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SECOND COMMITTEE  
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Friday, 6 October 1989  
at 3 p.m.  
New York

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SUMMARY RECORD OF THE 8th MEETING

Chairman: Mr. GHEZAL (Tunisia)

later: Mr. DOLJINTSEREN (Mongolia)

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GENERAL DEBATE (continued)

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20 P.

The meeting was called to order at 3.10 p.m.

GENERAL DEBATE (continued)

1. Mr. MILINTACHINDA (Thailand) expressed his delegation's full support for the statement made at the 3rd meeting by the representative of Malaysia on behalf of the Group of 77.
2. Thailand believed in an open multilateral trading system and consequently considered that protectionism was the most destructive obstacle to international trade and must be eliminated without delay. The rules set out under GATT must be universally observed because they encouraged competition on the global market, increasing the market's efficiency to the benefit of all parties. Unfortunately, some States tended to use the Generalized System of Preferences as a political and economic tool to coerce trading partners. His delegation was concerned also at the rapid formation of trading blocs around the world. Regional co-operation should be encouraged only if it enhanced the multilateral trading system. In that connection, his Government supported an Australian proposal regarding co-operation in Asia and the Pacific, not because it favoured the creation of another regional bloc, but because the proposal sought to promote multilateralism within the framework of GATT.
3. Thailand also attached great importance to the Uruguay Round of multilateral trade negotiations and welcomed the progress made at the April 1989 session at Geneva, during which framework agreements had been concluded on 15 issues of importance to the developing countries. The international community must ensure that those agreements were fully implemented.
4. Despite new initiatives taken in the past year to ease the debt problem, much remained to be done in developing appropriate mechanisms to that end.
5. International co-operation was also needed to protect the world environment from problems which recognized no boundaries but afflicted rich and poor countries alike. To tackle such problems, the international community must formulate effective national, regional and international environmental policies. Thailand had taken many steps at the national level: logging concessions had been revoked, reforestation was being carried out throughout the country, and 1989 had been designated as the Year of Natural Resources Preservation and Environmental Protection in an effort to increase public awareness of environmental issues. Yet national measures were not enough - regional priorities must be set and regional strategies for environmental protection incorporated in regional development policies. Developed countries and the United Nations system should also provide relevant technical and financial assistance to developing countries. At the international level, his delegation welcomed the convening of a United Nations conference on environment and development in 1992.

(Mr. Milintachinda, Thailand)

6. The AIDS epidemic was another international concern with particularly serious economic and social consequences for countries having limited public health facilities. It was to be hoped that the Committee would adopt a resolution similar to the one adopted by the Economic and Social Council on that subject at its second regular session of 1989.

7. In conclusion, he observed that the United Nations had a crucial role to play in enhancing the effectiveness of economic co-operation for sustained development, and urged the Organization to ensure that its programmes were focused on that end.

8. Mr. OSSIO (Bolivia) contrasted the tenor of statements made in the Committee's debate with the harsh reality of the existing world economic order. It was becoming increasingly obvious that the developing world had no input into decisions which controlled its fate. For instance, the raising of interest rates in the United States of America by a single point meant an increase of more than 4 billion dollars a year in Latin America's already overwhelming external debt. Furthermore, the dizzying pace at which technological horizons were expanding in the industrialized world had an adverse effect on the exports developing countries had to offer, and widened the gap between the two worlds. By virtue of their net transfers of capital to creditor countries, the developing countries were in fact participating in a Marshall Plan in reverse.

9. None of those problems could be solved by the Second Committee. However, by setting out the reality of their situation to the Committee, the developing countries were paving the way for the United Nations and other forums to create a better and more equitable international economic and political order for the well-being of all. The special session of the General Assembly devoted to international economic co-operation would surely find appropriate answers to the question of growing discrepancies between the prosperous minority and the impoverished majority of the world's population.

10. Bolivia was a country whose constitutional processes had often been interrupted, yet it had now experienced full democracy for a period of three presidential terms, during which time it had been forced to confront innumerable economic problems. But while the implementation of adjustment programmes seemed to be indispensable to any solution of those problems - and Bolivia had found economic and financial stability through such programmes - there seemed to be little more that the country could do.

11. Bolivia had chosen to pursue a programme which did away with price and wage controls, eliminated subsidies and provided for a floating exchange rate, open markets and free trade. Yet the country had not solved its basic structural problems, although international co-operation had enabled it to reduce its total external debt by approximately 30 per cent.

12. Bolivia was confident that the United Nations system could promote international co-operation that would benefit all Member States. His delegation wished to put forward for further consideration the concept of "co-operation with

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(Mr. Ossio, Bolivia)

dignity", which should be based not on the interests of donors but on the noble concept of brotherhood among peoples. His delegation unconditionally supported the self-determination of peoples, and believed that they were best equipped to identify their own priorities.

13. His delegation believed that a direct relationship existed between environment and poverty and hoped that the Committee would approach the subject from that perspective. In fact, the greatest threat to the environment was poverty, particularly in rural areas.

14. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic) said that the present climate of positive dialogue was conducive to the solution of key problems in international relations, and might herald a new era in world history. The growing internationalization of economic life, covering joint production ventures, with technological advances and sources of financing, as well as trade flows, meant that States must co-operate more closely when dealing with global problems.

