



SUMMARY RECORD OF THE 4th MEETING

Chairman: Mr. NAVAJAS-MOGRO (Bolivia)

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GENERAL DEBATE (continued)

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

GENERAL DEBATE (continued)

1. Mr. BADAWI (Egypt) expressed his delegation's agreement with the position of the Group of 77 and referred first to the question of ways and means of reactivating dialogue among all States Members of the United Nations with a view to laying the groundwork for multilateral economic co-operation and international consensus on development in the 1990s and beyond into the twenty-first century. Problems which in the past had been dealt with sporadically or piecemeal - problems ranging from human settlements, hunger and poverty to financial flows - required an integrated approach. Selfish national interests had so far prevailed over genuine multilateral co-operation, and that could be counter-productive, if not self-defeating, in the medium and long terms. International détente and the reorientation of the international economic policies of countries with centrally planned economies were new factors that would certainly have an impact on future negotiations in multilateral forums. Developments such as the slowing of world economic growth in the 1980s, with its adverse effects on the developing countries, particularly in Africa, called for closer international economic co-operation. As the Secretary-General of the United Nations had observed, global issues required global solutions based on global consultations.

2. The reactivation of multilateral co-operation and international consensus for development could be promoted in two ways. The first would be to convene a special session of the General Assembly in order to review the world economic situation and identify ways and means of promoting development and international economic co-operation, reactivating growth in developing countries and drawing up an agenda for concerted action by the international community in the 1990s. The second would be to negotiate and adopt an international development strategy for the fourth United Nations development decade. His delegation, which had put forward those views at the second regular session of the Economic and Social Council in July 1988, advocated realistic commitments on the part of all Governments, designed to achieve the possible, not to strive for the impossible. The new strategy should link economic, social, human and political issues and it should be responsive to the ever-changing realities. It was to be hoped that the Committee would be able at the current session to negotiate and adopt specific guidelines on those two matters.

3. The second issue to which his delegation wished to refer was the reform of the intergovernmental structure of the United Nations system with the aim of enhancing its efficiency and effectiveness in dealing with social and economic issues. Progress in the reform effort required genuine political will on the part of all Member States. He commended the initiative of the Group of 77, endorsed by other groups, aimed at revitalizing the Economic and Social Council, which was the weakest link in the chain, and expressed the hope that the resolution which the Council had adopted on the subject at its second regular session of 1988 would be fully implemented.

(Mr. Badawi, Egypt)

4. In conclusion, he reiterated his delegation's determination to continue to work seriously for constructive dialogue with all parties.
5. Mr. SCHLEGEL (German Democratic Republic) said that the steps taken towards détente, reducing the arms race and finding solutions to regional conflicts had changed the world political climate, but there had been little change in economic relations. Although there was growing awareness that global problems could only be solved jointly, interests differed widely when it came to international economic co-operation.
6. The stock market crash of October 1987 and the fluctuation of dollar exchange rates had revealed the fragility of the international economic structure, hitting most developing countries hardest. Although world output had risen, the majority of developing countries, especially those in Africa, had been marked by recession since the crisis of 1980-1982. International trade was increasingly affected by protectionism, which largely offset the liberalizing effects of low tariffs resulting from multilateral trade negotiations.
7. There could be no lasting peace or security in the world without a solution to those problems. By putting forward their proposal on international economic security, the socialist States were seeking to promote a situation in which all countries could participate in economic relations on the basis of equal rights, non-discrimination and respect for the sovereignty of every State, and could enjoy the benefits of an international division of labour.
8. There was still a need for comprehensive change in the international monetary and financial system, which should, as the Ministers for Foreign Affairs of non-aligned countries had stated at their meeting in Nicosia, result in structures that were truly stable, multilateral, equitable and responsive to the development needs of the developing countries. That process could be promoted by an international conference on money and finance as proposed by the non-aligned countries.
9. His delegation attached special importance to the normalization of international terms of credit with the aim of achieving stable currency exchange rates and precluding the use of financial pressure to interfere in the internal affairs of sovereign States. The debt problem of the developing countries remained an urgent issue, and there was no solution in sight. A rise in the total debt was expected in 1989, and as the Secretary-General's report on the subject clearly showed, it would have a damaging impact on the economic and social progress of the countries concerned.
10. The present state of the environment was a cause of concern and international measures for environmental protection were becoming an increasingly important consideration in international relations, as reflected in the UNEP report entitled "Environmental Perspective to the Year 2000 and Beyond", the report of the Brundtland Commission and the United Nations system-wide medium-term environmental programme for the period 1990-1995. The time had come for practical action in the

(Mr. Schlegel, German Democratic Republic)

field, as the States parties to the Warsaw Treaty had stressed in their declaration on the impact of the arms race on the natural environment and other aspects of ecological security, which had been adopted at their meeting in Warsaw in July 1988 with the aim of warding off the threat to the very foundations of human life.

