



SECOND COMMITTEE
14th meeting
held on
Tuesday, 16 October 1984
at 10.30 a.m.
New York

SUMMARY RECORD OF THE 14th MEETING

Chairman: Mr. DE LA TORRE (Argentina)

later: Mr. HARLAND (New Zealand)

CONTENTS

GENERAL DEBATE (continued)

*This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate fascicle for each Committee.

The meeting was called to order at 10.40 a.m.

GENERAL DEBATE (continued)

1. Mr. BLANCO (Uruguay) said that despite all efforts the North-South dialogue was getting bogged down, global negotiations had not been launched and no agreement had been reached on the International Development Strategy. The developed countries were continuing to adopt protectionist measures and to provide export assistance to their agricultural products to the detriment of the developing countries. The generalized system of preferences was being threatened by the quotas and restrictions which had been adopted. The measures adopted by GATT in favour of the developing countries were not being implemented. At the same time bilateral negotiations were being stepped up between developed countries to work out "voluntary" restrictions and other compensatory mechanisms such as the opening up of the stock market.
2. The size of the developing countries' external debt and also high interest rates and trade restrictions were limiting the resources available for development. The fact that banks were reluctant to provide further resources to heavily indebted countries only made matters worse. That combination of factors seriously impeded the economic growth of the developing countries and also led to a lowering in the standard of living of the inhabitants of those countries and jeopardized the stability of their political institutions.
3. The problems relating to trade and development financing and the situation in Africa called for the adoption, as a matter of urgency, of specific measures by the international community, as indicated in the Declaration of the Ministers for Foreign Affairs of the Group of 77 and in General Assembly resolution 38/200.
4. For its part, the General Assembly should, in accordance with the Charter, formulate recommendations concerning international economic co-operation and define the terms for concerted action by the United Nations system. In addition, all States should renew their commitment to contribute to the expansion of international trade, to encourage the removal of protectionist barriers against developing countries and the elimination of trade practices that distorted the commodity market and to ensure that all the measures adopted in favour of the developing countries in the area of trade - for example, the generalized system of preferences and the General Agreement on Tariffs and Trade - were fully implemented. The role of UNCTAD should be strengthened and it should co-ordinate its activities more with those of GATT so that the two bodies could point their work in the desired direction.
5. In addition, international co-operation should be encouraged so as to create more equitable conditions for the repayment of the external debt of the developing countries, bearing in mind the situation of each country, its real capacity to pay and its development needs. It was essential to establish a dialogue between debtor and creditor countries as the Latin American countries had done at their recent meeting in Mar del Plata. The international community must also encourage the adoption of collective measures to deal with the emergency situation in Africa.

/...

(Mr. Blanco, Uruguay)

6. While responsibility for reaffirming and formulating basic principles rested with the General Assembly, the Secretary-General had an important role to play in the implementation of those principles and the evaluation of their effectiveness. Accordingly, he should be given every possible latitude to undertake whatever activities he deemed appropriate and, if necessary, to formulate proposals with a view to achieving desired goals.

7. Finally, in view of the seriousness of the world economic situation, it was essential for all Member States to renew their commitment to work together to find a solution to the current economic problems in accordance with the spirit and letter of the Charter.

8. Miss ZANABRIA (Peru) said that her country was deeply concerned to see that the North-South dialogue was deadlocked at a time when the world economic crisis was becoming increasingly serious and international economic relations were becoming increasingly interdependent. Although some countries affirmed that the situation was not as critical as it was being made to seem, it was nevertheless true that no progress had been made in such areas as the review and appraisal of the implementation of the International Development Strategy and the launching of global negotiations because the necessary political will was lacking.

9. Instead of providing inspiration and injecting new vigour into international development co-operation, the North-South dialogue had become a repetitive process which detracted from the credibility of the United Nations and international development bodies. The developing world could not be held responsible for that situation as it had always been willing to engage in dialogue, as demonstrated by the various statements made by third world countries in general and by the Latin American countries in particular.

