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SECOND COMMITTEE  
7th meeting  
held on  
Friday, 6 October 1989  
at 10 a.m.  
New York

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SUMMARY RECORD OF THE 7TH MEETING

Chairman: Mr. GHEZAL (Tunisia)

later: Mr. PAYTON (New Zealand)

later: Mr. DOLJINTSEREN (Mongolia)

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GENERAL DEBATE (continued)

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The meeting was called to order at 10.15 a.m.

GENERAL DEBATE (continued)

1. Mr. JOSSE (Nepal) expressed concern at the prevailing economic situation and especially at the economic and technological chasm between developed and developing countries. In that regard, his delegation fully supported the assessment and recommendations made by the Chairman of the Group of 77. It was essential to start a broad-based North-South dialogue on international economic co-operation. The forthcoming special session of the General Assembly, to be held in April 1990, could provide an opportunity for developed and developing countries to reach a new consensus on growth and development and to revamp the development process in developing countries. Nepal hoped that the formulation of the international development strategy for the Fourth United Nations Development Decade would take into account the views of all countries, whatever their situation.
2. The world economic situation was characterized by worsening terms of trade relations and that placed developing countries at a disadvantage. Their problems were further aggravated by accelerating inflation and increasing protectionism in the developed countries.
3. External debt was a fundamental obstacle to growth in many developing countries. Despite an increase in the disbursement of funds to the highly indebted countries, the net transfer of resources to such countries continued to be negative. To significantly reduce debt, a comprehensive strategy based on growth, development and shared responsibility was needed.
4. The least developed countries had been especially affected by the unfavourable world economic climate. The drastic fall in prices of basic commodities, the increased barriers to exports, the fluctuations in exchange rates of major international currencies and the very high interest rates, among other factors, had presented obstacles to the implementation of the Substantial New Programme of Action for the 1980s for the least developed countries. Coupled with that flows of financial resources and other aid had been inadequate, donor countries had not utilized the Substantial New Programme of Action as a framework in deciding aid programmes for the Least Developed Countries, donors had not adequately co-ordinated support measures and emergency relief systems had been inefficient. His delegation therefore hoped that the Second United Nations Conference on the Least Developed Countries, which was to be held in Paris the following year, would identify and adopt policies and measures to accelerate development in the least developed countries during the 1990s.
5. The international community must increase its assistance to land-locked developing countries as a matter of urgency to help them cope with the adverse effects on their economies caused by their geographical disadvantage. A good illustration was provided by the recent abrogation of the Nepal-India Transit Treaty, which had not only had immediate consequences such as shortages of basic commodities, including fuel, but would also have long-term effects. Nepal's

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domestic product had increased by 5 per cent the previous year; for the current year it would surely drop to 1.5 per cent. Due to the demand for firewood, the forests of Nepal were being cut at a rate of 240 hectares per day. Since the ecology of Nepal's Himalayan foothills was a crucial determinant of climatic conditions for a large part of South Asia, Nepal requested that the international community give greater attention and assistance in that regard, which would be in keeping with the decision to convene an international conference on environment and development in 1992.

6. In conclusion, his delegation welcomed the atmosphere of détente between the super-Powers. It believed that that climate would help to resolve a wide range of world economic questions which had long needed a solution. In that regard, the work of the Committee could constitute an important basis for such achievements, and Nepal pledged its co-operation.

7. Mr. BOECK (Austria) said that the economic climate was far more favourable than anyone had anticipated the previous year. On the international level, there had been rapid growth in the volume of world trade, strong demand for imports in industrialized countries and a reduction in external payment imbalances among developed countries. At the same time, however, many developing countries had experienced difficulty in borrowing abroad and had suffered a fall in net flows of official credit; overall their debt-to-export ratios had decreased.

8. On the domestic side, output growth in industrialized countries had surpassed forecasts, with a slight increase in inflation and modest progress towards fiscal balance. Productive investment had experienced an upturn and unemployment had declined. The developing countries had experienced the highest growth rate of the past decade, but inflation had accelerated, reflecting the difficulties many heavily indebted countries were having implementing monetary and fiscal policies. Nevertheless, there was wide diversity in the economic performance of the developing countries.

9. An important lesson to be drawn from past experience was the recognition that a centrally managed world economic system had failed. The best results could be obtained by channelling market forces and aiming at an efficient allocation of resources.

