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at 3 p.m.  
New York

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SUMMARY RECORD OF THE 3rd MEETING

Chairman: Mr. GHEZAL (Tunisia)

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GENERAL DEBATE

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

GENERAL DEBATE

1. Mr. AHMED (Under-Secretary-General for International Economic and Social Affairs) said that the most recent assessment of the performance of the world economy and the short-term forecast prepared in the Department of International Economic and Social Affairs did not indicate any significant change in the overall trends in the world economy since the publication of the World Economic Survey 1989 that summer. There had, however, been some shift in the relative prospects of different groups of countries. Some of the major industrial economies had grown more vigorously than expected, while a number of large developing economies appeared to be heading for sharply reduced growth in 1989. The centrally planned economies were also experiencing a slow-down. World output was now expected to grow by just over 3 per cent in 1989 - more slowly than in 1988, but above the average of 2.9 per cent for the period 1981-1987. The remarkable expansion in international trade, by around 7 per cent in 1989 after an 8.5 per cent increase the previous year, was a sign of the world economy's continued vigour.
2. The developed market economies were likely to slow down to about 3 per cent growth in 1989, as a result of their efforts to check inflation, and were expected to grow at a rate of 2.5 per cent in 1990. The fears of recession aroused by the 1987 stock market crisis seemed to have faded, and analysts seemed to agree in predicting a soft landing, suggesting that the long expansion which had begun in 1982 would continue in 1990.
3. Growth in the socialist countries of Eastern Europe during 1989 was now expected to be lower than anticipated. In the Soviet Union and Eastern Europe output was growing at 2.5 per cent, significantly below the 1988 rate of 4 per cent. Agricultural production had improved on the previous year's poor performance, but industrial output had so far been significantly below plan targets for the year, mainly owing to structural problems, as economic reforms had not yet produced significant results. Inflationary pressures had emerged in a number of countries. The future prospects of those economies would depend largely on how smoothly the transition to new structures and organization could be achieved. Better integration into the world economy could be a significant advantage in that regard.
4. The developing economies had also grown more slowly than anticipated in 1989, at a rate of 2.5 per cent, below that of 1988. The economies of East and South Asia had slowed down, as had that of China, but growth in the fast-growing economies of Asia had remained high by world standards. Some of the latter had narrowed the gap between them and the developed countries, yet the greatest numbers of people living in absolute poverty were still to be found in Asia. On the other hand, few of the economies that had experienced little or no growth in recent years - particularly those in Latin America and Africa - had been able to improve their performance in 1989. With a deceleration in Latin America and only marginally improved growth rates in Africa, per capita incomes had once again

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declined in both regions, falling by 1 per cent a year for almost 10 years; and there was little to suggest an improvement in their short-term prospects.

5. A major obstacle to the restoration of growth was the persistence of the debt crisis; the large net outflows of financial resources from the heavily indebted countries, reaching the record figure of \$38.5 billion in 1988, had caused a severe compression of imports and seriously depressing the level of investment. The process of adjustment forced on those countries had also brought about much human misery, social retrogression and political instability.

6. Several recent developments in policy indicated a recognition that the solution must include substantial debt and debt-service reduction for both low- and middle-income countries. However, adequate follow-up action was required: for example, recent results in Africa made it clear that much more effort would be needed for an effective implementation of the Toronto Summit proposals for low-income countries. Recent initiatives for the middle-income countries, in which the International Monetary Fund (IMF) and the World Bank had critical roles, were welcome developments. The extent of debt reduction they implied was, however, unclear, and the consensus appeared to be that the \$US 29 billion to be made available under the enhanced debt strategy would mean only a relatively small reduction in the heavily indebted countries' debt service burden.

7. What was needed was a recognition that the debt crisis was not just a financial issue, but was paralysing a large part of the world economy. The United Nations agencies had in recent years been at pains to demonstrate the costs in terms of malnutrition, infant mortality and human suffering that the decline in living standards in the heavily indebted countries had involved. It was important to realize that what was being discussed was not just interest rates, but infant mortality rates as well.

8. There was an urgent need to mobilize additional international resources to bring about a successful transition from stringent adjustment to sustained development in those countries. The resources to be made available by the multilateral institutions for debt reduction should not be diverted from development financing, particularly in view of the recent trend of net negative multilateral flows. An early and substantial increase in IMF quotas should enhance the Fund's resources for debt reduction. He also drew attention to proposals, such as those made in the World Economic Survey 1989, for a new international facility to serve as a consistent, equitable and effective mechanism for resolving the debt crisis once and for all.

