



SECOND COMMITTEE
8th meeting
held on
Friday, 14 October 1983
at 11 a.m.
New York

SUMMARY RECORD OF THE 8th MEETING

Chairman: Mr. DIETZE (German Democratic Republic)

CONTENTS

GENERAL DEBATE (continued)

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The meeting was called to order at 11.25 a.m.

GENERAL DEBATE (continued)

1. Mr. SEARS (Bahamas) said that the exorbitant cost of the arms race in absolute terms (maybe \$800 billion) and relative terms (out of all proportion to development assistance) made linkage between disarmament and economic and social development imperative. The many developing countries that contributed to the arms race by becoming dumps for weaponry, sometimes more than was necessary to meet their own security requirements, should stop diverting part of their own resources to an unproductive sector.

2. The economic development of the island countries and land-locked States needed special attention. The import-dependent economies of such countries could do little to prevent using prices for imported goods and services, while their export sectors were hampered by a lack of marketable commodities and the situation in the international markets for raw materials. Some such countries, which needed extensive infusions of capital to develop their infrastructure, were not receiving enough aid from international monetary and financial institutions, being classed by the latter as developed or middle developed countries on the basis of high per capita income in the principal urban centres alone without realizing that that income depended on external sources and, especially, that the rural periphery was still very undeveloped and must depend for the financing of its development entirely on national authorities.

3. There might be agreement on the causes of the world economic crisis and the solutions to it, but there was still disagreement on how to arrive at those solutions. South-South commerce could be increased, for example, to deal with trade problems. That could not occur, however, until the necessary technical and financial infrastructure was in place. Besides, all efforts by the South would be in vain if the North, to which the South was unalterably linked, did not play the part that the current international economic situation dictated for it.

4. Mr. KOBAYASHI (Japan) said that in spite of the continuing serious economic problems faced by the international community in general and the developing countries in particular, there seemed to be progress towards a sustained and non-inflationary upturn in the world economy. The challenge was therefore both to strengthen international co-operation so as to make sure that the upturn took place and to intensify development efforts so as to meet the urgent needs of the developing countries. The Director General for Development and International Economic Co-operation had clearly indicated the path that the General Assembly should take to reach those objectives.

5. His country was aware of the political ramifications of the global negotiations and had expressed the hope that preparations for the talks would be concluded as quickly as possible. It was sympathetically disposed towards the proposals by the Group of 77, which advocated a two-stage approach. That method should be spelt out more clearly. Meanwhile, a certain number of immediate measures should be taken to meet the urgent needs of the developing countries.

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(Mr. Kobayashi, Japan)

6. As far as financial and monetary matters were concerned, the flow of resources to developing countries should increase significantly. It was comforting to note that the countries on the OECD Development Assistance Committee had increased their official development assistance by 11 per cent in real terms despite the recession. The developed countries should nevertheless continue to increase both their bilateral assistance and their contributions to international financial institutions. His own country would make an effort to double its official development assistance by 1985. The multilateral financial institutions had responded and would continue to respond to the needs of the developing countries: IMF had decided to raise its contributions and IDA had begun intensive negotiations on the seventh replenishment of its resources.

7. His country understood the concerns that had led to the proposal for an intergovernmental conference on monetary and financial questions. The subject was so far-ranging and complex, however, that it should be considered in more depth before beginning to make preparations for such a conference. The participants in the Williamsburg Summit, the Finance Ministers and the Governors of the central banks of the "Group of 10", had made a number of suggestions for progressive improvements in the way the international monetary system functioned.

8. As for commercial exchanges, efforts to preserve an open and multilateral system had succeeded; protectionism had been condemned by GATT in 1982 and, more recently, at the sixth session of UNCTAD. His own country had taken a series of steps to make its markets more open. As far as the least developed countries were concerned, the Substantial New Programme of Action was currently under way and would be reviewed in 1985. His country intended to increase its assistance to those countries regularly. Discussions of immediate measures should be more concerned with the implementation of measures already adopted than with further negotiations. Some decisions had been taken but were still awaiting implementation. For example, the Common Fund under the Integrated Programme for Commodities had still not been set up, since the agreement on its establishment had not been ratified by a sufficient number of States. Such agreements should swiftly be put into effect if the credibility of initiatives taken within the United Nations was to be preserved.

