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SUMMARY RECORD OF THE 1st MEETING

Chairman:

Mr. ZEPOS

(Greece)

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The meeting was called to order at 3.25 p.m.

ELECTION OF OFFICERS

1. The CHAIRMAN said that, as decided by the General Assembly in the plenary meeting that morning, the Vice-Chairmen of the Ad hoc Committee were Mr. Ahmed Ghezal (Tunisia), Mr. Eduard Kukan (Czechoslovakia) and Mr. Wang Baoliu (China), and the Rapporteur was Mr. Samuel R. Insanally (Guyana).

ORGANIZATION OF WORK (A/S-18/7 (Parts I and II))

- 2. The CHAIRMAN drew attention to the report of the Preparatory Committee for the Eighteenth Special Session (A/S-18/7 (Parts I and II)).
- 3. Since some organizations wished to address the Committee later in the week, he suggested that the Committee should also hear statements on the morning of Wednesday, 25 April. If he heard no objection, he would take it that the Committee decided to proceed in that manner.
- 4. It was so decided.
- 5. The CHAIRMAN invited the Committee to consider the organization of its work as it related to the preparation of the final document to be submitted to the General Assembly. Since the Group of 77 would be meeting for most of the following morning, the Ad Hoc Committee would not be able to begin its first reading of the texts submitted to it, as contained in document A/S-18/7 (Part II), before noon that day.
- 6. For the remainder of the week, he wished to suggest that two working groups should be established and that they should meet concurrently. Conference services would be available for the two working groups to meet concurrently for three meetings daily.
- 7. If he heard no objection, he would take it that the Committee decided to adopt the suggestions he had just made.
- It was so decided.

INTERNATIONAL ECONOMIC CO-OPERATION, IN PARTICULAR THE REVITALIZATION OF ECONOMIC GROWTH AND DEVELOPMENT OF THE DEVELOPING COUNTRIES

9. Mr. GURGULINO DE SOUZA (United Nations University) said that the subject of the special session, the global economy, was one of the United Nations University's themes for priority action. The global economy faced several critical problems, which could be grouped under the following broad headings: continuing slow growth in the industrial countries, combined with massive payments imbalances among those countries and the continuing danger of inflationary pressures; the enormous drain on world resources resulting from unproductive expenditures on armaments, particularly by the super-Powers; the stagnation, even retrogression, in economic growth, investment and living standards in a wide range of developing countries and in Eastern Europe; the continuing problem of hunger and famine in the third world,

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especially among the poorest billion in Asia and Africa; and the threat posed to the global environment by current technologies for the production and use of material resources.

- 10. It was the General Assembly's principal task at the current session to attempt to impart a new dynamic to the world economy and, in particular, to renew and revitalize the development process in the third world. The United Nations University and, in particular, the University's World Institute for Development Economics Research (WIDER), had been deeply involved for some years in studying in depth the various issues he had mentioned.
- 11. He wished to begin by focusing on the first issue to which he had just referred, that of slow growth in the industrial countries and the continuing massive payments imbalances among the major trading nations. It would be useful to start with the twin deficits of the United States. In recent years, both the United States budget deficit and the United States external payments deficit had been in the region of \$150 billion. In the present climate of détente between the super-Powers, a substantial reduction in their defence expenditures should be possible. A substantial reduction in United States military spending would yield corresponding reductions in the United States budget and payments deficits. by itself, would be a major step towards eliminating the current massive payments imbalances, but it would at the same time pose additional threats to world economic growth if the deflationary impact of a reduced United States payments deficit was not offset by demand expansion elsewhere. Since that was unlikely to happen on the scale required in the developed surplus countries, the recycling of surpluses to developing countries, accompanied by policy reforms for the productive absorption of surpluses, would become imperative if world activity was to be maintained at a sufficiently high level. That was the insight to which the proposal submitted by Bolivia, on behalf of the States Members of the United Nations that were members of of the Group of 77, to the current special session sought to give political recognition by inserting the following language into the draft declaration:

"Recognition by the international community that in an increasingly interdependent world, the developing countries could play an important role in the stabilization, growth and expansion of the world economy, for the progress and prosperity of all peoples."

- 12. How surpluses might best be recycled had been a major concern of the University's WIDER Institute. In 1987, a WIDER study group had published a plan for a Japanese initiative to recycle international surpluses to developing countries. That plan envisaged the recycling of \$125 billion over a period of five years by a combination of various institutional mechanisms.
- 13. WIDER's work concerning the potential supply of financial resources to developing countries had been complemented by a WIDER estimate of the potential demand for resources, based upon a sample of countries, if the third world was to embark upon a path of "socially necessary" growth in the 1990s. Socially necessary growth had been defined for those purposes as involving the pursuit of minimum

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basic needs objectives, the reduction of unemployment to acceptable levels and improvements in income distribution. Socially necessary growth in that sense was fully in line with a key principle for international economic co-operation identified in the Canadian proposal submitted to the General Assembly at the current session, which read: "All human beings have a basic right to a life free from hunger, poverty, ignorance, disease and fear. The reduction of poverty and greater equity in income distribution are major goals".