10. Reform and structural adjustment measures were the pillar of economic policy during the 1980s. Austria had, in recent years, instituted measures to reduce its deficit and had embarked on a programme of structural reform to reduce the burden of debt and interest payments in order to increase the manoeuvrability of its fiscal policy, to stimulate private sector demand and strengthen the structure of its economy. Its growth rates were above average without endangering price stability and its unemployment rates remained far below the Western European average. Economic progress required a favourable climate for investment, both national and international. The policy framework must provide for infrastructure, education and a free society based on the rule of law. Further, adjustment measures entailed various political risks and social costs, and their effects must be prevented from burdening the weakest strata of society.

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11. Austria had always supported the goals of European integration, and therefore had always pursued a foreign policy aimed at active participation in that process. It considered that becoming part of the European Community was fully compatible with its status of neutrality, a status which had contributed to the maintenance of peace and security in Europe in recent decades.

12. His delegation viewed with great interest the efforts by Eastern European countries to make the transition from centrally planned economies to market economies, and felt that those efforts should be fully supported. That evolution showed that the old confrontations between East and West, North and South based on ideology were giving way to a more efficient and beneficial system of free markets in free societies.

13. Many African countries had undertaken commendable and far-reaching reform measures under the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990. In order to relieve the grave economic situation of that continent, however, it would be necessary to increase international aid flows and official development assistance, improve and increase trade relations with African countries and continue to apply debt relief measures, together with the current reform process. In that regard, it was important to prepare effectively for the next United Nations Conference on the Least Developed Countries, which would be held in Paris in 1990.

14. International trade continued to fulfil an important function in a world that was increasingly interdependent economically, and was a key element in the development process. Austria considered that the aim of the current Uruguay Round, to open markets and apply the GATT régime to new fields, was an undertaking of the highest priority. That round of negotiations would offer a unique opportunity to meet the challenges of increasing globalization of economic problems from the point of view of global freedom of trade. In addition the development efforts of developing countries could be greatly enhanced through improved access to the markets of industrialized countries. In turn, better access to markets of developing countries by other developing countries as well as industrialized countries would also benefit importing countries. In the light of the positive results achieved so far at the Uruguay Round, Austria was optimistic that the process could be brought to a successful conclusion.

15. Debt problems continued and placed a huge burden on heavily indebted countries, particularly in Latin America and Africa. Many debtor countries had to generate continuous trade surpluses while meeting increasing domestic resistance to national restraints, vigorously implementing adjustment policies while experiencing serious difficulties in finding new sources of external financing. The debtor countries must be able to continue to grow and to repay their debt at the same time. To that end, it was essential to expand productive investment, encourage national savings and make efforts to reverse capital flight. Such tasks would be nearly impossible without the fullest mobilization of the private sector and private sources of finance and without domestic policies which ensured the framework for such development.

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16. The element of international support in a debt strategy was a matter of solidarity in the mutually beneficial sense of the word. While the international financial institutions were making significant efforts and were playing a central role in that task, a breakthrough would not be possible without increased mobilization of non-governmental resources. Moreover, those international institutions should not be restrained by a lack of sufficient financial foundations. In that regard, Austria regretted the delay on the part of the International Monetary Fund (IMF) in completing the ninth quota review and supported a substantial quota increase. Furthermore, it was in favour of a replenishment of International Development Association (IDA) funds and was prepared to increase its share in the Association's resources.

17. Austria believed that efforts aimed at policy reform, the strengthening of the effectiveness of public administration, the private sector and the role of markets, the eradication of poverty and the enhancement of human resources were key factors of progress. Moreover, adequate financial support and flows were essential for the success of social reform in developing countries. In that context, it was incumbent upon the industrialized countries to reverse the current trend towards granting less concessional aid and to promote an open international economic environment.

18. At the forthcoming special session devoted to international economic co-operation and in formulating a new international development strategy (IDS) for the fourth United Nations Development Decade, it would be essential to carry out a realistic analysis of the possibilities and limits for common international action to maintain a strong constructive momentum in the United Nations system as an international economic forum and to improve the dialogue on the international economy and on development. Moreover, the relevant preparatory committees should discuss such matters as environmental degradation and the dynamics and consequences of population growth.

19. Austria believed that in recent years the work of the Second Committee had been carried out in a pragmatic manner and trusted that such an approach would continue during the current discussions.

20. Mr. PAWLAC (Poland) said that the current period was marked by transition, uncertainty and fluidity in international economic relations. That point of view had been clearly presented in the 1989 World Economic Survey and in the documents of the ministerial meeting of the Group of 77 at Caracas and at the Ninth Conference of Heads of State or Government of Non-Aligned Countries at Belgrade.