10. At the Latin American Economic Conference held in Quito and at the meetings in Cartagena and Mar del Plata, the Latin American countries had outlined the principles that should govern relations between creditor and debtor countries in order to solve the enormous external debt problem. That problem could not be settled until agreement was reached on terms of repayment and interest rates that took account of the real capacities of both debtor and creditor countries. If the situation persisted, the crisis would ultimately hurt all countries, for interdependence had become a reality and it called for the adoption of specific measures based on co-operation. Accordingly, the General Assembly must take immediate steps at the present session in such areas as the transfer of resources, increased resources for financial institutions, the debt problem, trade, access to markets, protectionism and trade in commodities, all of which were of critical importance for the developing countries.

11. In that connection the report submitted by the Secretary-General pursuant to General Assembly resolution 38/200 contained data which would help to guide the action to be undertaken in all those areas.

/...

12. Mr. BOUZIRI (Tunisia) expressed deep concern at the grave world economic situation which had persisted since the early 1980s and at the devastating repercussions it was having on the economies of the developing countries. The latter continued to be confronted with an unfavourable international economic situation characterized by declining commodity prices, sharp exchange-rate fluctuations, deterioration in the terms of trade, increased protectionism, high interest rates, crushing debt problems, reverse transfer of resources, decline of official development assistance in real terms, the resource crisis of multilateral development financing institutions and the erosion of multilateralism and of international economic co-operation for development.

13. At the same time, the international consensus for development was being questioned although no alternative solution was being proposed. Even the so-called "basic needs" approach was giving rise to misgivings because of the possibility that it might lead to State interventionism. However, the structural difficulties of the economies of the developing countries had become so serious that it was unlikely they could be solved through private initiative alone. At the same time, bilateral co-operation ties with the developed countries - a vital necessity for any developing country - could not be strengthened and diversified at the expense of multilateral development co-operation.

14. In light of the critical economic situation in Africa, it was essential for the international community to outline specific short- and long-term measures to assist the African countries to overcome their worst economic and social crisis in modern times - a crisis which was further aggravated, in some cases, by desertification and drought. The debt issue would have to be reconsidered as a whole in order to take into account the impact of the developing countries' debt on their long-term development prospects and to take specific measures to ease the debt burden of the African countries in accordance with the recommendations of the Addis Ababa Declaration. The critical food and agriculture situation in most developing countries called for the mobilization of efforts to assist those countries in achieving self-sufficiency in the areas of food and agriculture. In addition, the protectionist barriers established by the developed countries to curb agricultural and industrial imports from the developing countries should be dismantled. The Common Fund for Commodities should be allowed to start operating and the Integrated Programme for Commodities should be put into practice. The General Assembly should consider specific measures to facilitate and speed up the industrialization of the developing countries as a matter of the highest priority during its present session. It would also be desirable to achieve consensus on convening an international conference on money and finance for development.

15. While it was regrettable that the review and appraisal of the International Development Strategy had been unsuccessful, that exercise should nevertheless be resumed at an appropriate time in order to determine how the goals and objectives of the Strategy could be attained.

16. Tunisia attached particular importance to the development of human resources and therefore supported the convening of a United Nations conference to explore all relevant aspects. In addition, the General Assembly should send a political message to the meeting on the issues of debt, adjustment and growth to be organized by the Interim Committee and the Development Committee in early 1985.

/...

(Mr. Bouziri, Tunisia)

17. Although international economic negotiations were bogged down and multilateral co-operation for development seemed to be losing momentum, it was encouraging to note that some of the industrialized countries of Europe were allocating more than 0.7 per cent of their GNP to official aid for development. In that connection, his delegation welcomed the action taken by the Belgian Government to establish a third world Survival Fund and hoped that that action would serve as an example for other developed countries at a time when their economies were beginning to recover.

18. Mr. KUROWSKI (Council for Mutual Economic Assistance) said that the United Nations could play an important role in solving problems related to the restructuring of international economic relations on a fair and democratic basis. The participants in the high-level Economic Conference of the countries members of CMEA, held in Moscow in June 1984, had reaffirmed the need to enhance the role of the United Nations and its organizations so that States could pool their efforts to strengthen international peace and security and help to solve urgent world problems.