11. The development of every country and mutually advantageous international co-operation required that all countries should have access to the latest scientific and technological discoveries. Attempts to control or prohibit the transfer of technology, such as those made by COCOM, had no place in an interdependent world and were detrimental to everyone. Science, technology and socio-economic progress were intertwined and interdependent. Not only should the international community take stock of what had been achieved in 1989 on the occasion of the tenth anniversary of the United Nations Programme of Action on Science and Technology for Development, but, more important, it should also agree on how to use the potential of the United Nations system more effectively, as envisaged in General Assembly resolution 42/192. In that connection, at the invitation of his Government, an international workshop of the United Nations Centre for Science and Technology for Development had been held in Berlin in August 1988 to assess the economic, ecological and social aspects of new technologies and emerging scientific areas. That meeting had made a contribution towards the implementation of resolution 42/192.

12. His delegation welcomed the report of the United Nations Secretary-General on an international development strategy for the fourth United Nations development decade, 1991-2000 (A/43/376). The need for a new strategy based on multilateralism was evident. There was a lack of common answers to current challenges, such as overcoming underdevelopment, achieving employment and health for all, using science and technology to benefit socio-economic progress and controlling the factors hampering economic development. The special session of the General Assembly on economic matters proposed by the Group of 77 could provide the thrust for that strategy, which could be strengthened by combining it with disarmament agreements.

13. He drew attention to the tense economic and social situation in Africa and the difficulties encountered in implementing the United Nations Programme of Action for African Economic Recovery and Development. The remedies and conditionalities that had been applied only aggravated the burden of millions of Africans and threatened the social structures of the continent. The German Democratic Republic, which favoured a strict implementation of the Programme, would continue to render assistance to the African countries, as it had done for Angola, Mozambique and other countries. The German Democratic Republic's assistance to developing countries had represented approximately 0.7 per cent of its gross national product in 1987.

14. The accomplishment of those tasks presupposed that the United Nations remained capable of taking practical steps and making full use of the potential offered by the system. Unfortunately, the Special Commission of the Economic and Social Council had been unable to submit a harmonized document on the socio-economic activities of the United Nations, mainly because of differing views on the

(Mr. Schlegel, German Democratic Republic)

subject. Considerable practical importance was therefore attached to the decision taken at the recent session of the Economic and Social Council to revitalize that organ. With regard to a possible adjustment of the Secretariat's structures and machinery in the economic and social fields, the requirements of the Second and Third Committees of the General Assembly and of the Economic and Social Council itself would have to be taken into account. A reasonable ratio between input and output in the activities of United Nations organs and the Secretariat should also be ensured in the interest of Member States.

15. Greater interdependence in the world economy urgently called for a co-ordinated response, based on a common will. Détente must be cemented in the economy, and security must be based on growth, development and economic and social progress.

16. Mr. DING Yuanhong (China) said that there were some encouraging factors and some disturbing problems in the world economy. On the whole, the world economy had withstood the fluctuations in the stock market in 1987 and maintained a low growth rate; in the developed countries, the economic recovery had entered its sixth year. The economies of some developing countries were growing rapidly, and international co-ordination among the major industrialized countries and the adjustment of their domestic economies had achieved some positive results.

17. Nevertheless, the development of the world economy continued to be unstable and unbalanced, and in most developing countries economic difficulties were mounting as a result of such unfavourable external factors as low commodity prices, rising protectionism, heavier debt burden and reduced financial inflows. Even in Asia, where there was a relatively high growth rate, poverty and underdevelopment were still widespread. The gap between the North and South had been further widened. The international community should take positive steps to remove the destabilizing elements in the world economy and assist the developing countries in their economic recovery.

18. With regard to African economic recovery and development, he noted that, although in recent years the African countries had introduced policy adjustments and the international community had responded positively, the needs of the African countries had still not been met, and the requirements of the United Nations Programme of Action for African Economic Recovery and Development had not been fulfilled. The Ad Hoc Committee of the Whole for the review and appraisal of the Programme of Action had adopted its final document by consensus, a document which, despite its many shortcomings, reflected the co-operative spirit of the parties concerned. The African countries had expressed their firm resolve to continue their adjustment and reform, for which it was essential that they should receive the support of the international community; the developed countries, in particular, should increase their assistance to them. The Chinese Government would, as always, give vigorous support to the African countries in their efforts for economic recovery and development and was ready to provide economic and technical co-operation as well.

