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5th plenary meeting

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Official Records

President: Mr. Opetti (Uruguay)

In the absence of the President, Mr. Chkheidze (Georgia), Vice-President, took the Chair.

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

Agenda item 93 (continued)

Sustainable development and international economic cooperation

(d) Renewal of the dialogue on strengthening international economic cooperation for development through partnership

High-level dialogue on the theme of the social and economic impact of globalization and interdependence and their policy implications

The Acting President: I give the floor to the Permanent Representative of Bangladesh.

Mr. Chowdhury (Bangladesh): We have engaged ourselves in a dialogue on the impact of globalization and interdependence and their policy implications. The current international context provides an opportunity for serious reflection. We hope that the collective wisdom gained through our deliberations will lead to the adoption of policy measures which will create a world with much less uncertainty and upheaval than we have experienced to date.

Globalization and liberalization were at one time presented as universal panaceas of benefit to developed and

developing countries alike. It became quickly apparent that their benefits did not come without costs. Soon, it was realized that the cost was almost totally confined to the majority of developing countries. The most vulnerable countries stood to bear the major adverse impact.

The developing countries have been subjected to a series of economic crises, ranging from debt crisis to financial crisis. This indicates that, for most of them, the costs outweigh the benefits. The recent financial turmoil has caused major economic difficulties in a large number of developing countries, while the industrialized countries have been largely spared.

It is our major concern that, for most developing countries, the economic reform measures that led to a greater global integration did not diminish the gap between the rich and poor countries. Indeed, the disparity has widened, both between countries and among the rich and poor within countries.

An important factor that has contributed to the financial turmoil is hasty economic liberalization. A large number of countries opened up their economies to rapid capital influx. Their institutional development failed to keep pace with the change. This gives us cause for reflection. Financial integration is a much more complicated process than trade liberalization.

The Assembly should seriously reflect on this vital issue as it considers financing for development. We should emphasize the development of mature institutions,

including legal provisions, regulatory mechanisms and development of supervisory capacities. This should be supported by an adequately responsive international financial regime capable of preventing such crises and containing their effects, including possible contagion across countries and regions.

The weakest countries remain most vulnerable, due to their lack of financial and institutional capacity to handle such external shocks, the impact of which is magnified in the current context of declining external assistance, falling official development assistance and unbearable debt burden. The situation has been aggravated by declining commodity prices.

The impact of all this on the eradication of poverty will be extremely damaging. The decline in primary commodity prices will result in lower returns for producers and will greatly reduce their earnings. The most seriously affected countries will be the least developed. The fall in income will seriously affect the ability of the Governments of the least developed countries to provide for relief and rehabilitation needs in the event of disaster. In certain countries, the loss of exports will result in a loss of jobs, in particular where there is a growing industrial sector employing a large number of workers. Many of these industries employ women. There will be a further accentuation of the feminization of poverty due to their loss of jobs.

It is important to have emergency action programmes to shield the weakest economies, particularly the least developed countries, from the consequences of global economic turbulence. The following broad components should be considered on a priority basis: first, safety-net measures, including emergency assistance, such as food aid to support vulnerable segments of the population; secondly, balance-of-payment supports to severely affected countries; thirdly, an immediate increase in the level of official development assistance; fourthly, a significant reduction of external debt on an urgent basis, while pursuing serious efforts at a decisive reduction of the debt burden of the least developed countries; fifthly, compensatory measures to cover shortfalls in earnings from primary commodity exports and reduction in remittances; and, finally, the immediate lifting of trade barriers affecting the least developed countries. We need to formulate policy options to take care of these pressing priorities.

The doctrine of globalization has far-reaching economic and social consequences for the developing countries, particularly for the least developed. Emphasis on

the role of unfettered markets has displaced the key principle that underpinned earlier multilateral discussions and negotiations on economic issues. The costs have been profound, but the benefits are difficult to rationalize. The vulnerable countries are ill-prepared to absorb the shocks of liberalization and are experiencing the pains of integration. Genuine international development cooperation should be reinstated in justified earnestness on the international development agenda.