15. The United Nations and its agencies had a crucial role to play in multinational co-operation, and its mechanisms should be used more actively and in new ways for the solution of economic problems. International economic co-operation of benefit to all sides, aimed at bringing stability and predictability in development, could only be achieved if countries co-operated on equal terms to elaborate international legal norms and then adhered unswervingly to them.

16. The world economy must be based on democratic principles, respecting the legitimate interests of all partners and eschewing economic coercion and all protectionist and discriminatory practices. A new international economic order was needed, and the principles of the Charter of Economic Rights and Duties of States must be implemented.

17. The need for a new approach to international economic co-operation was dictated by the changes, both positive and negative, taking place in the world economy. As the review documents before the Committee noted, the world economy continued to be characterized by instability and uneven development. Although some developing countries had scored notable successes in production and exports, in general their social and economic development was seriously impeded by a massive debt burden, net outflow of capital, fluctuating exchange rates, an unfavourable balance of trade and payments, price discrepancies, and the growth of protectionism. The international community was obliged to assist the developing countries towards economic self-sufficiency primarily by granting them access to advanced technology, as the only true foundation for sustainable development and economic independence.

18. The lack of market stability and predictability was seriously hampering development of the world economy and undermining the economic security of States. To overcome the problem of economic vulnerability, co-ordinated measures had to be adopted in such areas as trade, currency and finance, the external debt, environmental protection, food security and so on.

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(Mr. Pashkevich, Byelorussian SSR)

19. Next to the ongoing development in the military and political sphere, environmental protection was the most important means of ensuring the survival of mankind. His delegation therefore supported the convening in 1992 of a United Nations summit conference on environment and development, as well as the creation of a United Nations centre for emergency environmental assistance and an international space laboratory for monitoring the state of the environment. It believed that a resolution should be adopted at the present session on international co-operation in the field of monitoring, evaluation and forecasting of threats to the environment. An international convention on the climate was also called for, together with a comprehensive study of future mechanisms for international co-operation on environmental issues.

20. A related issue was the International Decade for Natural Disaster Reduction, which should also look at ways of co-ordinating international efforts to deal with the consequences of industrial accidents.

21. The 1990 special session devoted to international economic co-operation and the preparation of an international development strategy for the fourth United Nations development decade should consider the interests of all States, and should aim, in particular, to find solutions benefiting the developing countries. The international development strategy should promote the internationalization of approaches to global economic problems and the search for consensus on ways of developing the world economy and improving its mechanisms, and should also cover issues of environmental security. The special session should elaborate agreements on international economic co-operation and make appropriate political recommendations, aimed at achieving predictability, stability, equality, mutual advantage and an absence of discrimination in international economic affairs.

22. Over the 70 years since the formation of the Byelorussian SSR, it had made significant economic advances, achieving a high level of development in industry, agriculture, vocational and scientific training, with the provision of free education and health care. The revolutionary changes now under way were aimed at ridding socialism of any impurities, by guaranteeing true democracy and all human rights and freedoms. By reforming attitudes to property perestroika aimed to raise the standard and quality of life for all members of society.

23. The process of transformation in his country had been adversely affected by the severe and long-lasting consequences of the Chernobyl accident in 1986. His delegation believed that the experience of the Byelorussian SSR in coping with the consequences of a nuclear accident might be of benefit to the United Nations and other relevant institutions.

24. Forthcoming measures to give the Byelorussian SSR greater economic independence would go hand-in-hand with the radical transformation of commercial and foreign trade organizations. They had been given the right of direct access to the foreign market and were forming joint ventures with foreign partners, thereby

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(Mr. Pashkevich, Byelorussian SSR)

integrating his country into the world economic system. The economic and technological growth expected to result would extend its possibilities of mutually beneficial co-operation with the developing countries.

25. The theory and the present practice of socialism were based on universal values of freedom and justice, and were therefore synonymous with the rejection of the politics of force in international affairs, with disarmament, the democratization of international relations, the safeguarding of national independence, the elimination of poverty, and the preservation of the rights and freedoms of man. The domestic and foreign policies of his country were therefore closely interdependent.

26. Mr. ALMUBARAK (United Arab Emirates) expressed the hope that the constructive atmosphere of understanding between the two super-Powers would help to provide solutions to world economic problems. The system of the United Nations and its specialized agencies was the optimum forum in which to propose appropriate solutions to those problems. Basic commodity prices, trade, finance, external debt and the instability of the international financial system were a source of concern for the developing countries. In the spirit of justice, equity and mutual interest, developed countries and developing countries should concert their efforts to create a new international economic order which would overcome the negative effects of the past. The special session of the General Assembly in April 1990 would provide an appropriate opportunity to study those problems and search for radical solutions to them. In addition, it was to be hoped that the preparations for the international development strategy would lead to the adoption of an instrument in which all countries would agree on their commitments to deal with the problems of poverty, development and the environment.

27. The final declaration of the Ministerial Meeting of the Group of 77 and the final declaration of the ninth Non-Aligned Summit Conference contained important proposals which could be implemented, given the collective will to do so. The statement made by the representative of Malaysia on behalf of the Group of 77 also contained a number of constructive proposals which his delegation hoped would contribute to the solution of economic problems.

28. The United Arab Emirates was deeply concerned about the question of the environment, and urged all countries to use their scientific potential to co-operate to curtail pollution and its effects and to preserve the environment. His delegation supported the convening of the United Nations conference on environment and development in 1992.

