



Fifty-fourth session

15 November 1999

Official Records

Original: English

**Second Committee**

**Summary record of the 24th meeting**

Held at Headquarters, New York, on Wednesday, 27 October 1999, at 3 p.m.

*Chairman:* Mr. Brauzzi (Vice-Chairman) ..... (Italy)

**Contents**

Agenda item 99: Sustainable development and international economic cooperation  
(*continued*)

(d) Human resources development (*continued*)

(g) Renewal of the dialogue on strengthening international economic cooperation  
for development through partnership (*continued*)

Agenda item 104: Globalization and interdependence (*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 corrigendum for each Committee.

*In the absence of Mr. Olhaye (Djibouti), Mr. Brauzzi (Italy), Vice-Chairman, took the Chair.*

*The meeting was called to order at 3.05 p.m.*

**Agenda item 99: Sustainable development and international economic cooperation** (*continued*)  
(A/C.2/54/L.9 And L.10)

**(d) Human resources development** (*continued*)

**(g) Renewal of the dialogue on strengthening international economic cooperation for development through partnership** (*continued*)

*Draft resolution on developing human resources for development* (A/C.2/54/L.10)

1. **Mr. Talbot** (Guyana), introducing the draft resolution on behalf of the Group of 77 and China, said that it focused on the information and communication technologies, which were vital to globalization.

*Draft resolution on the renewal of the dialogue on strengthening international economic cooperation for development through partnership* (A/C.2/54/L.9)

2. **Mr. Talbot** (Guyana), introducing the draft resolution on behalf of the Group of 77 and China, drew attention to paragraphs 2, 3, 4 and 5 in particular.

**Agenda item 104: Globalization and interdependence** (*continued*) (A/54/98, A/54/175, A/54/358)

3. **Mr. Cabactulan** (Philippines) said that more than ever before, transnational corporations were employing global strategies and changing production methods to exploit market opportunities within and outside national boundaries. Paradoxically, the lowering of macroeconomic trade barriers and increasing internationalization of the business order had promoted anti-competitive conduct and artificial price fixing by such corporations. Developed countries could effectively counter those problems, but developing States urgently needed assistance in improving their national capacities to manage globalization. As the Secretary-General had noted in his report (A/54/358, para. 41), while the developed countries had traditionally recognized the need to help create a supportive global environment, they had a greater responsibility to do so in the era of globalization.

4. Although the International Monetary Fund (IMF) prepared policy programmes for countries with balance-of-payments problems, those programmes were sometimes at odds with the World Trade Organization (WTO) regulatory

framework. IMF policies focused on improving a country's current account; that could be accomplished by either restricting imports or expanding exports. If a country sought to expand exports, it was likely to employ trade measures such as export subsidies, which were prohibited by the Agreement on Subsidies and Countervailing Measures. If it sought to restrict imports, it had to obtain the approval of WTO, a time-consuming process. The potential for divergence between IMF and WTO was most acute in the area of dispute settlement, where it was not clear whether IMF recommendations could be challenged in WTO.

5. There was an urgent need for policy coordination at the international level in order to support the development efforts of developing countries, and, as the report noted, the United Nations was uniquely suited to assume normative leadership for "globalization with a human face".

6. **Mr. Leiro** (Norway) said that the assumption that globalization benefited everyone had yet to be proven; the gap between rich and poor was growing both within and between nations and many poor countries attracted minimal foreign investment, lacked a dynamic private sector and were often deprived of the benefits of increased export earnings by heavy debt burdens and limited market access. The Asian financial crisis had illustrated the shift in power from Governments to stock markets and other actors with little responsibility for the common good, and the reduced significance of national borders posed a threat to national identities, traditions and culture.

7. In the face of threats such as financial crises, environmental degradation, the spread of disease, violent conflicts and organized crime and terrorism, some were advocating protectionism and isolation. However, many of those challenges were of such magnitude that no country could tackle them alone. He agreed with the Secretary-General that there must be better management of globalization at the national and international levels in order to maximize its benefits and minimize its negative aspects through investment in human resources and physical infrastructure and the promotion of good governance, democracy and human rights.

8. Globalization would not make the sovereignty of individual States redundant; on the contrary, it would increase the funds available for social development and environmental concerns. However, vigorous governmental policies were needed to ensure that resource allocations met the needs of the most vulnerable groups.

9. The United Nations specialized agencies should help to promote greater policy coherence and institutional capacity-building; WTO and the Bretton Woods institutions also had a role to play in ensuring that all countries benefited from liberalization. Strengthened multilateralism was essential, particularly in combating organized crime, drug control, money laundering and related illegal activities. The United Nations must take the lead in promoting cross-sectoral responses to the challenges of globalization through enhanced dialogue and cooperation between multilateral actors and the development of new partnerships with the private sector and civil society.

