



SUMMARY RECORD OF THE 37th MEETING

Chairman: Mr. NAVAJAS-MOGRO (Bolivia)

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Distr. GENERAL  
A/C.2/43/SR.37  
21 November 1988  
ENGLISH  
ORIGINAL: SPANISH

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

AGENDA ITEM 82: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued) (A/43/3, A/43/184, A/43/235-S/19674, A/43/238, A/43/287-S/19740, A/43/370, A/43/373, A/43/387-S/19918, A/43/399, A/43/425-S/19962, A/43/435, A/43/457-E/1988/102, A/43/460-E/1988/104, A/43/463-E/1988/106, A/43/480, A/43/510-S/20091, A/43/538, A/43/544, A/43/584, A/43/587, A/43/695, A/43/713, A/43/740, A/43/749; A/C.2/43/2, A/C.2/43/3, A/C.2/43/4, A/C.2/43/7; A/C.2/43/L.6; E/1988/50)

- (a) INTERNATIONAL DEVELOPMENT STRATEGY FOR THE FOURTH UNITED NATIONS DEVELOPMENT DECADE (continued) (A/43/376 and Corr.1-E/1988/67 and Corr.1)
- (b) TRADE AND DEVELOPMENT (continued) (A/43/15 (Vols. I and II), A/43/288 and Add.1, A/43/369, A/43/513 and Corr.1, A/43/612, A/43/763, A/43/698; A/C.2/43/L.7)
- (f) LONG-TERM TRENDS IN SOCIAL AND ECONOMIC DEVELOPMENT (continued) (A/43/554)

1. Mr. DORJI (President of the Trade and Development Board) said that at its thirty-fifth session, the Board had analysed a wide range of critical items, realistically, pragmatically, and in a spirit of co-operation and constructiveness.

2. The discussion on interdependence had served to highlight the growing complexity of interrelationships between countries and the trading, monetary and financial systems, and to identify the areas of greatest concern in the world economic situation. One disturbing feature was the marked contrast between the relatively strong economic performance of some developed market-economy countries and the deepening economic crisis in most developing countries. The failure of improved growth in industrial countries to have an impact on the economic prospects of debtor developing countries cast serious doubts on the underlying assumptions of the debt strategy, and also raised a number of questions about the functioning of interdependence mechanisms. While it was encouraging to note that some progress had been made in reversing the tendency to drift away from multilateralism, it was also clear that co-operation must be revitalized and broadened if a sustained improvement in the world economy was to be achieved. In particular, co-operation must be intensified in order to foster the conditions in which the domestic policy measures of debtor developing countries could become more effective.

3. In order to derive greater benefit from interdependence, international economic relations must also be more predictable, stable and equitable. In particular, all countries expected to see progress achieved in the international trading system. In the discussions at the Board's session, several delegations had indicated that they attached great importance to the potential of the Uruguay Round to reduce protectionism and increase world trade. If the outcome of the negotiations was successful and the interest and needs of the weaker partners in the negotiating process were duly recognized, the Uruguay Round was likely to have a profound impact on the functioning of economic transmission mechanisms.

(Mr. Dorji)

4. The Board had analysed the topic of debt from different angles, including implementation of the guidelines for addressing the problem together with official creditors, as indicated in Board resolution 222 (1980), the only international set of guidelines on the subject. The Board had adopted by consensus a new resolution, whose importance resided primarily in the fact that it represented an effort to reflect the spirit of the original resolution in concrete terms, and to encourage the Paris Club to apply the most liberal rescheduling terms proposed at the Toronto Summit.

5. A call had also been made for further improvement in co-ordination between the Paris Club and the various multilateral financial forums, so that new financial flows to debtor countries could be co-ordinated without giving rise to cross-conditionality. The developing countries had also requested that the benefits of the Toronto menu of options should be extended to developing countries other than the poorest.

6. The new resolution also emphasized UNCTAD's interest in the Paris Club rescheduling process. Firstly, it requested the Secretary-General to transmit to the Board an analysis of the problems faced by developing countries in the rescheduling process. Secondly, it invited the Chairman of the Paris Club to include UNCTAD in the meetings of the Club.

