDO would benefit from the help of other specialized agencies and would provide the developing countries with the assistance they required.

37. Monetary and financial problems and the problem of debt had serious repercussions on the current international economic situation. It was essential for the international institutions to undergo change, particularly GATT where the required degree of equality was lacking. In that connection, his country reaffirmed the importance of the international conference on money and finance for development that was under consideration and supported the appeal that preparations for it should begin. The debt question should be considered from the point of view of the disastrous consequences of indebtedness for the developing countries. The developed countries and the international monetary and financial institutions should, as a matter of urgency, embark on a dialogue with the developing countries in order to solve that problem.

38. Mr. DJOUDI (Algeria), stressing the importance of renewed international co-operation for development, said that just as it would be illusory to hope for lasting peace without ensuring equal access to prosperity for all, it would be equally fruitless to promote a process of sustained development in the absence of peace. In an international political climate that was still characterized by a renewed outbreak of tension and rivalry, the world economic situation continued to deteriorate and recovery remained limited and tenuous.

39. The situation of the developing countries, in particular, was still a matter for concern. They were experiencing low or negative growth rates. The persistence and even the aggravation of their numerous difficulties had, in Africa, assumed critical dimensions which were exacerbated by the effects of the one-sided policies adopted by the large developed countries and which clearly demonstrated that the theory of the automatic consequences of growth in the North for the South was groundless.

(Mr. Djoudi, Algeria)

40. The instability of international monetary, financial and commercial relations was indicative of the structural imbalances of the world economic system, was incapable of ensuring sustained progress and showed the need for the establishment of a new international economic order.

41. Granted the situation, the large-scale erosion of multilateralism in recent years was to be regretted. The adoption of a global approach, which was necessary in a world in which nations had become economically interdependent and the major problems closely interlinked, was to be strongly encouraged. His delegation therefore attached the greatest importance to the Committee's consideration of the Secretary-General's report on international co-operation in the fields of money, finance, debt and resource flows.

42. The proposed global negotiations remained fully relevant to the extent that they provided the universal framework and the coherent integrated approach necessary for identifying concrete and global solutions to the major economic problems facing the international community. The convening of an international conference on money and finance for development was likewise still a crucial goal. At the same time, urgent measures should also be adopted in the fields of external debt, agriculture, food, trade and the transfer of technology.

43. The international community and the United Nations system should, moreover, continue to pay the greatest possible attention to the critical economic situation of the African continent. It was still essential for emergency assistance to be provided to the African countries and for their recovery efforts to receive greater support. It should be noted that Africa had embarked on the implementation of a medium-term programme of action adopted by OAU and that the members of OAU had proposed the convening of a special session of the General Assembly and of an international conference on the African debt in order to mobilize more substantial support.

44. The current session should, with the continuation of deliberations on the International Development Strategy, make it possible to conduct a searching dialogue on the major questions before the Committee. The commemoration of the fortieth anniversary of the United Nations, in establishing an atmosphere of mutual comprehension and in promoting tangible results, should provide countries with an opportunity to imbue the General Assembly with renewed faith in its mission and to restore multilateralism to the eminent position it deserved in international co-operation.

45. Mr. HADDAOUI (Morocco) said that the current disarray in the international economy, which was characterized by a decline in world production, increased unemployment, the deterioration of the terms of trade, the resurgence of protectionism, monetary instability and the chronic imbalance of payments, the explosive level of foreign indebtedness, the reverse transfer of resources and the decrease in international co-operation contained the seeds of a situation of conflict and heralded an era marked with uncertainties. That fact alone should prompt the developed world to recognize, as a matter of urgency, the need for a

(Mr. Haddaoui, Morocco)

radical change in the institutional framework of international economic relations. Indeed, international assistance, necessary though it might be, could be no replacement for the establishment of more just and equitable economic rules.

46. The developing countries, which accounted for three-quarters of the world's population, shared only 17 per cent of its gross product, only 8 per cent of total industrial production, 15 per cent of energy consumption, 11 per cent of expenditure on education, 6 per cent of world health care and 18 per cent of world export earnings, while their share in the fields of science and technology was in the order of 5 per cent. That situation should be the starting point of all broad generalizations advanced in the course of the Committee's general debate.