10. **Mr. Leete** (United Nations Population Fund (UNFPA)) said that while free-market economies had led to increased employment and had a higher standard of living for many, it had also produced increasing levels of deprivation and marginalization among the poor and disadvantaged. A recent UNFPA study had revealed that the recent financial crisis had resulted in a higher school drop-out rate, particularly among girls and the poor; a sharp rise in unemployment and under-employment, especially for women; a dramatic increase in poverty, with significant consequences for health and nutrition; heavy pressure on young women to enter the commercial sex trade in order to support their families, thereby exposing themselves to the risk of sexually transmitted diseases; and severe budgetary constraints that had reduced the availability of reproductive health services and given rise to unwanted pregnancies and unsafe abortions, forcing many young people into the ranks of the “new poor”.

11. Macroeconomic policies must be accompanied by social protection measures to prevent the poor and disadvantaged, particularly women and children, from being marginalized by global market forces. As the lead agency in the implementation of the Programme of Action of the International Conference on Population and Development, UNFPA continued to work with Governments, particularly those of the poorest countries, to build capacities and widen choices. However, the challenge for the donor community was to ensure that national commitments to the goals of the Programme of Action were not derailed through lack of resources.

12. **Ms. Hormilla Castro** (Cuba) said that although globalization had enormous potential for development and poverty eradication, it had widened the gap between rich and poor and increased social inequity. Economic growth had slowed in the developing world: 90 per cent of capital flows to developing countries were concentrated on only 20 States; poverty had become more widespread; 86 per

cent of the world’s gross domestic product (GDP) was in the hands of one fifth of the world’s population; the Organization for Economic Cooperation and Development (OECD) countries, with 19 per cent of the world’s population, accounted for 91 per cent of all Internet users.

13. Globalization was the product of human decision-making and was at high risk of being manipulated by capricious and irrational, but equally human, forces in order to impose on the developing countries Northern economic ideologies that had little or nothing to do with their needs and interests.

14. While it was true that there was a need for better coordination in the areas of trade, finance, technology and the environment, it was also true that current policies and regulations had been, and continued to be, developed by the industrialized countries. The Uruguay Round agreements clearly favoured the developed countries, the decision-making processes of the Bretton Woods institutions were in the hands of the rich countries and it was the transnational corporations of the North which established the rules, regulations and standards that governed businesses and financial markets.

15. Although the Bretton Woods institutions had come to acknowledge that markets alone could not guarantee justice or social progress, recent decisions taken by those institutions showed that the developing countries had not yet been allowed to participate in global policy-making and that the so-called reform of the global architecture involved only palliative measures and did nothing to address the root of the problem. The views and needs of all developing countries, not merely those selected by the Group of Seven, must be represented on an ongoing basis in global decision-making mechanisms.

16. The United Nations had an important role to play in ensuring that globalization did not simply promote the interests of the industrialized countries. More coherent policies, established on the basis of broad consensus, should be developed, bearing in mind the need to respect the principle of sovereignty and to ensure flexibility in the policies affecting developing countries, particularly in areas such as the management of capital flows and the choice of capital account regime.

17. **Mr. Shen Guofang** (China) said that the Asian financial crisis had demonstrated that the inequalities brought about by globalization needed to be corrected through reform of the global governance mechanism. In recent international forums, however, the developing countries had been told to improve governance, introduce democratic decision-making and formulate sound

macroeconomic policies at the national level. Those were important issues, but it was equally important to take similar steps at the global level. Regrettably, little had been done in that regard. In a globalized world, national governance was meaningless without effective global governance, and global forums should focus on global issues.

18. China believed that global governance needed a global, not a Western perspective. So far the globalization process had been market driven; it was therefore inequitable by nature. The policies and rules of the game were established by the developed countries, taking no account of the concerns of the developing countries. That situation must not be allowed to continue. When macroeconomic policies and rules were being formulated, there had to be full participation by the majority of countries: their views had to be heeded and their interests given due consideration. A programme intended to bring real benefit to the developing countries could be worked out only in the light of the conditions prevailing in the developing countries; it could not be decided by a number of small countries and then imposed on the developing countries.

19. Globalization had also raised the question of whether the world of the future would be a uniform one or a diversified one. China maintained that a uniform world was not only out of the question but also in contravention of objective principles. Only the parallel development of diversification and globalization could bring out the diversity and democratic spirit of the world.

20. The United Nations should as a matter of priority, conduct an in-depth study and discussion of the globalization process, and should keep the impact of globalization on developing countries under constant surveillance, producing policies and measures to deal with it.