The Acting President: I give the floor to the Permanent Representative of Senegal.

Mr. Ka (Senegal) (*interpretation from French*): By convening, as a prelude to the general debate of the fifty-third session, this high-level dialogue on the theme of the social and economic impact of globalization and interdependence and their policy implications, we are certainly addressing, in advance, one of the major issues to be raised at this session.

Economic and financial turmoil, as well as the risks of marginalization that accompany the globalization process, very clearly indicates that this phenomenon — above and beyond its short-term dimension — deserves a long term approach, both in our discussions and in the collective joint action taken by the international community. Indeed, in a world that has become a global village, the interdependence of economies is an objective fact, rendering obsolete any individual or selective approach to the challenges of globalization.

Globalization appears to be a process evolving along lines that stress two diverging trends — one bringing opportunity, the other rightly viewed with great apprehension because of the dangers of marginalization and exclusion it poses to the large majority of developing countries.

But because living with globalization is now a fact of life that no one can evade, we need to prepare ourselves and to master this phenomenon. I believe that this is the main interest of the exercise that has brought us here today: to seek, together, individual and collective responses to the challenges of the international economic system.

The basic driving forces of this phenomenon are known. They lie, *inter alia*, in the swift circulation of information; in the ongoing liberalization of factors of production; in the widespread tendency to deregulate national economies; and in particular in the unprecedented

expansion of multinational corporations supported by enormous private investment. Furthermore, we live in a world where technological advances are increasingly reducing physical borders to their most basic form. Never in the history of humankind has the international system appeared so open and so integrated.

The adoption of the Marrakesh Agreement presaged the advent of an era of prosperity wherein opportunities brought about by the liberalization of trade and the establishment of a multilateral trading system based on transparency, predictability and the primacy of the rule of law were to guarantee all countries a clear improvement of economic prospects.

The series of major international conferences held during this decade also seemed to indicate that the international community would finally find in their various consensus plans of action a common response to sustainable development patterns and that we could legitimately hope to stride confidently into the third millennium. Nevertheless, while everyone agrees about the expectations and the enormous potential of globalization, the facts prompt us today to take a more critical view of this phenomenon.

Globalization is still unknown in many developing countries and is a source of apprehension, even a necessary evil. While these countries must share the risks of globalization, the opportunities offered by globalization are not shared equally. This is the case in the area of trade, for example. Whereas opening up to the outside world is one of the basic principles of the new multilateral trading system, many tariff and non-tariff barriers continue to hamper access to external markets for the commodities of developing countries.

In this connection, the 1998 report on the world economic situation indicates that in a number of countries the adjustments in foreign trade, far from increasing income and jobs, have, to the contrary, reduced them. The same goes for the distribution of foreign private capital. In an environment marked by an unprecedented reduction in official development assistance, foreign private investments — 95 per cent of which are concentrated in a mere 26 countries — do not constitute, for all, a reliable way to stimulate sustained economic growth and sustainable development. We might add other examples that are linked to the reduction of international cooperation for development, such as the problem of debt and the failure to honour financial commitments to implement the major plans of action that emerged from the international conferences held in this decade.

While emphasizing the negative impacts of globalization that have to do with the international environment, the delegation of Senegal would certainly not wish to ignore the domestic side of our debate. Indeed, we are convinced that living with globalization and benefiting from the opportunities it brings means that there must inevitably be an effort to adapt at the national level. Peace and political stability are indeed necessary conditions for this, but they are not enough. We must also define a competitive macroeconomic framework which is sound and transparent. We need to guarantee the primacy of the rule of law, simplify administrative procedures and modernize the machinery of state, as well as transportation and communication infrastructures. In short, we need to forge a competitive mentality. It is in that spirit of competition that we need to maintain and strengthen this approach.