29. One of the greatest problems facing the developing countries was the question of external debt and the heavy burden of debt servicing, which constituted a real obstacle to continued growth and development in those countries. He welcomed the Brady Plan as a positive step towards solving that problem. Creative measures needed to be adopted between debtors, creditors, commercial banks, Governments and international organizations to alleviate the debt of the developing countries.

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(Mr. Almubarak, United Arab Emirates)

30. His country stressed the necessity of pursuing negotiations to create a new international economic order which would promote development in the developing countries. The current stalemate should be broken and dialogue should be resumed between North and South to find radical solutions to the world's economic problems. The role of the United Nations and its specialized agencies should also be strengthened as an international forum for discussions and negotiations on international economic co-operation.

31. Mr. SOMOGYI (Hungary) said that, despite a temporary upsurge in global economic growth and expansion of international trade, the contradictions inherent in the world economy were growing more pronounced as the 1980s drew to a close. That was due partly to the acceleration of structural, institutional and geographical change in the world economy as technological developments fostered greater interdependence. The need for structural adjustment posed new challenges for many countries. National economic policies must seek to create an economic structure capable of adjustment and co-operation based on an accurate interpretation of world economic processes. At the same time, the major economic Powers must assume a greater measure of responsibility in the harmonization of national, regional and global interests. A one-sided emphasis on national or regional interests, like failure to accommodate them, resulted in imbalances and disproportions which exacerbated global economic problems.

32. In electing to follow a new course of development, countries and groups of countries had to broaden their international relations and remove the obstacles to effective co-operation, opening the way for broader action under national and regional economic policies. The recent improvement in the international political atmosphere and the strengthening of security and confidence had created favourable, although not yet sufficiently utilized, conditions for closer co-operation.

33. The dynamic economic growth of the industrialized countries and co-operation among them continued to be decisive factors in the world economy and world trade. While new centres of growth were emerging, particularly in Asia, the slow pace of development in many countries appeared impossible to change. Chronic malfunctions in the international financial and monetary system, together with national and regional protectionist and discriminatory measures, imposed an increasingly heavy burden on international economic relations. Under those difficult conditions, Hungary was undertaking a historic reform involving democratization, the establishment of a market economy and an opening up to the world economy. The country's strategic goal was to become a full member of the democratic community of advanced societies within a short period of time, an effort supported by the overwhelming majority of the population, despite the obvious sacrifices involved. However, the inherent risks were greatly increased by a lack of a historical model that would guide the transition from a centrally planned socio-economic system to a market economy.

34. Socio-economic reforms in Hungary had recently accelerated. The one-party monopoly was being replaced with a multi-party system, accompanied by institutional

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(Mr. Somogyi, Hungary)

guarantees of civil and communal autonomy. In the economic sphere, the country sought to create an open market economy characterized by liberalization, deregulation and the independent operation of private businesses. As the creation of a capital market to facilitate the free flow of production inputs was indispensable to structural change, Hungary was continuing its reform of the banking system and laying the groundwork for the establishment of a stock market. Plans also called for the forint, the national currency, to be made convertible in order to promote Hungary's integration in the world economy.

35. Institutional changes must be accompanied by policy changes. The goal of current policy was to promote a natural expansion of the economy, increase market activity and begin structural adjustment. The reallocative function of the budget was to be minimized, while the public finance system was being reformed to reflect the altered economic function of the State. Combating inflation was the central element of Hungary's financial policy, and consistent control over demand in the domestic market was sought.

36. Like many other countries, Hungary was endeavouring to adjust to the world economy under the pressure of heavy debt-servicing obligations. That burden limited its possibilities for investment, development and consumption, and would affect the attainment of economic policy objectives. Improvement of the external economic equilibrium and preservation of the country's solvency and creditworthiness remained a priority; nevertheless, co-operation from the developed countries and international institutions was required to help Hungary develop a dynamic and competitive export sector.

37. Hungary assigned a key role to the participation of foreign capital, inflows of which had so far fallen short of expectations. The Government was therefore revising the national tax system, as well as customs and financial arrangements, to promote more active investment and an inflow of technological, organizational and marketing expertise. Artificial barriers to export markets must be eliminated, as must obstacles to the import of products, particularly in the field of advanced technology, needed to effect structural change.

38. In restructuring international economic relations, Hungary sought to eliminate contradictions between ideological and political considerations on the one hand, and economic interests on the other. The malfunctions of the system for the division of labour within the Council for Mutual Economic Assistance (CMEA) had considerably reduced the country's chances of adjusting effectively to changing external conditions, and it was thus all the more important for Hungary to develop a sovereign external economic policy. Hungary sought to increase its economic involvement with both CMEA and Western European countries. In the case of the former, Hungary wished to engage in mutually advantageous economic co-operation in an effort to streamline and modernize bilateral economic relations. However, it also planned to strengthen its ties to the Western European region and to the West in general. Hungary was preparing for the changes that would take place in Europe in 1992 and for the implementation, perhaps at a rate faster than anticipated, of the agreement signed with the European Economic Community in September 1988.



(Mr. Somogyi, Hungary)

Hungary intended to develop its contractual relations with the Community, and had recently held talks with representatives of international financial institutions regarding the reform process.