21. **Mr. Niculescu** (Romania), said that there was a need for greater policy coherence and institutional capacity-building at national, regional and global levels, and that the United Nations should play a central role in grappling with the forces of globalization. Multilateral cooperation was essential.

22. One of the main challenges was to ensure that the benefits of globalization were available to all countries. Market forces alone could not achieve the goal of globalization with a "human face". Many of the transnational processes generated by globalization could not be dealt with by means of domestic policies; concerted action was needed on a global scale and would require the

involvement of Governments, the private sector, civil society and multilateral institutions. Romania endorsed the observation contained in the report of the Secretary-General (A/54/358, para. 11) that globalization without effective and robust multilateralism was bound to lead to crisis and the conclusion that the United Nations could play a major role in defining the framework for a stronger system of multilateral cooperation.

23. The United Nations could play a leadership role by promoting a broader vision of human development focused on the interconnectedness of economic, social and environmental aspects. His delegation agreed with the Secretary-General that the development work of the United Nations should be more sharply focused on meeting the twin challenges of globalization, namely, the need for greater policy coherence and institutional capacity-building at the national, regional and global levels (A/54/358, paras. 47 and 48). It also welcomed the proposal for a task force of the Economic and Social Council to examine ways and means of promoting policy coherence and related institutional changes, and the suggestion that the Economic and Social Council should be encouraged to deepen its dialogue with the Bretton Woods institutions and the World Trade Organization.

24. International assistance should be oriented towards fostering national capacity-building with regard to information technology, for it was crucial that countries should enjoy full and effective participation in the global information network. Romania supported the idea that the Economic and Social Council should consider the feasibility of establishing a group of experts to undertake a global effort to enhance the integration of developing countries in the emerging global information network (*idem*, para. 61). Finally, Romania expressed its interest in strengthened international cooperation to combat negative phenomena exacerbated by globalization through the adoption of multilateral norms and the development of multilateral regional or subregional cooperative projects.

25. **Mr. Lisk** (International Labour Organization (ILO)) agreed that only coordinated and comprehensive policy measures, at national and international levels, could be effective in dealing with the challenges of globalization. Increasing globalization had posed a serious challenge to the attainment of the goal of full employment; the global employment problem was further compounded by neo-liberal views which suggested that economic liberalization in its purest form was vital for growth and prosperity worldwide and which saw attempts to regulate labour markets and promote core labour standards as essentially

distortionary and impeding the efficient functioning of markets.

26. There was a strong common interest for all countries to act together and in collaboration with relevant bodies of the United Nations system, including the international, financial and trade institutions, to reduce the risk of instability and to revive growth and promote social equities. His organization welcomed developments such as the reforms to the Enhanced Structural Adjustment Facility in the International Monetary Fund and the World Bank's Heavily Indebted Poor Countries debt initiative since they increased the emphasis given to the social dimension of economic policies and made the reduction of poverty the central goal of development policies. It also believed that special attention should be given to creating and maintaining an adequate social safety net for those who needed protection. Social dialogue involving the participation of Governments and their social partners in civil society was crucial, both as an end in itself and as a means of ensuring equity and effective formulation and implementation of economic policies. Strong emphasis should be placed on labour and social policies, for weaknesses in labour policies and institutions were obstacles to the realization of benefits from globalization and undermined the capacity of developing countries to deal with the fall-out from financial and economic crises.

27. Turning to the issue of human resources development, he said that ILO considered that there was an urgent need to set in place active labour market policies to help workers cope with the growing problems of job loss and redeployment. Training and re-training programmes, job search assistance, vocational counselling and access to good labour market information were all essential. Furthermore, the role of social policy should extend beyond merely the preservation of social expenditures or the protection of vulnerable groups in times of economic crisis. There was an urgent need to develop and strengthen labour market institutions and permanent mechanisms for social protection; those measures should be accompanied by a move towards substantive universal implementation of core labour standards.

28. **Mr. Larrain** (Chile) said while globalization as a social phenomenon had a positive influence — democracy and the market economy were examples — it also brought with it risks and dangers in terms of international crime, the spread of disease and cultural uniformity. Its decisive impact, though, had been on the world market economy, which was now a market economy. Because of its small size the Chilean economy was of necessity open to the

outside world, and his country regarded globalization favourably from an economic viewpoint.

29. However, the recent world financial crisis had shown up the vulnerability of developing countries to changes in international financial flows as well as warning of important weaknesses in the system. In order to achieve international financial integration that was beneficial to all, important reforms were required in international structures, but serious efforts had also to be made at national level to ensure that financial openness brought benefits in terms of growth and development. Experience had shown the importance of preserving national autonomy in that regard.

