# UNITED NATIONS



# FORTY-FOURTH SESSION

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SECOND COMMITTEE 45th meeting held on Friday, 24 November 1989 at 3 p.m. New York

### SUMMARY RECORD OF THE 45th MEETING

Chairman: Mr. GHEZAL (Tunisia)

later: Mr. PAYTON (New Zealand)

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#### The meeting was called to order at 3.20 p.m.

AGENDA ITEM 83: PREPARATIONS FOR THE SPECIAL SESSION OF THE GENERAL ASSEMBLY IN 1990 (continued) (A/44/3, A/44/45, A/44/303, A/44/361, A/44/409 and Corr.1, A/44/477, A/44/551, A/44/617, A/44/689)

- 1. Mr. MELLO-BARRETO (Brazil) said that, if the economies of the developing countries were not stagnating or declining there would be no need to discuss the revital dzation of economic growth and development in those countries at a special session of the General Assembly. Per capita income in the developing countries had fallen to the level of the 1960s or 1970s. Moreover, there had been a huge net transfer of resources from developing to developed countries.
- 2. It was necessary to analyse the interrelated causes of that situation and to seek ways and means of reversing the negative trend. Regrettably, previous attempts in that direction had not produced the expected results, because the discussions had been referred to specialized bodies where broad macro-economic problems were treated separately from each other as technical issues. Moreover, serious negotiations had been opposed by those who argued that growth and development in the developing countries could only be achieved through structural adjustments, which usually resulted in recession and social unrest. The international community as a whole should clearly take the essential steps to foster development through concerted action.
  - 3. Authoritative sources reported that the budget deficits, fiscal and monetary policies, fluctuations in exchange rates, high interest rates, protectionist practices and huge subsidizations in all or nearly all the developed countries were the main causes of the difficulties currently affecting the global economy, and those problems could not be solved by the developing countries. It would be interesting to know whether the fact that the longest period of growth and development in the industrialized world coincided with the worst economic period in the developing countries, regardless of their national policies, was merely a coincidence or a sign that the "trickle-down" theory had failed.
  - 4. The developing countries, which knew better than anyone that their main problems were poverty, infant mortality, illiteracy, disease, homelessness and unemployment, did not have adequate financial resources to tackle them, because burdensome foreign debt servicing, the deterioration of the terms of trade and their lack of access to the best markets had wiped out their capacity to import, save and invest. Even the countries that did not have such problems as capital flight or lack of foreign investment were now having difficulty in attracting capital, acquiring new technologies and modernizing their agricultural, industrial and service sectors. Once again, countries that did not practise what they preached were recommending as a means of overcoming the problem, such measures as open markets, the reduction or elimination of subsidies and wage and price controls to combat inflation.

(Mr. Mello-Barreto, Brazil)

- 5. The present economic situation in the developing countries also coincided with a long period of crisis in multilateralism. Important industrialized countries were taking unilateral action that completely disregarded the rules of multilateralism and commitments to dismantle trade barriers and promote flexibility. Moreover, the multilateral financial institutions were being used to oversee debt strategies devised solely by creditors and were not fulfilling their original mandates. The special session of the General Assembly should provide the impetus for a return to strengthened multilateralism in the economic area and to restore credibility to international co-operation for development.
- Mr. ELGHOUAYEL (Tunisia) said that the limited and short-range development approaches currently taken by the developing countries were proving increasingly inadequate in the light of the tasks to be accomplished and the changes in international political and economic relations. The Group of 77 had accordingly proposed that the General Assembly should hold a special session devoted to the revitalization of economic growth and development in the developing countries. In that connection, recent trends concerning transnational corporations and in international economic relations discussed by the Commission on Transnational Corporations at its fifteenth session, in April 1989, should be borne in mind. According to the Commission's findings, the main parameters of the restructuring of the world economy, characterized by geometrical progression, should be utilized in such a way that the developing countries could derive from them the necessary dynamism and energy to become \_irmly integrated in the international commercial and financial system. The developing countries could thus initiate a genuine development process, based on interdependence and free from humiliating assistance policies.
- 7. The countries of Eastern Europe were experiencing rapid changes which would soon have an impact on the whole structure of international economic relations. The positive effects of that process on the developing countries should be maximized, but the international community as a whole must ensure that the resources designed to promote the socio-economic development of the third world were not diverted to the purposes of restructuring and modernizing the societies of Eastern Europe, which were already highly industrialized.
- 8. The continuing external debt crisis, which was also seriously affecting Tunisia, was forcing the economies of the developing countries to become progressively delinked from the world economy, a process that was reflected in the decline in their per capita income and their deteriorating growth and development prospects. Powerful economic forces, that were linked to the macro-economic policies of the OECD countries, were beyond the control of the developing world and forced it to cut back investment and public expenditure drastically. It was to be hoped that the idea of establishing a new mechanism to deal exclusively with debt management would continue to gain ground. That truly international service could become the third pillar of the Bretton Woods system and would enable the World Bank (IBRD) and the International Monetary Fund (IMF) further and fully to assume their respective mandates and functions, so that the resources available to them could be