47. For the time being, four problems of crucial importance held the attention of his delegation, namely the critical economic situation in Africa, South-South co-operation, science and technology for development and the external debt and the reform of the international monetary system.

48. As for the first problem, Morocco strongly supported the request of the African Heads of State and Government that a special session of the General Assembly should be convened with a view to adopting a global approach to consideration of the interrelated problems experienced by the African continent. Africa, and sub-Saharan Africa in particular, seemed to be becoming more and more marginal to the world economy and, failing large-scale action of a structural nature at the international level, it was to be feared that the region, already economically impaired, would be destined for a politically chaotic future and for dramatic social tensions. It was therefore incumbent on the United Nations to provide assistance to Africa in its struggle for survival, development and dignity.

49. Economic co-operation among developing countries was destined to become an inescapable element of international economic life and a way to the economic liberation of the developing countries. Without major progress in such co-operation, the community of the developed countries would lack the motivation to lay the foundation for a more just economic order. In calling upon the developed countries to demonstrate a strong political will in their efforts for solidarity with the developing countries, Morocco reaffirmed that the latter also had a duty to demonstrate their willingness to assume responsibility for their own destiny in the face of the challenges of the twenty-first century.

50. While, in the field of science and technology for development, the gap between the levels of development of North and South continued to widen, a space of veritably interstellar proportions separated the two hemispheres in the matter of scientific and technological potential. Eventually, such a situation threatened to exceed the bounds of any possible global negotiations as well as the very concept of a new international economic order.

51. Turning to the fourth problem, he said that the external debt of the developing countries, by virtue of its new structure and its extent, now exceeded the ability of national economies to repay, was beyond the control of Government

(Mr. Haddaoui, MOROCCO)

authorities and threatened the political and social stability of the debtor countries while at the same time endangering the international monetary system and undermining the foundations of economic and social development policy. It was now essentially a political and social problem, in that the adjustment policies applied by many countries often led to a vicious circle of impoverishment and instability. The debt of the third world now amounted to \$900 billion, more than 40 per cent of it in Latin America alone, where the external debt totaled more than half the continent's GNP and three times its annual exports. Moreover, the emergence of capital markets had transformed the structure of the debt, and external financing now depended largely on private resources and indirect investments. At the same time, bilateral and multilateral aid had begun to contract just when the debt burden was undergoing a substantial and unforeseeable increase because of interest rate fluctuations and the overvaluation of the dollar. Thus in 1982 annual charges for the repayment of principal and interest had for the first time exceeded the inflow of capital into the developing countries.

52. In that context, the Seoul meeting of the IMF Interim Committee and the World Bank Development Committee to seek ways of easing the burden of debtor countries by stimulating their growth and development was perhaps a source of hope. He trusted in that connection that that important meeting would take decisions on the replenishment of the World Bank's and the International Development Association's resources, on the one hand, and on the search for a global, just and lasting solution to the problem of the external debt of the developing countries and the reform of the monetary system on the other.

53. The Declaration adopted at Luanda by the Ministerial Conference of the Non-Aligned Countries, as well as the Declaration issued following the ninth meeting of the Ministers for Foreign Affairs of the countries members of the Group of 77, provided a responsible analysis and a framework of reference for a global political approach to the external debt problem. Between the minimalist consensus represented by Trade and Development Board resolution 165 (S-XI) and the maximalist position which proposed indiscriminate cancellation of the debt, a great deal of room was left for the discharge of international obligations. Lastly, it should be pointed out that the African debt merited specific consideration by an appropriate body with a view to seeking a just and lasting solution to the external debt problem based on mutual agreement and the shared responsibility of debtors and creditors and on the essential link that existed between external debt, development finance and the expansion of international trade.

54. The Kingdom of Morocco wished moreover to raise the inescapable problem of the enormous economic and social cost of IMF-inspired adjustment policies. The question was whether the social and political stability of the developing countries was to be sacrificed in order to shore up a military and financial system which had been made obsolete by the extent of the new problems and by the need for a new international solidarity. The International Monetary Fund, originally conceived of as an exercise in solidarity designed to promote harmony among national economies, was now advocating drastic import reductions in order to bring about a rapid restoration of trade surpluses, at a time when exchange rates were flexible and

(Mr. Haddaoui, Morocco)

lacked stability. From the vigilant guardian of monetary parity, IMF had been transformed into a fervent advocate of irreversible devaluations designed to stimulate export earnings which would enable the debtor countries to meet the exorbitant debt-servicing burden. The world had changed, and a redefinition of the international monetary system and the role of IMF was vitally and urgently needed. It was his delegation's firm hope that the fortieth session of the General Assembly would promote the convening in the near future of an international conference on money and finance for development, whose results would form an integral part of the process of global negotiations which constituted a major political objective for the international community as a whole.