21. In spite of increased awareness about global interdependence, the overall economic picture was unclear. While some countries had experienced vitality, others had experienced stagnation or even regression. The significance of the steady growth of world output and trade was mitigated by imbalance and lopsided development among many countries and regions. Moreover, access to the new scientific and technological advances as applied to production and services was limited or non-existent outside of countries that had achieved a certain level of

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development. Adjustment programmes had produced mixed results to date. They had not prevented economic decline, particularly in Africa and Latin America and had been influenced to a large degree by their international context.

22. It should be emphasized that, as a rule, decisions about resolving new economic problems of international dimensions had been postponed during the 1980s. That period had thus become a decade which had been lost to development. Social and economic development stood out as the central issue of the present times. With it a new dimension had emerged: indivisibility as the essential condition for sustainable development, necessary for maintaining stability and predictability and for enhancing security in economic relations. The idea of undivided development was increasingly gaining recognition as a universal principle. Effective instruments should be sought to ensure the implementation of that idea if the world's economic divisions were to be overcome. The ground for such action had already been prepared. Differences in the area of economic co-operation were gradually narrowing, now that ideological confrontations in international relations had ceased.

23. However, consensus had not been reached on the solution to the problems separating countries with different levels of development. Nevertheless, there was growing recognition of the urgent need to tackle that issue, because further sidetracking would involve the possibility of losing control over the development process and of spreading economic disturbances and social unrest beyond national borders. In that context, the special session of the General Assembly devoted to international economic co-operation and preparations for that session would provide an opportunity for exchanging views. The special session should also define a new framework for more detailed negotiations on international co-operation, determine their scope and formulate a universal set of guidelines for that purpose. In addition, it should contribute to the formulation of an international development strategy for the 1990s.

24. Development could not be isolated from international indebtedness, which had subjected all debtor countries to the discipline of the world financial market and had exposed them to the need to apply global rationality and adjustment that were associated with the functioning of that market. Any debt strategy should be based on a consensus on growth and development and take into account the interests of all groups of countries. Regardless of how vigorous and stringent they might be, national economic policies would remain ineffective unless accompanied by debt reduction and genuine restructuring.

25. Environmental protection required close co-ordination and co-operation among Governments, determined action on the part of international organizations and the awareness and involvement of the public at large. The United Nations should elaborate international instruments and procedures, generate adequate resources and co-ordinate the manifold efforts of the international community with a view to resolving those problems. At the fortieth session of the General Assembly, Poland had presented an initiative to promote international co-operation in the research and development of environmentally sound technologies. The conference on

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environment and development, which was to be convened in 1992, would make it possible to reconcile the exigencies of environmental protection and economic growth.

26. The Government of Poland, in co-operation with IMF and the World Bank, was formulating a plan for the stabilization, liberalization and partial privatization of the economy. Its implementation would require fast, efficient, substantial and sustained economic and financial support in order to help reform the country's economic system. Such support should include credits, grants, debt relief, debt-for-equity swaps and unrestricted access to foreign markets.

27. Mr. Payton (New Zealand) took the Chair.

28. Mr. MUKHTAR (Sudan) said that his delegation supported the views and observations that had been expressed by the Chairman of the Group of 77 on the various issues before the Committee. The slow-down of growth in the 1980s had widened the gap between the developed and the developing countries. In what was currently known as the "lost development decade", the developing countries had experienced sluggish growth, stagnation and even economic regression. The situation in Africa was particularly disturbing and had worsened, owing to unprecedented natural disasters that had severely set back development efforts. In spite of everything that had been done to achieve structural adjustment, it was obvious that the international environment was unfavourable and that adequate international support for national adjustment policies was essential for the resumption of development in Africa.

29. His delegation noted with appreciation the initiatives taken by some of its partners in North Africa to reduce the debt burdens of the developing countries, although they fell far short of addressing the root causes of the crisis. Additional resource flows were urgently needed to stimulate growth and development and to support efforts to reduce the cumulative debt burden. The international community needed to make concerted efforts to stabilize commodity prices and increase financial assistance on concessional terms.

30. The structural problems of the world economy had to be addressed within the context of a global co-operation based on the principles of interdependence and equity. A genuine and meaningful dialogue was critical at that stage. The launching of an international trade financing facility was timely and would help promote trade and sustainable development.

31. Special and preferential measures were urgently needed to enable the least developed countries to address their serious structural imbalances and handicaps. The slow and inadequate implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries was disappointing. In that connection, his delegation attached considerable importance to the preparations for the Second United Nations Conference on the Least Developed Countries to be held in 1990.