39. Reform and renewal in Hungary were an integral part of the search for solutions to the global problems facing mankind, a search facilitated by current positive trends in the world and in the United Nations. It was to be hoped that the confrontation which had earlier marked economic issues would be replaced by a willingness to co-operate on the basis of common interests through businesslike discussions of economic problems. The United Nations had an important role to play in that regard and his delegation looked forward in particular to the formulation of the new international development strategy for the 1990s and the special session of the General Assembly devoted to international economic co-operation.

40. Mr. DAZA (Chile) noted that the developing countries were those most affected by such problems as regional armed conflict, poverty, drug trafficking, lack of access to financial markets, obstacles to international trade and the destruction of the environment. Despite the advances in international understanding, the great majority of mankind still lived in a state of privation.

41. Over the last decade the Chilean people, in adverse economic, financial and political conditions, had made a supreme effort to modernize and develop their country. Responsible government, prudent and suitable policies, clear orientation, a spirit of self-sacrifice and a determination to avoid demagogic solutions had led to encouraging results, namely, a steady increase in GNP, a widening and diversification of foreign trade, and a significant growth in foreign investment. At the same time, unemployment had been drastically reduced, and considerable progress had been made in the fight against poverty. The country's foreign debt had been reduced, as had debt-servicing costs, while inflation had been kept within limits compatible with the development requirements of the country.

42. Despite these advances, serious problems persisted and the country was still far from reaching a solution. Chile's experience proved that a country's problems could not be solved by its own endeavours alone, but required an appropriate international market. The lack of such a market, coupled with a more sophisticated form of protectionism, the formation of cartels, imposition of export limits, growing tariff restrictions and new mechanisms designed to divide markets were all lamentable aspects of the international economic policies of the industrial countries, which adversely affected the growth of the developing countries.

43. The Lack of progress in the liberalization of agricultural policies called for at the Uruguay Round of GATT had been disappointing, as such action was essential if the debt burden of developing nations was to be alleviated. The debt burden, which was largely due to the macro-economic policies of industrial nations, had become particularly acute in Latin America. The net transfer of resources from developing to developed countries had attained an insupportable level, and the trend had to be reversed. It was essential to devise a mechanism to co-ordinate the macro-economic policies of industrial nations and their effect on the stability

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(Mr. Daza, Chile)

of the international monetary system. His delegation supported the call by the Group of 77 for a new system of co-operation and co-ordination between the industrial nations, which would take into account the needs of the developing countries.

44. There had been an important upturn in the world economy in 1988 and early 1989, but few developing countries had shown satisfactory economic results in the same period, because most of them had not benefited from the new dynamism of economic relations. International economic and financial relations were becoming globalized on a market-economy basis, and the developing world must acknowledge that reality if it wishes to be integrated in the world economy. Developing countries had to undertake domestic reforms to improve productivity and modernize agriculture. To become integrated in international trade, they must also recognize the new and more dynamic concept of comparative advantage, based not only on natural conditions but on policies, organizational capacity and technological advances.

45. His Government recognized that priority must be accorded to the problem of the environment, which required the collaboration of the entire international community. The urgent need for measures to protect the environment had, however, to be weighed against the urgent need for development, and particular importance attached, therefore, to the 1992 United Nations conference on environment and development. It was to be hoped that the forthcoming special session devoted to international economic co-operation, and the preparation of a new international development strategy, would help ensure that the developed world would approach questions of economic co-operation and development with the same political will and understanding as were being given to peace.

46. Mr. KAPLLANI (Albania) said that the world economic situation provided evidence of fluctuations and imbalances deriving from certain fiscal, monetary and trade policies applied by a number of industrially developed countries which, looking after their own interests at the expense of others, had generated polarization on an international scale with inevitable political consequences. Economic stagnation, rising unemployment and uncontrolled inflation could not but contribute to the lack of stability in many countries and regions of the world.

47. According to United Nations sources, by mid-1988, and especially during the first half of 1989, various countries had experienced a decrease in their economic growth. Overall production in the industrially developed countries was expected to decline from 4 per cent in 1988 to 3 per cent in 1989 and to 2 per cent in 1990. Investment, too, had followed a downward trend. Unemployment remained one of the most serious problems facing the industrially developed and developing countries alike. In the OECD countries alone, the unemployed numbered 30 million. The situation was more disturbing in the developing countries, which were the main producers and suppliers of raw materials and energy sources.

48. At a time of unprecedented scientific and technological discoveries, prospects for the developing countries remained gloomy and uncertain. While the industrially developed countries were tackling development problems and seeking to reduce

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(Mr. Kapllani, Albania)

inflation, the question high on the agenda of the developing countries was that of survival. The per capita income in a number of developing countries had continued to decline for nearly 10 years, and there was little sign that the situation would be redressed in the near future.

49. A serious obstacle to their economic development was the persistence of the debt crisis, which had reached the astronomical figure of \$1,300 billion. The debt problem was not merely a financial issue: it had already become a political issue, a "time bomb" which might destroy the whole fabric of contemporary international relations. The poverty of the developing countries was all the more striking and intolerable when considered against the background of abundance in the developed countries.

50. The insatiable desire of the developed countries for enormous profits had resulted in severe ecological damage. It was thus ironical to hear the industrially developed countries warn the developing countries that they should guard against uncontrollable economic development, since it might have severe environmental consequences.

51. His Government continued to support open, equitable and free trade unhampered by protectionism and tariff barriers. In its view, the developing countries must have access to the markets of the developed countries: trade carried out on such a sound and equitable basis would improve the economic climate and promote international economic development. However, one negative aspect of the current world situation was the fact that the arms trade and illicit drug trafficking had become an instrument for colossal profits. An end must be put to that situation once and for all.

