

United Nations
**GENERAL
ASSEMBLY**
THIRTY-EIGHTH SESSION
*Official Records**



SECOND COMMITTEE
13th meeting
held on
Wednesday, 19 October 1983
at 3 p.m.
New York

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SUMMARY RECORD OF THE 13th MEETING

Chairman: Mr. DIETZE (German Democratic Republic)

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Distr. GENERAL
A/C.2/38/SR.13
8 November 1983
ENGLISH
ORIGINAL: SPANISH

The meeting was called to order at 3.30 p.m.

GENERAL DEBATE (continued)

1. Mr. BIRIDO (Sudan) expressed regret that, despite the general agreement on the gravity of the world economic situation, and in particular, the situation of developing countries, no agreement had been reached regarding an international course of action. He had in mind the situation of most of Africa and, in particular, the least developed countries, where it was a matter not simply of economic performance and the behaviour of economic indicators but the very survival of millions of human beings; yet, the action taken to date was far from commensurate with either the declared will to assist Africa or the gravity of the situation.
2. His delegation endorsed the view that the work of the Second Committee should be rationalized and made more effective; however, such an exercise should not be made an end in itself or divert attention from substantive questions. With respect to the relationship between the work of the Second Committee and that of other committees, in particular the Fifth Committee, CPC and other bodies of the system, he said that many of the decisions and resolutions of the Second Committee were of limited scope, and that factor, combined with the lack of time, would be an obstacle to their consideration in a broader context. At the beginning of the current session, the General Committee had decided that the substantive committees would consider the statements of the programme implications of draft decisions and draft resolutions together with the statements of their financial implications before they were taken up by the Fifth Committee. The statements of programme implications would enable the Committee to adopt more enlightened and effective decisions, provided that they did not become an institutionalized instrument to exercise budget cuts or perpetuate zero-growth budgets. In considering such statements, the Second Committee should concentrate on the programme aspects, leaving the financial aspects to the Fifth Committee.
3. Mr. ZOLLER (Australia) said that the Second Committee, as a major component of the international economic negotiating process, had some weighty responsibilities. The credibility of that process had been eroded owing to the stalemate in the North-South dialogue over the past few years; however, the alternative, namely to seek partial solutions and unilateral actions, frequently based on selfish policies from which no one would benefit, must be rejected. It would be tantamount to a denial of the interdependence which had become the focus of current thinking. Partial progress must not be scorned, even when it did not come up to expectations, as had been the case at the sixth session of UNCTAD.
4. The signs of economic recovery in some countries were unmistakable. For example, non-oil commodity prices had risen by 25 per cent over the past 12 months. But the prospects of recovery must not be used as an excuse to divert attention away from the concerns of the developing countries.
5. The Government of Australia continued to believe in the feasibility and value of global negotiations, and it was willing to look sympathetically at any proposal which offered the prospect of achieving progress in that area.

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(Mr. Zoller, Australia)

6. Many considered that the international system of money and finance should be re-evaluated and perhaps reformed. At the same time, it would be counterproductive to discard that system completely since, despite its faults, it was a workable system and enjoyed broad international confidence; it was therefore able to attract the capital which was ultimately the key to its viability.

7. In considering the need for changes in the negotiating process of the Second Committee, the following objectives must be taken into account: (a) a more rational use of resources; (b) less duplication between the responsibilities of the Second Committee and those of other multilateral forums; (c) a better distribution of the work-load of the Committee which would allow the more important and urgent issues to be given the time and attention they required; and (d) procedures which ensured that more time was given to real negotiations. While those objectives pointed the way to a streamlined and leaner agenda, the Second Committee must not abrogate its responsibilities and must not allow itself to become a rubberstamp for decisions made elsewhere, often with a more limited view of the principles and priorities of the United Nations system. Lastly, the debate on the procedures and negotiating mechanisms of the United Nations must not be permitted to cloud the substance of the issues in the North-South dialogue, whose success would ultimately depend on the existence of the necessary political will to achieve real progress.