30. Although it had been criticized as representing the forces of economic globalization, the system overseen by the World Trade Organization was working in general terms for the benefit of all despite failure to incorporate the agricultural sector in trade liberalization and growing abuse of anti-dumping measures. There were fears of increasing unemployment if countries were not allowed to protect their industries from outside competition; that challenge would have to be dealt with at the forthcoming round of World Trade Organization negotiations.

31. Like financial openness, openness of international trade was a successful strategy only if it was accompanied by macroeconomic policies and investment incentives. Finally, he said that the challenges of globalization should be considered in the light of criticisms that the balance between politics and the market had been upset and had shifted too far in the direction of the market. It would be necessary to find formulas to adapt the "welfare State" to the conditions of globalization and interdependence.

32. **Mr. Adawa** (Kenya), speaking also on behalf of the United Republic of Tanzania and Uganda, said that globalization was an irreversible process which involved risks and grave challenges but also opportunities for all countries, albeit in unequal ways. Unfortunately, it had brought many developing countries, especially those in sub-Saharan Africa, volatility and exposure to negative external shocks, and many countries had been adversely affected by the recent financial and economic crises which were triggered by irresponsible speculative trading in currencies and the short-term movements of vast amounts of capital in and out of countries.

33. If properly harnessed and managed globalization could provide the foundation for enduring and equitable growth at international and national levels. There was a clear need to establish effective governance that focused on the democratization of international economic decision-

making; the integrated consideration of trade, finance and development issues by international institutions; the reform of the international financial architecture; and addressing the problem of marginalization through improved access to resources, markets and science and technology. The international trade and multilateral financial institutions should take into account the policy framework adopted by the United Nations and ensure that their policies were responsive to the development needs and objectives of the developing countries. Increasing globalization and interdependence required an equitable and effective mechanism of multilateral macroeconomic policy coordination which would allow for greater participation by developing countries and take their needs and concerns into account. In that, the United Nations had an important and central role to play.

34. The forthcoming round of World Trade Organization negotiations should focus on issues of implementation; specifically it should focus on meaningful market access and the failure so far to implement special and differential treatment measures in favour of the least developed countries.

35. A new genuine global partnership, supported by bilateral and multilateral development partners, could play an important role in the success of the development process of developing countries, especially in sub-Saharan Africa. The international community, including the United Nations and the Bretton Woods institutions, should provide new and additional financial resources required for the eradication of poverty. Much would also have to be done to increase foreign direct investment. Debt relief measures should be invested in viable and priority development projects and programmes designed to address the socio-economic needs for the eradication of poverty

36. The countries of the East African region were fully committed to harnessing the development potential of globalization and interdependence to eradicate poverty and achieve sustained economic growth and development. They were further committed to industrialization as an instrument in the achievement of those goals.

37. Developing and developed countries alike were seeking to benefit from increased cooperation, integration and openness while minimizing the risks to their economies. On that basis, the three countries of East Africa attached great importance to economic cooperation among developing countries and integration at the regional and sub-regional levels. They were determined to upgrade the East African Cooperation arrangements between Kenya,

Tanzania and Uganda into a full-fledged East African Community.

38. The disadvantages resulting from globalization and interdependence had made the establishment of a new international economic order ever more urgent. Developing countries should, as a matter of priority, participate fully in decisions including regarding the reform of the rules and procedures of trade and the international financial architecture, whenever those rules and procedures did not support their development aspirations.

39. **Mr. Valdivieso** (Colombia) said that his country had accepted the challenges of globalization and now had a vibrant private sector, a decentralized State and increasing participation by civil society. However, the internal conflict had considerably diminished the pool of financial and human resources required for economic growth, and the underground economy spawned by drug trafficking had caused huge distortions, not only of economic data but also of social indicators. The country had been affected by the turmoil on the world financial markets and had been forced to make severe structural adjustments at a considerable cost to the population.

40. The best way of addressing the various challenges posed by globalization was to consider the different approaches to that phenomenon in a comprehensive manner. In that regard, the countries which had played the leadership role in the globalization process had been able to do so because they had large markets, technology and telecommunications, sophisticated financial systems and the capacity to destabilize or stabilize capital and investment flows. They must therefore assume their responsibility by collaborating with countries that did not possess those economic advantages. Since globalization and interdependence affected certain aspects of State sovereignty, those issues needed to be discussed in a multilateral forum. It was therefore vital to modernize and revamp the architecture of the international financial system to ensure that it took into account the interests of developed and developing countries. The United Nations must play a fundamental role in that endeavour. Moreover, the Economic and Social Council must continue to promote greater dialogue between the Bretton Woods institutions and WTO. Colombia therefore supported the establishment of a task force to promote such a dialogue.