52. In the forty-five years that had elapsed since its liberation, Albania had made significant progress in all fields of life. It was an agrarian-industrial country which was becoming an industrial-agrarian nation. The Albanian people had established a multi-branch industry, both heavy and light, in which mineral extracting and processing occupied an important place. Some 9 million tons of mineral ores and fuel were mined annually compared with 3.5 million tons in 1970. Progress had also been made in agriculture, making the country self-sufficient in foodstuffs. Mechanization, the use of fertilizers and a large-scale irrigation system had served to ensure high yields. The fact that the average life span had increased from 38 to 72 years was clear evidence of Albania's all-round socio-economic development.

53. Testimony to Albania's interest in the promotion and development of international economic co-operation was the fact that it had concluded a number of agreements on economic exchanges and on industrial, technical and scientific co-operation with many countries. Its commitment to the process of Balkan co-operation was aimed at increasing trade and economic co-operation and at promoting the region's development in general.

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54. Mr. MORET (Cuba) said that the encouraging progress made in the sphere of disarmament had unfortunately not been matched where international economic co-operation was concerned. The factors underlying the economic and social crisis faced by the majority of developing countries had not changed. On the contrary, they had become worse. The persistence of serious problems in the commodity markets, increasing protectionism on the part of many developed countries, international financial imbalances, growing deterioration in the terms of trade, the external debt crisis and the use of coercion were an integral part of the economic stresses which were steadily growing worse and threatening the social and political stability of the developing countries.

55. The external debt crisis constituted an increasingly negative element, since it perpetuated the dependence of the developing countries. Its world-wide impact and political nature required concerted action between creditors and debtors with a view to devising a common strategy for seeking mutually acceptable solutions.

56. At the end of the current decade, the debt of third world countries had reached the figure of \$1,300 billion. Latin America and the Caribbean had been one of the regions most seriously affected by the debt problem which clearly constituted the main obstacle not only to its development but also to its economic growth. From 1982 to the end of the current year, the region would have paid for debt-servicing purposes some \$200 billion to the developed countries. In addition, the principal would continue to grow by about \$1 billion. The region would therefore have transferred abroad within a period of seven years more than 45 per cent of its actual debt. In 1988 alone, the net transfer of resources abroad had reached the sum of \$29 billion.

57. The situation of the African continent was no better, and unless an acceptable solution was found, the external debt of African countries would exceed \$300 billion.

58. His delegation had already drawn attention on several occasions to the political instability caused by the debt burden in the developing countries and the social convulsions which went hand-in-hand with the application of adjustment programmes imposed by the multilateral financial institutions.

59. Most of the proposals made within the United Nations and other international bodies with a view to reducing part of the developing countries' debt through rescheduling on a case-by-case basis would provide relief if such reductions reached substantial levels, if limits were set on the rates of interest, and if they were applied to all debtors without exception.

60. However, the external debt crisis of the developing countries could not be tackled as an isolated phenomenon. Only an integrated approach combining all relevant factors such as inequitable trading levels, protectionism and the net transfer of resources could lead to lasting solutions. He reiterated his delegation's view that a just and durable solution to the problem could be achieved only through the establishment of a new international economic order.

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(Mr. Moret, Cuba)

61. With regard to the international development strategy for the fourth United Nations Development Decade, the unilateral policies of the major developed Powers constituted the fundamental cause of the failure of the current strategy. His delegation hoped that during the current deliberations of the General Assembly and in forthcoming meetings, it would be possible to make progress and conclude the work relating to the preparation of the strategy. The new strategy should be based on past experience and constitute a serious and unequivocal commitment to economic development and co-operation. The strategy should have fixed targets and a mechanism for monitoring its implementation systematically and taking necessary corrective action. The external debt, the net transfer of resources, international trade, primary commodities, scientific and technical development, the environmental problems connected with overall development and the relief of poverty should be among the essential themes to be included in the new strategy.

62. The special session of the General Assembly devoted to economic development and co-operation should serve as an occasion to re-open the dialogue leading to genuine North-South co-operation and to examine economic problems of a global nature so that the general bases could be established for the achievement of an integrated and interrelated solution.

63. The deterioration of the environment constituted a threat to the survival of mankind. In his delegation's opinion, an integrated solution to the problem could be achieved only through the development of concerted multilateral action under United Nations auspices. A fundamental premise was that the protection of environment should form part of the process of economic and social development of the developing countries and not give rise to obstacles to that development, or constitute an isolated measure relating solely to pollution.

64. Mr. AL-FAIHANI (Bahrain) recalled the Secretary-General's comment in his annual report that the progress achieved in the global political climate could prove precarious if the economic climate remained adverse for the majority of the world's population. The expected world economic growth rate of 3.5 per cent for 1989 represented a slight decrease over the 1988 rate of 4.4 per cent; that was a clear indicator of structural imbalances, which had their origin in external debt, trade imbalances, exchange rate fluctuations, unstable interest rates, falling commodity prices, a sharp drop in oil prices and increased protectionist measures. Those factors had led to a reverse flow of funds from the developing countries to the developed countries and a stand-still in the debate between the North and the South. International co-operation and co-ordination of policies were needed to counter such structural imbalances.