8. Mr. ELIASHIV (Israel) expressed his delegation's concern over the current world economic situation and, in particular, the very serious difficulties of the developing countries, where the prospects for implementing the International Development Strategy did not appear encouraging.

9. In a situation characterized by uncertainty with respect to monetary arrangements, inflation, stagnation, unemployment and protectionism, it was more than ever necessary to liberalize trading practices in order to facilitate access to developing countries' exports. In that connection, the role of GATT must be strengthened. It was no less important to redress the decreasing flow of financial assistance to developing countries. The commercial banks must refrain from setting excessively high interest rates on rescheduled debt, lest they undermine the growth prospects of debtor countries. Israel had submitted, in various United Nations forums, proposals concerning massive interest subsidization, the creation of an export credit guarantee facility, and expanded co-financing.

10. The failure of international efforts to narrow North-South differences was attributable to the inadequacy of the funds allocated to development and the excessive emphasis given to the central-modern sector in developing countries at the expense of their perpetually backward peripheral-rural sector. There was a need to design new development programmes aimed at the speedy improvement of the productivity and the quality of life in the peripheral-rural sector and allowing for the fact that both the capital and the human resources available were all too frequently insufficient for the implementation of orthodox development programmes. Israel had submitted in various international forums a development programme of that type, characterized by the promotion of a "transitional economy" and based on five spheres of activity: agricultural productivity; off-farm rural job creation;

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(Mr. Eliashiv, Israel)

rural social services and infrastructure; employment, housing and services in urban slums; and population control. Some elements of that strategy had been applied successfully within Israel and through its numerous international co-operation programmes, in developing countries.

11. Food and agriculture constituted a critical area where substantial progress could be made. It was necessary to ensure an uninterrupted food supply to low-income countries, to increase their storage capacity, and to raise their agricultural productivity in order to meet food needs and reduce dependence on imports. In Israel, the agricultural sector was viewed not merely as another productive sector but as a constructive way of life for an important segment of society.

12. The ending of the era of plentiful and cheap oil had affected the whole world, but the most pronounced effect had been on the non-oil developing countries, which in some cases had seen an absolute drop in their already low living standards. Currently countries were having to use an increasing proportion of their resources for the acquisition of energy to keep their economic system functioning; thus the need to reduce dependence on oil through a rapid transition to new and renewable sources of energy was obvious. Each country must undertake a survey of its indigenous resources - including solar energy, biomass, wind power and oil shale - which, not having been exploited on a large scale, were suitable for independent development, without the intervention of large companies; for such development, the creation of a national scientific and technological infrastructure was essential. Since many of the energy resources in that category were common to a number of developing countries, a consortium of those countries could be developed for their exploitation and marketing. A task force could be set up for each source of energy in order to determine the potential availability of the source in each country, the current state of technological development for its utilization, the most promising avenues of research for accelerating such development, techno-economic feasibility, and a programme of economic co-operation and research and development. His delegation hoped that activities following the United Nations Conference on New and Renewable Sources of Energy, including those within the framework of UNIDO, would promote that objective.

13. The importance of technology for industrial development must be emphasized, and his delegation reiterated its support for the proposal contained in the UNIDO Declaration and Plan of Action concerning an industrial and technological information bank. The concrete needs of each country must be borne in mind in introducing technology. In that connection Israel, where the climate, topographical conditions and soil characteristics were similar to those of many developing countries, could contribute its experience with respect to the proper use of soil and water, marketing and other matters connected with agricultural and food production. Its experience in the field of community development could help to improve living conditions in many developing countries. There was also an urgent need to restructure the existing relationship between suppliers and recipients of technology in favour of the developing countries; in that connection, a code of conduct on the transfer of technology could represent a very useful tool.

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(Mr. Eliashiv, Israel)

14. His delegation reiterated its support for technical co-operation among developing countries. Israel had shared its technical experience with more than 60 developing countries. Between 1958 and 1981 more than 8,000 Israeli experts had served in developing countries and more than 25,000 trainees from those countries had participated in courses, seminars and individual training in Israel, particularly in the fields of agriculture, arid-zone irrigation, co-operation, marketing, community development and medicine. During the past decade the support of some developed countries and interregional institutions had enabled Israel to broaden its co-operation with other developing countries. Israel attached great importance to economic co-operation among the developing countries but stressed that such activities must be guided by the principle of universality and that no country should be excluded.