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32. The forthcoming Special Session of the General Assembly on the reactivation of growth and development in the developing countries afforded a unique opportunity to arrive at a consensus on concrete measures in interrelated areas of development. It was also an opportune moment for initiating the formulation of the International Development Strategy for the Fourth United Nations Development Decade and his delegation was particularly pleased at the inclusion of the human dimension of development as one of the main aspects of the strategy. Finally, his delegation believed that international economic co-operation for development could best be achieved by reactivating the North-South dialogue.

33. Mr. SEZAKI (Japan) said that the growing interdependence among nations and the globalization of markets had increased the need for international co-operation in the resolution of urgent questions, in particular those concerning the development of developing countries. The international community should support the self-help efforts of developing countries by implementing adjustment programmes and other appropriate domestic policies.

34. Co-ordinated efforts by developed countries towards sustained growth without inflation, reduction of external imbalances, maintenance and strengthening of an open multilateral trading system through successful conclusion of the Uruguay Round, and due consideration for global environmental problems were essential to achieving sound and sustainable development and a prosperous world economy.

35. It was urgent to reverse the declining trend in official development assistance (ODA) since 1982. His country had decided to increase the funds provided to ODA; those funds were untied and would contribute further to easing the socio-economic difficulties of developing countries. It was encouraging that a new plan had been adopted by the Paris Club in 1988 with regard to the official debt of the poorest countries, whose adjustment efforts should be assisted through ODA.

36. Debt problems continued to be of crucial importance to the international community. The debtor countries must start by making every possible effort to promote growth-oriented economic adjustment and appropriate domestic policies fostering foster foreign investment and repatriation of flight capital. His Government actively supported the strengthened debt strategy, which emphasized market-oriented debt and debt service reduction.

37. The United Nations had a central role to play in promoting international co-operation for the protection of the environment. That co operation should be based on four principal objectives: to ensure stable development of the world economy; to adopt measures based on full and comprehensive scientific analysis since emotional approaches were counter-productive to the achievement of lasting solutions of those problems; to address issues from a global point of view; and to take into account the interests and needs of developing countries.

38. On the basis of those four objectives, his country would continue to contribute to international efforts to resolve global environmental issues. It would promote co-operation in monitoring, observation and research on the air, the



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oceans and the ecological balance and intensify co-operation with monitoring networks such as the World Meteorological Organization.

39. In addition, his country intended to strengthen its bilateral and multilateral co-operation in the field of the environment and would continue to demonstrate its support of the international bodies concerned through financial contributions. He cited his country's contributions to the United Nations Environment Programme (UNEP), the International Development Association (for the purpose of establishing a special fund for environmental conservation) and the activities of the Food and Agriculture Organization of the United Nations, the International Tropical Timber Organization and the Consultative Group on International Agricultural Research. All in all, Japan intended to allocate approximately \$2.25 billion in bilateral and multilateral assistance over the next three years to environmental projects.

40. In September 1989, his Government, in co-operation with UNEP, hosted the Conference on the Global Environment and Human Response towards Sustainable Development in Tokyo. The constructive scientific discussion at that Conference had helped greatly to establish a firm scientific basis for the formulation of global environmental conservation measures. The hope was that recommendations made at the Conference would serve as important guidelines for discussions at the forty-fourth session of the General Assembly and for preparatory work on the 1992 United Nations Conference on Environment and Development, which would provide an opportune occasion for the discussion of long-term solutions to global environmental problems. Japan intended to take an active part in the preparatory work for the conference.

41. His delegation wished to emphasize once again the importance of co-ordination among the various international organs and bodies engaged in activities relating to the environment. The United Nations must play a pivotal and catalytic role to ensure that those activities were productive. He reiterated his delegation's hope that discussions during the current session of the General Assembly would enhance policy co-ordination among the bodies concerned.

42. His delegation firmly believed that the International Decade for Natural Disaster Reduction, which would begin in 1990, offered a unique opportunity for the international community to turn its attention to that issue and to promote international co-operation in that area. It was essential to rally international co-operation from a wide range of resources, including the scientific, academic and governmental, and, to that end, the United Nations could and must play a catalytic role.