19. The thirty-ninth session of the General Assembly was characterized by the fact that it was taking place in a setting of seriously aggravated international tension resulting from the aggressive policy of the imperialist circles, primarily the United States, a policy which was based on confrontation, interference in the internal affairs of other States and attempts to violate their national sovereignty. There were therefore few opportunities for co-operation with regard to development and matters of vital importance for mankind such as feeding the world's population, the rational use of fuel and raw materials, the development of new sources of energy, exploration of outer space and the oceans and seas, and conservation of the environment. However, adoption of the proposals submitted by the countries members of CMEA concerning disarmament and political and military détente would enable States to reallocate for development an increasing proportion of the resources now spent on the arms build-up.

20. The Moscow Conference had decided "to take a further step in increasing the co-ordination by CMEA member countries of economic policy", namely, "the elaboration, on a collective basis, of ways to solve major economic problems" (A/39/323, p. 4). Instead of a policy of exacerbating military tension, the participants in the Conference had preferred a policy of strengthening peace, improving international relations and promoting constructive co-operation between all States, including in the economic field. In their Declaration (A/39/323), they had reaffirmed the need to establish fruitful economic co-operation among all States on the basis of mutual benefit and complete equality, and had called for measures to improve international economic relations and create a climate of confidence in that vital area of relations between States. They had also declared that they would continue to provide whatever economic and technical assistance they could to States which had won their freedom and independence in their efforts to develop a national economy.

21. On the occasion of the thirty-fifth anniversary of CMEA, he referred to a number of statistics illustrating the progress achieved by the States of the socialist community and by the Council. The average annual growth rate of the

/...

(Mr. Kurowski)

national incomes of CMEA member countries from 1951 to 1983 had been 6.6 per cent, and industrial output had increased by 8.3 per cent. Moreover, upgrading the economic development levels of Viet Nam, Cuba and Mongolia was an important objective of CMEA activities.

22. Among the factors which accounted for lack of progress in implementing the Charter of Economic Rights and Duties of States, mention should be made in particular of the serious crisis of the world capitalist system and its detrimental impact on the economies of the developing countries. In particular, the external indebtedness of developing countries had reached unprecedented levels because of high interest rates. At the same time, the international community had made hardly any progress with regard to the developing countries' proposal to initiate global negotiations on the most important world economic problems.

23. The States members of CMEA had continued to provide economic assistance to the developing countries. The irrigation facilities which had been built or were under construction in those countries would enable them to improve their water supply systems and bring 4 million hectares of land under cultivation. The socialist States had provided assistance to 40 developing countries in the geological prospecting projects and had participated in the implementation of 150 oil and gas projects. In the energy industry, more than 1,100 projects had been implemented or were under way. In addition, each year more than 80,000 nationals from 120 developing countries pursued their higher or secondary education at institutions of learning in the CMEA member countries.

24. The socialist countries attached particular importance to assistance for the least developed countries: more than 600 projects had been undertaken in co-operation with them. The particular situation of Africa was also taken into consideration, since nearly 40 per cent of total development aid went to that region.

25. If international economic co-operation was to be promoted, it was necessary to begin by solving the serious problems that complicated relations between States with different social systems. The flagrant violations of the fundamental principles governing relations between States by some Western Governments called for the adoption of urgent and effective measures to improve international economic relations. That was the objective of the resolution on confidence-building in international economic relations which had been adopted on the initiative of the Polish People's Republic at the thirty-eighth session of the General Assembly (resolution 38/196). In conclusion, he stated that CMEA had continued to develop co-operation with various international economic organizations.

26. Mr. Harland (New Zealand) took the Chair.

27. Mr. MUÑIZ (Argentina) observed that most of the participants in the Committee's debate believed in multilateral co-operation. Nevertheless, considering the attacks to which such co-operation was subjected, it was worthwhile to recall the unprecedented benefits it had afforded to the industrialized

/...

(Mr. Muffiz, Argentina)

countries immediately after the Second World War. It had averted the spectre of depression and had enabled stable democracies to emerge in Europe. It was no accident that multilateral co-operation and the North-South dialogue should be rejected by those who, more concerned with the East-West confrontation preferred to drag the developing countries into the arms race.