15. It was his hope that co-operation among all countries would prevail over confrontation and that, at the regional level, Israel and its neighbours could devote their resources and energies to social and economic development.

16. Mr. PESHKOV (Byelorussian Soviet Socialist Republic) said that document A/38/479 had made it clear that the socialist countries, in their effort to strengthen peace and improve the system of international economic relations, had advocated the restructuring of those relations on a just, equitable and democratic basis. In the opinion of the socialist countries, the principal obstacle to the democratic restructuring of international economic relations was the policy of imperialism which continued to hold the developing countries in a situation of neo-colonial dependence and attempted to shift to them the grave consequences of the crisis of the capitalist system. The solution to those problems was inseparable from the prevention of nuclear war and the achievement of real disarmament. He welcomed the emphasis placed on the question of disarmament in the Economic Declaration of the Conference of Heads of State or Government of Non-Aligned Countries, held at New Delhi; he also called attention to the well-known proposal of the socialist countries that the resources freed as a result of disarmament should be applied to the promotion of social and economic progress.

17. Although it was necessary to devise urgent solutions to economic problems and to promote trust between States, many Western countries and, above all, the United States, were attempting to transfer political tension to the economic sphere, employing such means as blockade, embargo, threat and boycott to impose on other countries systems which suited imperialism. The United States had institutionalized interference in the affairs of other sovereign States, a policy which had found specific expression in the 1979 Act on the control of exports, and was urging its political and economic allies to declare a trade war on the socialist countries. Cuba, Viet Nam, Nicaragua, Afghanistan and other countries which had retained their independence were suffering the consequences. The pressure took various forms, from limitations on the export of certain goods to the suspension of credits or purchases and blockade; such cynical forms of pressure were accompanied by appeals for the defence of free trade. Recently, there had been attempts to bring pressure to bear on the developing countries through the World Bank and the International Monetary Fund. The use of economic measures to pursue political objectives was unacceptable and incompatible with the Charter of

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(Mr. Peshkov, Byelorussian SSR)

the United Nations and the provisions of the Charter of Economic Rights and Duties of States; it should therefore be condemned by the United Nations.

18. Between 1980 and 1982 the capitalist economy had passed through one of its cyclical crises; as a result, unemployment in the United States and Western countries had reached its highest level in 40 years. At the beginning of 1983 production had bottomed out and the crisis appeared to have ended; nevertheless, economic recovery would certainly be slow and difficult and focal points of tension in the areas of finance and credit would persist with devastating effects on the economies of deficit countries. According to the United States press, interest rates would probably continue to rise in 1984; an increase of only 1 per cent would add \$800 million to the debt service of Mexico and \$640 million to that of Brazil.

19. The socialist countries supported the proposals of the developing countries concerning the launching of global negotiations, the democratization of the international monetary and financial system, the adoption of a programme of immediate measures in favour of the developing countries and the neutralization of the negative effects of transnational companies on those countries. The Conference of Ministers for Foreign Affairs of the States parties of the Warsaw Treaty, held at Sofia on 13 and 14 October, had supported the initiative for the start of global negotiations, with a view to creating an atmosphere of trust in economic relations between States.

20. The assistance provided by the Soviet Union and other socialist countries was a basic factor in strengthening the independence of developing countries. In the case of Byelorussia, the development of its industrial and technical potential had been started through the process of socialist industrialization which had taken place over the past 30 years. At the end of the Second World War industrial production had been 10 per cent of its pre-war level, and all the national industry destroyed by the Nazis had had to be reconstructed. Currently several thousands of foreign students were being trained, secondary schools were accepting technicians and qualified personnel from other countries and, in turn, engineers and technicians from Byelorussia were contributing their experience and knowledge to other developing countries and were training national personnel. Hundreds of countries, including 70 developing countries, were using articles produced in Byelorussia, such as tractors, computers, chemical products, a range of machine tools, communication media and agricultural machinery. Three hundred thousand tractors from Byelorussia were in use in many of those countries, as well as over 100 models of metal-cutting machines. The socialist States were developing their scientific and technological relations with other countries on the basis of the principles of mutual benefit, enhancement of quality, and respect for sovereignty and national interest.