7. Also noteworthy was the wide-ranging and substantive discussion on more effective methods of resolving the debt problems; in the course of which agreement had been reached on a number of points. They included general recognition of the seriousness of external debt problems, the close connection between debt, trade and protectionism, commodities, international monetary developments and domestic policies; and lastly, the need for a general framework in approaching debt problems, one which provided guidelines and principles and which made allowance for the specific characteristics of individual countries. Perhaps the most important point on which a consensus had emerged was the recognition that debt reduction had become a very important factor and would continue to be so in future. However, the stimulating exchange of views on the topic had constituted recognition of the important influence which debt reduction could have on the search for durable solutions to the debt problem.

8. While the Ad Hoc Committee of the Whole of the General Assembly responsible for reviewing and appraising the United Nations Programme of Action for African Economic Recovery and Development had been meeting in New York, the Trade and Development Board had adopted by consensus a decision seeking to enhance the UNCTAD secretariat's contribution to the Programme of Action, in the area of policy research and analysis, and in the provision of technical assistance. That would make it possible to make optimum use of UNCTAD's limited resources.

9. At its recent session, the Board had reviewed the implementation of the Final Act of the seventh session of UNCTAD, which had been adopted by consensus. The importance of continuing the implementation process both in the UNCTAD structure and secretariat had been unanimously acknowledged. The Final Act provided the

(Mr. Dorji)

international community with a useful point of departure, but follow-up action would have to be taken. The fact was that the underlying economic fundamentals which had prompted the formulation of the conclusions contained in the Final Act had not changed much since its adoption.

10. Translating the consensus represented by the Final Act into concrete action would reaffirm UNCTAD's role as an important forum for generating new ideas, building consensus and negotiating agreements within the areas of its mandate. Substantive solutions to the serious problems identified by the international community in the Final Act would require a show of political will. The peace initiatives of the past year provided ample proof that such will existed. Therefore, it was not unreasonable to expect that in an increasingly interdependent world economic system, all countries would contribute, according to their capacities and in the appropriate multilateral forums, including UNCTAD, to the revival of growth and development.

11. Mr. ELGHOUAYEL (Tunisia), speaking on behalf of the Group of 77, said that the approach referred to in the Secretary-General's report on the new international development strategy should be reformulated in the light of the views expressed by Member States in the Economic and Social Council and the General Assembly.

12. The developing countries in the Group of 77 noted with satisfaction that the General Assembly and the Economic and Social Council had endorsed their call for the formulation and adoption of an international development strategy for the fourth United Nations development decade. At the same time, they were concerned that the proposals put forward were inadequate. There must be adequate preparation for such a strategy, particularly as it was to be an effective and viable operational instrument for fostering international economic co-operation for development. That instrument should be based on the ideas issuing from a special session of the General Assembly devoted to the reactivation of economic growth and development in developing countries. Such a special session should establish a general framework whose principles and guidelines would serve as a basis for international economic relations, with a view to reviving the process of sustainable and lasting growth and development in the developing countries.

13. The special session must provide a framework for dynamic and comprehensive action, the new strategy being one of its operational mechanisms. It must also serve as a basis for the Substantial New Programme of Action for the Least Developed Countries, for the final review of the United Nations Programme of Action for African Economic Recovery and Development at the end of 1991, and for the United Nations conference on environment and development.

14. The structure that began to be established during the 1980s was not yet complete and had not been fully used. Accordingly, at the special session, it would be necessary to create for the 1990s a solidly-based structure capable of supporting an effective and well-co-ordinated operational network.

(Mr. Elghouayel, Tunisia)

15. With regard to preparations for the international development strategy for the fourth United Nations development decade, the Group of 77 proposed that an ad hoc Committee of the Whole should be set up initially to prepare the ground, if possible in early 1989, working out guidelines and objectives to serve as a basis for establishment of the strategy within that Committee and within the Secretariat as a whole in collaboration with the entire United Nations system. Secondly, in order to avoid previous mistakes, the Committee could rapidly review implementation of the current strategy. Lastly, specific objectives and quantitative and qualitative indicators should be established for each of the sectors participating in the economic and social development of the developing countries.

