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at 3.15 p.m.
New York

SUMMARY RECORD OF THE 4th MEETING

Chairman: Mr. HARLAND (New Zealand)

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The meeting was called to order at 3.15 p.m.

GENERAL DEBATE (continued)

1. Mr. RIPERT (Director-General for Development and International Economic Co-operation) said that once again, while positive elements had appeared on the international economic scene, major concerns persisted. However, there was reason to hope that tensions between East and West would begin to relax and that there would be some slowing down of the arms race. Otherwise, world military expenditure would soon exceed \$1 trillion annually, a sum equal to 30 times the flow of development aid. Hence the link between disarmament and development. The arms race not only exacerbated political tensions, but was adding tremendously to economic problems.
2. It was hoped that the world could look forward to more sustained attention by the leaders of the industrialized countries to issues relating to development and international economic co-operation. That was necessary in order for the directions defined at recent economic summits in the East and in the West to be translated into concrete actions.
3. There was little doubt that the overall economic situation had improved. Economic recovery in the United States and the expansion of international trade had been better than expected. In the developing countries, many of which were participating in the expansion of world trade, growth rates were better than in 1983 and current accounts had become more manageable.
4. On the other hand, interest rates were still high. The crisis of the monetary system persisted and economic recovery in the industrialized countries had not been uniform; their future was still clouded by great uncertainty. As for the developing countries, the worst possible scenario on the debt front had been avoided, but in many cases difficulties had been postponed and the cost of adjustment in social and human terms was extremely high. Commodity prices were again low, aid was stagnating and protectionism was on the rise.
5. The situation called for immediate attention to the issues which had been at the centre of debate in the Economic and Social Council and the Trade and Development Board, as well as at the recent meetings of the IMF Interim Committee on the International Monetary System and the IMF/World Bank Development Committee, namely, the situation in Africa, debt, finance, trade and interest rates.
6. With regard to the situation in Africa, the General Assembly's decision to consider in plenary meeting an item on the critical economic situation of the continent underlined the need for concerted action in support of the efforts of the African countries. As the Secretary-General had emphasized in his appeal at the end of 1983, both the current and the longer-term dimensions of the problem had to be tackled. The General Assembly would be in a position to assess the international community's response and to call for the necessary action. The Second Committee had on its agenda important sectoral issues of particular

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relevance to Africa, as well as an item on countries stricken by desertification and drought. The Committee's deliberations could give new impetus to United Nations activities on the continent.

7. With respect to the debt issue, which had been the subject of discussions and recommendations both in Africa and in Latin America, the problem was exacerbated by continuing high interest rates and weak financial flows. Many countries were having to undergo severe adjustment. There was legitimate satisfaction with the recent debt negotiations. However, the decisive factor would be the ability of the debtor countries to service their debts and grow healthily at the same time. More attention therefore had to be given to adjustment in an environment of growth. Such adjustment would be accommodated only if it was accompanied by, inter alia, a reduction of trade barriers in the advanced countries, lower interest rates and new financial flows. As to the low-income debtor countries, there was a strong argument for direct debt relief, for example, along the lines of decisions already taken in UNCTAD for the least developed countries.

8. The debt issue could not be viewed in isolation from balance of payments and long-term finance. To assist developing countries in their adjustment efforts and to strengthen the recovery, it was important to increase their import capacity in the immediate future. He shared the concern of those who had advocated, at the recent meetings of the Interim Committee and the Development Committee, a new issue of special drawing rights and continued enlarged levels of access to IMF resources. It was also of great concern that there were no more prospects of establishing a supplementary funding facility for the International Development Association. One could only hope that bilateral aid would increase significantly and that new private investment would make up for the set-back in multilateral flows. It was, moreover, to be hoped that positions on those issues would be reviewed in the light of experience.

9. Referring to the fourth area of concern, trade, he pointed to the sui generis nature of the growth in trade, which was based on an unusually strong recovery in the United States and an abnormally strong dollar. However, because of insufficient growth in Europe, much potential international trade was being lost. Furthermore, many Governments had succumbed to persistently strong protectionist pressures. Protectionism could increase if the large pool of unemployment in many industrialized countries grew larger. There had been some increase in support for the proposal made in the Development Committee concerning the start of a new round of multilateral trade negotiations in which all countries, developed and developing alike, could participate and from which all could benefit. Such a round would have to be carefully prepared and would take time. However, that should not prevent immediate action for the removal of protectionist barriers in accordance with commitments already made. The question of commodity trade should receive more attention. He endorsed the appeal made by the Secretary-General of UNCTAD that the industrialized countries should ratify the agreement on the Common Fund and help establish additional commodity agreements, which would need to be supplemented by new compensatory facilities.