21. Mr. HARLAND (New Zealand) said that, despite some positive developments during the preceding year, there were still reasons for concern with regard to the future of the world economy. It was clear that economic recovery alone would not resolve the structural problems in the world economy, nor would it permit a return to sustained growth.

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(Mr. Harland, New Zealand)

22. The increasing interdependence of States had been demonstrated time and again during the preceding decade. Developing countries depended on the more advanced countries for capital, technology and markets for their products; at the same time, the industrialized countries depended on the developing world. During the 1970s, the developing countries had registered the most rapid growth, which had made possible the expansion of world trade and had helped the industrialized world out of its difficulties. In addition, the decline of the United States GNP appeared to be due largely to the reduction in its exports to developing countries.

23. Major changes in the world economy had not been accompanied by changes of the same magnitude in its institutional framework. The growth of interdependence and the problem of external debt had prevented the major institutions set up in the 1940s (such as IMF, the World Bank and GATT) from continuing to play the clearly defined roles which they had been assigned at their inception. Those institutions, which were currently more important than ever before, needed to be strengthened and updated.

24. The Prime Minister of New Zealand had been calling for a comprehensive examination of the current system of international trade and payments and for the holding of a new Bretton Woods conference. In recent months, those proposals had been supported and taken up by the Brandt Commission, the Prime Minister of India, the Movement of Non-Aligned Countries, the President of France, the leaders of the major industrialized countries and the finance ministers of the 44 countries members of the Commonwealth. It seemed that an international consensus was being reached on the subject, since the need to re-examine the current system of international trade and payments was generally accepted, regardless of differences in the proposals. The consensus was not yet complete, since the economic recovery in the United States and other industrialized countries had led some to question whether a re-examination of the current system was required. Nevertheless, even if a sustained recovery took place, it would not solve the problems of debt, development and protectionism or reduce unemployment. The recovery was cyclical in nature and was confined to relatively few countries.

25. The review of the international trade and payments system would be slow and difficult and would have to be tailored to the needs of the main participants. As the Prime Minister of New Zealand had stated in his address to the General Assembly, that task must be undertaken by highly qualified experts who enjoyed the confidence of the major economic Powers and who represented a broad range of countries. The international community must aim for broad international agreement on the introduction of changes in the trade and payments system by 1985; preparations for reaching that agreement must begin immediately, and no later than the end of 1984.

26. Mr. KEYES (United States of America) said that the difficult economic situation of the developing countries, the most tragic aspects of which were the hunger and hopelessness of millions, required an objective analysis which made a distinction between problems arising from the events of recent years and those that reflected basic structural or policy deficiencies and which did not make the

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(Mr. Keyes, United States)

mistake of confusing the search for a scapegoat with an explanation of the causes of the problems. Not all countries had been equally affected by the deep world recession or by exogenous factors or ostensible structural systemic inequities; while Latin America was staggering under the burden of a huge external debt, countries such as Pakistan had, in the period 1981-1982, registered growth rates of 6.6 per cent in GDP, 16.4 per cent in gross domestic fixed capital formation and 4 per cent in the agricultural sector. In 1981, Indonesia had experienced a growth rate of 7.6 per cent in the face of depressed prices for its commodities, thanks to an excellent performance in the agricultural sector; in the Republic of Korea, GNP had grown by 7 per cent in the same year with agricultural production accounting for more than half that amount; in Malaysia, despite a declining demand for tin, rubber and other commodities, a modest growth had been posted as a result of a strong increase in private investment.