9. Even more worrisome than current performance was the prognosis for the years to come. The Department's medium-term projections, as well as those of UNCTAD, the World Bank and IMF, agreed that under present policies and trends in the world economy, the situation in Africa and Latin America was unlikely to improve significantly until well into the 1990s. Thus, more than half of the developing countries, with a combined population of over 1 billion people, would continue to experience stagnant or declining incomes per head and deteriorating social

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conditions for years to come. The international community could remain neither oblivious nor impervious to the socio-political repercussions of that prospect. In recent years economic stagnation, rising unemployment and uncontrolled inflation had created a climate of instability and despair in many countries. When combined with rapidly growing and youthful populations, those negative factors tended to breed a culture of violence. The international spill-over effects were felt in many forms, including large migrations across frontiers and the spread of terrorism and crime. Hardly any country now remained immune to those effects.

10. The international community had the capacity and the opportunity to reverse those negative trends. The past two years had witnessed a remarkable improvement in the international climate. Great Power tensions had eased. Regional conflicts were abating. East and West were coming closer together. Indeed, peace seemed to be flowering all around.

11. However, the primordial question for the closing decade of the century would be whether peace could endure or would prove ephemeral. Threats to peace arose from many sources. The proximate causes of conflicts might be national competition, ideological rivalries or ethnic differences, but particularly in the developing world, those factors only brought to boil the festering tensions born of the syndrome of underdevelopment and chronic poverty. A large part of the answer to the search for enduring peace would therefore lie in whether the nations of the world could underpin peace with spreading prosperity: whether the large sections of the world's population that were mired in poverty and despair could be enabled to become a vibrant part of a growing world economy, or would be left to languish as breeding grounds of new tensions and conflicts.

12. The current changes in international relations would not have been possible without an unprecedented demonstration of accommodation by the major Powers. They had made important moves towards disarmament and had worked together towards resolving regional conflicts and enhancing mutual confidence, thereby generating a new spirit of co-operation and creating an inexorable momentum towards peace.

13. There was now a historic opportunity to extend to the economic and social spheres the spirit that had emerged in the political field. While developed countries had the greater responsibility in that regard, the developing countries would also need to demonstrate a new and forthcoming spirit. Each country or group of countries must ask itself what it could do to strengthen international economic co-operation for development, rather than what others must do to that end. Every year, an increasing number of global problems compelled the international community to seek co-operative solutions. Threats to the natural environment, illegal drugs and terrorism were only the most obvious examples. Less obvious but no less compelling were the threats to the international economic environment stemming from the problems of debt, structural imbalances, and widespread poverty and stagnation in the developing world. In an age of growing interdependence among nations and among issues, international co-operation and solidarity were no longer merely moral imperatives, but indispensable factors in mankind's collective survival and well-being.

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14. The purpose of such co-operation could be no other than the revival of sustained growth and development. National and international policies must be devised to ensure that growth in both developed and developing countries was not only environmentally sound and sustainable, but sufficiently broad-based to benefit all countries and all population groups within countries so that a real dent could be made in underdevelopment and chronic poverty. Poverty in an age of plenty defied any sense of economic justice.

15. In a period when material and social conditions continued to improve in many areas of the world, the problem of eradicating poverty remained paramount. The report of the Secretary-General on international co-operation for the eradication of poverty in developing countries (A/44/467) indicated that the number of absolute poor in large parts of Asia, Africa and Latin America had been well over 1 billion in the mid-1980s. One out of every two persons in developing countries still did not enjoy a diet that met minimum nutritional standards, and lacked access to essential non-food requirements necessary for a tolerable existence. More disturbingly, the situation had tended to deteriorate further in two developing continents in the second half of the decade. The report highlighted the crucial role of an expanding world economy and international policies to reverse the situation.

16. Critical to the creation of a stable and more favourable international economic environment would be strengthened multilateral policy co-ordination within an enhanced framework for global management of interdependence. The concept of international economic security was particularly relevant in that regard. It was a long-felt need which would no doubt engage the attention of Governments more and more in the coming years.

17. A multilateral, free and increasingly open international trading system which could provide expanding access to developing countries' exports was a sine qua non for the continued health and vigour of the world economy. The temptations of new and more hidden forms of protectionism, managed trade, bilateralism and trading blocks must be resisted. The current round of multilateral trade negotiations under GATT should extend the principles of free exchange and unhampered access to all sectors of the world economy under adequate surveillance and a strengthened international trade régime.

18. While a stable and more favourable international economic environment was indispensable for sustained growth, the developing countries must themselves redouble their efforts to restructure their economies and mobilize their human and material resources for accelerated development. Investments in human capital in nutrition, health, education and shelter and in enlightened population policies had been demonstrated to yield high economic returns. Equally, creative energies could be channelled for development by providing a favourable institutional and policy environment in which the entrepreneurial spirit could flourish in both the private and public sectors of the economy.