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10. He referred to the primordial importance of the future course of interest rates. The negative consequences of high interest rates were being felt in both developed and developing countries, for they had a destabilizing effect on exchange rates, imparted a high degree of uncertainty to trade and investments, and were aggravating capital flight from developing countries.

11. With regard to the recent decisions by the Interim Committee and the Development Committee to devote attention at their next meetings to debt, adjustment, growth and related topics within a medium- to long-term framework, he said there was reason to think that the combination of those issues now had a greater chance of being seriously examined in some enlarged forums. However, in view of the importance of the new process of consultation and in order to ensure success, Member States needed to give serious thought to the preparation for those meetings and to their follow-up. Within the United Nations, whose Secretariat, including the UNCTAD secretariat, participated in the meetings of those Committees as an observer, several of those issues had recently been the subject of discussions and negotiations in the Trade and Development Board and in the Committee on the Review and Appraisal of the Implementation of the International Development Strategy.

12. After stressing the importance of the Strategy as the embodiment of a political consensus in support of a coherent set of objectives and measures designed to accelerate development, while providing a framework for harnessing the energies of the entire United Nations system in that direction, he admitted that the negotiations had not been smooth, but expressed the hope that the Second Committee could build on the efforts already made. Given current economic difficulties, confirmation by the General Assembly of the objectives of the Strategy would be a politically significant gesture. Failure to do so or renunciation of the objectives would have comparable, but converse, political import.

13. Two specific aspects of the Strategy had been the subject of two recent United Nations conferences. Even though the Fourth General Conference of UNIDO had decided to strengthen activities in such areas as human resources, energy, rural development and industrial development in Africa, no agreement had been reached on the financial resources necessary to implement the key decisions, a matter which the General Assembly would have to decide. It was to be hoped that Member States would make constructive efforts to resolve outstanding issues at the current session.

14. The International Conference on Population had confirmed that population policies were an integral part of development policy, the aim of which was to improve the quality of life, and had reiterated the vital importance of national sovereignty and individual freedom in carry out population policies and programmes. The Conference had made several recommendations for the further implementation of the Bucharest Plan of Action and had stressed that despite a slackening in the rate of growth of the world's population, global population would increase from 4.8 to 6.1 billion between 1984 and the year 2000. Those figures

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indicated the severe strains that would be imposed on economies. Greater efforts would therefore have to be made to integrate population policies in development planning and to ensure a balanced approach to population, resources, the environment and development, while at the same time accelerating development. That highlighted the importance of the Strategy's objectives with regard to accelerating development.

15. The Mexico City Conference had also made specific recommendations on the status and rights of women, an issue of significance to another item which the Committee was to take up, namely, the effective mobilization and integration of women in development.

16. Referring briefly to other important items on the Committee's agenda, he said that although the ultimate objective of the code of conduct on transnational corporations had not been reached, progress had been made in negotiations. The Committee was in a position to ensure that the momentum was not lost. At the thirty-eighth session, it had not been possible to complete negotiations on the United Nations Financing System for Science and Technology for Development. Inasmuch as the present arrangements would terminate at the end of 1984, it was imperative for the General Assembly to reach a decision on the matter. With regard to economic and technical co-operation among developing countries, he noted that some progress had been achieved and that since 1983 efforts had been made to identify additional resources for appropriate activities. However, the varied needs of developing countries and resource constraints would impel intergovernmental bodies to define priority areas for action with greater precision. He reminded the Committee that it had before it the biennial programme of work called for in General Assembly decision 38/429. Adoption of the programme would further rationalize the Committee's work, while enabling the Economic and Social Council to assist in a more systematic and co-ordinated manner in preparing for the General Assembly.

17. In conclusion, he reiterated how difficult and even disconcerting the economic and political situation was. Despite signs of progress, great uncertainties persisted, while the road ahead was marked with contradictory signposts. Such being the case, the Organization should pause for reflection and reaffirm its common goals and destination. Indeed, as the Secretary-General had once more underlined in his annual report, there was no alternative, whatever the difficulties, to multilateral co-operation.