65. The World economic survey 1989 (E/1989/45) noted that in spite of the economic policies adopted by many developing countries to alleviate the debt crisis, debt service rates had risen as a result of high interest rates, net financial transfers from the developing countries had increased and would probably continue to increase during 1989, and interest rates would exceed their 1988 levels. Trade was under strain owing to bilateralism and the continuing growth of customs barriers. The growth in world exports in 1989 was expected to be

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(Mr. Al-Faihani, Bahrain)

considerably less than in 1988 and although some commodity prices had undergone notable improvement in 1988, it was unlikely that those prices would stabilize in the near future. The slow growth of the world product in 1989 and the increased supply of some commodities in response to higher prices would lead, in the view of the report, to lower commodity prices in 1989 than in 1988, and lower still in 1990.

66. The sharp fall in oil prices since the mid-1980s had provoked considerable disruption in the economies of many oil-producing countries, where revenues had fallen to half and per capita income to one third of their former levels. That in turn had had a negative effect on those countries' social and economic development programmes and their capacity to provide development assistance to other countries. For that reason the countries of the ESCWA region had not attained the development goals of the International Development Strategy for the Third United Nations Development Decade. Over the period 1980 to 1987, their annual growth rate had been -1.4 per cent in constant 1980 prices. The growth in the share of per capita income in GDP had been negative - -4.7 per cent - as against the 4.5 per cent aimed for by the Strategy. An in-depth study should therefore be made of the economic situation in Western Asia in preparation for an international development strategy for the fourth United Nations development decade.

67. The Gulf Co-operation Council, established in 1981, had made rapid progress towards the integration and social and economic unity of its six member States. The Manama Declaration of 1988 had reaffirmed the determination of the member States to pursue their work in furtherance of social and economic co-operation, as laid down by the Charter of the United Nations.

68. Bahrain, like many other developing island States, faced a number of problems which hampered its economic growth, including lack of space, reliance on a single exhaustible commodity, oil, a scarcity of water and agricultural land, the limited size of the Exclusive Economic Zone, transport restrictions, the small market, limited financial resources, a dearth of local unskilled labour and falling revenues owing to the sharp drop in oil prices. Nevertheless, his Government was attempting to diversify and strengthen its economic base. Bahrain had become an important financial and commercial centre in the Gulf region; however, it had been adversely affected by unfavourable external economic factors such as protectionism, exchange rate fluctuations, rising interest rates and the sharp decline in oil prices. Therefore international co-operation and co-ordination should be redoubled to alleviate the crises felt by the economies of all developing island States, paying particular attention to the problems and needs imposed by geography and unfavourable environmental and ecological factors, in accordance with United Nations resolutions to that effect.

69. The environment was one of the most important issues facing mankind. Indeed, environmental problems were threatening its very existence. Care for the environment meant not only the conservation of air and water, but also more rational exploitation and protection of natural resources. The problems of pollution, the depletion of the ozone layer, climatic change, the scarcity of fresh water, desertification, rising sea levels and toxic wastes were intimately

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(Mr. Al-Faihani, Bahrain)

connected with technological developments in industry and economic development in general. Therefore, environmentally sound development policies should be adopted, especially by the advanced countries, as a reflection of the principle of global interdependence. He hoped that agreement would be reached on the convening of the United Nations conference on environment and development in 1992.

70. In an increasingly interconnected and interdependent world, the United Nations had affirmed itself as an instrument of social and economic progress for all peoples. Its vital role should be strengthened not only in order to solve economic problems and crises but also to provide a framework for discussion and multilateral international co-operation. To that end the Secretary-General should be granted full powers to enable him to deal with urgent crises and problems at the national, regional and global levels.

71. The debates at the current session should prepare the way for the forthcoming special session on international economic co-operation and the revitalization of economic growth and development in the developing countries to initiate a serious discussion between North and South, resulting in commitments within the framework of the new international development strategy. Economic interdependence increased the need for multilateral international co-operation. His delegation believed that given sufficient political will, global economic imbalances could be dealt with and a just and equitable global economic order beneficial to all mankind could be established.

72. Mr. BEN SADIQ (Libyan Arab Jamahiriya) said that the critical state of the world economy and the world economic system had led to a deterioration of social and economic conditions and to political and economic instability in many developing countries. External debt, export restrictions, protectionism, low commodity prices, net financial flows from developing to developed countries, coercive measures, embargoes and the freezing of assets all constituted obstacles to social and economic development in the developing countries. A multilateral, concerted and global approach was essential if effective and permanent solutions to such problems were to be found. The structural adjustment programmes imposed on the developing countries had had negative economic and social effects, and should be replaced by alternative programmes that took greater account of those countries' social, political and economic conditions. In that connection he expressed his country's support for the African alternative framework to structural adjustment programmes for socio-economic recovery and transformation, as adopted by the African Ministers for Planning and the Economy in April 1989.

73. The deterioration of the environment was one of the gravest problems facing the world. Since the advanced countries were the main producers and consumers of environmentally harmful substances, those countries should bear the brunt of the responsibility for long-term treatment and protection of the world's environment. The protection of the environment was indissociable from the development process. The industrialized countries should refrain from burying toxic wastes in the soil and off the coasts of the developing countries.