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19. Higher growth and eradication of poverty were equally essential to preserve the environment, since in the developing world poverty was the principal source of pollution and environmental degradation. Economic growth in all countries must be sensitive to the sustenance of the environment. Mankind must change the paradigm of its thinking, its lifestyles and its human institutions, to foster a safe environment. There was now a remarkable awakening to the threat posed by a fouled environment to the survival of modern civilization. Yet, the practical and policy commitment to a clean and safe environment tended to lag behind that realization. Environmental considerations should not be seen as constraining development. Rather, the protection of the environment could be a spur to development through the search for new technologies, new ways of doing things and new and additional commitment of resources to remove the sources of pollution stemming from underdevelopment and poverty. The proposed United Nations conference on environment and development could help focus international attention on that important issue and develop a global consensus on the policies and actions needed in that field.
20. The discussions on the international development strategy and the forthcoming special session could serve to establish a new and long-term basis for development co-operation in the decade ahead. At the last two sessions of the Preparatory Committee, encouraging progress had been made on the broad orientation and structure of the new strategy. In establishing guidelines and principles for economic co-operation, the special session should also give impetus to the discussions on the strategy.
21. On the question of women and development, apart from the cross-organizational programme analysis submitted to the Committee for Programme and Co-ordination, the Department had prepared a separate section in the World Economic Survey 1989 on the economic aspects of the status of women and their contribution to economic development. The section painted a broad picture of the nature and importance of women's participation in economic activity and the ways in which their right to fuller participation in economic activity in different sectors - agriculture, industry and services - could be enhanced. As requested by the Economic and Social Council, the Department would prepare another section on women and development for the 1990 Survey.
22. The Department was preparing for submission to the next session of the Preparatory Committee an update of the report on the overall socio-economic perspectives of the world economy to the year 2000. It would present alternative scenarios based on the most recent long-term projections, cover sectors such as agriculture and industry in greater detail, and present a long-term view of the world socio-economic situation which, when seen together with the addendum to the report on the world social situation to be submitted to the Economic and Social Council at its first regular session in 1990, should provide an integrated and broad picture of the interrelationships between the economic and social aspects of the development process.

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23. Despite the many tribulations in the world socio-economic scene, the Committee was meeting at an auspicious moment. Through its deliberations, it could enhance the possibilities for fruitful dialogue leading to the common pursuit, in a co-operative spirit, of a better world for all.

24. Mr. RAZALI (Malaysia), speaking on behalf of the Group of 77, said that, on the threshold of the twenty-first century, mankind was faced with a highly complex and uncertain global situation which nevertheless provided a unique opportunity for giving a fresh thrust to international economic development co-operation. Improvements in the international political climate must be consolidated by prompt and enduring solutions to the major international economic and social problems, particularly those affecting the developing countries.

25. Current economic and related problems could be solved only by nations acting together. No country or group of countries, however powerful, could isolate itself from the consequences of global, social, economic and environmental problems. A multilateral, concerted and comprehensive approach was clearly vital in finding and funding lasting solutions to contemporary problems. In that regard, the developing countries had had the opportunity to exchange views and formulate their positions at the June Special Ministerial Meeting of the Group of 77 in Caracas, and the recently concluded Ninth Summit Meeting of the Heads of State/Government of the Non-Aligned Countries held in Belgrade in September. At those meetings, the developing countries had reviewed the international economic situation and taken note of the rapid transformation taking place in the world economy. At the same time they had conveyed a clear message that they wished to be constructively involved with developed countries in addressing the various problems confronting them.

26. On the threshold of a new era and a new decade, prospects for the developing countries remained gloomy and uncertain. The external climate for development was unfavourable, and many were undertaking wide-ranging policy reforms, often at great internal political and social cost. Even as they took positive steps to reactivate economic growth and development, developing countries were witnessing a transformation of the world economic system, illustrated in the United States-Canada Trade Agreement, the creation of the single European market by 1992, and the integration of the centrally planned economies of Eastern Europe into the mainstream of the world economy. The developing countries must remain vigilant, to ensure that they were not marginalized as a result of those developments.

27. The developing countries continued to be plagued by the problem of external debt, which in 1988 had risen by \$US 9 billion to \$US 1,032 billion. The debt crisis must be resolved on the basis of shared responsibilities between debtor and creditor Governments and commercial banks. The Group of 77 had repeatedly called for a substantial reduction of the developing countries' debt and service payments, as well as a significant injection of new financial resources commensurate with their economic needs. It welcomed the positive developments in that regard, including the Brady Plan, which had explicitly recognized that the debt crisis could be resolved on the basis advocated by the Group of 77. The Plan required

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wider application, to cover middle-income, low middle-income and low-income countries and the least developed countries outside sub-Saharan Africa. Despite the welcome measures taken by some Governments to write off debts of some of the least developed countries, new supplementary and multilateral and bilateral initiatives were needed to address the crisis. The resumption of development also required financial flows to the developing countries on concessional terms.

28. There was an equally urgent need to look into the interrelated issues of money, finance, trade and development. The net outflow of resources from developing countries must be halted and reversed. Developed countries should encourage their nationals to invest more in developing countries.