18. Mr. KHALIL (Egypt), speaking on behalf of the Group of 77, recalled that the Group had recently commemorated the twentieth anniversary of its establishment. On that occasion, it had reiterated the principles on which it had been founded, namely the promotion of international co-operation for the benefit of all peoples and, in particular, in order to raise the standard of living of developing countries and establish an international environment which would facilitate the maintenance of just and equitable international relations. In that regard, he noted that on 28 September 1984 at the meeting of the Ministers for Foreign Affairs of the Group of 77 in New York, an assessment had been made of the Group's

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attainments, and the validity of the Declaration and the Programme of Action on the Establishment of a New International Economic Order and of the Charter of Economic Rights and Duties of States had been reaffirmed.

19. He described the international economic situation and its adverse effects on developing countries. In that connection he noted that the world economic crisis persisted despite signs of recovery. According to the fourth annual UNCTAD report on trade and development, in 1983 the economies of the developing countries had continued their downturn. Per capita income in those countries had declined over three successive years, with the result that it was now lower than in 1979. According to World Bank data, debt servicing required \$800 billion, with the result that net official development assistance to developing countries had been less than 1.7 per cent over the period. Because of various factors, including inflation, the deterioration in terms of trade, and protectionist tendencies, many developing countries had experienced a negative rate of growth.

20. Those circumstances demanded joint efforts by the entire international community, particularly with regard to the problems of industrial development, launching the global negotiations, liberalizing international trade and reforming the international monetary system, and finalizing the code of conduct on transnational corporations and the International Code of Conduct on the Transfer of Technology.

21. At its second regular session of 1984, the Economic and Social Council had drawn attention to the critical economic situation in Africa, which had been exacerbated by various natural disasters. Resolving the crisis required firm support from the international community, on the basis of the principle of collective self-reliance and respect for the undertakings contained in the International Development Strategy, adopted by consensus by all countries.

22. Implementation of the principle of collective self-reliance would redound to the benefit of all countries, developed as well as developing. It required, inter alia, opening up the developed countries' markets to exports from developing countries, and promoting the redeployment of industries to the latter. The consequent increase in financial flows would facilitate greater mutual absorption of exports, on which world economic recovery depended, according to World Bank and IMF studies. If the recovery which had been noted in some developed countries did not spread, particularly to the developing countries, it would prove to be merely ephemeral.

23. He reiterated the confidence of the Group of 77 in international co-operation and the principle of interdependence, and called upon the developed countries to respond to the Group's constructive initiatives. In particular, he invited them to launch the global negotiations within a framework of justice and equality of opportunity. The forthcoming commemoration of the fortieth anniversary of the United Nations should provide an opportunity to reflect on the principles on which the Organization had been founded and, in particular, on the employment of international machinery to promote the economic and social progress of all peoples,

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as envisaged in the preamble to the Charter. The Group of 77 retained its confidence in the United Nations as the appropriate forum for negotiations between groups representing different tendencies, with the ultimate goal of restructuring the international economic system for the benefit of all countries.

24. In conclusion, he expressed the hope that the deliberations on the items before the Committee would take place in a climate of mutual trust and understanding.

25. Mr. FREYBERG (Poland) said that, although the world currently appeared to be experiencing a period of economic recovery, that was no cause for celebration. From the point of view of the future, it was perhaps more important to know how the crisis was being overcome and what means were being used to stimulate economic growth world-wide than to start to overcome the crisis.

26. The ways in which economies were changed and economic crises overcome were shared by technological advances and, perhaps more decisively, by the basic political philosophy of the leading players in the economic recovery. Recent years had seen the development of a neo-conservative philosophy which trusted in the free interplay of market forces and boiled down to the simple notion that each country must do its best to survive without assistance from the international community. While there had been many who did not agree with that neo-conservative philosophy, those who did enjoyed sufficient influence in international economic relations to influence the course of economic development. Such an approach left little or no room for justice, hope or equal opportunity in international economic relations. As a result, the world had missed an opportunity to engage in a global negotiated effort to restructure the economy in order to cope with the problem of indebtedness. It had also missed an opportunity to open wide the channels through which economic revival might be transmitted to all. As it was, only the channel of exporting the burden of economic difficulties to the less developed, economically weaker countries had remained open. As had been stated at the economic summit conference held by the countries members of the Council for Mutual Economic Assistance in Moscow from 12 to 14 June 1984, "the reliance on force, the escalation of the arms race and the subordination of economic relations to an aggressive policy hamper the solution of the deep-rooted problems of world economic development ... The disarray and restrictions in world trade and the instability of world trade markets are getting worse, the protectionist wave is growing, and international currency and financial relations are being upset, partly as a result of artificially high interest rates".