27. While acknowledging the complex factors, such as natural resource endowment, climatic conditions and socio-cultural dynamics, which influenced the development process, he noted that the cases of the aforementioned Asian countries and of the pre-recession growth leaders in Africa, such as the United Republic of Cameroon, the Ivory Coast and Malawi, showed that in order to overcome the difficulties of the recession and benefit from the world economic recovery, developing countries must: provide incentives for agricultural and industrial production; allow the market, and not artificial political factors, to determine the prices of their commodities; have a strong private sector and give it responsibilities and incentives, in the context of their development plan; and, above all, stimulate agricultural production through effective pricing policies and the creation of interrelated incentives, such as access to credit, availability of seed and fertilizer and fair market reward for effort. The growth and efficiency of the agricultural sector encouraged research into new agricultural methods and techniques, improved the quality of rural life, reduced urban migration, lessened costly dependence on food imports and increased foreign exchange earnings from export crops. In contrast, adherence to a centralized economic model led to a plethora of State-run enterprises which became a heavy drain on government resources, in spite of good intentions and ample development assistance, and resulted in economic stagnation and a lowering of the standard of living even before the effects of a recession were taken into account. Furthermore, policies favouring urban populations in some countries reduced agricultural productivity and degraded arable land; combined with the centralized development model, those policies brought about the rapid decay of infrastructures and the erosion of foreign exchange reserves and natural resource bases.

28. Despite arguments put forward in a number of circles, the international economic system's response had been adequate; in fact many countries which disagreed with that view had received massive and co-ordinated rescue efforts from international financial institutions, even though their problems had arisen from mismanagement of windfall oil profits obtained during the 1970s.

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(Mr. Keyes, United States)

29. In the restructuring and rescheduling of debt, a joint effort was being made by Governments and central and private banks; the International Monetary Fund and the World Bank had shown flexibility and imagination, and the international financial community had shown a readiness to work closely with individual debtor nations to solve their specific financial problems. It was also true that the financial institutions established at Bretton Woods, commercial banks, the Bank for International Settlements, export credit agencies and bilateral government programmes were co-operating in the search for solutions to debt and development problems.

30. Rather than dismantle a system which had generated unprecedented economic growth throughout the world, during the past 40 years efforts should be made to give the system all the support and resources it required to function properly. The current resumption of growth and the rapid increase in international trade were proof that it was not necessary to restructure international economic relations. International economic institutions had not been designed to cope with the long-term problems of development. International co-operation could help ease the short-term problems of cyclical adjustment, but, as stated in the International Development Strategy and in the world development report for 1983, each country must pursue its own policies to create the conditions necessary for sustained growth and development.

31. Many countries, and not just the developing countries, depended on foreign trade; consequently, trade barriers should be eliminated. In order to hasten growth, the developing countries, whose export earnings were more than six times greater than the amount of official development assistance they received, must implement policies designed to create a climate conducive to domestic and foreign investment, reduce price distortions and subsidies and enable market economic incentives to guide the activity of producers and consumers. On the other hand, government interference with market mechanisms, undertaken more for political than for economic reasons, centralized control and resulted in economic stagnation or regression particularly in the agricultural sector. That kind of control, which elite factions, motivated by greed, political ambition or, in the best of cases, despotic paternalism, claimed to exercise for the welfare of their people or to protect them from foreign exploitation, was actually intended to prevent the existence of alternative centres of power within society and invariably led to repressive measures and the wasting of human and material resources. In contrast, economic freedom generated the greatest amount of creativity, productivity and organizational ability, since it went beyond economic theories and models and rested on the psychology of human behaviour and the notion of individual choice based on rational self-interest, which made it possible to identify the real needs and to organize the human energy required to meet them. Those were the lessons to be gained from the experience of the United States and those developing countries that had achieved their goals. It should also be pointed out that such economic freedom must be based on education, as opposed to indoctrination, in order that individual decisions might reflect the interdependence of the individual and society.

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(Mr. Keyes, United States)

32. The idea of global negotiations should not be used as a means of evading the need to choose between the two policies in question and the tendency to attribute all problems to systemic imperfections and economic dependence was to be condemned. It was also misguided to use the concept of South-South co-operation as a justification for going to the other extreme, in other words, supposed self-sufficiency and promotion of self-defeating economic isolation, since there was in reality only one international economy. The United States was in favour of positive interdependence, in the form of free but inescapable interaction among the individual economic units. Moreover, legitimate South-South co-operation should not be made a pretext for warfare against the North aimed at diverting attention from the responsibility of particular Governments. It was necessary to put an end to the political, religious and other divisions inhibiting economic co-operation and giving rise to conflicts that destroyed and diverted scarce material and financial resources needed for development.