29. The international trading system should be improved and made more responsive to the trade and development needs of developing countries. The importance of the ongoing Uruguay Round of trade negotiations, as an integral element in the strengthening of that system, could not be over-emphasized. Adequate attention should be given, as it had not in the past, to the issues of particular interest to developing countries. New issues of concern to developed countries, such as trade in services and intellectual property rights, should not be advanced at the expense of other, traditional issues. A balanced outcome must be ensured, resulting in enhanced export prospects for developing countries, in consonance with their trade and development needs and aspirations. The developed countries must honour the standstill and roll-back commitments undertaken at Punta del Este and at the Montreal mid-term review of the Uruguay Round. The Group of 77 also wished to emphasize the importance of preferential, non-reciprocal and non-discriminatory treatment of developing countries in international trade.

30. The Group of 77 welcomed the entry into force of the Common Fund, with which developing countries had been closely associated, and called upon the international community to contribute towards its effective functioning. The search for advances in pursuit of the objectives of the Integrated Programme for Commodities also remained at the forefront of the Group's concerns.

31. Recent technological and scientific developments had tended to bypass the developing countries, further widening the gap between them and the developed countries. The latter must commit themselves to a genuine transfer of technology and remove the impediments to such transfers. While the developing countries were fully aware of the need to develop their own systems, they required the assistance of developed countries. Accordingly, full support must be given to the Vienna Programme of Action on Science and Technology for Development, which had yet to live up to the hopes placed in it.

32. In view of the ongoing structural handicaps and deterioration of the economic and social situation of the least developed countries, the international community must participate actively in the Second United Nations Conference on the Least Developed Countries, to be held in 1990.



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33. The plight of some developing countries had been exacerbated by natural disasters: limited and valuable resources had to be diverted to alleviate the damage done by phenomena such as locust and grasshopper infestations. All countries should therefore give their full support during the current session of the General Assembly to the proclamation of the International Decade for Natural Disaster Reduction and to the programme of activities for the Decade, especially those directed at disaster-prone developing countries.

34. At the special ministerial meeting of the Group of 77 and Ninth Summit Conference of the Movement of Non-Aligned Countries, the developing countries had clearly endorsed the concept of providing an international framework for activating growth and development with the new international development strategy and the forthcoming special session of the General Assembly devoted to international economic co-operation, in particular to the revitalization of economic growth and development of the developing countries. At the special session, the Group of 77 would endeavour to reach agreement with the developed countries on lines of action for achieving an integrated solution to some of the developing countries' most pressing problems. The session would afford the next real opportunity for resuming the North-South dialogue with a sense of purpose. As for the formulation of the international development strategy, it should facilitate the achievement of those objectives in the long-term perspective and provide a coherent framework for international co-operation. The slow progress being made in that regard was unfortunate, given that the special session was only six months away.

35. The final outline of the international development strategy should emphasize four main issues not covered by previous strategies: the external debt crisis, the eradication of poverty, human resources development, and commodities. Attention should also be paid to the precarious situation of the least developed countries. It was a source of disappointment to the Group of 77 that it had been impossible during recent negotiations to reach agreement on the outline and framework of that document, particularly after the Group and the European Community had worked together constructively towards that objective. The inertia and reluctance displayed by other groups was inexplicable.

36. The special ministerial meeting of the Group of 77 had reaffirmed the Group's commitment to strengthening international co-operation to protect the environment. To that end, a global effort to address all aspects of the problem must be made within the United Nations. The Caracas Declaration clearly stated that the concept of sustainable development must necessarily include meeting the basic needs of peoples of developing countries, maintaining adequate levels of growth for attaining their social and economic objectives and improving the quality of life in a healthy, safe and clean environment. That concept should not be used as a pretext for additional conditionality in the policies of multilateral development and financial institutions. As poverty and environmental deterioration were closely interrelated, environmental protection must therefore be viewed as an integral part of the development process.

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37. The Group of 77 welcomed the decision of the High-level Committee on the Review of Technical Co-operation among Developing Countries to reaffirm the continued validity of the Buenos Aires Plan of Action, and regretted the lack of financial support for TCDC projects.

38. On the occasion of its twenty-fifth anniversary, in October 1989, the contribution of UNCTAD to the cause of international economic co-operation for development should be given due recognition, in line with General Assembly resolution 43/183, adopted on the initiative of the Group of 77.

39. It was important that the resolution of vital economic issues should be achieved in a democratic fashion. The developing countries should be consulted on global issues that affected them and their needs should be taken into consideration. The Group of 77 emphasized the vital role of the United Nations in enhancing international co-operation by working out multilateral solutions to world-wide economic and social problems.

40. Mr. ZVEZDIN (Union of Soviet Socialist Republics) said that his country's attitude to the work of the United Nations on development and economic co-operation, as dictated by the new political thinking in the USSR, aimed at full participation in the world economy and in the solution of the world's economic problems. In the process of democratizing the country's foreign economic relations, all Soviet firms and co-operatives had been granted the right to engage in independent foreign economic operations. Measures were being taken to introduce effective customs tariffs and an up-to-date system of customs statistics, and to move gradually to a convertible rouble. The legislation on joint ventures was being improved, and the idea of setting up free economic zones in certain areas was being elaborated. Agreements to encourage and protect investments would, it was hoped, give an additional stimulus to the Soviet Union's foreign economic relations.