In essence, however, between the disillusionments of the welfare state and the obvious limits of market mechanisms, the response to the challenges of globalization might be to try to look for some middle ground which simultaneously combines the power of public service and the vitality of the private sector. Given the changes taking place and the questioning of society's traditional regulatory mechanisms, there is no doubt that in the crucial areas of combating poverty, protecting the most vulnerable sectors of our populations and providing basic social services, the historic role of the State remains more indispensable than ever. It seems to us that the consolidation of the process of integration at the regional and subregional levels through the creation and strengthening of major economic systems offers a credible solution, given the small size of many national markets.

It must be stated once again that in order for these efforts to be productive and effective they need to be backed up at the international level by concrete measures aimed at restoring the balance of trade, achieving a lasting global solution to the debt crisis and increasing official development assistance.

In conclusion, I would like once again to emphasize the example of Africa. I believe that it is important to change our perception of that continent, a perception consisting of misleading clichés that reduce Africa to a mere zone of conflicts and humanitarian relief. That simplistic vision of things is sure to maintain confusion about Africa and to make investors nervous. It is high time we created a more accurate view of African realities by drawing attention to what I would call the "peaceful majority" of African States, which are politically stable

and economically credible in view of the major advances they have made and their new prospects for participating in the worldwide trade in ideas, goods and services.

In order for that new Africa to be a part of economic globalization it needs a more humane approach towards globalization, with the education of its peoples, the promotion of certain values of justice and solidarity and the growth of its development potential. It is by helping developing countries — in particular those in Africa — connect to the developed world's network of prosperity and opportunity that the future of our planet will be firmly and definitively secured.

That is the whole point of our debate and the basic reason underlying our deliberations on renewing the dialogue on strengthening international cooperation for development through partnership.

The Acting President: I give the floor to the Permanent Representative of Pakistan.

Mr. Kamal (Pakistan): Allow me to congratulate Mr. Opetti on his election as the President of the fifty-third session of the General Assembly. This unanimous election is a recognition of the important role that Uruguay has played in the United Nations. It is also an expression of the confidence that the Members of the United Nations have in his abilities.

May I also take this opportunity to thank his predecessor for his effective leadership during the last session of the General Assembly and for the role he played in organizing this high-level dialogue.

I should like to fully associate myself with the statement made by the Foreign Minister of Indonesia, Mr. Ali Alatas, on behalf of the Group of 77 and China.

We live in an increasingly interdependent world. Our interdependence is increasing through international legally binding commitments, the adoption of policies reaching across national borders, enhanced trade and financial flows, and markets which have become fully integrated on a global scale.

While this financial integration has resulted in a dramatic increase in private investment flows, it has also compounded economic vulnerabilities. The succession and spread of crises in the past year have highlighted the volatility of such flows as well as the serious liquidity problems that can emerge from such volatile finances.

However, there have been undeniable positive effects of globalization and liberalization, manifest in the remarkable growth in trade and investment flows in recent years. A number of developing countries have achieved per capita incomes closer to those in the developed countries. But these opportunities have been accompanied by serious challenges for developing countries.

We have seen the downside of globalization. First, the increased trade and investment flows witnessed in recent years have bypassed the majority of the developing countries. Secondly, the prosperity of those who apparently benefited from these phenomena has proved to be fragile. Thirdly, globalization has been accompanied by an accentuation of income disparities among and within countries, with obvious negative implications for the welfare of large segments of our populations. Fourthly, the market forces unleashed by globalization have not helped the developing countries in their efforts at integration into the world economy. And fifthly and finally, integration into global markets has exacted a very heavy cost, especially since there are no adequate safety nets for countries faced with economic difficulties.

The accumulation of the side effects of globalization could lead to a new set of class divisions: divisions between those who prosper in the globalized economy and those who do not; divisions between those who share its values and those who would rather not; divisions between those who can diversify its risks and those who cannot. This is not a pleasant prospect, even for those who are on the winning side of the globalization divide. The deepening of social and economic fissures will harm us all.