27. The experience which he had just described had been shared by his own country, although only in part, thanks to the hard work of the Polish people and close economic co-operation with the Soviet Union and other members of CMEA, and also to the development of commercial, industrial and technological co-operation with many countries of Latin America, Asia and Africa, which had enabled Poland to overcome a severe economic crisis. That had been accomplished despite the fact that the United States of America and its Western allies, taking advantage of the many economic ties forged with Poland during the years of détente, had decided to punish

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Poland with stringent economic restrictions, still in force, for its decision to solve its problems itself.

28. As Mr. Stefan Olszowski, Minister for Foreign Affairs of Poland, had told the General Assembly on 28 September 1984: "... the various discriminatory restrictions applied heretofore against Poland have been in utter dissonance with the principles of the free flow of trade, about which the President of the United States spoke at such length in his address here on Monday. We expect those valid principles of international economic co-operation to be implemented by the United States with regard to Poland also".

29. To date, the 1980s could claim no major world economic negotiations, no new mechanism or structure of co-operation or even the revitalization of existing mechanisms to meet the justified needs and hopes of the vast majority of the world's countries. That situation would not change until just and lasting solutions were found in the field of world commercial, financial and technical co-operation. Moreover, in the current dangerous world political situation it was difficult to hope that the impetus for such change would come from the political sphere.

30. The year 1984 marked the tenth anniversary of the adoption by the General Assembly of the Charter of Economic Rights and Duties of States. That Charter, together with the Declaration and the Programme of Action on the Establishment of a New International Economic Order adopted the same year, constituted a milestone in the continuing efforts of the developing countries to achieve a restructuring of international economic relations. Poland had supported and would continue to support those efforts on the basis of its own experience of development in an international environment that was generally unfavourable to economically weaker countries while favouring the strongest.

31. The problems most urgently in need of solving in that regard were trade protectionism and external indebtedness. In contrast to the currently prevalent notion that those problems would be solved through the free interplay of market forces, Poland once again advocated the holding of global negotiations among all the parties concerned: debtors, creditors and international financial institutions.

32. In 1983, Poland had proposed that Member States and all the United Nations bodies and agencies concerned should consider the idea of adopting confidence-building measures in international economic relations. The response to Poland's initiative had been encouraging and it was to be hoped that, in the future, more Governments and concerned United Nations bodies and agencies would accept the Secretary-General's invitation in that regard. Perhaps there was already sufficient basis for the Secretary-General to study the feasibility of the various measures proposed to date and submit a report thereon to the General Assembly in due course. His delegation's position on that issue was explained in detail in a working paper distributed as an official document of the General Assembly under the symbol A/C.2/39/2.

33. Mr. TUAN (Liberia), speaking on behalf of his own delegation and of the Group of 77, said that the state of the world economy continued to be one of the most critical issues confronting the international community, especially the developing countries and, among them, the countries of sub-Saharan Africa which, since the 1970s, had continued to experience the negative impact of global recession and inflation compounded by trade imbalances, high interest rates, the decline in the price of their exports and the astronomical cost of oil. Some developed countries seemed to be suggesting that the "trickle down effect" of the economic recovery and growth which the industrialized world was now experiencing had reached the developing countries. Quite the contrary, as the Department of International Economic and Social Affairs had recognized in a recent survey of the world economy, the developing countries as a group had not registered any economic growth in 1983 and the prospects for rapid growth were dim.

34. The reverse transfer of resources to the developed countries in the form of debt servicing, high interest rates and the shortfall in foreign exchange earnings posed a serious threat to the economic recovery and growth of developing countries, particularly the countries of sub-Saharan Africa. The international community, financial institutions and the industrialized countries had an obligation to reverse those negative effects by writing off loans and converting some of them into grants-in-aid, a moral gesture which would reduce tremendously the debt burden of the countries of Latin America and Africa.

35. In so far as Africa was concerned, the most serious threats to the sub-Saharan countries were food crisis, severe prolonged drought and desertification. Those countries were incapable of dealing with those problems singlehanded and required the financial and technical assistance of all countries that could assist them. The countries of sub-Saharan Africa continued to experience negative economic growth and their export earnings were still on the decline. In that connection, he recalled the responsibilities assumed under the Lagos Plan of Action. The African countries were not seeking handouts: on the contrary, they were asking for financial and technical assistance to buttress their own Governments' efforts.

36. On behalf of his delegation, he welcomed the development of the World Bank Programme of Action for Sub-Saharan Africa; the \$2 billion which the World Bank was seeking in order to implement the Programme of Action could not be obtained without the full support of donor countries, who must contribute in that way to the recovery of the economy of sub-Saharan Africa and thus of the world economy.