41. Advances in technology, coupled with spreading environmental, demographic and economic problems, demanded a rethinking of world economic policy. Seemingly favourable macro-economic indicators in some countries were invalidated by serious imbalances in trade and finance. Despite the progress of the developed countries and the reasonable economic growth of newly industrialized countries, the developing countries continued to face economic problems which, if they persisted, could pose a serious threat to political and economic stability. The Soviet Union supported the proposals for improving the world economy put forward at the Belgrade summit of the non-aligned countries, and also welcomed the Caracas Declaration.

42. Efforts by the developing countries, some of which had attained record export levels, were vitiated by their massive foreign debt, in excess of \$1,300 billion. In 1988, the net outflow of financial resources from third world countries had amounted to \$50 billion. The harsh economic expedients some third world countries had been forced to adopt had led to volatile social and political situations, with potentially explosive problems of poverty, hunger, child mortality and disease. As the Secretary-General had stated in his report on the work of the Organization, the

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progress achieved in the global political climate could prove precarious if the economic climate remained adverse for the majority of the world's population.

43. Following the initiatives to alleviate the problem of foreign debt announced by Mr. Gorbachev at the forty-third session of the General Assembly, his delegation called for a constructive and ideology-free international dialogue to seek ways and means of solving that problem. The Soviet Union was prepared to support multilateral initiatives to implement the proposals of the "Group of Rio", to develop contacts with IMF, the World Bank and the Organisation for Economic Co-operation and Development (OECD), and to participate actively in consultations on the problem both within and outside the United Nations.

44. A fundamental solution to the debt crisis could not be achieved without an all-out effort by the international community to overcome the problems of underdevelopment. His delegation believed that economic assistance should be divorced from political considerations and that the practice of inter-State co-ordination should be extended. In 1988 the Soviet Union had granted \$19.9 billion in aid to developing countries, equivalent to 1.4 per cent of its GNP. 0.21 per cent of GNP had been allocated to the least developed countries. In addition, the Soviet Union was participating increasingly in multilateral aid programmes organized under the auspices of the United Nations.

45. By implementing the principle of disarmament for development, discussed in recent high-level talks between his country and the United States, enormous resources would be freed for social and economic development and for the solution of environmental problems. At the last session of the General Assembly of the United Nations the Soviet Union had announced its intention to move from an armament economy to one of disarmament. In order to benefit from relevant international experience his delegation had requested all States, primarily the major military powers, to submit their national conversion plans to the United Nations. It was also important to set up a scientific group to study the problems of conversion as a whole and with regard to individual countries and regions.

46. In view of the serious plight of the environment, exceptional importance attached to the 1992 United Nations conference on environment and development, which his delegation believed should be held at summit level. It was necessary to elaborate regulations and principles to govern the conduct of States in environmental matters, to consider questions of monitoring, evaluating and forecasting ecological threats, to help prevent future disasters. The timely and useful initiative taken by Czechoslovakia and the Ukrainian Soviet Socialist Republic was aimed at extending co-operation in that area. The problem of coping with ecological disasters would be further helped by setting up a United Nations emergency environmental assistance centre and an international space laboratory to monitor natural processes.

47. The Soviet Union thanked all those who had come to its assistance following the tragic earthquake in Armenia in December 1988 and stressed the importance of the United Nations work on disaster relief. The Soviet Union wished to take an

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active part in the United Nations International Decade for Natural Disaster Reduction, and would devote scientific and material resources to the project through the International Institute on the Theory of Earthquake Prediction established by its Academy of Sciences. The task of preventing natural disasters could be improved by converting the Office of the United Nations Disaster Relief Co-ordinator (UNDRO) into an international centre for the exchange of information and experience in the forecasting and prevention of natural disasters, and in co-ordinating international relief efforts. The Decade's mandate could also be extended to cover major industrial accidents.

48. The Soviet Union was convinced that the key to the solution of the world's potentially explosive economic and environmental problems, threatening as they did the economic security of all States without exception, lay in international dialogue which balanced the interests of States and gave priority to universal human values. That belief determined its approach to the question of international economic security, elaborated in resolutions of the General Assembly and reports of the Secretary-General (A/44/217). Similar conclusions had been reached by the participants in the Belgrade Summit Conference of the Non-Aligned Countries, namely that the interests of all groups of countries should be taken into account in determining world economic strategies. His delegation noted with interest the recent proposal by the leaders of Venezuela, Egypt, India and Senegal that high-level consultations should be held on economic and environmental problems, in the context of the "North-South" dialogue.