28. At the Seventh Conference of Heads of State or Government of Non-Aligned Countries, held at New Delhi, and at the Fifth Ministerial Meeting of the Group of 77, held at Buenos Aires, the developing countries had pointed out that the adverse trends in the world economy had been jeopardizing implementation of the objectives of the International Development Strategy for the Third United Nations Development Decade. International economic co-operation was at an impasse, as evidenced particularly by the impossibility of initiating global negotiations and the lack of progress at the sixth session of the United Nations Conference on Trade and Development and at the Fourth General Conference of the United Nations Industrial Development Organization, and by the Committee on the Review and Appraisal of the Implementation of the International Development Strategy, as well as in the work of formulating a code of conduct for transnational corporations.

29. It was therefore urgent that measures should be taken to enable international economic co-operation to break out of the vicious circle to which some parties sought to consign it. As the Secretary-General had said, the United Nations had a dual function in that regard: to elaborate global policies that would promote growth and development, and to serve as an instrument for the execution of operational activities for development. Given the critical state of the world economy, efforts must be concentrated first of all on the former function. As one of the architects of the Bretton Woods Agreements had said, a situation must be created in which the restrictive and discriminatory measures taken by countries in the past to protect themselves against destructive external forces would become useless. Yet it was precisely measures of that type which were currently affecting the developing countries and still further worsening the imbalance in international economic relations.

30. In the mid-1970s, the prevalence of international liquidity and negative interest rates had led the developing countries to adopt growth policies based on external indebtedness. They had been encouraged in such policies by multilateral financing institutions, private international banks and the Governments of the developed countries, which believed that such policies would enable the world economy to pull out of the severe crisis of 1974-1975. However, the beginning of the current decade had seen a sudden reversal of the economic situation caused by the new policy adopted by the major industrialized countries. The result had been the second major post-war recession, the first slump in international trade in 40 years, a marked worsening in the terms of trade, an increase in protectionism, an unprecedented tightening of international credit and a reverse transfer of financial resources. All those factors had had a catastrophic impact on the economic situation of the developing countries, particularly in Latin America, where national per capita income had diminished by 12 per cent since 1980. That had been the price at which the developing countries' economies had adapted to the new and unpredictable international economic situation.

/...

(Mr. Mufiz, Argentina)

31. The drop in commodity prices had depressed the value of the Latin American countries' exports even though their volume had increased. At the same time, with a view to meeting their debt-servicing obligations, those countries had managed to post a surplus of almost \$33 billion in the balance of trade in 1983, which had been made possible only by a very considerable reduction in imports. That was the only way the region had succeeded in bringing the current accounts deficit to its lowest level since 1974.

32. However, because of the capitalization of interest by international commercial banks, the region had been unable to prevent its external debt from increasing by 7 per cent in 1983. That debt had thus reached an unprecedented level as a result of the decrease in the value of exports. Latin America had in fact undergone a short-term shock treatment in order to solve the world economy's structural problems. Likewise, inputs of capital into the region had declined by more than 1,000 per cent, which had in turn entailed a net transfer of resources towards the developed countries. That outflow of capital had dealt a severe blow to the economies of the region's developing countries and ran counter to the principles of international economic co-operation. The plummeting of inputs of capital had aggravated the effects of the international recession and had forced many countries of the region to implement much more stringent adjustment policies than would otherwise have been necessary.

33. In the face of the constant rise in interest rates, the world economy was recovering at the expense of debtor countries, which were forced to limit domestic consumption by reducing imports and thus their levels of economic activity, employment and wages. It was clear that the economic recovery of the developed countries did not benefit most developing countries. That situation, which was not only unjust but untenable in the long term, and thus dangerous, must be corrected by means of concerted measures.

34. The industrialized countries must understand that the developing countries could no longer tolerate exorbitant interest rates. Moreover, by keeping the economies of developing countries in a state of depression, they threatened to jeopardize the recovery of their own economies and to plunge the world economy into a recession from which the system of trade and international payments would not recover. An immediate and lasting solution must therefore be found which would bring down interest rates, eliminate protectionist barriers and improve the terms of trade of developing countries. A direct political dialogue must be established which would make it possible to work together for a solution to the problem of external debt. A first step in that direction had been taken when the International Monetary Fund and the World Bank had been asked to consider various aspects of the problem in 1985. At the same time, it was clear that the question of the developing countries' external debt could not be dealt with unless all the parties concerned - Governments of debtor and creditor countries, multilateral financial institutions and international banks - were involved in the discussion.

35. A look at the economic situation during the preceding decade showed that the provisions of Chapter IX of the Charter concerning the creation of conditions of

/...