41. His delegation endorsed the suggestion in the Human Development Report 1999 that the Economic and Social Council and the Bretton Woods institutions should conduct an international study of regulatory gaps, especially for short-term back loans, reversible portfolio flows and for

the activities of hedge funds. His delegation also supported the establishment of a governmental group of experts to focus on enhancing the integration of developing countries into the world economy through information technology networks. Finally, it was vital to create cooperation mechanisms to combat the negative effects of globalization, especially the impact of drugs, organized crime and money laundering. While his Government was committed to combating those phenomena, it believed it only fair that the entire international community should shoulder part of the responsibility in addressing those problems, which were, after all, global.

42. **Mr. Al-Montasser** (Yemen) said that the failure of centralized economies and the general adoption of the philosophy of a free market economy had coincided with the end of the bipolar system and the technology explosion that had broken down national barriers, effectively bringing to an end the traditional concepts of national sovereignty and independent economic decision-making. His delegation commended United Nations endeavours to consider the economic, social and environmental dimensions of globalization. The exchange of views between the Economic and Social Council and the Bretton Woods institutions was a very positive development.

43. Globalization represented both an opportunity and a challenge that must be met by cooperation between the international institutions and developing countries. Such cooperation was vital if the economies of the least developed countries, in particular, were to be integrated into the global economy. Important issues to be addressed in the course of that cooperation were the improvement of production and marketing mechanisms, economic and financial infrastructure, support for the private sector and its role in development and the transfer of technology. Yemen was cooperating with the Bretton Woods institutions in the implementation of a comprehensive financial and administrative reform programme. Under the right conditions, globalization could offer enormous opportunities for growth.

44. **Mr. Pradhan** (Bhutan) said that one of the main characteristics of globalization was the expansion and formidable influence of transnational or multinational corporations. Of course, such corporations still had nationalities, and they promoted the interests of their countries of origin, sometimes to the detriment of the host countries. Their primary objective, of course, was to make profits for shareholders; the related investments and transfer of technology, nevertheless, benefited many developing countries through job creation and enhanced trade. However, many developing countries lacked the

capacity to prevent such companies from knowingly or unknowingly disrupting their societies. Hence, developing countries must be supplied with the tools to channel the activities of multinational corporations in a mutually beneficial way. They must work within an international framework that respected the vital interests of more vulnerable countries.

45. In the discussions on the reform of the international financial architecture, there was increasing agreement that no new institutions were needed, but that existing institutions must be adapted to take into account the broader development goals of the international community. In that context, his delegation supported a proposal for an international study on regulatory gaps for reversible portfolio flows and hedge fund activities. Another issue before the international community was enhancing the positive impact of globalization to benefit the poor majority and minimizing its adverse effects on developing countries: in other words, how globalization could be made into a truly positive force, especially for the poorer peoples of the world.

46. His delegation was of the view that the greatest priority should be placed on abject poverty in developing countries. Towards that goal, the decisions and commitments of the major world conferences of the 1990s must be implemented with greater determination through an integrated approach. Similar approaches would be necessary for infrastructure development, especially in the least developed and landlocked countries, so that they would not be left on the sidelines of globalization. Sensitivity to cultures was also needed in the process.

47. Such proposals should not be viewed as the one-sided demands of the developing countries. The benefits of globalization to developed countries and multinational companies were enormous, and would be even greater if the developing countries were to cooperate in the process as something that was for the common good.

48. The responsibilities of the developing countries also could not be understated. They must bring about stability in their territories and review their legislation and financial regulations to allow private enterprise and civil society to operate meaningfully and effectively. Ultimately, globalization should benefit all parties.

49. **Mr. Ba'omar** (Oman) said that there was a very close relationship between globalization and development. While globalization offered many new opportunities, it also threw out new challenges to developing and the least developed countries. It was difficult for such countries to integrate their economies into the new global system, and

globalization had had negative effects on trade and the economic growth. Many developing countries were threatened with marginalization. It was therefore essential to find ways of avoiding the negative effects of globalization and of assisting those countries whose economies were most at risk. One of the most effective ways of doing so was by increasing the aid provided by developed to developing countries. A comprehensive solution must be found to the problem of foreign debt, and developing countries must be integrated into the new global system.

50. The United Nations was, rightly, focusing on the importance of achieving international consensus on ways of dealing with the changes in the world economy. There must be a free exchange of economic and financial data and transparency must be observed if disasters such as had befallen Asian markets in recent years were to be avoided. He urged the international community to adopt a new approach to economic cooperation with a view to increasing growth and ensuring stability. Such an approach should be characterized by justice and the full participation and integration of developing countries in the global economy.