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74. Mr. PAPADATOS (Greece) said that in an increasingly integrated world where threats of war and regional conflict appeared to be slowly fading, drug trafficking and drug-related crime was a growing and costly threat. That phenomenon ignored state boundaries and defied class lines. It challenged the common security of nations. It was global, it killed people and its underlying cause was economic.

75. Drug production was carried out by individuals who could weigh costs and benefits and choose the combination that maximized profit. Their objective was to produce not goods that benefited mankind, but products that had no purpose other than to harm fellow members of society.

76. Many of the economic costs imposed on societies resulted from the production of such harmful substances. The greatest loss for a country resulted from the distorted allocation of scarce economic resources. The land, labour and capital used in the production and distribution of those products could have been devoted to the production of socially desirable goods and services. The opportunities forgone as a result of the production of drugs were better education, increased production of other goods and the improvement of housing and services. The cost to the global economy in terms of opportunity costs was estimated to be billions of dollars. There were losses in terms of lost labour because of the inability of drug addicts to lead normal productive lives, as well as costs resulting from the increased demands addiction placed on the health care and criminal justice systems.

77. There were also "psychic" costs which could not be adequately measured but which had a definite impact on the moral climate of society. For example, addicts were often violent people who assaulted individuals to obtain the means to support their habit. It seemed that recent proposals aimed at increasing the cost to the drug trafficker and to the consumer would curb drug sales and possibly lead to a reduction of drug-related crime.

78. Drug traffickers were large-scale firms with the internal organization of a major enterprise. They used violence to control or monopolize markets, and their increased involvement in intricate financial arrangements had led them to acquire legal, financial and accounting expertise. They were immune to anti-trust legislation and could exercise power over whole economies as a result of their tactics and wealth.

79. Drugs and crime should be a concern of the Second Committee. The Organization could play a more central part in the co-operative management of that economic problem. Important advances could be made by looking at the problem from slightly different perspectives. It appeared that political will was being mobilized rapidly world-wide, while new bold proposals were being developed to deal with the problem.

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

81. Mr. HILLEL (Israel) said that the Committee's deliberations were taking place against a background of poor agricultural, industrial and economic progress in many developing countries, the external debt crisis of the third world and concern about the functioning of the international trading system, particularly where the poorer

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(Mr. Hillel, Israel)

countries were concerned. An intensive effort must be made, without delay, to revive the international economy and to encourage and promote development in all its aspects. Therefore, it was essential not only to increase joint endeavours to that end, but also to draw appropriate conclusions from past experience in formulating the new development strategy for the fourth United Nations Development Decade and to recognize the interrelatedness of the main issues affecting the third world countries.

82. The preceding decade had been marked by significant development efforts in many countries and the participation of donor countries in scores of bilateral and multilateral projects world-wide. While progress had been achieved in some areas, the standard of living in the developing countries had severely deteriorated, and the poorer countries still suffered from food shortages.

83. While agriculture remained the principal challenge, the development of rural society in most countries was, regrettably neglected. That society had less access to services and education than other segments of the population. Few rewards and incentives were given for producing food and farmers were unable to respond to the increasing food requirements of the expanding urban population. The continuing degradation of cultivable land and the desertification of semi-arid regions further reduced food production potential. Development goals urgently needed to be revised in order to increase world food production and overcome the catastrophe of hunger and malnutrition. To that end, there was a need to: reduce erosion; expand irrigated areas and improve irrigation in areas where it was practised; upgrade traditional crop production by improving the basic grain production process; and increase research and development in multiple cropping, seed improvements, reduction of post-harvest losses, irrigation and fertilizers. A set of integrated policies was needed to improve the terms of trade, price systems and crop insurance and to mobilize human and material resources in the agricultural sector.

84. Israel would continue to share its experience in international development, with particular emphasis on the increase of food production and the development of rural society as a whole. It was ready to join with other Governments, international agencies and non-governmental organizations in taking up that important challenge.

85. Industrialized and developing nations alike must urgently implement development policies that took environmental needs into account. It was not possible soon to reap the benefits of industrialization while continuing to burn fossil fuels, chop down rain forests and dump waste into the sea. Environmental degradation was an international problem that transcended political and ideological differences. Questions regarding the preservation of the environment must be addressed within the framework of the United Nations, taking into account the interests of the developing and the industrialized countries. Israel looked forward to the debate on that issue in the plenary, in anticipation of the second United Nations conference on the environment.

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(Mr. Hillel, Israel)

86. Technological change held the promise of long-term progress. Research and development could no longer be the sole prerogative of industrialized societies. The results that many developing countries had achieved did not seem to confirm the view that high-technology industries were not necessarily appropriate for them. In fact, in recent years science-based industries had been the spearhead of industrialization in Israel and in numerous developing countries.

87. Israel had strongly emphasized scientific research and human resources development, which had become the key to its technological expansion and a marked feature of its extensive technical and economic co-operation with other countries. Many of the solutions that Israel had found in areas of human concern could possibly be applied in other countries, particularly in the developing world. It was willing to share the fruits of its hard-won knowledge and experience in a spirit of international co-operation and exchange.

88. Israel hoped that the Committee's deliberations would be constructive, attuned to the serious problems of development and free of irrelevance and polemics, which had so often marred them and impeded productive actions. Such a spirit was of profound concern to all countries that recognized the acute problems of development, which the international community was obligated to solve or at least to alleviate.

89. Mr. KING (Trinidad and Tobago) said that the 1980s had been a lost decade for the developing countries. The international community must learn from its experience, so that history would not repeat itself to the detriment of those countries.