43. His delegation commended the work done by the ad hoc group of experts, which had culminated with the submission to the Secretary-General of the report containing its recommendations. His delegation also expressed its sincere appreciation to the Secretary-General for the preparation of the report; it would serve as the basis for discussion on that item during the current session. Although his delegation would present more detailed views on the subject at a later

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date, it generally endorsed the organizational framework suggested in the Secretary-General's report. Moreover, in co-operation with Morocco, his country intended to present a draft resolution containing a programme of action for the Decade and he called upon all Member States to participate actively in the discussions on that text, in the hope that a draft resolution would be adopted by consensus, as in previous years.

44. The Special Session of the General Assembly on International Economic Co-operation could be a valuable opportunity to demonstrate to the world that the Member States had the political determination necessary to activate the dialogue between developed and developing countries and to manifest a new spirit of international co-operation. His delegation hoped that the dialogue would be serious, meaningful and constructive rather than a repetition of the fruitless negotiations which had characterized North-South relations thus far. It was therefore essential to adopt a fresh approach recognizing that the world economy had been transformed substantially, thus rendering invalid traditional arguments based on the North-South dichotomy. His delegation hoped that discussions during the current session, based on the debate in the Preparatory Committee of the Whole, would lead to agreement on ways to make the Special Session productive.

45. The preparation of the new International Development Strategy was much like the preparation of the Special Session of the General Assembly in that both processes, together with the second United Nations Conference on the Least Developed Countries, were occasions for holding a meaningful dialogue on the development issues of the 1990s. The common aim was to seek a new form of international economic co-operation in the light of the great transformation and diversification that the world economy had undergone. Japan had emphasized that the new International Development Strategy should be realistic, flexible and innovative and not a mere repetition of past strategies, and should focus on issues of urgent concern. At the meetings of the Ad Hoc Committee of the Whole for the Preparation of the International Development Strategy for the Fourth United Nations Development Decade, Japan had been encouraged by the convergence of views on the basic lines of the Strategy and the main items to be addressed. It was to be hoped that the discussion at the current session, with the participation of the Chairman of the Ad Hoc Committee of the Whole, would contribute further to building a consensus on the orientation of the Strategy, including its structure and priorities.

46. He concluded his remarks by stressing the importance of the revitalization of United Nations economic and social activities. As a universal body, the Organization had a unique role to play in the world and must not isolate itself from the realities of the world economy.

47. Mr. CHRISTIANS (Venezuela) said that Venezuela fully endorsed the views expressed by the representative of Malaysia on behalf of the Group of 77. He had pointed out that year after year the General Assembly had discussed the adverse effects of the unstable international economic situation on the overwhelming majority of Member States, yet no substantial changes had taken place in the international economic system leading to the establishment of a world based on

(Mr. Christians, Venezuela)

justice and order. At the current session, the Assembly should reflect on the situation and, above all, consider the results achieved in the 1980s and prepare for changes in the years to come. It should give it careful thought if it was to sensitize the decision-making institutions in the developed countries to the need to promote alternative situations that would reverse the asymmetry in international economic relations. The results achieved showed a negative balance. The developing countries, with few exceptions had become poorer. Although there had been some growth in the world economy in 1988, for the greater part of the decade, it had exhibited a lower rate of growth than in the 1960s and 1970s.

48. Very little had been done to turn that situation around. Latin America and Africa were in the worst economic situation they had ever known, with a sharp decline in the quality of life. Although the developing countries, particularly in Latin America and the Caribbean, aware of the responsibilities, had inaugurated a serious process of adjustment with its acknowledged short-term effects, there was no evidence, as had been pointed out, that economic adjustment introduced the changes required to maintain a sustained state of growth and development. There had to be external transformations leading to a global solution of inequalities and international economic policies had to be co-ordinated not only among a few powerful countries, but with due regard for the developing countries, which represented most of mankind.

49. For a goodly number of developing countries, the most burdensome problem was the external debt. A series of immediate measures must be taken to extricate them from the debt crisis. The general and specific proposals of the debtor countries had been rejected by the creditor nations. Present strategies for resolving the problem continued to be unresponsive to the urgent need for a solution, notwithstanding the fact that some of the proposals put forward concurred with those of the debtor countries. The international private banking community maintained its inflexibility, in contrast to the more sympathetic attitude of the international financial bodies and the Governments of the creditor nations. So long as the debt problem remained serious, the adjustment and the other methods being used internally were doomed to fail.

50. The document entitled The Overview issued by the United Nations Conference on Trade and Development (UNCTAD) reflected an interesting approach. UNCTAD stated that the serious disarray in the economies of many debtor countries was the result of the cumulative damage to the Latin American and African economies brought about by the enormous burden of their external debt. A break in the stagnation of the growth rate and a reactivation of development were inextricably linked to a solution of the debt problem.