(Mr. Mufiz, Argentina)

stability and well-being which were necessary for peaceful and friendly relations among nations and promoting higher standards of living, full employment and economic and social progress and development were far from being implemented. That was why the President of Argentina had said that international relations were not so much relations among societies as relations among Powers. Moreover, one of the most serious causes for concern was related to the fact that financial problems tended to overwhelm the economic order and that policies were made in arsenals.

36. On the fortieth anniversary of the founding of the United Nations, it was imperative that the Organization should formulate growth and development policies in the vital areas of currency, trade and financing. Whatever problems might be involved, those were the policies which would shape the future. As had been the case immediately following the Second World War, it was necessary to go beyond private concerns in order to plan a future of development, stability and peace.

37. Mr. NGO PIN (Democratic Kampuchea) observed that the recession had had disastrous consequences for the world economy in general and for the economy of the developing countries in particular. According to the World Economic Survey 1984, there were signs of economic recovery in some developed countries; however, that recovery was far from being felt equally by all countries, and its durability was questionable. The fact was that, with the exception of some countries in South and East Asia, the economies of the developing countries remained plunged in a deep recession because of the stagnation of their exports and the worsening of the terms of trade, and also because of the protectionist barriers erected by their trading partners. In addition, commodity prices, already low, had declined still further.

38. In view of the fact that the economies of the developed and developing countries were closely inter-related, balanced and sustained growth of the international economy required an equitable adjustment process. As the Ministers for Foreign Affairs of the Group of 77 had pointed out, the crisis was not merely a cyclical phenomenon but the manifestation of deep-rooted structural imbalances and disequilibrium. Growth based on the impoverishment of some countries could not last, nor would the South automatically benefit from the recovery in the North. Indeed, the developing countries were always the hardest hit by an economic crisis originating in the North.

39. Yet the views and proposals put forward by the developing countries concerning major decisions to be taken to solve economic crises and organize economic development continued to be ignored. The developed countries must accept the fact that the restructuring of the international economic order was in the interest of all countries and show their political will to resume consideration of the question of launching global negotiations on international economic co-operation for development. However, the existing system could not be restructured and the objectives set forth in the International Development Strategy could not be achieved if the fundamental principles on which the Strategy and the new international economic order were based - mainly, the right of peoples to choose their political, economic and social systems in accordance with their own aspirations and without any outside interference or threat - were not respected; at

/...

(Mr. Ngo Pin, Democratic Kampuchea)

the same time, no economic problems could be solved when national sovereignty and the right of peoples to self-determination were violated and a country was devastated by a war of aggression.

40. For almost six years Kampuchea and its people had been painfully experiencing that truth. Virtually all the social and economic structures and the achievements of several generations had been destroyed. Furthermore, the "Vietnamization" policy implemented by the occupying authorities had deprived the Kampuchean people of all possibilities of development. Article 16 of the Charter of Economic Rights and Duties of States stipulated that it was the right and duty of all States, individually and collectively, to eliminate colonialism, apartheid, racial discrimination, neo-colonialism and all forms of foreign aggression, occupation and domination, and the economic and social consequences thereof, as a prerequisite for development. It was difficult to speak of the right of the Kampuchean people to development and security and still more difficult to imagine that they could contribute to world economic development while the expansionist forces continued to practise the law of the jungle, scorning the principles of the United Nations Charter.

41. His delegation was in complete agreement with the recent statement that economic problems would be a hundred times easier to solve if it were not for the arms race. However, the gap between words and deeds was so great that the assertion had become a mere propaganda ploy. It was a matter of common knowledge that, without the backing of the major expansionist Power, the foreign troops occupying Kampuchea could not remain. The international community should bring greater political, diplomatic and economic pressure to bear on Viet Nam to compel it to comply with the resolutions adopted by the General Assembly by withdrawing all its troops from Kampuchea and restoring to the Kampuchean people their right to self-determination. Those steps were necessary to ensure international peace and security, which were essential conditions for regional and global development.