90. The prices of commodities exported by the developing countries had plunged to their lowest levels in half a century, with no immediate hope for a significant recovery. While commodity agreements had been unable to respond adequately to that decline, the prices of goods and services imported from developed countries had increased, resulting in a deterioration of the developing countries' terms of trade.

91. In their attempts to address the problems arising from the deterioration of the terms of trade and the debt trap, many countries had responded with voluntary or prescribed structural adjustment programmes, which had been very painful and had carried a high social cost. The foundations of the political institutions in several countries had become fragile. While some of them had been able to initiate a diversification process, there had not been a significant improvement in the global economy to complement domestic initiatives. No country had been able to escape the debt trap.

92. In spite of the commitments made at Punta del Este to roll back non-tariff barriers, the obstacles to trade had increased. The number of voluntary and other restraint measures recorded by GATT, excluding restrictions under the Multi-Fibre Arrangement, had more than doubled in the year ending September 1988. Ironically, many of those barriers had been erected by the same countries to which

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(Mr. King, Trinidad and Tobago)

debt-servicing payments had to be made. While the corporations of the North might possess the resources to bypass such barriers, the corporations of the South were not so endowed.

93. Per capita income in Latin America and the Caribbean was below the 1980 level. Many of the economic gains that had been achieved in the two preceding decades had been lost through negative growth, resulting in a deterioration of the standard of living. Other developing countries had also suffered similar misfortunes.

94. The debate was continuing on the relative importance of national and international determinants in promoting growth in the developing countries. However, it was clear from the experience of the 1980s that national initiatives would not reinvigorate the economies of those countries if the international economic environment remained hostile. Therefore, collective solutions must urgently be sought.

95. The joint actions for debt reduction taken by France, Japan and the United States of America were the type of effort which was necessary to revitalize the economies of the South. However, the full impact of those measures on individual economies and on global trade might not be felt unless timely and comprehensive action was taken to deal with the interrelated global economic problems that were confronting the developing countries. Economic policy co-ordination among the countries of the North, based on recognition of the inevitable linkage between debt, trade and development, was essential for success.

96. In the area of trade, GATT should play a greater role. Bilateral measures and countermeasures were harmful and contrary to the basic principle of GATT, which provided for equal treatment for all contracting parties. Such measures must therefore be reduced and commitments must be honoured in order to promote trade liberalization and discourage global resource misallocation.

97. The Bretton Woods Institutions should devise innovative and effective mechanisms to assist in overcoming the debt problem and reversing the net outflow of financial resources from developing countries. The difficulty of achieving short-term adjustment under IMF loan conditionality while planning for long-term growth must be addressed.

98. The special session scheduled for 1990 presented a good opportunity to develop a co-ordinated response to those issues. It should be characterized by a convergence of political will, with the common objective that had been defined in General Assembly decision 43/460. The preparatory work on the International Development Strategy should complement the special session. Under the new strategy, measures to facilitate growth and development in the South should be elaborated against the background of the experiences of the 1980s and the outcome of the special session.

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(Mr. King, Trinidad and Tobago)

99. The path to development in the following decade should be built within a sustainable ecological framework. The environment, which must support present and future generations, was deteriorating at a rate that must be of concern to all. Deforestation, desertification, depletion of the ozone layer, increased levels of carbon dioxide in the atmosphere and the diminishing of biological diversity were taking place concurrently with the dumping and accumulation of hazardous substances and toxic waste. As individual countries did not have independent ecosystems, poorly co-ordinated national efforts might not contribute significantly to the preservation of the environment. Nations must act collectively. The Montreal Protocol of 1987 was a positive step. The United Nations conference on environment and development scheduled for 1992 should facilitate further international action.

100. The classic concept of security was based on military considerations. It was becoming clear that security was also an economic issue with an environmental dimension. If a country was deprived of its soils and its forests, it would eventually lose its productive capacity. Moreover, the perils resulting from the transformation of the atmosphere did not recognize national boundaries. It was therefore essential to work together to find a sustainable solution, which must include trade liberalization, the reduction of third-world debt and technological developments to curtail environmental degradation.

101. Mr. GOPINATHAN (India), speaking in exercise of the right of reply, said that, at the previous meeting, the representative of Nepal had referred to an aspect of relations between Nepal and India. India's commitment and contribution to the harmonious conduct of international relations were mirrored in its friendship and co-operation with its neighbours. In particular, it shared a rich heritage with the people of Nepal that provided a solid foundation for mutual understanding and co-operation. The treaty referred to by the representative of Nepal had lapsed through no fault of India and had not been abrogated. Before the lapsing of the treaty, he had repeatedly offered to discuss the entire gamut of India-Nepal relations with a view to resolving outstanding differences. Regrettably, Nepal had not responded. Nevertheless, India had continued to keep transit points, open so that essential goods could be taken to Nepal.

102. It was unfortunate that the representative of Nepal should seek to evade responsibility for the problems that had been created by acts of commission and omission on the part of its Government. A case in point was deforestation, which had begun in Nepal long before the treaty had lapsed.

103. In April 1989 India had sought discussions with Nepal on a wide range of issues of mutual concern. It had subsequently initiated meetings at the highest level in demonstration of its willingness to resolve the differences between the two countries bilaterally, rather than to submit them to divisive international debate.

The meeting rose at 5.55 p.m.