51. There were many other economic challenges for the international community to overcome in the short term because, otherwise, most of the developing countries would slip into an irreversible trend disrupting development and social peace. That was not a pessimistic view, but a realistic assessment. As had been seen from recent experience, economic and financial factors often sparked political and social tensions.

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52. In addition to its perennial problems, the world now had to cope with others like the degradation of the environment. The developing countries had a new awareness of the importance of the preservation of the environment and were taking steps at the national, regional and international levels to preserve it for future generations. However, primary responsibility for environmental protection lay with the developed countries since they were the ones involved in the process of environmental degradation and they had the financial and technological resources to resolve the problem. Many years of inaction had caused it to surface in a virulent form. It was the aim of the international community to generate a global campaign to halt the deterioration and it would become clear at the proposed International Conference on the Environment and Development to be held in 1992 in Brazil - a proposal which Venezuela supported - that the developing countries could not finance the measures which had to be taken without detriment to their development process. It was therefore essential immediately to set up the machinery for financing world-wide measures for curbing the deterioration of the ozone layer, soil erosion, climatic changes, desertification and drought and the international trafficking in toxic products and toxic waste. They should also include measures relating to development and the transfer of new technologies.

53. In the past decade, Venezuela, like other developing countries, had been actively engaged in the search for an international solution to the major problems in international economic relations, for example, at the Paris Conference on International Economic Co-operation and through its efforts to begin a series of global negotiations. At that time, the situation had not yet become so critical for most developing countries and no solutions had emerged. Again in Paris, in 1989, Venezuela, together with Egypt, India and Senegal, had proposed a resumption of the North-South dialogue. There was a dual opportunity in the making for initiating a candid dialogue between the developed and developing countries: at the General Assembly's Special Session on International Economic Co-operation, where it was to be hoped the foundation for future action under United Nations auspices would be laid; and in the preparation of the International Development Strategy for the Fourth United Nations Development Decade which, it was to be hoped, would be realistic and would seek attainable not utopian goals so as not to exacerbate the disarray in the developing countries. In both cases, the will of Member States to begin a process of transformation in international economic relations would be tested.

54. The current year was the twenty-fifth anniversary of the establishment of the Group of 77, which had held its first meeting in Venezuela, where it adopted the Caracas Declaration containing its political platform. It was also the twenty-fifth anniversary of UNCTAD and his Government hoped that on its anniversary, measures would be taken to strengthen that very necessary institution.

55. Mr. AKSIN (Turkey) said that, on the threshold of the last decade of the century, the international community still faced the same problems as it had had at the beginning of the 1980s, with the major difference that some of them had grown worse and new ones had arisen, calling for concerted and urgent action. The problems of the developing countries were mainly concerned with inadequate growth.

(Mr. Aksin, Turkey)

Conditions must be created for sustainable growth and the question how to create those conditions was compounded by a number of internal and external factors which needed to be tackled simultaneously. The developing countries must put to good use the lessons learnt from the uneven and mixed results obtained by them in the 1980s. Adjustment measures must be continued to reduce rigidities and accelerate innovative and promising policies for promoting growth. At the same time, the social effects of those measures must be cushioned. Developing countries accustomed to old production structures must show courage and adopt new adjustment policies.

56. Prime responsibility for the economic situation in every country lay with the country itself. However, a favourable international economic environment was essential to give sound policies a chance. Excessive foreign debt and inadequate transfers of resources were among the major obstacles to satisfactory and steady growth.

57. The debt crisis was still the top priority. Continuous efforts had failed to end the crisis because there was no simple solution. Turkey had been heartened by the new approach to that issue taken by the World Bank and the International Monetary Fund and by the stand adopted by the United States Government. The debates on the debt question in international forums seemed to have begun to yield practical results. Nevertheless, despite the hope generated by the activities of the Bank and the Fund, the world was still awaiting concrete action. New initiatives involving debt and debt-service reduction techniques might offer a sustainable solution, but the debt crisis, however serious, should not overshadow other factors that were also important for the growth of developing countries, such as the elimination of protectionism and the promotion of foreign investment.

58. The International Development Strategy for the Fourth United Nations Development Decade and the forthcoming special session of the General Assembly on international economic co-operation, were closely related. His delegation hoped that at those two forums the economic problems of the world would be tackled with realism and pragmatism. Innovation and vision were needed to deal with the current pressing problems and a high level of political commitment was called for if constructive results were to be obtained.