- 14. On that basis, the socially necessary rate of growth required to reach the development goals postulated for the year 2000 turned out to be at least 5.5 per cent per year on average in terms of gross domestic product in the 1990s, as compared with, for example, the 3.5 per cent achieved in 1989, although the low-income countries would need to do better. To launch the developing countries as a whole on to that growth path would require an additional annual inflow of external resources during the decade amounting to \$40 billion in 1990 and rising to \$60 billion by the year 2000.
- 15. A more direct attack on the debt burden of developing countries remained an essential element of any international strategy to revitalize the development process. A further WIDER study group had stressed the importance of debt reduction on a large scale for the highly-indebted middle-income countries, both for the health of the world economy and for broad moral and political reasons. The resources required to bring about debt reduction on an adequate scale were estimated at \$50 billion.
- 16. It was increasingly recognized that the additional financing required by developing countries was not likely to come from official transfers or other publicly-supported financial flows alone, but would need to be supplemented by substantial private flows. There was the further consideration that non-debt-creating flows had particular priority when so many developing countries were having extreme difficulties in servicing loan capital. The steps that developing countries could take to attract private portfolio capital by fostering the growth of their domestic capital markets had been discussed in some detail by a WIDER study group.
- 17. As part of WIDER's programme on socialist countries, a symposium for economic policy makers in socialist countries had been held at Helsinki in March 1990 on the basis of a forthcoming WIDER publication entitled The Road to a Free Economy. The book in question advocated a "big bang" approach to economic reforms of the kind being implemented in Poland under the guidance of WIDER research adviser Professor Jeffrey Sachs. The WIDER symposium had stressed the need for adequate external resource supports if that kind of reform package was to be viable in socio-political terms by cushioning the shock of the transition.
- 18. The environment dimension of economic growth and development had now become a major concern of the international community. That, too, was an area in which the United Nations University and the WIDER Institute were engaged in ongoing studies designed to elaborate on the issues involved and make useful policy

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recommendations. Among the tasks that were being attempted was that of precisely defining the concept of sustainable development and evolving proposals that might constitute an input into the 1992 United Nations Conference on Environment and Development. WIDER's work in that area was being complemented by a programme under implementation by the University's headquarters at Tokyo, dealing with the human dimensions of global change.

- 19. The interrelationships between and the complexity of the issues that he had touched upon would clearly require much closer international co-operation in the 1990s than in the past. They required a global decision-making forum of manageable size, and both the United Nations and the Bretton Woods systems had experimented with various ways of reducing what could often be an extended debate in a large forum to a meaningful dialogue. It was not surprising therefore that the key industrial countries had retreated into summit meetings at the level of Heads of State of the "Five" or the "Seven" to take major decisions on issues ranging from exchange rates to the environment. The resulting erosion of the authority of the international financial and economic institutions could, in the view of yet another WIDER study group, be redressed only if a countervailing "Group of the Non-Five" were to organize itself in such a way as to delegate negotiating authority to a smaller group comprising 7 to 10 "Heads of Government of the Non-Five". The dialogue of the 1990s would, in that event, be between the Five and the representatives of the Non-Five.
- 20. The United Nations University would continue its work on those and other institutional questions. For reasons of time he had concentrated only on certain highlights of a more comprehensive statement, copies of which would be made available to delegations.
- 21. Mr. ALIKHAN (World Intellectual Property Organization) said that a large share of the activities of the World Intellectual Property Organization (WIPO) concerned inventions. Technological inventions either originated in a given country or reached that country by way of the transfer of technology. The creation of inventions within each country's own territory by its own nationals was of extreme importance to the country in question and was to be encouraged. Indigenous inventiveness was an indispensable element for economic self-reliance. The capacity to invent was there, to an equal extent, in every nation. What was needed was to encourage inventive talent. That was done by affording recognition and legal protection of the inventor's economic interest in his invention. One of WIPO's tasks was to advise the Governments of developing countries, or the institutions in charge of research and development in developing countries, on the creation of economic incentives for increasing the inventive activities of their nationals.
- 22. As far as the transfer of technology was concerned, it was clear that without it, industrialization, particularly accelerated industrialization, was hardly possible. It was extremely important, however, that the transfer should take place under fair and reasonable conditions. The negotiation of transfer-of-technology contracts required specialized skills. It was one of WIPO's objectives to help

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developing countries improve their skills in negotiating transfer-of-technology contracts when such contracts involved industrial property. That was done through the publication of guides on the negotiation of contracts, and the organization of training courses for that purpose. As what he had just said suggested, technology acquired from abroad generally exceeded locally generated technology. That was only natural. The test of technological development was in the capacity of a country to absorb, adapt as required and further develop imported technology. That was particularly true of new and emerging technologies.