33. Although, it was unfortunate that the familiar, dishonest and distasteful charges had been levelled against his country by the Soviet Union and its colonies, he would not take the trouble to refute them, since he considered them irrelevant and wished to avoid turning the Committee into a politicized East-West forum. If such inflammatory rhetoric continued, the United States would be compelled to respond, and the atmosphere of confrontation would be to the detriment of the Committee's work.

34. Mr. KUROWSKI (Council for Mutual Economic Assistance) said that a number of developed capitalist countries were destabilizing international economic relations through acceleration of the arms race, which, in addition to bringing the world to the brink of nuclear catastrophe, had serious implications for economic, scientific and technological co-operation and, owing to the diversion of financial resources represented a growing obstacle to the economic and social progress of the peoples of the world.

35. The economic crisis had had an adverse effect on the situation of the workers and was having a particularly strong impact on the developing countries. Owing to the unequal economic relations that existed, the symptoms of recovery that were to be noted in the Western economies should not be taken as meaning that there was going to be an improvement in the situation in the developing countries. Furthermore, the United States and other leading capitalist countries were trying to exert political and economic pressure, including sanctions and discriminatory treatment, on the socialist countries and a number of developing countries, which constituted a breach of internationally recognized norms, of the principles laid down in the Charter of the United Nations and of the Final Act of the Helsinki Conference on Security and Co-operation in Europe.

36. In view of that situation, as indicated in their Political Declaration adopted at Prague in January 1983 and in the joint statement issued in June of the current year at Moscow, the countries of the socialist community were doing their best to preserve peace, promote co-operation among States and prevent military escalation. The socialist countries' peace policy, which had the support of the States members

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(Mr. Kurowski)

of CMEA and all progressive forces throughout the world, was based on the very essence of the social system of those countries and was in keeping with the aspirations of the peoples of the world. As an illustration of that policy, he wished to draw attention to the unilateral commitment made by the Soviet Union not to be the first to use nuclear weapons.

37. Despite the obstacles placed in their path by reactionary imperialist forces, the members of CMEA were still willing to promote the development of extensive East-West trade and economic links and equitable and mutually advantageous co-operation with all States. However, the development of trade called for a better political climate and the elimination of all discriminatory limitations of a political character. The members of CMEA therefore supported the proposal put forward by the Polish People's Republic that measures should be adopted within the framework of the United Nations with a view to increasing confidence among States in the economic sphere.

38. It was CMEA policy to try to even out the economic development levels of all member States, and the Council was therefore aiming to provide fraternal and free assistance to a number of its members, such as the Socialist Republic of Viet Nam, the Republic of Cuba and the Mongolian People's Republic, whose levels of development were lower than those of other members for historical reasons.

39. On the whole, the economies of the socialist community were growing steadily at rates exceeding those of the leading capitalist States. For example, in 1982 the aggregate gross national product of the developed capitalist States had fallen by 0.5 per cent compared with 1981, while in the same period the national income of the members of CMEA had increased by approximately 2.6 per cent. Unemployment and stagnated production were phenomena that were unknown to CMEA members. The socialist economy was now characterized by intensive development that did not call for large-scale investment in the form of energy, raw materials and other resources but was, rather, fundamentally based on improvements in labour productivity.

40. In attempting to solve vital problems, the members of CMEA attached great importance to the expansion of co-operation and the development of socialist economic integration with a view to providing fuel, energy, raw materials and machinery for the various national economies, particularly through joint development of large production capacities. In order to develop their energy potential they were successfully implementing a programme in the nuclear power industry. At the same time, they were endeavouring to solve major problems relating to environmental protection and improvement, in co-operation with ECE and UNEP. However, they were encountering difficulties, including the negative impact on their economies of the complex situation on the world capitalist market, with which they conducted 40 per cent of their foreign trade.