59. Countries were all paying greater attention to environmental issues which should be taken up at two levels. The major problems, such as the ozone layer and climatic change, should be dealt with at the international level, and the lesser problems, such as deforestation and toxic wastes, at the national level. More thought must be given to the question of making assistance to developing countries conditional on protection of the environment. The United Nations Conference on Environment and Development would be a valuable forum for dealing with those issues.

60. Mr. GARCIA (Philippines) noted the survey of the world economic situation submitted to the Committee by the Director-General for Development and International Economic Co-operation and the Under-Secretary-General for International Economic and Social Affairs, the World Development Report of the

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(Mr. Garcia, Philippines)

World Bank, the World Economic Survey of the Department of International Economic and Social Affairs and the Report of the United Nations Conference on Trade and Development (UNCTAD).

61. The developed market economy countries had enjoyed steady growth with low inflation for the sixth consecutive year. That situation contrasted starkly with that of the developing countries, in most of which incomes continued to decline or stagnate. The economic growth achieved by a few developing countries - such as the Philippines, whose economy had grown by 6.8 per cent in the previous year - had been cancelled out by an increased transfer of resources for external debt servicing. The debt servicing of the heavily indebted developing countries had reached intolerable levels, absorbing more than one third of their export earnings. As a result, export earnings were used only to meet external obligations and practically nothing went towards the improvement of the material conditions of the people. Unless that anomalous situation was reversed, much of the developing world would find itself in even greater disorder and turmoil. Measures must be found to end the net transfer of resources from the developing countries to creditor developed countries and to the World Bank and International Monetary Fund, which had become receivers instead of givers. The time had come to face up to the external debt problem. His delegation urged the adoption of a global mechanism to implement the recommendation, made by the Secretary-General at the forty-second session of the General Assembly, that interest or debt levels - or both - should be reduced. He reaffirmed his delegation's proposal that the General Assembly must adopt a draft resolution on the establishment of an advisory commission on debt and development.

62. The growth of the developing world would be influenced to a large extent by policies of the high-income countries which could take a variety of measures to promote the growth of the developing countries. For example, they could create a favourable environment for the exports of the developing countries, enhance their development efforts, ensure the success of the Uruguay round of trade negotiations, give a new impetus to the International Development Strategy for the Fourth United Nations Development Decade and avail themselves of the special session of the General Assembly on international economic co-operation in order to prompt countries to solve their most serious economic problems.

63. Environmental questions had assumed crucial importance while the developing countries were ready to play their part in preventing pollution, a proper understanding must be reached in order to bring into balance the interests and the corresponding obligations of countries.

64. His delegation stressed the need to ensure that the achievements of the United Nations and the international community on the political front were paralleled in the economic field so that, for the developing countries especially, there would be more than a glimmer of hope for the future.

65. Mrs. TON NU THI NINH (Viet Nam) said that the current session, the last of the 1980s, was an occasion for reassessing international economic relations throughout the decade. The world economic structure had been undergoing a process of adjustment to the new situation and one of the important factors in the process had been the scientific and technological revolution and the growing interdependence of the economies of different countries and groups of countries. While the economies of the developed countries had prospered under the impact of that revolution, the developing countries were facing the worst economic and financial situation since the Second World War, characterized by the stagnation of production, decline in per capita income, higher unemployment and the instability of primary commodity markets. The developing countries' external debt burden had finally destabilized their financial markets, hampered their development efforts and forced them to maintain a flow of financial resources to the developed countries of about \$US 30,000 million a year. As a result, the gap between developed and developing countries - the technically advanced and the technically backward countries - had rapidly widened.

66. Many developed countries had used their trading, financial and monetary instruments to consolidate the dependence on them of developing countries and had shifted the consequences of economic adjustment to the developing countries. For example, they had used economic assistance as an instrument for exerting pressure on the developing countries, had imposed trade barriers against those countries' exports and had applied economic aggression and blockade against them.

67. The developing countries would continue to face insurmountable difficulties so long as the international community failed to implement the principles set forth in the Declaration and Programme of Action on the Establishment of a New International Economic Order as well as the Charter of Economic Rights and Duties of States. Resumption of the North-South dialogue and strengthening the capacity of the United Nations system to solve the world's economic problems should be given priority.