Halting or reversing globalization is both unrealistic and undesirable. Yet globalization is not a take-it-or-leave-it phenomenon. It can be managed to serve the interests of all. However, as a result of globalization and growing interdependence, an increasing number of issues cannot be effectively addressed by countries individually. We therefore need a global response to a global challenge.

The challenge is twofold: first, the inclusion of everyone in the process of managing globalization; and secondly, the maximization of benefits for everyone and the minimization of the negative impact of globalization, particularly on developing countries. To meet this challenge, we need to evolve mechanisms, policies and institutions to manage globalization for the benefit of all.

To harness the potential of globalization, we were able to come up with an agreed Agenda for Development. It is now time to launch a comprehensive dialogue to operationalize that Agenda. To ensure that the Agenda for Development is not merely another addition to the United Nations bookshelf, we should launch a global dialogue for global prosperity and well-being and build a partnership to provide the means for the implementation of that Agenda.

There are certain priority areas that need urgent attention. First, priority should be given to strengthening the capacity of multilateral institutions to address the issues of trade, finance, and development in an integrated manner. Secondly, the institutions responsible for rule-making in the globalization process, namely, the International Monetary Fund (IMF), the World Trade Organization (WTO) and the World Bank, should be made more democratic and more transparent. Thirdly, a serious attempt must be made to address the perennial issues of debt, access to technology, and development finance. Unless there is progress on these systemic and fundamental equity issues, it is doubtful that any significant advance can be made to improve the social conditions of the majority of the world's population. And fourthly, the rules regarding international trade must take into account the great disparity in the ability of developing and developed countries to compete in global markets.

Our collective efforts to evolve mechanisms and policies to manage globalization cannot be delayed. Without sounding like a prophet of doom, we must note that we are on the verge of a global economic crisis with serious social consequences. We should therefore without delay initiate a serious dialogue to turn the tide of globalization to serve the cause of development, peace and prosperity for all.

To initiate this dialogue at the earliest possible time, we may consider convening a resumed session of the fifty-third session of the General Assembly at the ministerial level to address this issue.

The Acting President: I now give the floor to the representative of the Republic of Korea.

Mr. Lee See-young (Republic of Korea): In view of the recent international economic turmoil, today's high-level dialogue on the theme of the social and economic impact of globalization could not be more opportune. Indeed, globalization has changed the world so profoundly that no country is immune to the events taking place in whichever regions of the globe, and financial turmoil, be it in East Asia or in Russia, can reverberate around the world. As globalization has become a prevailing trend of the day, the

world needs to respond to it collectively to maximize its benefits and minimize its risks and vagaries.

Over the past two decades, many developing countries have embraced the principles of a global market economy. The end of the cold war also facilitated the integration process of the world economy. In this process, a global economy based on market forces has offered enormous potential. Furthermore, technological advances as well as increased trade and capital flows have opened the door to new opportunities, especially for developing countries. However, globalization and in particular the increasing role of private capital flows now pose new challenges for developing countries. The risk of marginalization is all too real for many of those countries, especially for the least developed countries and many sub-Saharan African countries.

These profound changes necessitate a new paradigm for international development cooperation. We believe that today's high-level dialogue can contribute greatly to the ongoing efforts of the international community in its search for a new partnership for development.

Financial integration is one of the key features of globalization. Indeed, since the Asian financial crisis started in July last year, the issue has loomed constantly in our minds as a reminder of the risks and dangers of the globalization process. It is true that the most affected countries were once regarded as development success stories, showing few outward signs of economic disequilibrium until this recent crisis. However, we are now faced with the necessity to re-examine the promises held out by financial liberalization and the adequacy of the international financial architecture. Despite the sobering experience of the Asian financial crisis, global financial integration seems an inevitable aspect for developing countries in their participation in the globalization process.

The Asian financial crisis has taught us many lessons. A certain number of preconditions are necessary for a country to withstand the disruptions and to enjoy the benefits of open capital markets. They include a sound institutional framework, a well-regulated banking system and efficient capital markets. Moreover, a consensus view is emerging that the liberalization of capital markets should be approached in a prudent and orderly manner.