51. The international community must increase coordination between international institutions in order to strengthen cooperation and overcome the obstacles facing developing countries, such as the difficulty of access to international markets. Trade had always represented a bridge between different cultures. It was therefore important that while observing free market principles, negotiations should be equitable and focus on providing developing countries with opportunities to develop their trade and industry and to increase their competitiveness. Free trade need not destroy the economies of developing countries: the challenge facing the third Ministerial Conference of the World Trade Organization was to find a balanced approach that took into account lessons learned from recent experience and global economic changes. He was confident that the United Nations would continue to play a fundamental role in establishing the dialogue between nations in the areas of economic cooperation and development.

52. **Mr. Robertson** (New Zealand) said that his delegation believed that the opportunities offered by globalization must be exploited and its challenges managed in order to secure its benefits for all countries. In doing so, globalization must be seen not as a threat but as an opportunity of historic proportions.

53. New Zealand, an island community far from the centres of world commerce, had benefited from globalization, in particular through advances in information technology and telecommunications. It was fully aware, however, that such benefits were not necessarily universally and equitably distributed. If countries were to enjoy those benefits to the fullest, they required assistance from the United Nations and donor countries in undertaking coordinated international action to address issues beyond national control, for example the need for international rules and such harmful side effects as transnational crime.

54. The new round of WTO negotiations would create opportunities for economic growth, yet it was important to ensure that developing countries could enjoy the advantages of more open markets. New Zealand was committed to the eradication of agricultural subsidies which distorted resource allocation and constrained the ability of poor countries to eliminate poverty and stimulate growth. International trading arrangements must take into account the special circumstances of developing countries, particularly the smallest and most vulnerable States.

55. The international community must seek to address the challenges and opportunities of globalization collectively, recognizing that it had the potential to bestow great benefits, but also demanded adequate provisions to avoid further marginalization of the poor and to encourage the effective integration of developing countries into the global economy. That must take place in an environment where the rules established to manage the opportunities and challenges were fair to all.

56. **Mr. Ainchil** (Argentina) said that globalization had created a new category of economic activities, which could be termed "global behaviour". Companies had been forced to change their structures in an attempt to adapt to the challenges of the information age, and Governments must also ask themselves if they had adapted to the structural changes taking place in international economic relations or if they remained attached to traditional patterns of economic behaviour devised for another context.

57. Globalization of markets had created many benefits in terms of growth and investment, and had also imposed greater rigour and discipline in policies for sustainable development. In the long term, the extent to which any country benefited or suffered from globalization would depend on how committed it was to restructuring its public finances. Capital movements had played a large part in the recent financial crises, and developing countries must honestly evaluate whether their economic policies were



adequate to face the challenges of the abrupt demographic, economic and technological changes resulting from globalization. In practice, many Latin American countries had been affected by the Asian economic crisis and, despite their conscientious efforts at structural adjustment and economic reform, had experienced some negative effects.

58. All actors involved in globalization must take responsibility for developing strategies to prevent future financial crises while working towards open markets and free movement of capital. The private sector must share the benefits and the costs of financial crises and also in efforts at prevention. His delegation welcomed the IMF initiative to create "contingent credit lines" to ensure access to credit outside traditional lines and help to mitigate the contagion effect.

59. The negative effects of globalization must not be viewed as uncontrollable by their very nature. With the commitment of States, the private sector and multilateral credit institutions, contingency mechanisms could be created to mitigate contagion during financial crises and to develop a regulatory framework for financial institutions. Such a process, along with dissemination of agreed international fiscal and monetary standards and free trade, would reduce the volatility and macroeconomic instability of world markets.

60. **Mr. Lewis** (Antigua and Barbuda), speaking on behalf of the Alliance of Small Island States (AOSIS), said that small island developing States must brace themselves against the gathering power of globalization, which threatened to alter dramatically their economies and seriously undermine their development efforts.

61. Being small and isolated, they relied on international trade more than most countries. Because of their limited land mass and resources they were compelled to import virtually everything. That reliance on the outside world drove up the cost of living and of doing business, and made it extremely difficult for them to compete against lower-cost agricultural producers in other countries.

62. It was clear that globalization led to the reduction of State sovereignty, with the weakest and smallest being the biggest losers. Consideration must be given to the pace, direction and content of liberalization due to different levels of development and the need to build up national capabilities. The principle of free trade seemed to apply to the developing world, but not to the industrialized countries. Protective devices were built in for farmers in dominant economies, yet when former colonial Powers provided preferences to their former colonies, multinational enterprises mounted challenges through

WTO. It was evident that in modern times there had never truly been free trade.