(Mr. Ding Yuanhong, China)

19. The debt problem was a question of universal concern. In 1987, the debtor countries had made considerable efforts to solve it, and the creditor countries and international financial institutions had also taken measures to mitigate it. Owing to the continued worsening of the international economic environment, however, the debt situation remained quite grim. Under the double burden of economic adjustment and debt servicing, the economic development of the debtor countries was experiencing serious difficulties. The per capita income of many countries had continued to fall, in some cases giving rise to social unrest and political instability. The debtor countries, creditor countries, international financial institutions and commercial banks should share the responsibility and, through dialogue, should promote the economic recovery and growth of the developing countries and minimize the debt-servicing burden of the debtor countries.

20. To many developing countries, the 1980s had been a lost decade for development. Most targets set by the International Development Strategy for the Third United Nations Development Decade had not been reached. The new international development strategy should be formulated on the basis of the previous strategy, in the light of the new features of the current international economy. He therefore proposed that the new strategy should remain a document aimed at strengthening international economic co-operation for the development of the developing countries; it should be comprehensive and include all areas crucial to those countries; it should specify some realistic and feasible targets, including development assistance; and it should contain a mechanism for monitoring and assessment so as to ensure its effective implementation.

21. Economic and technical co-operation among developing countries was an important means of attaining their individual and collective self-reliance. In that regard, co-operation in the food and agriculture sector was of critical importance. The World Food Council, at its fourteenth session, had reiterated the importance of technical co-operation in that sector. The Ad Hoc Committee of the Whole for the review and appraisal of the United Nations Programme of Action for African Economic Recovery and Development had also emphasized the significance of South-South co-operation in agricultural technology. China, a developing country in whose economy agriculture occupied an important position, was ready to further its technical co-operation with other developing countries in the agriculture and food sector. During the current session, his delegation would submit to the Second Committee a draft resolution on the strengthening of technical co-operation among developing countries in that sector.

22. The 1980s were drawing to a close. In the time remaining it was important to consider carefully how to cope with the problems of economic development in the 1990s. In that connection, his delegation supported the proposal of the Group of 77 to convene a special session of the General Assembly on economic issues, and the Secretary-General's initiative concerning the convocation of a summit meeting similar to that held in Cancún.

23. Mr. AL-SAAD (Oman) said that it was very difficult to separate economic from political questions, since they were two sides of the same coin. Deterioration in one area had an adverse impact in others.

(Mr. Al-Saadi, Oman)

24. A look at the overall picture indicated that the global economy was in crisis. As the Minister for Foreign Affairs of Oman had stated in the General Assembly, that was the result of falling commodity prices, exchange rate fluctuations, the adoption of protectionist measures, and diminishing financial flows to the developing countries. International co-operation could in Oman's view help to eliminate the imbalance in the prevailing global economic situation, but co-operation should not be the monopoly of one group of countries.

25. His delegation was fully disposed to maintain a dialogue in a spirit of co-operation in order to alleviate the burdens of other countries and bring about a better future.

26. Mr. MANSARAY (Sierra Leone) said that it was gratifying to note that recession had been forestalled, despite the many powerful shocks sustained in recent years by the world economy. No doubt economic and social conditions in the developing world, bad as they were, could have been much worse without the modest but sustained growth experienced in the industrialized countries. Such growth, however, had been barely beneficial to the developing countries, and some of them had even had to pay a price for it in terms of trade losses and negative or sharply diminished transfers of resources. Since the beginning of the decade, many developing countries in Africa, Asia and Latin America had gone through one economic emergency after another and, as greater responsibility had shifted to the international community for the provision of resources and the formulation of strategies to address development problems in the long term, public policy in those countries had often degenerated into a daily exercise in crisis management.

27. Many donor countries had stepped up their bilateral assistance and their contributions to multilateral financial and development institutions. Nevertheless, those efforts had been neutralized by the heavy burden of adjustment placed on developing countries as a result of the prevailing macro-economic imbalances among the major industrialized countries.

28. The United Nations and its specialized agencies, as well as non-governmental organizations, had endeavoured to improve economic conditions for all, although the means at their disposal had been reduced by an unprecedented retreat from commitments to multilateral co-operation.