41. CMEA was promoting the development of more equitable and advantageous co-operation in the economic, scientific and technological spheres with all countries of the world, regardless of their social systems. It felt sympathy for the developing countries in their struggle to consolidate their political and economic independence, to maintain sovereignty over their natural resources and to

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(Mr. Kurowski)

eliminate their economic backwardness, and it was therefore in favour of restructuring international economic relations on a just, democratic basis and believed that global negotiations on world problems should be held as early as possible, in accordance with General Assembly resolution 34/138.

42. CMEA also supported the progressive goals of the International Development Strategy and wished to point out that peace and security and the elimination of any remnants of colonialism, neo-colonialism, racial discrimination and imperialist exploitation were important prerequisites for any successful development programme. Furthermore, progress depended to a great extent on the developing countries' ability to effect progressive economic and social change, to mobilize their own resources and to establish and develop self-sufficient national economies.

43. In promoting trade and economic relations with developing States, the members of CMEA were seeking not only quantitative results but also a qualitative improvement in those relations. For example, various forms of co-production were being expanded and by the early 1980s over 300 agreements in that field had been signed and implemented. Co-operation in the context of compensation agreements was also taking on increasing importance, and multilateral co-operation between developing countries and a number of CMEA members was expanding. As of 1 January 1983, approximately 5,000 industrial and other projects had been completed or had been under implementation, the majority of which had the capacity to strengthen the recipient countries' economic self-sufficiency. From 1960 to 1982 there had been a sixteenfold increase in trade between the CMEA members and the developing countries. The CMEA countries had also provided training for over 1 million persons from developing countries, without exerting any kind of political or economic pressure or intensifying the "brain drain".

44. He also wished to draw attention to the active co-operation between CMEA and international economic organizations, particularly ECE, ECLA, UNCTAD and UNIDO.

45. Mr. NANDOE (Suriname) stated his concern at the serious international economic crisis and emphasized its particularly disturbing effects on Latin America, where it was reflected in virtually all indicators: negative growth, high inflation rates, rising unemployment, balance-of-payments deficits and an unprecedented external debt. The origins of the situation lay in the long and pronounced recession, which had contributed to the decline in demand for Latin America's exports, while high interest rates had negatively influenced its terms of trade and debt servicing.

46. The slight recovery in certain industrialized countries did not seem to be well established, while past negotiations between developed and developing countries had resulted more in disagreement than in solutions. Such had been the case of the Cancún summit conference and the sixth session of UNCTAD.

47. Never before had the value of global interdependence been so evident. Debt repayment was a problem affecting both creditor and debtor countries, and if developing countries were obliged to reduce their imports it would inevitably affect developed countries' exports.

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(Mr. Nandoe, Suriname)

48. Little had been done to make public opinion in the industrialized countries aware of such interdependence. Sound measures, which might have appeared as concessions to the developing countries had been sacrificed to programmes and policies with immediate popular appeal. Yet such measures would, in the long run, redound to the benefit of the industrialized countries by expanding markets and employment opportunities.

49. There was a need to reform the current international financing system. Principal responsibility for such reform lay with the industrialized countries, which still controlled the institutions established at Bretton Woods.

50. He stated his concern at the coercive and restrictive measures which were being adopted more and more in certain developing countries to exert political pressure on other developing countries.

51. Mrs. IDER (Mongolia) said that the arms race promoted by imperialism was absorbing materials and resources needed for world development. The \$800 billion devoted to armaments exceeded the size of the developing countries' debt, while the funds consumed by military expenditure in 18 days were equivalent to the total amount of aid given by all Governments to developing countries in a year. There was an indissoluble link between the attainment of economic and social development by all peoples, particularly in developing countries, genuine disarmament and improvements in the international political climate. That link had been stressed by the socialist countries in their joint statement, issued in document A/38/479.