63. While private capital played a major role in the push towards globalization, foreign direct investment in the islands had primarily been targeted at the tourism sector. But the success of that industry was dependent on many fluctuating factors, including a healthy world economy, good weather and stable social conditions. Not surprisingly, small island developing States were wary of becoming overly dependent on a sector extremely sensitive to environmental degradation and economic shocks. While the members of AOSIS acknowledged the need to restructure their economies to avoid dependence on a single sector or commodity, that was a long-term process.

64. At the nineteenth special session of the General Assembly, the international community had recognized that small island developing States faced new challenges from globalization and had limited capacity to adapt. It had also been agreed that the potential benefits to island countries from trade liberalization would be severely constrained unless the global economic system recognized those unique vulnerabilities and made the necessary provisions. What was needed was a level playing field, on which island nations could achieve long-term economic growth and sustainable development. The best forum for debate of the issues of globalization was the United Nations, where the greatest number of countries had an opportunity to have their voices heard.

65. **Mr. Mbayu** (Cameroon) said that the increasingly complex interactions between individuals and economies across national boundaries made it imperative for an institution with a global mandate such as the United Nations to enhance understanding and influence the globalization process. However, certain aspects of globalization, including trade and finance and information technology, did not come directly within the Organization's ambit. It was vital to consider how the United Nations could promote global governance without acting as a global government. In that connection, while he welcomed the ideas contained in the Secretary-General's report, he would have liked the report to go further and offer action-oriented proposals.

66. The current world economic system benefited only rich countries and unscrupulous individuals who had been quick to exploit the advantages of faster communications and free movement of capital. While many developed partners had spoken of the merits of the free market, not enough had been done to increase access of developing countries to world markets. In fact, even as deregulation

was being promoted in the developing countries, protectionist measures were maintained in some developed countries.

67. Moreover, although technology was universally recognized as a vital tool for enabling developing countries to reap the benefits of globalization, most international arrangements in that sector had put advanced technology beyond the reach of the poor countries. He wondered what concrete actions were being taken to address the glaring imbalance in the information technology sector. While his delegation recognized the importance of technology, it believed that developed countries had more urgent issues to address, such as health care, education and other basic needs, without which access to information technology would not only be a luxury, but a distant dream.

68. The priority was for the United Nations to enhance policy coherence and the partnerships which were necessary to grapple with burning issues such as poverty eradication, declining ODA and debt relief. The United Nations could play a strong normative role in that regard without encroaching on the fields of competence of other institutions dealing with trade and finance that had a comparative advantage. The political will to enhance the role of the United Nations must start at the national level, with enhanced policy coherence between the ministries of finance, trade, industry and foreign affairs. The United Nations should also extend a hand of partnership to civil society in the developed world in order to generate within those countries the political will to enable it to play its role and achieve its development objectives in the current era of globalization.

69. **Mr. Stevčevski** (the former Yugoslav Republic of Macedonia) said that the United Nations must be given a central role in promoting international cooperation for development and providing guidance on global development issues in the context of globalization and interdependence. In order to ensure that the benefits of globalization were enjoyed by all countries, rich and poor, it was essential to adopt and promote a multilateral approach by reshaping the current structure of the existing international institutions and their regulatory mechanisms. Regional economic cooperation should also be promoted as a means of enhancing national capacities to manage globalization.

70. His country, which was landlocked and had an economy in transition, had been adversely affected in recent years by the international sanctions imposed against the Federal Republic of Yugoslavia and by the Kosovo crisis, which had resulted in an influx of refugees. His

delegation welcomed the Stability Pact of the European Union on south-eastern Europe as a concrete effort by the international community to strengthen regional economic cooperation in the Balkans. It was important for the international community to live up to its promises and provide financial assistance for the rehabilitation of the Balkans region.

71. Efforts to develop an effective approach to the management of globalization must be redoubled. It was essential for the United Nations to deepen the dialogue with the Bretton Woods institutions, WTO as well as with the private sector and civil society structures, if a real partnership in managing the process was to be achieved. At the country level, the United Nations operational activities for development should focus more on enhancing national capacities to manage the negative effects of globalization. Special attention should also be given to the social costs of structural adjustment programmes and economic reform.

72. **Mr. Matuszewski** (Poland) said experience showed that the long-term benefits of free markets and globalization outweighed the shorter term costs. While no effort should be spared to maintain that generally beneficial tendency towards a free market economy and liberalization, there was obviously an urgent need for much better regulation and supervision of the international financial system, based on common sets of norms and standards. Globalization, which was often accompanied by economic pressures and social tensions, could also have a potentially negative impact on particular sectors of national economies. Social safety nets should be developed at the same time as measures to revive global growth were being considered. With its universal membership, the United Nations was an ideal forum for addressing those issues.