The need to strengthen the present international financial system is another lesson highlighted by the Asian crisis. More effective monitoring of international

capital flows and the development of an efficient early-warning system should be given serious consideration. It would be useful if the international community took into consideration the vulnerability of emerging markets to volatile and aggressive international capital flows. It may take a conscious and collective effort to keep emerging markets from falling prey to the contagion effects of this crisis.

The Republic of Korea, strongly affected by the current crisis, is a case in point of the benefits, opportunities and dangers of globalization. Indeed, despite the enormous economic and social difficulties currently facing it, the Republic of Korea continues to pursue the process of globalization. It, however, requires wise economic policies, a proper institutional framework and good governance. The crisis has compelled my Government to reform the structure of its economy. Our economic reform includes liberalizing our financial markets, overhauling the prudential regulatory system, restructuring corporate governance and increasing the transparency of all sectors of the Korean economy. To this effect, many drastic policy measures have already been introduced and are being implemented.

The key philosophy, long espoused by President Kim Dae Jung, is that democracy and free market principles are inseparable. This philosophy is behind all these reform measures, and my Government is determined to continue the economic reforms this year with a view to establishing a sound basis for durable recovery and restoring full economic stability by 1999.

One of the most beneficial aspects of globalization has been its contribution to the eradication of poverty in many developing countries through economic growth. In fact, the living standards of important segments of the population have quadrupled in a single generation. Nevertheless, questions remain regarding whether market-driven globalization has not left many people behind. The income gap between rich and poor within societies and between countries is widening. This trend poses, not only a moral question, but also political and economic questions as to the viability of the globalization process.

Governments need to formulate policies that will permit broader segments of their population to benefit from globalization. This can be done through increasing investments directed at basic education, social services and critical infrastructure. The Asian crisis has revealed many of these social concerns to be true. In most cases, the hardest hit by the crisis were also the most vulnerable

segments of the population: women, children and the poor. Without proper social safety nets in place, human suffering can reach devastating levels. A more daunting aspect of this crisis is the real danger that the progress many of these countries have achieved in poverty reduction could be undone. Economic readjustment programmes must recognize the needs of the poor. Moreover, long-term development objectives must never be forgotten.

The economic crisis in my country has brought on severe social consequences, notably a sharp increase in unemployment. In implementing structural reform, my Government is making every effort to ensure fair burden-sharing among all members of society, crucial in mobilizing public support for the reform process. The Tripartite Committee — made up of business, labour and Government representatives — is an important vehicle for achieving this goal. Also, my Government is now expanding the country's social safety net to protect the poor, as well as newly displaced workers.

Recently, the emphasis on the market has overshadowed the importance of the State and its policies. While the role and function of a State is evolving in an ever changing international political and economic environment, it still plays an important role in shaping the development of society. Sound public policy is more crucial than ever in determining the economic capacities and benefits societies will reap in this globalized system. Moreover, coherence and harmony between the market and the State are fundamental in coping with the challenges globalization represents. This implies that a State, while ensuring fair, transparent and rule-based environments for efficiently functioning markets, must also be capable of providing prudential supervision over market excesses and protecting its population as a whole.

The same logic that is applied to the role of the State can also be applied to the international community in meeting the challenges of development in the era of globalization. Now, more than ever, strengthening international cooperation and partnership for development, based on mutual benefit and shared responsibility, is essential to safely steer our economies towards economic prosperity and social betterment for all.

The Acting President: I would like to inform Members that we still have 26 speakers inscribed on the list. In order to allow the Assembly to hear the remaining speakers, I again appeal to the Member States to

cooperate with the understanding that their statements should not exceed seven minutes.

I now give the floor to the representative of Jamaica.

Miss Durrant (Jamaica): The high-level dialogue that begins today represents an important step in the strengthening of international cooperation. My delegation is confident that frank and open exchanges over these two days will yield positive results as we seek to explore the social and economic impact of globalization and interdependence and their policy implications.