49. The range of common interests was sufficiently broad to serve as a basis for co-operation, particularly in and through the United Nations. It was that recognition of common interests which underlay the Soviet Union's approach to the preparation of the new international development strategy, which would have a vital role to play in finding ways of managing interdependence on a stable basis and enhancing predictability and the reflection of the principle of mutual advantage in world economic affairs. The forthcoming special session of the General Assembly on international economic co-operation should make a valuable contribution to the development of consensus and policy recommendations in that area, particularly regarding the revitalization of economic growth in the developing countries.

50. His delegation believed the United Nations should play an enhanced role in dealing with crises in the world economy, and welcomed in that connection resolution 1989/85 of the Economic and Social Council on the early identification, analysis and monitoring of world economic developments. The high quality of the analytical documents prepared in the United Nations system was an indication that it could indeed become a centre for international economic thought and forecasting. As Mr. Gorbachev had indicated in his statement to the General Assembly at its forty-third session, the Organization had increasingly been demonstrating its ability to act as a unique international centre in the service of peace and security. That renaissance might very well manifest itself fully in the economic sphere.

51. Mr. EL GHOUAYEL (Tunisia) said that the external debt problem required urgent attention by the Governments of creditor countries and multilateral financial institutions. While the market-economy industrialized countries were experiencing unprecedented economic growth and progress in the social, scientific and technological fields, such expansion posed a threat to world development in the long run. Interdependence as a phenomenon was as yet inadequately acknowledged by States, and in fact was rather meaningless in view of existing disequilibria, inequalities, protectionism and virtually unilateral decision-making. However, demands for regional economic integration were increasingly being recognized. Such integration was becoming a reality in the countries of the Maghreb and in Europe. Yet while the countries of Western Europe were on their way to establishing a single European market, the countries of the Arab Maghreb Union would be unable to do so until their capacity for economic growth and development was revitalized and sustained by a strengthening of their investment capacities and the establishment of a dynamic and favourable external economic environment.

52. In that connection, the problem of external debt and its many adverse effects was of particular importance. During the preceding year, his own country had made net outward transfers of resources amounting to millions of dollars at a time when new inflows of foreign capital were drying up. That lack of resources penalized the adjustment and recovery efforts of middle-income developing countries like Tunisia and failed to take into account the considerable sacrifices imposed on their peoples and the bold measures they had taken.

53. He welcomed the recent decisions of some market-economy industrialized countries to forgive the external debt of least developed countries, and drew attention in that regard to the remarks made a few days previously by the President of the United States of America to the General Assembly emphasizing the need for the Bretton Woods financial institution to give priority to measures for debt reduction.

54. The Committee's work on the issue of debt would be significant because it would shape to a large extent the preparations to be undertaken in connection with the forthcoming special session of the General Assembly and the international development strategy for the fourth United Nations development decade. The special session would provide a valuable opportunity for reactivating the North-South dialogue and strengthening the efforts made by both sides. To be fruitful, however, any dialogue must reflect a balance in the way problems were approached and solved. The special session of the General Assembly must therefore expand that dialogue and identify the relationships existing among problems so that solutions to problems in international economic co-operation could be found. The international development strategy must identify priority areas for action and devise methods and instruments to facilitate international co-operation for development up until the year 2000.

55. It was becoming increasingly obvious that the growth and development problems of developing countries had direct implications for security and stability at the national, regional and global levels which affected the very health of the Earth. But while environmental protection was a pressing priority, the developing

(Mr. El Ghouayel, Tunisia)

countries, although they wished to participate in global environmental efforts, lacked both the financial resources and the scientific and technological capacities to develop systematic, efficient and ongoing strategies and programmes for the purpose. It should be emphasized that attempts to dispose of toxic and industrial wastes in a totally random manner constituted a crime against nature and a violation of man's right to security and a healthy life. Given the alarming extent of pollution and environmental deterioration in the world, caused by centuries-old patterns of industrial development, his delegation continued to attach great importance to environmental issues and to the United Nations conference on environment and development which, it was to be hoped, would be held in Brazil in 1992. That conference would help strengthen international co-operation and the taking of global action to combat the terrible threats hanging over the environment and ensure the progress and welfare of future generations.

56. Finally, he endorsed the sentiment voiced by the developing countries in the Caracas Declaration adopted at the special ministerial meeting of the Group of 77 and at the Ninth Summit Conference of the Movement of Non-Aligned Countries that they wished to be partners in world development and to see the North-South dialogue resumed.

57. Mr. MAIER (International Labour Organisation) said that his agency's contribution to the new international development strategy was linked to the constitutional objectives of ILO, which were based on social justice, respect for human rights and development through the promotion of employment. The formulation of a new strategy must draw on past experience, and co-ordinated efforts by the United Nations and its specialized agencies had a key role to play in that endeavour.

58. It was a basic tenet of ILO that every human being was entitled to a decent livelihood. The alleviation of poverty must therefore be at the core of any international development strategy. ILO had occasionally been accused of seeking to promote social justice rather than assist in wealth creation and distribution through accelerated growth. However, growth by itself was not sufficient to provide all persons with a decent living; that required a global strategy for combating poverty through concerted measures required to fight unemployment and underemployment.