37. Mr. RECHETNIAK (Ukrainian Soviet Socialist Republic) pointed out that problems of international co-operation were closely linked with the world political situation and that the development of economic co-operation depended on the particular situation of each national economy. Neither of those factors could be described in positive terms at the current time. That critical situation was reflected in the pessimistic note of the statements of many delegations in the General Assembly and the different Committees.

38. Against that backdrop of crisis and widespread economic difficulties, the United States had chosen to follow a political course which heightened tensions in

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international relations so that it could impose its will on other countries in the political and economic spheres. That course was characterized by a policy of force and coercion and by economic warfare in the form of protectionist measures and credit and trade restrictions which disturbed and hindered free trade among countries, in total disregard for that country's international economic commitments to other States and to the international community itself.

39. That policy had a negative impact on all countries but especially on the developing countries, whose economic difficulties were compounded by the adverse effects of such factors as astronomical and unprecedented interest rates, which were causing a sudden outflow of domestic capital abroad and further exacerbating their heavy debt burden, and the policy of the International Monetary Fund and the World Bank - which were really instruments of exploitation in the service of imperialist and neo-colonialist interests - of imposing "improvement" and "stabilization" measures on the developing countries. Those measures were designed purely to weaken the state economic sector and create a climate hospitable to foreign private capital investments which increased the economic dependence of the developing countries. The latter were demanding a fundamental change in international economic relations which would put an end to the policy of economic coercion and domination, but the sole response of the imperialist countries was to block systematically all action to reform the system of international economic relations democratically.

40. The Ukrainian Soviet Socialist Republic and the other countries of the socialist community firmly supported the just demands of the developing countries for the establishment of just and democratic international economic co-operation on an equal footing and based on a lasting peace. The countries of the socialist community, which were also the victims of all kinds of trade sanctions and discrimination on the part of the imperialist countries, advocated a return to a climate of trust in international economic relations, in accordance with the general thrust of their foreign policy.

41. The year 1984 marked the tenth anniversary of the Programme of Action on the Establishment of a New International Economic Order, as well as of the promulgation of the Charter of Economic Rights and Duties of States, the principles of which remained fully valid, as could be seen from the materials and documents considered in the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade and in the conclusions of the Fourth General Conference of the United Nations Industrial Development Organization.

42. Those documents referred to the relationship between disarmament and development. Clearly, the intensification of the arms race could not help but divert resources which had been intended for peaceful economic development and for enhancing the well-being of peoples. His own country and the other countries of the socialist community therefore accorded top priority to the struggle to end the arms race, as was demonstrated by the countless initiatives put forward year after year by the Union of Soviet Socialist Republics and other socialist countries in

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various United Nations forums. He recalled in that connection the declaration on the maintenance of peace and international co-operation issued by the countries members of the Council for Mutual Economic Assistance at its summit conference held in Moscow in June 1984, a declaration which also provided concrete evidence that the socialist countries had embarked on a new stage in the process of progressively integrating their economies. He noted in that regard that, in preparation for the thirty-ninth conference of CMEA, national plans for the period 1986-1990 were being co-ordinated in the areas of fuel, energy and raw materials.

43. He reiterated the readiness of the socialist countries, including his own, to support actively all measures designed to put an end to international economic exploitation, strengthen unimpeded international scientific and technological co-operation, remove the obstacles artificially created to international free trade, and seek a balance and a fair relationship between prices for foodstuffs, raw materials and manufactures with a view to facilitating control over the activities of transnational corporations. In that regard, the socialist countries supported the just demand of the countries of Asia, Africa and Latin America that those countries which were responsible for their current economic problems should compensate them for the damage caused by their colonialist and neo-colonialist activities by increasing transfers of resources to them, reducing the debt-servicing burden and facilitating access to foreign credit on favourable terms. His country supported and would continue to support the legitimate right of all peoples to freedom, independence and economic development free from neo-colonialist interference of any kind. One proof of that support was the fact that more than 400 teachers from his country, together with thousands of specialists, were working in various educational institutions in the developing countries and that more than 13,000 students from those countries, in various fields and professions, were receiving training in institutions in the Ukrainian Soviet Socialist Republic.

44. His country would co-operate with those countries which were prepared to help create conditions which were conducive to strengthening international peace, justice and co-operation for the benefit of all countries and in a manner which permitted every country to develop freely its own potential.

The meeting rose at 4.50 p.m.