55. The fortieth anniversary of the United Nations afforded an opportunity to reflect on the objective of economic systems and on the ultimate purpose of development. In 40 years, the scales of economic policies had swayed many times from one side to the other, yet there had been little substantive change in the life of developing peoples, and no global restructuring of the existing economic order. The developing countries had in turn tried collectivist or interventionist centralism with no more success than the free play of market forces or the mechanisms of economic liberalism. The most developed countries, for their part, had encouraged multilateral co-operation and then retreated into selective bilateralism; they had half-heartedly endorsed the cause of the third world before relapsing into a paradoxical dogmatism which, for example, preached free trade while at the same time practising the whole gamut of protectionist policies. In that context the work of the Economic and Social Council and the Second Committee, which for long had served as a think-tank, were now locked into a mechanistic analysis of world problems in which the ultimate purpose of development had been supplanted by financial implications.

56. Current expenditure on armaments, at almost \$900 billion, amounted to not far short of double the investments in all developing countries; the arms race absorbed up to 6 per cent of the industrialized countries' GNP at a time when they were allocating barely 0.33 per cent of their national income to official development assistance. The inevitable conclusion to be drawn was that mankind continued to act in accordance with palaeolithic psychological blueprints. His delegation would not go so far as to take the ingenuous position that the vital requirements of security must necessarily be sacrificed to other peoples' development, but the fact remained that systems of government and their underlying policies had lost much of their credibility. First of all, the life of human communities could not be reduced to the satisfaction of economic needs alone, and the ostracism from which man's spiritual dimension suffered within the Organization must cease. Next, systems, of whatever kind, could lay no claim to permanence when there was such a wide gap between legality and morality. Lastly, it was taken in some circles as axiomatic that the South would catch up with the North, although the world was sinking deeper into consumption patterns that could not be extended world-wide. Specifically, his delegation proposed the inclusion in the agenda for the next regular session of the Economic and Social Council of an item entitled "Ultimate purpose of development and consumption patterns". More precisely, the Economic and Social Council should conduct a preliminary study of democratically defined

(Mr. Haddaoui, Morocco)

indicative consumption patterns based on optimum physiological and socio-cultural needs and taking into account the utilization of the world's scarce resources, the population explosion and the conservation of the natural environment.

57. Paradoxically, it was the developing countries which were invoking economic orthodoxy and the introduction of morality into international economic relations. For his delegation, orthodoxy, morality and spirituality were the pillars of wisdom on which the restructuring of the system of inter-State relations, with a view to installing a truly human order which would reconcile man's actions with his primordial and ultimate purpose, should rest.

58. Mr. PAPADATOS (Greece) congratulated the Under-Secretary-General for International Economic and Social Affairs on his statement, which had constituted a very informative synthesis. The prospect of a liquidity crisis he had referred to should be noted. It would nevertheless have been desirable to deal more substantively with the role of the United Nations in relation to monetary, financial and trade questions.

59. Mr. DIOP (Senegal) endorsed the comments of the representative of Greece, and said it was unfortunate that the Under-Secretary-General's statement, an extremely valuable document, should be available only in English. It was equally unfortunate that the issue of the Journal of Development Planning dealing with debt problems had appeared only in that language.

60. Mr. YOLAH (Under-Secretary-General for International Economic and Social Affairs) agreed that the role of the United Nations in relation to monetary, trade and financial questions merited in-depth analysis. However, he had not wished to repeat the detailed comments on the subject made by the Director-General for Development and International Economic Co-operation (see A/C.2/40/SR.3). He regretted that he had been unable to distribute the French text of his statement. Measures to that end would be taken at the next meeting, but he could not promise at the present stage that the statement would be available in all languages. Where publications were concerned, obvious reasons of cost made it impossible to issue them in all languages. He would nevertheless try to have a French version issued in the case of particularly important publications.

The meeting rose at 1.10 p.m.