9. The review and appraisal of the International Development Strategy for the Third United Nations Development Decade, which were scheduled for 1984, would perhaps induce the developed countries and developing countries to reformulate their development policies on the basis of long-term perspectives. As the Under-Secretary-General for International Economic and Social Affairs had stressed, that was an important undertaking that could have a considerable impact on the governmental policies of Member States. His country therefore hoped that the Committee of universal membership established for the purpose would accomplish its task with all due care.

10. Several United Nations bodies, including UNDP, UNICEF, UNFPA, WFP and UNU had played a useful part in the provision of assistance to developing countries within the framework of operational activities for development, and should accordingly receive financial support from all Member States of the United Nations. His

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(Mr. Kobayashi, Japan)

country was the second largest voluntary contributor to the United Nations system, but other countries, particularly the socialist countries of Eastern Europe, made very small contributions. The burden of financial assistance should be divided more equitably among the different Member States.

11. Developing countries themselves, however, should assume primary responsibility for their economic and social development. In order to do that, they should in particular adopt appropriate macro-economic, trade and investment policies and ensure a balanced distribution of national resources. In that respect, it is encouraging to note that those countries were placing more emphasis on co-operation within their group as was demonstrated by the recent declaration by the Ministers of Foreign Affairs of the Group of 77.

12. Finally, it should not be forgotten that the private sector had a very important role to play in the promotion of development activities. Nearly two thirds of the transfers of resources from developed countries to developing countries took place either in the form of direct private investment or through private banks which had actively participated in rescue operations aimed at providing solutions to the serious debt problems of the developing countries. Direct foreign investment, in particular, could generate employment and could be accompanied by a transfer of technology and management capacities. Thus it was important to approach the problem of transnational corporations in an objective and constructive manner, and also to establish a healthy economic climate in the receiving countries to attract that type of investment.

13. Japan believed that all those questions should be considered in depth at the current session. To that end, it was appropriate to proceed in stages, and to make efforts to achieve concrete results and to work together within the framework of a constructive North-South dialogue.

14. Mr. MORET (Cuba) said that the countries of the so-called third world were continuing to be afflicted by the most devastating effects of the international economic crisis, which had originated in the developed capitalist countries. The deterioration of the terms of trade, the decline, in real terms, of transfers of resources, monetary instability and the intolerable growth of foreign debt revealed the impact of the iniquitous structures of the capitalist economy which maintained a system of dependence so as to facilitate the plunder of the underdeveloped countries, thereby giving rise to their poverty and external vulnerability. The current crisis affected not only the trade, financial and monetary sectors but also other fields of human activity such as food, health, education and the management of natural resources. Also, as Fidel Castro had noted in the message he had sent to the sixth session of the United Nations Conference on Trade and Development, there was a crisis of neo-colonial economic structures, aggravated by retrograde political conduct, an attitude of arrogance and aggressive interventionism, which had to be faced by Nicaragua and other countries of Central America, several countries of Africa, the Palestinian people and even Cuba. Thus all economic aggression perpetrated against those countries by the principal imperialist Powers must be firmly condemned, whether it involved embargos, trade restrictions or any other measures aimed at preventing those countries from choosing an independent course based on the principle of self-determination.

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(Mr. Moret, Cuba)

15. On many occasions, and particularly at the seventh Conference of Heads of State or Government of the Non-Aligned Countries, the fifth ministerial meeting of the Group of 77 and the sixth session of UNCTAD, the developing countries had demonstrated by their moderate and realistic attitude and spirit of negotiation their desire to initiate a constructive dialogue in order to establish a climate of co-operation and facilitate the settlement of the serious economic problems faced by most of the international community and particularly the developing countries. Unfortunately, certain developed capitalist countries had adopted a totally negative attitude and had shown no desire to embark upon a process of real restructuring of international economic relations so as to ensure greater justice. In acting in that way, they were endangering international co-operation, with all the unforeseeable consequences that involved for both the developed and the developing countries. The sixth session of UNCTAD had made no progress. In their Declaration of Buenos Aires, the developing countries had made concrete proposals with a view to starting an extensive process of negotiations. Those initiatives had been rejected by the main developed capitalist countries, however, although those countries should have been the natural counterparts in the negotiations because of their influence in the world economy and their primary responsibility for the current crisis. Thus the countries of the third world could not be accused of provoking confrontation. Indeed, they had taken the first step towards strengthening co-operation.