29. The World Bank and IMF had created one facility after another in response to each need for special financing in developing countries, although the hopeless conditions in many of them prevented compliance with some conditionalities and therefore limited their access to those facilities.

30. The Group of 77, the Movement of Non-Aligned Countries and other groups had continued to devote considerable thought to devising workable strategies for resolving the development crisis at a minimal cost to society; yet their recommendations and their call for a resumption of the North-South dialogue had remained largely unheeded.

(Mr. Mansaray, Sierra Leone)

31. In the past six years, the world had had to struggle with a complex debt crisis because some countries had chosen to treat the debt issue as a cyclical liquidity problem that could be left to resolve itself, rather than as a truly global economic crisis. The consequences were well known. It was therefore encouraging to note the emerging consensus among debtors, sovereign and commercial creditors and multilateral financial institutions that under existing policies the debt could never be liquidated, and that while the debt problem remained unresolved, economic social and political conditions in the debtor countries would continue to degenerate, placing the entire international community under the threat of a crisis. In that context should be acknowledged the initiative taken by some creditors to forgive some of the debt of low-income developing countries and to consider the general possibility of debt forgiveness and interest subsidies. The growing pragmatism of the leaders of the commercial banking community, who had adopted a more active and constructive approach to the debt problem, was commendable.

32. His delegation urged the refinement and rapid implementation of debt-relief measures, whose merits were already widely acknowledged, and it endorsed the proposal to have the World Bank and IMF create a debt-restructuring facility that could, among other things, address the serious debt problem of low-income countries. The current climate of consensus on the debt offered a unique opportunity to try to solve aspects of the development crisis. As the Secretary-General had noted in his 1988 report on the work of the Organization (A/43/1*), debt relief was only one aspect of the problem; complementary action was needed in increasing financial flows, in particular concessional flows, to support development efforts.

33. As for including in the agenda for the current round of GATT negotiations the question of agreement on bringing the Common Fund for Commodities into operation, Sierra Leone believed that any delay in making the Fund operative and any major changes in the world economy in the mean time could diminish the prospects for stabilizing commodity prices. With regard to agreement on enlarging the capital base of the World Bank, such an increase would have less than maximum impact if the Bank continued to impose stringent conditionalities that denied the developing countries access to its funds.

34. Sierra Leone believed that it was urgent for the donor countries, the financial institutions and the recipient countries to reach an understanding regarding the implementation of economic reform programmes, an area of great friction between them. While most developing countries accepted the necessity of economic reform, the reform process could cause suffering in society and harm to the economy, particularly if it was pursued too vigorously without sufficient supporting measures. It was to be hoped that the recent review of the United Nations Programme of Action for African Economic Recovery and Development would create a favourable climate for overcoming the development crisis not only in Africa but throughout the developing world.

35. Mr. ZIADA (Iraq) observed that the development problems which in one form or another had dragged on since the 1970s had still for the most part not been resolved and they continued to mark the world economy. They originated in the unjust international economic order and the domination and hegemony by the developed countries over the developing world. The Western industrialized nations had always tried to sidestep their commitments to the developing countries. In the 1970s, their pretext was that rising energy prices were the root cause of the international economic crisis, when in actual fact that price rise represented the first attempt by the developing countries to control their own resources. The persistence and even aggravation of the global economic crisis since the decline in energy prices clearly showed the inaccuracy of that analysis. In the 1980s, the developed Western nations were maintaining that the crisis stemmed from the domestic policies followed by the developing countries.

36. He read out excerpts from an article in the Wall Street Journal of 5 October 1988, according to which the United Kingdom had ordered Kuwait to reduce its holdings in British Petroleum to 9.9 per cent. Currently, 21 per cent of that firm was owned by Kuwait, so that such a reduction would represent a considerable economic blow to that country.

37. The developed countries must give evidence of political will and must co-operate internationally to resolve the problems of the developing countries. A similarly positive spirit should reign in the Committee.

38. Mr. GILL (Deputy Permanent Secretary of the Latin American Economic System) said that, despite continued implementation of severe adjustment measures, the Latin American and Caribbean countries had remained locked in a deep economic crisis. Output growth in 1987 had declined to 2.7 per cent from 3.9 per cent in 1986 and ECLAC had estimated that in 1988 there would be a sharp decline in such growth to a mere 0.6 per cent. Such a performance implied that the region would experience a further drop in per capita product of 1.5 per cent for 1988. In many of the region's economies the inflationary spiral continued unabated and the urban unemployment figure at the end of 1987 had been estimated at almost 40 million.