16. Mr. ZVEZDIN (Union of Soviet Socialist Republics), speaking also on behalf of Bulgaria, the Byelorussian Soviet Socialist Republic, Czechoslovakia, the German Democratic Republic, Hungary, Mongolia, Poland and the Ukrainian Soviet Socialist Republic, said that they all attached great importance to the international development strategies devised within the United Nations framework, as useful long-term guidelines for the social and economic activities of the Organization itself and of the system as a whole.

17. With regard to preparation of a strategy for the 1990s, it would be extremely useful to study the lessons that had emerged from implementation of the strategy for the current decade. There was ample evidence that most of the world's social and economic problems in the late 1970s and early 1980s not only remained unresolved, but were also worsening. There were vast areas of economic underdevelopment, poverty and hunger; levels of development were becoming increasingly disparate; trade imbalances were growing and the debt burden was a source of mounting pressure, especially on the economies of the developing countries. The vast financial and intellectual resources of a great many countries were being diverted from constructive purposes to feed the arms race. In order to promote international economic co-operation, the countries on whose behalf he spoke had advanced the idea of international economic security which took account of the legitimate interests of all States.

18. The socio-economic activities of the United Nations in the 1990s must be based on the realities of a contemporary world characterized by growing economic interdependence and a greater international division of labour, and by an accumulation of social and economic problems of an increasingly global nature, the resolution of which required the collective efforts of all States.

19. Attempts to find effective solutions had failed, because the participation of so few countries in the appropriate procedures made it impossible to agree upon objective approaches and just solutions.

20. The countries upon whose behalf he spoke considered that the universal nature of the United Nations made it a unique forum in which to attempt to balance the various conflicting, but real, economic interests of all countries. The international development strategy for the 1990s must seek to achieve such equilibrium. Although it was undoubtedly difficult to achieve a consensus with

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(Mr. Zvezdin, USSR)

regard to a world economic model for the last decade of the century, without concerted efforts to shape that model it would be impossible to make headway in solving acute international economic and social problems.

21. Although the new strategy must focus especially on the problems of the developing countries, it must also take account of the interests of all members of the international community. When its overall concept was under consideration, a critical eye must be cast on the experience of the International Development Strategy for the 1980s, erroneous methods and approaches being rejected and any gaps filled.

22. It was particularly desirable to ensure integration of social and economic development objectives. While the current strategy encompassed social issues, it did not relate them to the economic sections. Consequently, the claim that the final objective of the Development Strategy for the 1980s was greater prosperity for all, was not supported by any specific economic policy measures.

23. It was necessary to correct the mistakes of the past, when economic development priorities had been loosely linked with human resources development, so as to ensure the right to life, health, nutrition, shelter, education and active participation in the development of society. Humane and universal objectives must be paramount in the new strategy.

24. The experience gained during the current decade prompted another conclusion about the desirability of closer links between the strategy and the Organization's medium-term plans, which were the tools for implementing the activities. Consequently, efforts should be made to ensure that the strategy did more to promote the co-ordination of social and economic activities throughout the United Nations system.

25. The secretariats of UNCTAD and of the regional commissions could participate in those activities; it would also be appropriate to consult the International Monetary Fund and the World Bank. Furthermore, it would be of practical value to analyse key trends in international development and quickly prepare recommendations with regard to the elimination of possible difficulties.

26. The international development strategy for the 1990s was intended to provide guidelines for multilateral co-operation with a view to finding just and mutually acceptable solutions to urgent problems in areas such as food, energy, population, human resources, the fight against hunger, poverty and disease, preservation of the environment and rational utilization of natural resources, the development of international trade and of scientific and technological co-operation, monetary and financial relations (including the question of external debt), the economic crisis in Africa and implementation of the principle of "disarmament for development".