16. A similar atmosphere prevailed in respect of global negotiations which Cuba and other countries of the "third world" fully supported. From the very outset, the developing countries had tried to adopt flexible positions to facilitate the launching of those negotiations. Their proposals had been met by silence on the part of the industrialized Western countries or had given rise to totally unacceptable counter-proposals. In that respect, no decision had yet been taken regarding the proposal made at the seventh Conference of Heads of State or Government of the Non-Aligned Countries to begin negotiations without delay on the basis of the principles set forth in resolution 9 of the sixth Conference of Heads of State or Government of the Non-Aligned Countries and in General Assembly resolution 34/138. The launching of that process would make it possible to alleviate tensions, improve awareness of the problem of development and hasten the advent of a new international economic order.

17. The most urgent task, however, was to implement immediate measures to benefit the developing countries and help them confront their most acute problems. Clearly those measures could not replace global negotiations: they were merely complementary and provisional in nature. Taking refuge behind the theory of interdependence, some theoreticians of the developed capitalist countries were propounding misleading theories in an attempt to justify the maintenance of economic relations based on the exploitation of the developing countries. Thus, they were trying to demonstrate that recovery in the developed countries was the only way of putting an end to the world economic crisis and resolving the serious problems of the developing countries. According to that reasoning, the developing countries should adopt austerity measures to strengthen their economies and postpone their legitimate demands. In other words, those countries were once again being asked to contribute to the development of the societies which had been able to prosper because of their colonial past, and that was totally unacceptable.

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(Mr. Moret, Cuba)

18. The acceleration of the arms race constituted a grave threat to international peace, security and economic stability. It was also one of the main obstacles to the establishment of a new international economic order. Enormous material and human resources were being wasted when they could be used for the peaceful development of all countries and particularly the developing countries. The problem could be summarized in one sentence: there could be no development without peace and no peace without development.

19. The results achieved in the context of the international development strategy were misleading. The review of that strategy in 1984 would make it possible to establish the responsibility of those who, through their policies and practices, had opposed the achievement of the objectives sought.

20. For all those reasons, the international community must adopt measures to remedy that situation and permit the establishment of a new international economic order. On the basis of the statement recently adopted by the Ministers of Foreign Affairs of the Group of 77, his delegation called upon the countries which had obstructed the process of global negotiations and the concerted implementation of a programme of immediate measures to adopt a positive attitude to the responsibilities facing them in order to establish a climate of co-operation which would facilitate the essential restructuring of international economic relations and the search for solutions to the serious problems of the developing countries. In that respect, his delegation welcomed the joint statement of the socialist countries of Eastern Europe on the restructuring of international economic relations (A/38/479).

21. Mr. AL-HADDAD (Democratic Yemen) said that the twentieth anniversary of the revolution of 14 October 1963 provided the occasion to recall that his country had always regarded economic independence as going hand in hand with political independence. The socialist method of development adopted in his country had enabled important successes to be achieved despite a lack of natural resources and an international economic situation that was detrimental to the developing countries as a whole, but especially to the least developed countries, including his own.

22. He was convinced that a way out of the crisis could be found. However, the "ball was in the court" of the industrialized countries. The policy of protectionism instituted by those countries in order to discourage the exports of the developing countries, and the inability of the international trade, economic and financial system to ensure fair trade and development had had very serious repercussions on the developing countries, which were particularly concerned over the servicing of their external debt and the effect of that situation on their domestic political stability.

23. The tendency of the developed capitalist countries to replace multilateral co-operation by bilateral co-operation and, consequently, to impose their political and economic concepts weakened the role of the United Nations system, impeded the attainment of the objectives of the Charter and threatened international peace and security. Those countries wished to revert to the virtues of economic liberalism

(Mr. Al-Haddad, Democratic Yemen)

in order to solve the world crisis. However, that could be achieved only by relaxing economic measures that hurt the developing countries and by adopting long-term measures that were more favourable to them, on the basis of the proposals put forward by the seventh Conference of Heads of State or Government of the Non-Aligned Countries, held in New Delhi in March 1983, the Buenos Aires platform and the sixth session of the United Nations Conference on Trade and Development. It was now up to the developed capitalist countries to respond to the proposals put forward in those forums in order to solve the economic and financial difficulties of the developing countries.