73. In order to cope with global challenges, there was a need for a range of measures, such as international cooperation and partnership to reform the international financial architecture, including early warning systems and the introduction of responsible domestic policies, good corporate governance and efficient and transparent financial sectors.

74. His delegation welcomed the progress that continued to be made in the implementation of the Heavily Indebted Poor Countries Debt Initiative and shared the view that the international community must continue to seek ways of ensuring that the benefits of reform were not neutralized by the debt-servicing burden and to ensure access to financial markets for the heavily indebted poor countries. Creditors should follow the example of the World Bank and

IMF and the Paris Club in providing interim debt relief to support reforms in developing countries. While globalization rewarded those with responsible economic policies, it carried risks for countries which disregarded basic requirements of macroeconomic discipline. Besides sound macroeconomic fundamentals, a strong domestic financial and banking system with adequate supervisory and regulatory mechanisms, transparency and good governance were extremely important in order to guard against vulnerability to shifts in market sentiment and to contagion effects from policy weaknesses in other countries.

75. Trade was another crucial and fundamental issue in the context of globalization. Indeed, most of the available evidence supported the view that free trade boosted growth. However, there was a need to address the cluster of issues in that regard in a systematic and broad manner.

76. **Mr. Nimac** (Croatia) said that globalization seemed unavoidable. However, any calculation of its costs and benefits should err on the side of caution. The goal of reducing poverty and reversing the trend towards marginalization of the poorest should be given greater weight than the efforts of the rich to get richer quicker.

77. The question to be addressed was the extent to which globalization could be managed, if at all. Of all the multilateral institutions, the United Nations was the one with the institutional capacity for undertaking such a venture. The evidence available suggested that globalization was market-driven and information-driven. However, much less had been said of its effects on the social and environmental aspects of sustainable development. The close link of the social aspects of development to non-financial elements, such as trade and the environment, deserved greater prominence in the debate.

78. Globalization had contributed to the choice of the political priorities of many countries with economies in transition by making accession to the various multilateral organizations dealing with economic, trade, security and political issues a heightened priority. Accordingly, success was often measured against the parameter of how close any particular country was to accession. That parameter was not necessarily compatible with the economic progress of all. Unemployment remained a factor of concern in many countries with economies in transition.

79. The issue of globalization should also be considered in the context of the reform of the United Nations in the economic, financial and development spheres. Such reforms should include a policy dialogue between the

Economic and Social Council, the Bretton Woods institutions and WTO. Moreover, because of its comparative advantages and universal nature, the United Nations should be at the forefront of promoting policy coherence between the United Nations Conference on Trade and Development and WTO. The functional commissions of the Economic and Social Council dealing with social and environmental issues should also be actively involved in promoting policy coherence.

80. **Mr. Al-Hadid** (Jordan) said that while there was no agreed definition of the term, globalization affected all aspects of life. Globalization had greatly benefited developed countries, whereas developing countries were denied its benefits and powerless in the face of its negative aspects. Among the obstacles faced by developing countries were the current lack of infrastructure in the domestic and global economies and the instability of capital markets, the fall in the price of raw materials, debt burdens, lack of investment, uncontrolled exchange rates and social resistance. Developing countries must take effective measures in order to reap the benefits accruing from globalization and to confront the challenges it posed. Reform of domestic economic infrastructure, however painful, must be effected immediately, and economies liberalized: experience had demonstrated that the freest economies made the greatest gains.

81. However, a distinction must be made between the true market and the financial market. Economic liberalization was essential for the true market, while the opening up of financial markets must be carried out in a careful and gradual manner, with the support of a strong banking and exchange system and effective control mechanisms characterized by transparency and responsibility. Developing countries could learn from the experiences of countries that had benefited from globalization, and must also put in place social networks to protect those who had been adversely affected.

82. Developed countries had a responsibility to assist developing countries to cope with the challenges of globalization. Such assistance should include the provision of the amount of official development assistance (ODA) that had been set by the United Nations, debt relief, the opening of markets to products, and, in particular, agricultural products from developing countries, improved access to loans on easy terms and the transfer of technology. A mechanism must be found for dealing with the crises caused by the lack of global financial stability and the effects of globalization. As the world's most democratic institution, the United Nations had an important role to play in representing the countries of the

world in dealings with international institutions responsible for the resolution of global economic problems, and in alleviating the negative effects of globalization.

*The meeting rose at 6.05 p.m.*