I wish to associate my delegation with the statement made by the Foreign Minister of Indonesia on behalf of the Group of 77 and China.

No country represented here has been exempt from the effects of globalization, whether positive or negative. That the United Nations has accorded priority to discussing this issue is significant, as the Organization has a pivotal role to play in stimulating and strengthening international cooperation and partnerships. Indeed, the reality of interdependence dictates collaboration and the adoption of a multilateral approach that takes account of the interests of all States.

Globalization has emerged as the dominant economic theme of this decade. It is not a new phenomenon. In his report on the work of the Organization (A/53/1), the Secretary-General alludes to the fact that interconnected activities on a worldwide scale have existed for centuries, but that globalization as seen in its contemporary form is new. We have witnessed the expansion of economic activities across national boundaries and the deepening of economic integration, increasing economic openness and growing economic interdependence between countries in the world economy. We have also witnessed the rapid development and spread of technology, information, ideas and movement of people across national boundaries.

The trends in the globalization process have presented opportunities for some developing countries which have served to accelerate their rates of development and expanded their options. These relate mainly to the lowering of barriers to world trade, the increasing mobility of transnational corporations, the decentralization of production processes and access to capital markets.

The globalization process has had both positive and negative effects on developing countries. Growth and expansion have taken place in some countries, but in others

there has been deterioration and marginalization. Income disparities have increased both among and within countries, unemployment has worsened in many countries and the gap between developing countries as a whole and the developed countries has increased rapidly in recent years. The stark reality is that the benefits of globalization are uneven in their spread.

We in the Caribbean recognize the importance of the process of globalization, but remain concerned about the growing trend towards protectionism, which has affected the levels of market access in goods and services. Market access, for us and for many other developing countries, is one of the most fundamental components of international trade. This remains crucial for the economic development of small economies whose vulnerabilities are intensified by our limited access to markets, narrow resource base, small size, inadequate levels of human resource development and proneness to natural disasters.

The effects of globalization go far beyond the economic implications. Many developing countries have witnessed the perpetuation of poverty and human degradation. My delegation agrees that with the greater reliance on and dominance of market forces, coupled with economic structural adjustment programmes, safety nets at the national and community levels have been eroded along with the provision of basic social services. This has contributed to the increased vulnerability of the disadvantaged. We also agree that globalization must be socially responsible and must have a human face.

The 1998 *Human Development Report* states that human development should be incorporated into the mainstream of the global development debate and that there should be a humanization of development priorities. The report also notes that despite economic difficulties, the world has more than enough resources to accelerate progress in human development for all and to eradicate the worst forms of poverty. Advancing human development is not an exorbitant undertaking. Globalization should therefore seek to focus on the human and social dimensions in order to make the playing field more level than it is at present. The continued marginalization of some countries will serve only to intensify poverty and widen the existing gaps.

How, then, should we address the social and economic impacts of the globalization process? We must realize that participation in the global economy demands that we take stock of the realities of the current international situation and also recognize that the trend

towards global interconnection is irreversible. We must therefore seek to strengthen international cooperation in the areas of trade, market access and finance and to encourage the wider dispersion of capital flows, including access to private financial markets.

We must encourage more socially responsible globalization which is based on agreed norms and standards which protect the rights of the individual. We must invest in the development of human resources through education which is geared towards a knowledge-based economy. We must also seek to remove inequalities of access to information and information technology which prevent developing countries from realizing their comparative advantages and their full integration into the world economic system.

We should examine the architecture of the international financial institutions in order to promote the monitoring of capital flows, especially short-term flows, so as to reduce the vulnerability of developing countries to the effects of volatile flows. We should also seek to ensure that there is greater flexibility in the application of policies by these international institutions and greater sensitivity to the needs of developing countries. We have to ensure that there are adequate levels of technical and financial support to enable countries to adapt and adjust to the current global situation.