42. The economic situation in Africa was one of the most crucial problems confronting the international community. Sub-Saharan Africa in particular faced a social, economic and technical crisis which had contributed to negative growth on the continent. Drought, desertification and other natural calamities had hindered the prospects for rehabilitation and sustained development. His delegation expressed its firm solidarity with the African countries in their efforts to deal with the crisis. It had, however, been disappointed at the failure of the Economic and Social Council to adopt a declaration on the critical situation in Africa at its most recent session. On the basis of the work which had already been done in Geneva, the General Assembly should work out a universally acceptable declaration. In a period of economic recovery in some countries of the industrial world and an improving global food situation, the starvation and malnutrition currently afflicting millions of Africans should not be allowed to continue.

43. Mr. de la Torre (Argentina) resumed the Chair.

44. Mr. WORKU (Ethiopia) said that the international community must cease to define world order in terms of the arms race if it wished to fulfil the hopes and assure the well-being of the majority of the world's population. Although the United Nations had always worked tirelessly for peace and security by endeavouring to promote justice and equity, particularly in the economic field, the situation continued to be of great concern for the great majority of countries and peoples.

45. The economic scenario was hardly encouraging. At a time when the international community was confronted by serious problems which clearly required collective and concerted action, the sense of interdependence and co-operation was gradually eroding. If the trend continued, not only the poor but also the rich countries would be bound to be affected.

46. The exaggerated importance attached to bilateral relations to the detriment of multilateralism was of even greater concern, particularly for countries like Ethiopia which were heavily dependent on multilateral assistance. The critical financial situation confronting operational activities had forced such countries to shelve many important projects.

47. While it was true that the entire world economic system was in a state of crisis, it was the developing countries that were hardest hit. The Survey of Economic and Social Conditions in Africa (1982-1983) (E/ECA/CM.10/4), published by ECA, had shown that the overall annual growth rate of Gross Domestic Product (GDP) in developing Africa, at 1980 prices, had declined from an average of 4.6 per cent between 1973 and 1980 to -2.7 per cent in 1981, zero growth in 1982 and 0.1 per cent in 1983. In 1978, 15 countries had recorded either no growth or negative growth; the corresponding figures for 1981 and 1982 were 27 and 24 respectively. The slow-down in world trade and adverse climatic conditions had affected the continent's agricultural output. Consequently, export earnings had been inadequate, payment balances had shown serious deficits and external debt had risen substantially: at the end of 1983 that debt had been equivalent to 44 per cent of the combined GDP of the region, while the debt-servicing ratio had more than doubled between 1980 and 1983. The social consequences had been a decline in per capita income, increased unemployment and a rise in the number of people living in abject poverty.

48. The forces underlying the deteriorating economic situation in Africa could be attributed to both domestic and external factors. For one thing, nature threatened the survival of the countries of the region. The drought which had swept across the Sahelian countries 10 years earlier had spread to two-thirds of the African countries. Every year millions of hectares of fertile land disappeared before the advance of desertification. The consequences had been catastrophic: 200 million people were currently suffering from famine, and Africa, which had formerly produced food surpluses, could no longer meet its own food needs. Food imports had more than tripled within a single decade.

49. Moreover, the effects of those natural disasters had been further exacerbated by the policies pursued by developed countries in their efforts to protect themselves from the effects of the economic crisis. The devastating consequences included

/...

(Mr. Worku, Ethiopia)

the decline in official development assistance, the collapse of the prices of principal export commodities, unfavourable terms of trade and mounting external debt. Those factors not only had a negative impact on the well-being of the population but also shattered prospects for future development. The region was not in a position to meet its short-term needs, let alone to undertake new development programmes.

50. Africa had mobilized all its available resources to meet a twofold challenge: to assure its survival and to organize development. At the national level it had mobilized all its resources to assist the victims of drought. At the subregional level, it was organizing concerted action to ameliorate the situation on a collective basis. In that connection the Ministers for Foreign Affairs of the six East African countries - Djibouti, Ethiopia, Kenya, Somalia, Sudan and Uganda - had decided to establish an intergovernmental committee pursuant to General Assembly resolution 35/90.

51. Nevertheless, whatever sacrifice it might make and however committed it might be, Africa could not cope with its difficulties without generous assistance from the international community. Apart from the fact that its resources were limited, some of the factors contributing to the crisis were beyond its control. It was his earnest hope that the current session of the General Assembly would come up with concrete measures of assistance.

The meeting rose at 12.35 p.m.