27. The new strategy must acknowledge the sovereignty of States with regard to domestic policy. Another relevant objective was that of guaranteeing, at the

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(Mr. Zvezdin, USSR)

international level, the freedom of each country to choose the socio-economic system and development priorities most acceptable to it.

28. If it were possible to achieve a new strategy incorporating a common understanding of the interrelationships between the purposes and principles being considered by the international community in various spheres of world social and economic life, it would also be possible to establish a more manageable process of economic interdependence, promote the predictability, stability and reliability of economic links between all States, guarantee mutually advantageous international economic exchanges and improve social conditions for all. The United Nations would thus make an effective contribution to the improvement of international economic relations and to the elimination of policies and methods based on force.

29. Mr. PORTUGAL (Peru) said that although the industrialized countries were not honouring the commitments they had made, preparation of a new strategy would permit the North to express its political will through a form of international co-operation benefiting the developing countries.

30. The new strategy should permit the development of countries in the South and therefore make it easier to adopt agreements in three basic areas: trade, finance and technology transfer. The first two were closely linked together and were directly related to the Uruguay Round, the problem of external debt and the negative transfer of resources from the developing countries. The third area had to do essentially with future ways and means of integrating the South into the new world economic structure that was emerging as a result of the scientific and technological revolution.

31. With regard to the sub-item "Trade and development", there was no doubt that international trade was crucial if the developing countries, particularly the indebted countries, were to grow and meet their financial obligations. Yet protectionist pressures still persisted, as did monetary and financial imbalances, the trend towards bilateralism, a proliferation of irregular measures, increasing subsidization of agricultural exports and the use of compensatory duties as instruments of trade pressure.

32. The Generalized System of Preferences was being undermined by the application of increasingly restrictive criteria and the discriminatory exclusion of some beneficiaries. The erosion of the international trade environment was continuing and was reflected in the failure to comply with the standstill and rollback commitments, which were neither being complied with nor being applied effectively; furthermore, practices incompatible with the General Agreement on Tariffs and Trade or in flagrant breach thereof continued to proliferate.

33. While the deterioration in the terms of trade continued, to the detriment of the developing countries, against the background of the ongoing Uruguay Round, the purpose of which was to liberalize and broaden world trade for the benefit of all countries, particularly the developing countries, protectionist pressures in the developed countries were on the increase, one example being the new United States trade bill.

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(Mr. Portugal, Peru)

34. Not only were certain developed countries claiming not to recognize the principle of special and differential treatment, but attempts were also being made to amend the provisions of article 18 of the General Agreement on Tariffs and Trade, regarding the balance of payments, which constituted one of the few concrete expressions of special treatment in favour of the developing countries. The Uruguay Round could only be significant for the developing countries if special and differential treatment was respected in all areas of negotiation. Peru was confident that at the next meeting in Montreal a firm commitment would be made to advance towards full observance of the principles and objectives of the Round, in the course of which Peru had many times referred to the relation between trade and financing and, more specifically, to the link between debt and trade.

35. Since they could not increase their exports when confronted by the closure of external markets, the developing countries were having to resort to borrowing, but their very inability to generate foreign exchange through exports was preventing them from complying with their heavy debt obligations; that was the main political and economic problem facing the developing countries, amounting to an absolute negation of international economic co-operation.

36. Faced with that situation, at the Uruguay Round Peru had submitted a proposal that a link should be established between developing countries' capacity to service their debt and an improvement in the trade environment through the Uruguay Round negotiations. It was of paramount importance that temporary recognition should be given to the status of "indebted developing contracting party", which deserved urgent treatment.

37. Mrs. MORENO de DEL CUETO (Mexico) said that international trade was being subjected to many protectionist pressures in the context of which the concepts of competitiveness and efficiency counted for nothing. Some developed countries had introduced a new form of protectionism and yet were simultaneously participating in the Uruguay Round, the purpose of which was to promote the adoption of multilateral trade rules based on strict compliance with the standstill provisions and the dismantling of protectionism. An attempt was being made to impose criteria of reciprocity and political conditionality, and to take advantage of the economic crisis to increase the advantages and profits accruing to the most powerful, to the detriment of the developing countries.