# (Mr. Elghouayel, Tunisia)

used for the purposes for which they had been mobilized. The special session of the General Assembly devoted to international economic co-operation should be utilized as an opportunity for studying all those topics in greater depth and for agreeing on specific proposals that would improve the prospects of solving the serious debt problem.

- 9. Mr. SILALAHI (Indonesia) said that the decision by the General Assembly to nold a special session on international economic co-operation, to coincide with the end of a particularly frustrating decade of painful adjustment, economic stagnation and social and positical upheaval in the developing countries, was essential and timely.
- 10. In order to build a better future based on equality, peace and prosperity, the international community would have to deal with the existing serious economic imbalances associated with monetary and financial questions, foreign debt, flows of resources and trade, and would also have to tackle newer issues such as human resources development, access to technology and the relationship between environment and development.
- 11. Mr. LIEBCHEN (German Democratic Republic) stressed the importance of holding a special session of the General Assembly on international economic co-operation, to set priorities for up to the turn of the century and perhaps beyond. The tasks of the session had been clearly set out in General Assembly decision 43/460, a balanced and objective compromise which would permit the consideration of two closely related questions: the status of international economic co-operation as a whole and the alarming economic and social situation in most developing countries.
- 12. To bring about more broad-based management of the world economy, reflecting the interests of all groups of States, solutions must be sought to such urgent problems as the external debt of the developing countries, the normalization of trade, the strengthening of scientific and technological co-operation, human resources development, environmental protection and the provision of adequate food for a growing world population.
- 13. It was thus vital that the forthcoming special session should end in consensus on measures in whose implementation all countries would combine their efforts. Such an ambitious objective required prompt agreements during the current preparations. They should lay down the conceptual guidelines and focuses for international economic co-operation in the 1990s, including such important matters as the function of national economies in the world economy, the responsibility shared between developed and developing countries, the role of the United Nations in promoting economic détente, sustained growth and the elimination of poverty and under-development.
- 14. There would doubtless be repercussions on the preparation of the new international development strategy which was evidently closely related to the special session, the purpose of both being to tackle the most urgent problems of

(Mr. Liebchen, German Democratic Republic)

international economic development, improve international economic relations and help to promote dialogue, co-operation and multilateralism and United Nations activity in the economic and social fields.