Finally, we must make globalization work in favour of sustained economic growth and better income distribution in order to achieve sustainable development for all our peoples.

The Acting President: I now give the floor to the representative of Kazakhstan.

Mr. Kazykhanov (Kazakhstan): Allow me, on behalf of the delegation of Kazakhstan, to congratulate Mr. Operti on his election and to express our conviction that under his wise leadership the high-level dialogue on the socio-economic impact of globalization, and the entire work of the session, will proceed fruitfully and productively.

In a situation of ever increasing interrelatedness of the world economic system and of open borders, the process of globalization that is apparent in all spheres of inter-State relations among States Members of the United Nations exercises an enormous influence on national State systems. Globalization is becoming one of the key factors in the development of today's world. In this connection, great importance attaches, in our view, to the need to strengthen

normative, legislative and organizational frameworks in order to ensure the stability and predictability of the world economy. The Secretary-General's report on the work of the Organization rightly points out, *inter alia*, that globalization has an immense potential to improve people's lives, but that at the same time it can also have a negative impact. An example of this has been the lack of regulation of financial markets at the global level, which has led to considerable socio-economic costs not only in Asia but also in the Russian Federation and other countries of the world.

The process of shaping the international trade system, begun 50 years ago on the initiative of the United Nations, has made an unprecedented contribution to international economic growth. An important phase of the development of international trading relations was the Uruguay Round of Multilateral Trade Negotiations.

At the same time, despite the progress achieved in this area, direct and indirect tariff barriers continue to be maintained which affect a considerable number of goods, some of which are important export items for the developing countries. In this connection, there is in our view a need for further multilateral efforts under United Nations auspices, including the continuation of dialogue between the participants in trade relations, and joint activity by United Nations agencies, the Bretton Woods institutions and the World Trade Organization to ensure further liberalization in the sphere of international trade in conjunction with the need to increase technical assistance to developing countries.

The strengthening of international cooperation within the United Nations on economic and social issues is of vital importance to Kazakhstan, above all because of our country's geopolitical situation in the centre of the Eurasian continent and in a region with extensive reserves of mineral raw materials and hydrocarbons. In the course of Kazakhstan's seven years of independence, the system of economic and social relations within the country has totally changed. Macroeconomic stabilization of the economy has had a positive effect on investment activity. There has been an increase in production. The Government attaches priority to developing an export-oriented industrial complex. Kazakhstan is paying great attention to issues of attracting and making effective use of what is one of the most important forms of foreign capital at the current stage: that which enters the country through official development assistance. In this context, cooperation is being developed with a whole series of international financial and economic organizations.

Kazakhstan is actively preparing to join the World Trade Organization.

The strategy for the development of Kazakhstan to the year 2030, proposed by President Nursultan Nazarbaev in his message to the people of our country, states that one of the long-term priorities for the development of the republic is economic growth based on the development of a market economy. Kazakhstan's main objective in the external economic sphere is to achieve rapid inclusion in world trade relations, entry into the world markets in goods, services and capital, and utilization of the advantages of the international division of labour. In this context, the joint activities of the United Nations with other multilateral organizations, aimed at promoting the more effective and just functioning of the world economy, is of vital importance to us, as it is to other countries with economies in transition.

The Republic of Kazakhstan, which occupies a vast territory of almost 3 million square kilometres and which is located at a crossroads in the Eurasian region, attaches exceptional importance to solving the problem of access to international trade routes, and, in cooperation with the rest of the international community, is taking appropriate steps in that direction. Of special significance to our country are questions of the development of transport infrastructure in the region of Central Asia. Kazakhstan greatly appreciates the efforts of the United Nations and its specialized agencies and programmes, particularly the United Nations Conference on Trade and Development and the United Nations Development Programme, to develop the transit and transport system in the landlocked States of Central Asia.

An important role in creating favourable conditions for the socio-economic development of States is being played by regional economic organizations. In this connection, our country attaches great importance to the United Nations special programme for the economies of Central Asia developed by the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific, the purpose of which is to assist the States of Central Asia in increasing their mutual cooperation, stimulating economic development and becoming integrated into the economies of European and Asian countries.