38. The close relationship between trade and debt must serve as an incentive to allow the developing countries unrestricted access to the developed countries' markets. Trade must be an instrument to overcome the crisis, not to exacerbate it. The subsidies granted in developed countries, with no regard for economic and political logic, were causing a slump in the developing countries' commodity prices which was detrimental to their payment and import capacities. The developing countries were thus unable to service their debt because they could not sell their products, and were consequently unable to buy the products of others. According to UNCTAD, if debt relief amounted to 50 per cent of the discount currently obtainable in the secondary debt markets, the indebted countries would be able to grow and overcome the problem.

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(Mrs. Moreno de Del Cueto, Mexico)

39. The key might lie in applying secondary-market discounts to the debt and in continuing to regulate banks in creditor countries with a view to the adoption of measures for debt reduction and relief. Such a solution, however, called for recognition that the crisis affected the international economy as a whole. Instead of a wish to solve the problem, the main concern had been to avoid transferring the private banks' risk to Governments. Her delegation regarded that approach as false, since the risk had already been transferred, as many cases had shown; for example, Governments had intervened in negotiations in defence of the banks or in support of private debts and had issued bonds in connection with the debt. Consequently, the measures adopted reflected an absence of co-ordination and far-sightedness.

40. All Governments, banks and multilateral financial institutions involved must comply with their international obligations regarding the debt crisis. Among the wealth of proposals and studies on means of resolving the problem, there had been talk of a new international mechanism to buy up the debt at a discount in the secondary markets, guarantee payment to creditors and receive debtors' payments subsequently. Consequently, one could not but wonder whether the Bretton Woods institutions were incapable of resolving the problem. The Government of Mexico wished to stress that an effective solution required political will, the acceptance of shared responsibility and the revitalization of development, which in turn required machinery to reduce the debt and debt service.

41. The services sector was another important issue dealt with in the UNCTAD report. Activities in that sector must be regulated in order to avoid distorting the economy. Access by the developing countries to the services and labour markets, as well as improved technology transfer, might contribute to their development. With the support of UNCTAD and UNDP, a study had been done in Mexico on the various components of the services sector. In Mexico, that sector's share of the gross domestic product and of total employment did not differ greatly from that recorded in developed countries, amounting to more than 60 per cent of GDP and of total employment. Mexico was also among the 15 major services exporters, mainly on account of tourism and the in-bond assembly industry. Consequently, UNCTAD support in the services sector was crucial for Mexico and for all other developing countries.

42. With regard to the international development strategy, her delegation shared the view of the Chairman of the Group of 77 that it was not possible to design a strategy without targets, objectives or specific measures. The strategy required clear reference points and mandatory agreements, since standards of living in the developing countries must improve within the foreseeable future. International peace and security were at stake.

43. Mr. STOUTE (Panama) said that, in a world-wide context, the premise of a stratified international society based on the notion that the prevailing socio-economic system was the product of a natural and logical order was accepted. The international assumptions that should be borne in mind in putting the orthodox theory of the international economy into practice were being diluted in a state of

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(Mr. Stoute, Panama)

affairs typified by restrictive international trade and by struggles for hegemony whose purpose was to extend individual spheres of influence. The serious imbalances that resulted had adverse consequences for peace and the harmonious development of the world community and perpetuated an unjust and irrational system of coexistence.

44. Development and trade were as inseparable as human needs and international co-operation. In his delegation's view, national political, economic and social development was the product of a combination of factors which frequently converged at the point where decisions were taken, particularly in the international trade sector, and which were increasingly incompatible with the welfare of the majority of developing countries. In the case of Panama, the proximity of the United States and the existence and operation of the Panama Canal were two geopolitical factors that had influenced relations between the two countries.

45. The situation that had been created in Panama as a result of measures taken by the Government of the United States of America was well known; specifically, that Government had accused senior Panamanian Government officials, without any proof, of committing or abetting serious crimes against health, while implicitly seeking to maintain its policies of subjugation in order to maintain its world dominance. The United States Government had taken action at every level, ranging from the suspension of all technical and economic assistance to the spreading of disinformation to the international financial community in order to undermine its confidence in economic activities in Panama having their basis in the services and commercial sectors.