- 15. Daw AYE AYE MYINT (Myanmar) said that important changes were taking place in the economic sphere, both regionally and globally, and the international community must work together to face the challenges and seize the opportunities which they implied. The forthcoming special session of the General Assembly would be an excellent opportunity to begin.
- 16. During the 1980s, the world economy had undergone sustained growth but the developing countries had not enjoyed the benefits of that period of prosperity. In order to revitalize growth and development in the developing countries, the forthcoming special session must concentrate on certain areas of vital concern to them.
- 17. The first question which must be addressed was that of commodity prices, which displayed a dangerous downward trend that must be halted. Enhanced purchasing power for the developing countries resulting from an increase in their export earnings could stimulate exports from the industrialized countries and contribute significantly to their economic dynamism. Another question which must be addressed was trade. Her country had followed with interest the agreements on economic integration and free trade between the developed countries, and hoped that they would not adversely affect the interests of the developing countries which still faced the obstacles of protectionism and spreading non-tariff barriers in the developed market economies. The losses to developing countries caused by protectionist measures had been estimated at double the value of the official development assistance they received. That situation could not continue. Other matters which should be tackled during the special session were external debt and development, and resource flows, on which the revival of economic growth in the developing countries depended.
- 18. Mr. DINU (Romania) said that the forthcoming special session would not in itself resolve the problems of the developing countries, but might lead to a new consensus on development which would benefit both developed and developing countries. The international community should recognize that partial solutions to the interrelated problems of money, finance, resource flows, trade, external debt and development in general were not valid, and that a comprehensive solution must be sought in order to avoid catastrophic consequents and political conflict.
- 19. His delegation was concerned that, despite the great efforts made, the Committee was making no progress on the provisional agenda and draft final document for submission to the General Assembly at the special session. He hoped that the current consultations would result in progress on a substantive document.
- 20. Mr. Payton (New Zealand) took the Chair.

- 21. Mr. WANG Baoliu (China) said that the developed countries had enjoyed continuous economic growth through the 1980s while the developing countries, because of falling commodity prices, protectionist measures and high interest rates, among other things, had exerienced a notable economic decline.
- 22. The situation must be corrected, and growth in the developing countries revived. To that end, the special session of the General Assembly should reach a new world consensus on economic growth and development for the 1990s and produce a new understanding on the framework and principles which would apply in the strengthening of international economic co-operation. Those objectives could be attained only through substantive dialogue in which the parties concerned adapted to changing circumstances and displayed a more flexi. It and realistic attitude. It was to be hoped that the countries which had not yet de to take part in the special session would soon reach a favourable decision it. That regard.
- 23. In the view of his delegation, the final document being drawn up by the Preparatory Committee should address the following issues: the transformation of the world economy as a result of growing interdependence between various economies, changes in patterns of production, consumption and trade, the increasing internationalization of financial markets and the growing tendency towards regional economic integration; urgent and high-priority problems affecting the world economy, and particularly the developing countries, in the interrelated areas of debt, trade, commodities, money and finance and in connection with issues such as poverty, environment, population and human resources development; policy recommendations for international economic co-operation, including guidelines for the activities of the various bodies of the United Nations system; and the role of the United Nations and the changes which have to be introduced in the system in order to respond to the new realities of the world economy.
- 24. In conclusion, he said that it was necessary to speed up preparations for the special session and to reach an agreement on the provisional agenda as soon as possible. His delegation supported the work of the Chairman of the Preparatory Committee and was prepared to work with groups of countries and delegations in 'he process of preparing for the special session.
- 25. Mr. TSHITAMBWE (Zaire) said that modern history had never seen changes so profound as those that were currently taking place in the world economy, nor such a marked dichotomy between policies and ideologies, on the one hand, and the real nature of international economic relations, on the other. There was an urgent need, in such circumstances, to redefine the concept of international economic co-operation, because long-term international peace and security depended on satisfactory economic and social development.
- 26. His delegation welcomed the decision to convone the special session of the General Assembly, which would provide an opportunity to address the problem of underdevelopment in a world marked by severe inequalities between the growth rates of the developing and the industrialized countries, the dire problem of the developing countries' debt, alarming population growth and disturbances to the

(Mr. Tshitambwe, Zaire)

environment, endangering life on our planet, and reaffirmed its conviction that the United Nations system represented the ideal and irreplaceable framework for the concerted reorientation of development and international co-operation.