24. He emphasized the need for a world conference on the financial and monetary aspects of development, and hoped that the developed countries would show the political will needed to solve the increasingly serious problems that were afflicting international economic life, in order to meet the aspirations of the peoples of the world.

25. Mr. DOMOKOS (Hungary) said that, since economic problems were so complex and closely interconnected, action had been concentrated on finding short-term solutions, but they had failed to bring about improvement and had often aggravated the problems. Although the advanced capitalist countries had managed to control inflation, they had thereby caused a sharp decline in economic growth and a steep rise in unemployment. Those difficulties were also present in the international sphere: there was a real danger that countries would lose the possibility of actively participating in, and enjoying the benefits of, the international division of labour.

26. The situation of a considerable number of developing countries was almost hopeless. Since those countries had always had to rely on external assistance for to attain acceptable rates of economic growth, they now faced balance-of-payments deficits and a widespread lack of liquidity caused by protectionist measures which deprived them of the external financial aid they needed so badly. They saw their credit supplies exhausted and were increasingly unable to service their debts, while the high interest rates had enormously increased that burden. They therefore demanded immediate measures, primarily in the financial field. The advanced capitalist countries responded with optimism, expecting recovery which would automatically solve the problems of the developing countries. They had even tried to prove that, as a result of economic recovery in the Western countries, the economic growth of developing countries would, as in the 1960s and 1970s, outpace that of the advanced countries and that the difference in the levels of the development between the two groups of countries would consequently diminish.

27. While he wished those forecasts to be right, it was doubtful whether such optimism was solidly based. It was questionable whether the degree of economic recovery would be high and lasting enough to extend to all the advanced countries and have a direct effect on the economies of the developing countries. It was also questionable whether non-inflationary growth could be sustained after anti-inflationary monetary measures had been replaced by incentives to consumption and production.

(Mr. Domokos, Hungary)

28. The lifting of arbitrary, protectionist and discriminatory measures was a prerequisite for the normal functioning of the world economy. In order to restore the equilibrium of the world economy, there was need to restore the ailing international financial and monetary systems, through more stable exchange rates, lower interest rates, and new credits on acceptable terms for countries that needed to expand imports and production. Yet the prospects for change were scarcely encouraging, since international economic relations were marred by an atmosphere of tension and distrust and by a sharpening confrontation. It was hard to believe that a recovery of the world economy would benefit all nations unless imperialist circles abandoned their practice of using economic relations for furthering their political ends and for maintaining other countries in a state of political and economic dependence.

29. Furthermore, there was no doubt that the arms race impeded mobilization of the financial, scientific and technical resources needed for restructuring international economic relations and disorganized such relations.

30. He then provided information on socialist measures introduced in Hungary in order to resist the pressure of the world economic situation. Although Hungary benefited from the co-operation among the countries of the Council for Mutual Economic Assistance, it had been unable to insulate its economy from recent changes in the world economy and from the practices that were contrary to the norms of international trade, particularly since it had an open economy, extensively involved in the international division of labour. Hungary had suffered great losses due to worsened terms of trade during the past 10 years, when there had been a slow-down in its economic growth. Hungary's adjustment to the changing world economic conditions had focused on keeping its balance of payments in equilibrium. The adjustment programmes facilitated the solution of short-term tasks in the interest of maintaining economic equilibrium and left scope for further progress in implementing the economic reforms initiated in 1968. Those reforms were aimed at establishing a socialist planned economy which took due account of market forces. In view of its economic problems, Hungary had opted for the only logical course, that of expanding economic relations to include all countries and groups of countries, particularly the developing countries, with a view not only to increasing traditional trade but also to changing its structure.

31. The sustained recovery of the world economy could be expected to benefit all countries only if that economy was released from the double burden of military expenditure and artificial restrictions on international economic relations, and if decisive steps were taken towards a democratic restructuring of those relations.

The meeting rose at 12.40 p.m.