46. Direct damage to the economy caused by the aggressive attitude of the United States included restrictions on Panamanian exports, as demonstrated by the total elimination of Panama's export quota for sugar and sugar derivatives, and the exclusion of Panama from the generalized system of preferences and the Caribbean Basin Initiative. The Panamanian banking system had fallen apart when United States banks had been prohibited from making transfers to Panama and funds of the National Bank of Panama deposited in the United States Federal Reserve Bank and private American banks had been frozen so that withdrawals by legitimate representatives of the Panamanian Government had been denied.

47. With the closing of banking institutions in Panama beginning in March 1988, investment in that year would grow by less than 10 per cent over the 1987 level. International transactions by Panamanian banks had declined in recent years for a number of reasons, such as the change made in United States banking legislation to allow an international bank which did not pay and did not respect local banking reserve regulations to operate.

48. The United States Government had also applied coercive economic measures of various types. For example, the payments agreed under the Panama Canal Treaty had been deposited in a frozen bank account; flights by the Panamanian national airline to United States territory had been prohibited; all economic and technical assistance to Panama had been suspended; cuts had been threatened in the supply of

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(Mr. Stoute, Panama)

Alaskan oil to Panama; and American companies in Panama had been forbidden to pay taxes to the Government. Although it was impossible to determine exactly the magnitude of the damage done by those measures, for that foreign aggression was continuing, they had been estimated to be in excess of \$2.2 billion.

49. The Panamanian Government wished to state for the record that the coercive economic measures taken by the United States against Panama were part of a comprehensive programme aimed at destroying the country's entire economic, political and cultural infrastructure and rebuilding it on the basis of a new contractual relationship with respect to the Panama Canal Zone, over which Panama alone had territorial sovereignty and thus the sole authority to determine the future of the physical country as a whole. He reaffirmed his Government's total commitment to the principles of peaceful and fruitful coexistence and respect for free trade. The Government of Panama wished to reaffirm its determination to resist not only economic and political aggression by the United States of America, but any attempt to circumscribe the legitimacy of Panamanian efforts to cope with that aggression. Panama's human and material resources would be used solely to benefit an international society which had the courage to accept norms of coexistence based on justice, respect and solidarity among countries of good will.

50. Mr. TANIGUCHI (Japan) said that each United Nations international development strategy had constituted an improvement over the previous one. The first Strategy had simply set a target for an average annual rate of growth for developing countries as a whole; in the second, the growth targets had been set by sectors, while in the third, considerable importance had been placed on economic policy measures. However, although those Strategies had helped promote awareness of the need for international co-operation for development, they had not served as a guiding principle as they should have, partly because rapid changes in the world economic situation had quickly rendered them obsolete. One might then wonder whether it was genuinely necessary to formulate another strategy that would only diminish the credibility of the United Nations because it contained unrealistic objectives and empty slogans.

51. His delegation agreed that the interrelated nature of the world economy made it necessary to adopt a common long-term view, whether it was called a strategy or something else. It must be borne in mind that, for it to be useful, the new strategy must meet several criteria. Firstly, it should fully utilize the capacity of all United Nations bodies and organs and tackle new problems, such as the environment, resource flows, debt, population and natural disaster reduction, with greater emphasis on the human dimension of development.

52. Secondly, the strategy should not contain a single formula to be applied to all developing countries, which should be classified according to their stage of development, industrial structure, natural resources and debt burden. Furthermore, the new strategy should not be based on a confrontational relationship between North and South, but on the shared responsibility of the entire international community.

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(Mr. Taniguchi, Japan)

53. Thirdly, indicators should cover not only economic factors, but also human factors relating to the quality of life and social welfare, including population, nutrition, housing and the environment.

54. Fourthly, the strategy should contain basic policy guidelines to orient co-operation between donor countries and developing countries, in keeping with the efforts made by the latter to promote their economic development.