52. Her delegation stressed the importance of Second Committee decisions on the relationship between disarmament and development. Mongolia was opposed to capitalist policy, particularly that of the United States, which resorted to blackmail, threats and protectionism against the socialist and developing countries. Her Government condemned capitalist efforts to shift the burden of the economic crisis onto the latter. Accordingly, Mongolia had supported the developing countries' proposal to restructure international economic relations on a democratic and fair basis and to establish a new international economic order. Immediate practical measures should be implemented in accordance with the provisions of the Charter of Economic Rights and Duties of States and the Declaration and the Programme of Action on the Establishment of a New International Economic Order. Mongolia also supported the early launching of global negotiations, in accordance with General Assembly resolution 34/138 of 14 December 1979, and the adoption of an urgent action programme. It also supported the initiative to convene an international conference to democratize the existing monetary and financial system for the benefit of the developing countries.

53. The case of Mongolia illustrated what just and equitable international economic relations could be. Thanks to the arduous work of its people and assistance from the Soviet Union and other socialist countries, Mongolia had ceased being a backward country and had become an agricultural and industrial country. The 1981-1985 five-year plan provided for the gradual development of production which would make it possible to improve the welfare and cultural level of the

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(Mrs. Ider, Mongolia)

people. Great progress had been made during the first two years. For example, real per capita income had increased by 12 per cent. In 1962 Mongolia had joined CMEA, and with the assistance of the developed countries in that organization had achieved a high level of economic development. Through the implementation of economic projects, the provision of credits on favourable terms, incentives, adequate prices for its products and the training of its national personnel, Mongolia had greatly increased the rate of growth of its national income, from 1.1 per cent in 1961 to 7.4 per cent in 1982. Cultural progress had resulted in the eradication of illiteracy. At the present time one in four people were studying, while there were 109 hospital beds and 23 doctors for each 10,000 inhabitants. With the assistance of the Soviet Union, work was being carried out on the construction of houses, communications facilities, cement plants and coal mines. With technological and economic assistance from Bulgaria, Hungary, the German Democratic Republic, Poland, Romania and Czechoslovakia, a large number of industrial plants had been constructed. The viability of a new kind of international economic relations based on equality and mutual assistance within the socialist community had been demonstrated in that way. It was a model which should be taken into account in establishing the new international economic order.

ELECTION OF OFFICERS (continued)

54. The CHAIRMAN said that, following intensive informal consultations between the regional groups concerned, Mr. Ziada (Iraq) and Mr. Gibson (New Zealand) had been proposed as candidates for the post of Vice-Chairmen. If there was no objection, he would take it that the Committee wished to elect Mr. Ziada and Mr. Gibson as Vice-Chairmen of the Second Committee.

55. Mr. Ziada (Iraq) and Mr. Gibson (New Zealand) were elected Vice-Chairmen of the Second Committee by acclamation.

56. The CHAIRMAN said that informal consultations were continuing on the election of the Rapporteur, in view of which he suggested that the election be postponed.

57. It was so decided.

58. Mr. DIOP (Senegal) said that, in order to avoid a vote, the African group had withdrawn its proposal of a candidate for the office of Vice-Chairman. That gesture should not, however be interpreted as indicating a lack of interest in that office.

59. Mr. PLECHKO (Union of Soviet Socialist Republics), speaking in exercise of the right of reply, said that the representative of the United States of America had reacted violently to points of view expressed during the debate, launching violent diatribes against those countries which did not follow the United States model. It was time for the United States to recognize that there were other models besides its own and to start to listen to the rest of the world, which, as had been unanimously stated at various gatherings, considered that the existing international economic system was unjust and needed reform. The Soviet delegation

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(Mr. Plechko, USSR)

agreed with that point of view, which it considered fair and which reflected the position of the majority. With regard to the attacks made against the socialist countries, it should be noted that the last colonial countries were not part of the socialist world. The representative of the United States, far from contributing anything to the debate, had imperiously ordered the Committee to remain silent in future, on pain of incurring the wrath of his country.

ORGANIZATION OF WORK

60. Mr. SEVAN (Secretary of the Committee) said that the Committee would take up sub-items (c), (e), (g), (h), (i), (l), and (n) of agenda item 78 during the week of 24-28 October.

The meeting rose at 6.30 p.m.