68. Over the past two years, the Government of Viet Nam had carried out a policy of renovation and reform with a view to creating favourable conditions for development. For that purpose it had concentrated its human resources and material wealth on implementing three programmes: food production, the manufacture of consumer goods and production for export. In recognition of the international division of labour, Viet Nam had developed its economic relations with countries of all kinds, irrespective of their social and economic system. Almost two years before, the National Assembly of Viet Nam had adopted a law on foreign investment, and nearly 2,000 foreign delegations had come to Viet Nam on fact-finding and contract-signing missions. His Government had issued more than 60 investment licences representing a total capital of more than \$600 million. It was high time for all countries, both developed and developing, to work together to find an effective solution to the economic problems facing mankind.

69. Mr. Doljintseren (Mongolia) took the Chair.

70. Mr. WOLFF (Colombia) said that his country fully shared the opinions expressed by the representative of Malaysia on behalf of the Group of 77. Political

(Mr. Wolff, Colombia)

developments fostered hopes for a future characterized by peace and political understanding, and the time seemed to have come for devoting more attention to current imbalances in the social and economic sectors. For a long time part of the world had maintained a rapid pace of growth and development which had enabled the developed countries to consolidate their position and reach unprecedented levels of wealth, a situation which had improved in spite of existing imbalances. On the other hand, the price of the industrialized countries' economic success had been excessive. The adjustment policies had not been symmetrical; on the contrary, there existed persistent phenomena which made the balance of the international economy and the recovery of the developing countries impossible. Fiscal deficits, excessive trade protectionism and mounting inflation had not been sufficiently controlled in the developed countries, although they acknowledged a good part of the responsibility for international economic maladjustments. Furthermore, the one-per-cent annual drop in per capita income in Africa and Latin America over a period of 10 years was one example of the seriousness and urgency of the situation in those countries. The situation in which the North enjoyed such prosperity while poverty and discouragement prevailed in most of the South made no sense.

71. The recently growing tendency to ascribe the developing countries' problems to their inability to manage their domestic policies were grounds for concern. Moreover, the arguments put forward to defend and justify the achievements and advantages of the industrialized world had gathered momentum. The roots of success and failure lay primarily in interrelated factors which were difficult to conceal. The developed countries' attitude of indifference and arrogance had a negative effect on the possibilities of finding real solutions. The difficulties of the developing countries were attributable to structural constraints which prevented them from making swift fundamental changes for fear of political and social instability, and also to the fact that the international environment was not favourable for the required adjustments. Colombia therefore hoped that the dialogue and debate in the Committee would be inspired by the principles of greater multilateralism, economic relations and the collective will to overcome the problems, and by the desire to strengthen the role of the United Nations in economic and technical co-operation.

72. The major obstacle to resurgent growth and development in the developing countries was the persistent external debt crisis which had set off the flow of vast quantities of resources from the heavily indebted countries to the developed economies. It must be recognized that the debt crisis was not a purely financial matter but that it also had clear political characteristics. The alternatives proposed as solutions were not sufficient or effective. While the formulas put forward might offer some possibility, so far they had proved ineffective. One specific case was the initiative proposed by Mr. Brady, Secretary of the Treasury of the United States, which also includes some strong optional ingredients. Reducing the debt was not sufficient unless accompanied by mechanisms enabling each country to know for sure what its possibilities were. Otherwise, it upset the economic and political equilibrium of the debtor countries and made their economic recovery impossible.



(Mr. Wolff, Colombia)

73. Colombia felt frustrated by the indecision and lack of commitment shown by the Secretariat in 1988 concerning the external debt problem. At the previous session of the General Assembly, Colombia had supported the proposal to request the Secretary-General to raise consultations to the highest level in order to find alternative solutions. In spite of the urgency of the problem, however, there had been no replies in the course of one year.

74. Another question of concern to his country was structural adjustment. Those adjustment programmes, although necessary, had to be implemented in conjunction with further initiatives for alleviating the disastrous effects on the poverty and living conditions of the most vulnerable groups. It was discouraging to see the obstacles put in the way of reaching a consensus on the issue of poverty. Technicalities and bargaining served no purpose when dealing with a problem that offended human dignity and the most cherished human rights.

75. So far as the destruction of natural resources and the world-wide deterioration of the environment were concerned, he referred to the address given by the President of his country at a recent plenary meeting of the General Assembly.

76. In conclusion he said that the progress made with a view to holding a special session devoted to international economic co-operation, in particular to the revitalization of economic growth and development of the developing countries, and to the formulation of a new development strategy for the next decade, gave rise to hope with regard to the results. Nevertheless, the political will of the developed countries was fundamental for successfully meeting the challenge of reactivating development, because the issue was not only one of justice but also one of security.

The meeting rose at 12.05 p.m.