59. Social objectives and the social aspects of development must become an integral part of economic growth policies. The human factor in development must also be fully recognized. It was wrong to assume that Governments bore sole responsibility for providing the institutions and structures required for an educated, trained and healthy population and labour force. They must interact with employers, workers and their representatives to achieve that goal. Self-employed persons and the informal sector must also be involved in the decision-making process. One thing Governments alone could do, however, was mobilize resources. Reduced public expenditures for education, training and health care, particularly when defence expenditures were not cut, only destroyed the chances of future generations.

(Mr. Maier, ILO)

60. Effective patterns of investment in the public and private sectors were essential to expand employment opportunities. However, economic growth by itself was not enough: growth must be made more "employment-oriented", and employment policies must therefore occupy a central place in development policies. A comprehensive approach to economic growth should involve more than mere efforts to increase production and undue trust in the "trickle-down effect". It must be recalled that the major causes of poverty were unemployment and underemployment, a fact that was of critical importance in view of the high level of population growth, particularly in the third world.

61. He welcomed the growing attention paid to the social and employment dimensions of structural adjustment programmes. ILO was contributing to policy formulation in that area by pointing out the employment and equity effects of macro-economic policies and helping to introduce labour market policies and other micro-reforms at the national level to cushion the impact of those policies or facilitate the process of adaptation on a basis of social justice. Specific interventions in labour markets were required to ensure that economic growth was combined with productive employment creation. Improving national economic indicators by reducing any part of the labour force to poverty would inevitably lead to social disruptions. Global respect for international labour standards and basic human rights was a key element to raising productivity and output and to achieving a social consensus which was vital to any democratic adjustment process.

62. In that connection, the experience gained by ILO through its World Employment Programme was of particular importance. A high-level meeting on employment and structural adjustment held in 1987, and involving representatives of Governments, employers' and workers' organizations and United Nations economic and financial agencies had helped to advance the idea that structural adjustment could be attained at minimal social cost, given the existence of a strong commitment to do so based on social consensus and tripartite consultations. The meeting had reaffirmed that free and independent employers' and workers' organizations had a major contribution to make in the formulation of general economic policies and in ensuring popular acceptance of such policies. Adjustment policies should be designed to increase the productive capacity of the poor and prevent decreases in their standard of living.

63. Given that more than 1 billion women would be economically active by the beginning of the twenty-first century, strong national and international efforts would be required to ensure that women enjoyed equal access to training and employment.

64. The world of labour had been sensitive to environmental issues for many years. ILO followed environmental discussions closely, both within and outside the United Nations, and concentrated on those issues which affected the working environment and policy formulation. Research had been done on worker health and safety as well as on the impact of the environment on employment and general aspects of development. Environmental issues would be a major topic of the debate at the next International Labour Conference, to be held in 1990, and it was to be

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hoped that those discussions would clarify the role of ILO in that area. His agency also looked forward to co-operating with the United Nations system in preparing for the 1992 conference on environment and development.

65. Mr. BLANC (France), speaking on behalf of the twelve States members of the European Community, said that the world economic situation, as described in the World Economic Survey 1989, gave cause for optimism. World production in 1988 had attained the growth rate of the 1970s, and the economic situation in 1989 and the prospects for 1990 pointed to further expansion. The countries of the European Community had helped to bring about that positive trend, not only through a steady increase in their production and imports, but also by maintaining fairly stable economies and contributing to public and private development financing.

66. Throughout the 1980s, the highest growth rate - more than twice the world average - had not been in the industrialized countries, but rather in the developing countries of Asia, which represented approximately two thirds of the population in the developing world. By contrast, the situation in Africa and Latin America remained unacceptable. On both continents, growth in resources was not keeping pace with population growth. The situation called for a stepped up, concerted effort by Governments, the international community, and the countries affected. In that effort, preservation of the environment would be an essential component of sustainable development.

67. The terms of trade, once thought to be cyclical, were proving to be unfavourable for commodity exporters over the long term. Commodities were benefiting less and less from world growth, and demand seemed to lag behind potential supply. In response, efforts must be made simultaneously to stabilize export earnings - as the Community had done under the Lomé agreements, and to assist countries in diversifying their exports. The recently implemented Common Fund for Commodities, under the Integrated Programme for Commodities (IPC), particularly its second phase, was an instrument of such co-operation.

68. Many countries continued to be overwhelmed by their debt service. Despite a slight reduction in the external debt of Latin America - from 200 per cent of exports in 1986 to 144 per cent in 1988 - difficulties persisted in many countries because of deteriorating terms of trade or the low productivity of investments made with borrowed capital. Difficulties were also created by interest rate trends which could not have been foreseen at the time loan contracts were concluded. The community of creditors had initiated wide-ranging relief measures for African countries, which owed huge debts to Governments, and for Latin American countries, whose debt was owed largely to the world banking system.