- 27. He endorsed some of the ideas expressed in the outline report of the Secretary-General to the Preparatory Committee: account must be taken of the link between growth and development; mechanisms should be established to solve the debt crisis and to end the net transfer of resources from the developing to the developed countries; particular attention should be paid to Africa, where the majority of the least developed countries were situated; and account should be taken, in addressing growth and development, of environmental problems. During the special session, the Secretary-General should submit a more critical and realistic analysis of the world economy in order that Member States might address the issues raised on a more pragmatic basis.
- 28. Mr. FAIVET (Observer for Switzerland) said that the current relaxation in political tensions, particularly between East and West, provided the international community with an opportunity to reach a consensus on ways of revitalizing the world economy and, in particular, the development of the developing countries, which would be the theme of the next special session of the General Assembly.
- 29. If growth and development were to be revived in the developing countries, a series of guidelines for international policies must be drawn up at the special session. Every State in the international community must promote a multilateral and open world economic system which facilitated exports from the developing countries and productive foreign investment in those countries. International economic co-operation must be improved and intensified in order to bring about more durable solutions to world macro-economic problems and to create an international economic situation in which, once the debt problem had been resolved, all countries might fulfil their development objectives. While it was up to the countries themselves to determine their development strategy, they must, if they were to generate lasting growth, make structural adjustments and promote the mechanisms of the market and the private sector. The developing countries, and the least developed countries in particular, should receive outside financial support, which would be effective only to the extent that it was properly managed by those countries. Both national strategies and elements of outside support must reflect the diversity of local situations and be directed towards the strengthening of institutions, the utilization of human resources and increased participation by the populations of the developing countries. The rational management of natural resources should occupy a special place in society's scale of values, because relations between the environment and development were currently of crucial importance.
- 30. It was the task of the present generation to adapt international structures with a view to promoting movement towards a system that was freer both in political and economic terms. That task could be compared, in terms of its difficulty, to the reinvention of the international economic system by the generations of the

## (Mr. Faivet, Observer, Switzerland)

1940s and the 1950s. The special session provided the international community with the opportunity to assume that responsibility and to take up the struggle against the so-called "new enemies", i.e., drugs, terrorism, chemical weapons and diseases, as well as against the cancerous elements of the world economy: debt, poverty and the worsening of underdevelopment.

- 31. Mr. Ghezal (Tunisia) resumed the Chair.
- 32. Mr. OULD CHEIKH EL GHAOUTH (Mauritania) said that the General Assembly's decision to convene a special session devoted to international economic co-operation was justified in view of the complexity and seriousness of the situation faced by the majority of the world population, which required radical and prompt solutions. The ever sharper imbalances in world economic relations, the structural deficit which continued to affect the balance of payments of most developing countries and the hunger and malnutrition to which a fifth of mankind appeared to be permanently condemned were problems which threatened the very survival of millions of human beings.
- 33. The Committee of the Whole should constitute a negotiating framework for the formulation of precise commitments and concrete measures in order not to disappoint the huge hopes invested in the special session. To that end, it had at its disposal the outline report of the Secretary-General on the international economic situation, which described in the most unambiguous terms the obstacles to the revitalizacion of growth and development in the developing countries and provided illuminating guidelines for a positive development of the situation: to halt and substantially reverse the net transfer of resources and to apply solutions which took account of the interrelationship between monetary and financial issues, debt, trade and development.
- 34. Mauritania welcomed the fact that the international community, by convening the Second United Nations Conference on the Least Developed Countries, was concerning itself with the particularly serious problems confronting those countries, and hoped that realistic and practicable measures would be adopted in that connection.
- 35. The report of the Secretary-General provided a precise and realistic assessment of the economic and social situation in Africa and it proposed urgent measures to alleviate that situation. The unanimously accepted statement that the 1980s had been a lost decade for development was especially applicable in the case of Africa. Consequently, the special session of the General Assembly to be held four years after the one devoted to the critical situation in Africa was particularly important for that continent.
- 36. Mrs. DUENAS de WHIST (Ecuador) said that she did not detect any strong sense of commitment in the discussions begun among the various regional groups to define the scope and content of the special session of the General Assembly devoted to international economic co-operation.