55. Fifthly, the new strategy should be flexible so that it could respond to unexpected changes in the world economy. Perhaps several different development scenarios could be studied and a review mechanism established.

56. Sixthly, in order to make the new strategy future-oriented, it should not be called the fourth international development strategy, a title which had negative connotations deriving from the failure of previous strategies to function. It was also important that the strategy should be drafted in simple and clear language and should be adequately publicized by the communications media.

57. Finally, the new strategy should be formulated in such a way as to guide the work of United Nations bodies and agencies which carried out development activities and to tap the capabilities of those organizations fully.

58. Mr. OHLIN (Assistant Secretary-General for Development Research and Policy Analysis) introduced the report on the overall socio-economic perspective of the world economy to the year 2000 (A/43/550) and the report on the preparation of a new international development strategy (A/43/376), which were closely related, since new policies for the future must be adopted on the basis of an understanding of emerging trends.

59. The study on the overall socio-economic perspective did not seek to forecast the future but to provide information on what might occur if current policies and trends continued and to sound a warning of dangers to the world economy. It was not an exhaustive study, since the size of the staff had made it necessary to limit its scope. An effort had been made to avoid duplication with other studies of a sectoral character.

60. Economic projections to the year 2000 had been produced with the help of a global econometric model, treating each country's data separately and then aggregating them. The base-line scenario, which assumed no change in current policies, described a somewhat distressing future. Growth in the most heavily indebted countries and the least developed countries would be slight or non-existent, while market-economy developed countries would experience moderate growth, with accelerated growth occurring only in the economies of some South-East Asian countries. Economic differences between countries would grow more pronounced and would create a substantial increase in the number of people living in absolute poverty.

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(Mr. Ohlin)

61. The study had also considered alternative scenarios based on modifications of current policies. The possibility could not be ruled out that the industrialized countries could experience accelerated economic growth if they overcame their current structural problem and the technological developments of recent years were fully absorbed, leading to an increase in productivity.

62. The report also summarized recent experience in such diverse fields as population, energy, environment, human settlements, education, health, social policy, new technologies and the export of manufactures by developing countries. The time had come for the General Assembly to decide whether it was useful to continue the assessment of long-term trends in economic and social development and, if so, to determine what measures should be adopted to that end.

63. Naturally, the experience of the strategy for the current decade had prompted much thought about the usefulness of formulating another strategy. The Second International Development Strategy had set ambitious targets for growth in the developing countries; those goals had been made irrelevant because of the unexpected slow-down in the world economy. Many of the big issues that had arisen in the 1980s had not been foreseen. The setback to development in many countries and the serious debt crisis had been related, to a large extent, to the simultaneous inflation and recession in the developed, market-economy countries and to the different mixes of economic policies adopted in response to that situation. In the last 10 years there had also been many important changes which would have to be taken into account in the next document; for example, the integration of the international financial markets; the big systemic reforms that were under way in large parts of the world; the revolution in information technology and other areas; the new prominence of environmental concerns and the recognition that international security was not primarily a matter of nuclear balance of terror but more a matter of establishing economic relations and conditions based on confidence and security in the world.

64. It was therefore not surprising that the consultations which had been held within the United Nations system had revealed general agreement that the new strategy would have to differ from the earlier ones in important respects. Nor was it surprising to find that there was disagreement concerning what the new strategy should be like. Any agreement on international co-operation for development would have to start from the base-line scenario with its prospect of prolonged stagnation in large parts of the developing world, and would have to aim at averting that situation.

65. One reason the 1980s had turned out to be so different for developing countries from what had been expected was that growth in those countries had slowed. Global interdependence had reached the point where it might be argued that the strategy for the 1990s should be global in scope. All countries were under pressure to adjust to the accelerated pace of scientific and technological change in the world economy and to the internationalization of markets which no one could afford to ignore.