- 23. A major requirement for facilitating developing countries' absorption of new and emerging technologies was to improve their access to information on such technologies. Information on most technologies was available from patent documents, Nearly 1 million new patent documents, describing several hundreds of thousands of new inventions, were published each year throughout the world. The problem was to facilitate developing countries' access in practice to that world-wide technical library. In addition to providing training to enhance the skills of developing countries' personnel in the use of patent information, WIPO gave advice on appropriate collections of patent documentation, the organization and classification of such documentation and means of access to documentation. It was also operating a free-of-charge patent information service, including the provision of reports on the state of the art.
- 24. The Ad Hoc Committee might wish to consider the advisability of making express reference, in the declaration to be adopted by the General Assembly at the current session, to the development in developing countries of national inventive activity, capacities and skills for the negotiation of transfer-of-technology contracts, and access to and the use of technological information.
- 25. With regard to the role to be played by the United Nations system in international development co-operation in the 1990s and its responsibilities in the task of revitalizing growth and development, he pledged WIPO's full commitment to the pursuit of that task, within its area of competence.
- 26. At the historic moment of Namibia's admission to the United Nations, he wished to mention that WIPO was sending a senior-level mission to Namibia in May 1990 to establish contacts with the relevant government authorities. WIPO would be glad to co-operate in the Namibian Government's plans to establish or modernize its intellectual property system.
- 27. Mr. DUTIA (Food and Agriculture Organization of the United Nations) said that agriculture had a major role to play in efforts to attain the goals of the special session. An expanding food and agriculture sector and rural development were crucial for the eradication of poverty and hunger, for the development of human resources and for ensuring the environmental sustainability of development.
- 28. The development of the food and agriculture sector depended above all on national efforts. However, the success of such efforts depended on a supportive international economic environment. The primary cause of worsening food insecurity in developing countries was the poor growth of domestic food and agricultural production, coupled with inadequate purchasing power. The only way to increase

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food and agricultural production in those countries was to provide adequate incentives to the producer, and many developing countries were undertaking appropriate policy reforms within the framework of structural adjustment and stabilization programmes. Macro-economic policy reforms could succeed only if they removed disincentives to agriculture, particularly in the form of unfavourable real producer prices. However, fiscal restraints often reduced the resources available for supporting the agricultural sector. Structural adjustment and stabilization programmes must therefore be implemented with and supported by adequate external resources in order to promote the growth of the agricultural sector, and they must ensure minimum levels of food security and social services so as not to inflict undue hardship on the poor.

- 29. Education and training at all levels and maximum popular participation in development were also essential in order to realize the growth potential of a population. Agricultural research and development and its application through extension activities were also necessary.
- 30. Improved access to productive inputs, including input delivery systems, must be given higher priority, and greater efforts must be made to bring small producers into the mainstream of agricultural development. Improvements in rural infrastructure were also indispensable for accelerating agricultural growth. In order for agricultural strategies to ensure the necessary sustainability, they must also be complemented by policies to provide alternative means of survival for the poor and to slow down population growth. Sustainability would also require a substantial increase in investment.
- 31. Turning to the external economic environment, he said that unsustainably high levels of debt service had greatly undermined food security in many developing countries. Financial constraints had limited food imports and imports essential to agricultural development, and dwindling inflows had exacerbated the general inadequacy of productive investment in those countries.
- 32. Improved conditions for international trade in food and agriculture must also be created. The tendency for certain industrialized countries to generate structural surpluses of commodities under high-cost support régimes, and to subsidize exports at the expense of competing, cost-effective exporters, must be reversed in order to expand the developing countries' markets for their traditional agricultural exports. Barriers to trade in certain products also required remedial action.
- 33. Even if remedial measures could be successfully negotiated, however, many low-income countries would still need improved infrastructures and institutional capacities in order to take advantage of market opportunities. Liberalization of the global agricultural trading system might also raise prices for basic foods to levels that would seriously disadvantage net food-importing developing countries. Remedial action must therefore include special and differential treatment for developing countries, export diversification, measures to increase productivity and competitiveness, and compensatory arrangements. Greater attention must also be paid to enhancing and stabilizing export earnings from the developing countries.

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traditional commodity exports. Lastly, increased external development assistance was also crucial for agricultural and rural growth in the developing countries.

34. Mr. DE ARANJO (Conference of Non-governmental Organizations in Consultative Status with the Economic and Social Council) said that non-governmental organizations were deeply committed to international co-operation and the goals of economic development. NGOs had made major contributions to a host of United Nations conferences on development issues held in the past two decades. They also had considerable practical experience to contribute, especially given the new emphasis on popular participation and the recognition that the impact of development on people was the ultimate measure of its effectiveness.

The meeting rose at 4.20 p.m.