(Mrs. Dueñas de Whist, Ecuador)

- 37. The current situation was characterized by profound contradictions: on the one hand, democracy was encouraged as the political norm for the Government of States, the deterioration in the environment and the existence of one thousand million people living in extreme poverty were recognized, and there was talk of a technological revolution; but at the same time incompatible attitudes were maintained and the possibility of finding remedies for the flaws in human society was denied.
- 38. The special session offered an opportunity for the international community to achieve a new consensus on the changes that had occurred in the international economic situation which required the United Nations system and its Member States to be capable of constant adaptation.
- 39. For the first time in their history, the nations of the world had the means of putting an end to the hunger, ignorance and extreme poverty in which one thousand million people in the developing countries were living. It was therefore imperative to revitalize growth, but not the kind of growth that had hitherto allowed a few people to become increasingly rich while the poor became increasingly poor.
- 40. At the special session, unresolved problems should be considered with a view to finding realistic and immediate solutions. That would require political will on the part of Member States and, even more so, the will and commitment of United Nations organs and programmes to make a reality of the resolutions and mandates for which they had been created. Some of the problems were: the net transfer of resources from developing countries to industrialized countries in payment of debts and debt-servicing, the unregulated export of private capital to financial centres, and the continuing decline in prices for raw materials and semi-finished goods exported by developing countries, which was made worse by the fluctuations in the world trade system. In such a situation, any planning undertaken by a developing country to improve its production sector, domestic trade and exports was condemned to failure unless trade and financial imbalances were corrected and unless a solution was found to the problem of external debt, and the protectionist arrangements affecting goods from developing countries were abolished.
- 41. Mr. BEN MOUSSA (Morocco) said that during the cold war, the attention of political leaders had focused on what appeared to be more urgent problems, and the adoption of a common approach to the problems of the world economy had therefore been delayed. In the Ministerial Declaration of Caracas and the Belgrade Declaration made at the Ninth Conference of Heads of State or Government of Non-Aligned Countries, it had been recognized that the convening of the special session of the General Assembly and negotiations on the future international development strategy were complementary. Those documents contained a new language and reflects a political vision centring on dialogue and co-ordination and based on recognition of the interdependence of all nations.

#### (Mr. Ben Moussa, Morocco)

- 42. Political détente was meaningless without a revitalization of economic growth and development for the benefit of all nations, including the developing and socialist countries. The topics to be discussed at the special session of the General Assembly should include the transfer of technology, the question of the environment and what had been called, since the first Stockholm Conference on the Environment, the overall balance between resources, population, the environment and development. It had been somewhat irresponsible not to deal with those topics sooner. In his opinion, rather than considering each economic sector in detail the special session of the General Assembly should work out a political agreement based on general principles. Morocco believed that the agenda of the special session should give prominence to the grave situation of the fifth of the world population living in absolute poverty and to the fundamental issue of development.
- 43. The best way of attacking the crisis in the world economy and especially the debt crisis at their roots was to strengthen multilateral surveillance of the economy, taking account of the interests of the developing world represented by the Group of 77, the Movement of Non-Aligned Countries and the Group of 24. Only global surveillance would make it possible effectively to co-ordinate the macro-economic policies of developed countries and ensure that they were compatible both with the global aims agreed upon at the special session of the General Assembly and with the requirements of development. That would be the basis for putting the international economy on a sound footing and gradually improving the international monetary, financial and trade systems. In that connection, the role of the International Monetary Fund should be strengthened, and machinery for periodic consultations should be established. For example, consideration might be given to the possibility of expanding the meetings of the seven industrialized countries to include developing and socialist countries in order finally to achieve a responsible shared management of the world economy. Although that idea might be considered ambitious by some, it should be the focal point of the deliberations at the special session, so that a new international social and political contract could be drawn up, and manichean approaches set aside.

AGENDA ITEM 85: PROTECTION OF GLOBAL CLIMATE FOR PRESENT AND FUTURE GENERATIONS OF MANKIND (continued)

44. The CHAIRMAN announced that Singapore had joined the sponsors of draft resolution A/C.2/44/L.40 on protection of global climate for present and future generations of mankind.

AGENDA ITEM 82: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)

- (b) TRADE AND DEVELOPMENT
- 45. The CHAIRMAN said that Zimbabwe had joined the sponsors of draft resolution A/C.2/44/L.51 on the trade embargo against Nicaragua.

The meeting rose at 5.35 p.m.