69. Many countries, too, were still at a disadvantage because of the slowness or inadequacy of managerial structural reforms. The European Community recognized the sacrifices entailed by structural adjustment, and in providing assistance, its States members were attempting to take into account the social aspect of adjustment programmes. However, the rigours of adjustment had proved to be a lesser evil than no adjustment programme at all.

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(Mr. Blanc, France)

70. Correcting structural imbalances was the responsibility of all Governments and international institutions. Structural adjustment efforts in developing countries must be accompanied by reductions in the huge deficits and surpluses of wealthy countries. At the same time, national and international development efforts must be intensified, chiefly by mobilizing the necessary resources. Donors must not lose sight of the official development assistance target of 0.7 per cent of gross national product. The States members of the European Community had already contributed substantially to the resources of multilateral institutions providing development assistance.

71. Structural adjustment, implemented in the wake of the 1970s, had enabled the Twelve to restore sustained growth by 1986. However, activity in the Community must still be increased in order to bring down unemployment. In that connection, the establishment of a single market in 1992 would open up opportunities not only for the Twelve but also for all of their trading partners. In a single market where goods, services, persons and capital could move freely, competition would be heightened, productivity would be pushed up, and unemployment, controlled through increased growth. A single market would also stimulate trade between the Community and non-members.

72. Indeed, the Community alone had been responsible for half the growth in the volume of world imports in recent years. Already it was a market for 21 per cent of the exports from the developing world, ranking alongside the United States of America. The active participation of the European Community in the Uruguay Round of multilateral trade negotiations had demonstrated its will to promote international trade through continued liberalization. The Community's policy on agriculture trade and its plan to liberalize imports of semi-finished steel products would be beneficial to its major foreign suppliers.

73. The European Community was also a stabilizing force in international economic relations, as evidenced by the ratio of its balance of payments on current account to its gross domestic product. Balanced, non-inflationary growth was the common concern of its member States, and its system of stable but adjustable exchange rates had enabled it to deal with sharp fluctuations in certain currencies.

74. Not only did certain members of the Community maintain relations with developing countries on an individual basis but also the Community as a whole had implemented an unprecedented development assistance policy under the Lomé conventions. The European Development Fund, including STABEX, provided substantial sums to developing countries and also helped to reduce the impact of any drop in their export earnings. In addition, States members of the Community contributed 40 per cent of the official development assistance furnished to developing countries. Overall, individual States members contributed nearly \$20 billion in donations or soft loans and another \$2 billion was provided by the Community.

75. Debt-relief initiatives by individual States members had been supported by all countries concerned. Several States members had cancelled all or part of the official debt owed by the poorest and most heavily indebted nations. Other major creditors had ultimately followed suit after the Toronto summit. The Twelve alone

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had cancelled \$6 billion in official development assistance loans to the sub-Saharan African countries. Further cancellations of substantial amounts were expected in January 1990. The Community had also contributed significantly to the World Bank's special "Africa" programme, under which certain States members financed structural adjustment in conjunction with the World Bank. It was the hope of the Twelve that the ninth replenishment of the International Development Association (IDA) would provide the resources needed to extend the scope of its activities and relaunch growth in recipient countries. In that connection, the Twelve had supported the recent recommendation by the World Bank to reduce bank debts owed by countries eligible for assistance from IDA.

76. Banks must develop new mechanisms so that Latin American debtor nations could meet their obligations without compromising their growth. In that connection, the Twelve welcomed the recent agreement between Mexico and its creditor banks, and hoped that an agreement in principle could be reached in the case of the Philippines and other countries which were implementing structural adjustment programmes. It would be important to ensure that IMF had sufficient resources to participate actively in debt-reducing initiatives.

77. The Community and its States members had also helped to train personnel in developing countries, improve infrastructure and establish conditions more favourable to the mobilization of local savings, investment, and the effective utilization of assistance from developed countries.

78. The position of the Community and its States members derived very naturally from a belief in interdependence. From that perspective, it viewed the special session of the General Assembly in April 1990 and the elaboration of an international development strategy as being complementary. The special session should highlight the major changes in the world economy and opportunities for multilateral co-operation, while the strategy should focus on a limited number of development themes. The results of the final meeting of the preparatory committee for the strategy for the fourth United Nations development decade had been encouraging. That was particularly true with respect to adapting the strategy to the specific situation of individual countries and remaining flexible to meet the changing international economic situation. The Twelve hoped negotiations would lead to agreement on the elements of the strategy. The Twelve also planned to contribute to the work of the preparatory committee for the special session. The special session and the strategy should form the basis of a new, more positive dialogue with a view to meeting the challenges of the 1990s. To that end, the economic and social structure of the United Nations must be urgently revitalized.

79. Lastly, the question of the environment, and, in particular, the proposed United Nations conference on environment and development, had become increasingly important. Preservation of the environment was the shared responsibility of the international community and all Governments, but the developed countries had a special responsibility, in that regard.

The meeting rose at 5.30 p.m.