39. The external debt for Latin America and the Caribbean, currently approaching \$430 billion, continued to have a paralysing effect on the prospects for growth and investment. Interest payments represented over 30 per cent of exports of goods and services, exceeding 50 per cent in some countries. The total accumulated net transfer of resources from the region due to debt-servicing requirements was some \$150 billion over the 1982-1987 period, representing 3.9 per cent of the region's gross domestic product. At the same time, the private banking sector had displayed no disposition whatsoever to recommence substantial voluntary flows to the region. An even more perverse development had occurred in regard to the external financial situation. The multilateral financial institutions had themselves begun to extract increasing amounts of resources from the region. In short, the outlook for an early sustainable solution to the debt problem, in the absence of a fundamental change in the present strategy, was highly unlikely in the medium term.

40. The recent economic performance of Latin America and the Caribbean could not be divorced from developments in the overall global economic situation,

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particularly developments in the key industrialized countries. Particularly disturbing had been the monetary disequilibria and the serious fiscal imbalances, resulting in unstable exchange rates among the key currencies and unpredictability in interest rate policies in the main financial centres. Compounding those macro-economic disequilibria had been the hardening of protectionist tendencies in the trade policies of several of the major industrialized countries, with the resultant constraint on the export prospects for Latin American and Caribbean countries and on their capacities to service their debts and to develop simultaneously. For all those reasons, questions of finance, money, trade and development must be treated integrally and not as isolated issues, although the external debt problem remained the central element in the present economic crisis.

41. The international economic environment had been further debilitated, especially from the perspective of developing countries by the threats posed to the multilateral ethos. Trade issues were increasingly dealt with on a bilateral level and for developing countries in general and for Latin America and the Caribbean in particular such an approach was clearly disadvantageous, as it implied an unequal bargaining process vis-à-vis individual industrialized countries or groups of countries. In the financial field, the Latin American and Caribbean countries were especially disturbed at efforts to weaken the multilateral basis of the regional development bank. The only bright spot in the threat to multilateralism was the renewed respect accorded to the United Nations system following recent successes in the area of international peace and security. Latin America and the Caribbean could only hope that in such a new environment the whole issue of development and the North-South dialogue would be granted a prominent place in the institutional context of the United Nations.

42. The Fourteenth Regular Meeting of the Latin American Council had approved a series of decisions which constituted the policy directives and mandates that SELA must fulfil during 1989. The Latin American Council considered that during 1989 SELA should concentrate on the issues of external debt, development financing, trade, strengthening of the production apparatus, external relations and regional co-operation in specific and priority areas. The Council had decided to convene a regional conference on the external debt and had instructed the Permanent Secretariat to put into effect a Latin American technical assistance and information exchange programme on the external debt, which, it was expected, would be implemented with financial support from UNDP. At the same time, the Latin American Council had decided to embark on a process of regional consultations with a view to determining the region's priorities and possible common strategies in relation to the industrialized countries. In the specific case of the United States, it was decided to foster the establishment of a new dialogue. For that purpose, it was intended that SELA would serve as the region's consultation and co-ordination mechanism in formulating common positions and strategies.

43. The Latin American and Caribbean region had begun a process of re-evaluating its economic potential on the clear understanding that such a process could only be realized through more closely co-ordinated regional action. The informal dialogue between the Foreign Ministers of Latin America and the Caribbean, which followed

(Mr. Gill)

the Fourteenth Latin American Council meeting and in which 29 countries participated, represented a significant step in the process of regional consensus-building. The SELA Permanent Secretariat considered that the process of deepening regional co-operation among Latin American and Caribbean countries must be accompanied by closer collaboration among all intergovernmental institutions operating in the region. It placed the highest priority on co-operation with bodies which made up the United Nations system.

44. The economic crisis in Latin American and the Caribbean was now in its sixth year and would, under the best conditions, persist for some time to come. The result had been more unemployment, impoverishment and hunger, thereby sowing the seeds of social and political instability, which could not be averted by mere national efforts if the international context remained unfavourable. At a time when attention was becoming more and more focused on environmental questions, countries should not lose sight of the fact that perhaps the greatest damage that could be done to the environment was the persistence of poverty and hunger. For that reason, international co-operation to bring an end to the present crisis had become a matter of the greatest urgency. He trusted that the meetings of the Committee would help to identify promising, viable and realistic formulae for future action.

The meeting rose at 11.50 a.m.