(Mr. Ohlin)

66. The report also proposed that the strategy should be confined to truly strategic issues, that its targets should relate to commitments that Governments could control, that it should be flexible and provide for indicators of progress susceptible to monitoring. The international community must continue to give high priority to narrowing the gap between living conditions in rich countries and those in poor countries. The world was not divided into rich and developed countries, on the one hand, and poor and developing countries, on the other; rather, there was a continuous spectrum and the 1990s would undoubtedly see more countries in Asia overtaking some of the old industrialized countries in economic performance.

67. Serious attention would have to be given to the simultaneous strengthening of international trade and finance systems and the redirecting of global financial flows so as to achieve a better balance. Official development assistance had again become a principal source of development finance. It was essential that such assistance should increase, but it could not meet all needs alone.

68. The economic setbacks experienced by many developing countries in recent years had led to a deterioration of living conditions, aggravated malnutrition and hunger and an increase in the number of people living in absolute poverty. Clearly one of the main goals of international development must be to improve living conditions throughout the world. There was also reason to give greater attention to environmental protection and to ensure environmentally sustainable growth and development.

69. He recalled that the Economic and Social Council had recommended that the Committee for Development Planning should participate in the preparation of the strategy. A working group of the Committee had already begun to analyse the issue and the Committee would be setting up another working group early in 1989 to address the issue of preparations. That would undoubtedly be a useful contribution.

AGENDA ITEM 86: SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE (continued)  
(A/43/3, A/43/399, A/43/402, A/43/457-E/1988/102, A/43/463-E/1988/106, A/43/480, A/43/587, A/43/692, A/43/709, A/43/713, A/43/723, A/43/731 and A/43/755)

70. Mr. CHOWDHURY (Bangladesh) expressed his sincerest thanks to UNDRO for the valuable assistance given to Bangladesh during the recent devastating floods. In the wake of that disaster, the worst in living memory, UNDRO had responded speedily and readily. The help given to Bangladesh during that difficult period had been both valuable and timely even though UNDRO's resources were almost exhausted.

71. UNDRO's capacity to respond to the growing demands placed on it because of major disasters was very much limited by its financial health. In recent months, UNDRO had been able to respond positively to only half of the requests for emergency cash grants. If UNDRO was to fulfil its mandate fully it must be placed on a sound financial footing.

72. Bangladesh fully shared the concerns expressed by other delegations at the urgent need to establish or strengthen the links between the emergency assistance

(Mr. Chowdhury, Bangladesh)

provided by UNDRO and long-term programmes designed to provide durable solutions for the affected people and countries. In that context, he drew attention to the need for decisive action in the area of disaster prevention and preparedness as pointed out in the report of the Secretary-General (A/43/375) under the heading "Disaster mitigation". He also urged UNDRO to co-ordinate its activities with other concerned United Nations agencies in order to achieve the best possible results.

73. The designation of the 1990s as the decade in which the international community, under the auspices of the United Nations, would give special attention to the promotion of international co-operation in the area of disaster mitigation was a major step forward. He hoped that in the near future, international solidarity would reach a critical degree thus enabling UNDRO to strengthen its operational activities and fulfil its mandate in the most effective manner.

74. Mr. KATES (United States of America), speaking in exercise of the right of reply, said that his delegation was greatly saddened and disappointed because the Committee's work, which should have been successful, was being jeopardized by Panama's insistence on introducing into the debate issues which could be better dealt with in other bodies. The time and energy which were being wasted would have an adverse impact on the consideration of draft resolutions that were important to many countries and on the consensus that was necessary for their adoption.

75. Furthermore, he rejected the allegation that the United States was responsible for Panama's present problems and any suggestion that the economic measures taken against Panama were inappropriate or illegitimate. International law and the Charter of the United Nations did not in any way rule out the possibility for any State to take the measures it deemed necessary in order to determine its bilateral trade relations.

76. Mr. STOUTE (Panama), speaking in exercise of the right of reply, said that it was appropriate to discuss his country's situation, which stemmed from a political situation, in a political forum. His delegation was prepared to talk about the issue in the United Nations, and it could not accept the claim that the timely remarks he had made were out of order or beyond the scope of the Second Committee, since they had been made precisely in connection with the trade and development of Panama.

The meeting rose at 12.45 p.m.