For the purpose of forming a single economic space in the territory of three Central Asian States — Kazakhstan, Kyrgyzstan and Uzbekistan — a programme of joint action has been adopted which provides for harmonization of national legislation, the creation of a free-trade zone and the

solution of problems of currency regulation and inter-bank regulations.

Kazakhstan is a member of the regional Economic Cooperation Organization (ECO). For Kazakhstan, which will be acting as Chairman of that organization for the next two years, the activities of the ECO are of great importance. The Almaty Declaration and the other documents adopted at the fifth summit of the ECO, held at Almaty in May 1998, are facilitating the further intensification of cooperation between the States members of the ECO and the creation of a favourable trading climate for the development of links with European and Asian countries.

Kazakhstan is implementing a policy aimed at expanding the organization of trade and economic cooperation with the countries of the Commonwealth of Independent States. The interim agreement on trade and related issues signed between Kazakhstan and the European Union has made it possible to strengthen economic ties with European States.

In his statement at the nineteenth special session of the General Assembly, the President of Kazakhstan, Nursultan Nazarbaev, particularly emphasized that

“Because of the globalization of international relations, it has become necessary to reject old stereotypes, technocratic approaches and attempts to achieve economic growth at any cost. It is therefore very important to adhere strictly to the principles of the Rio Declaration, ensuring that economic growth takes place only in relationship to processes of social development and environmental security”.
(A/S-19/PV.1, p. 24)

Despite the objective economic difficulties, whose solution requires the concentration of considerable State resources and efforts, the Government of Kazakhstan is nevertheless making an effort to conduct domestic economic activity on the basis of the careful and rational utilization of nature, incorporating environmental-protection requirements into its economic policy. At the State level, Kazakhstan recognizes environmental security as one of the strategic components of national security. Programmes have been developed in Kazakhstan to rehabilitate the dried-up Aral Sea and the former Semipalatinsk nuclear testing ground, and projects for the control of air pollution are being drawn up.

Globalization emphasizes the integrated nature of contemporary world processes. We are convinced that in the conditions of a mutually interdependent world, no problem can be approached only from the standpoint of the interests of any one State. In view of the importance of these processes, we support international efforts aimed at ensuring progress, well-being and security for all, and we welcome the leading role of the United Nations in solving the problems we are considering.

The Acting President: I call next on the representative of Kenya.

Mr. Mahugu (Kenya): The leader of the Kenya delegation will at the appropriate time convey to Mr. Didier Operti his warm congratulations on his election as President of the fifty-third session of the General Assembly. Nevertheless, I thank him for presiding over this important high-level dialogue on strengthening international economic cooperation for development through partnership. Kenya fully supports the timely decision of the General Assembly to convene this two-day high-level dialogue on strengthening international economic cooperation for development through partnership in accordance with its resolutions 48/165, 49/95, 50/122, 51/174 and 52/186. I also wish to thank the Deputy Secretary-General for her useful opening remarks.

My delegation associates itself with the views expressed by the Minister for Foreign Affairs of Indonesia on behalf of the Group of 77 and China on this important item before the General Assembly at its fifty-third session.

We recognize that growing globalization coupled with the liberalization of the world economy has increased the importance of international cooperation in the achievement of rapid and sustainable development. It is a fact that most developing countries, including Kenya, are still inadequately prepared to cope with this process. Whilst we acknowledge that a truly global economy was presented as the most promising means of spreading the benefits of globalization and liberalization, we observe that it has not lowered the tide of ever-increasing poverty in the world. It is therefore important that every possible effort be made at every level to help create a positive partnership geared towards the eradication of poverty in the developing countries. Therefore, deliberate international cooperation efforts should be targeted to ensure that the benefits of globalization are shared equitably. Without such concerted efforts, the marginalization of weak and poor developing countries will intensify.

External indebtedness continues to be a major obstacle to the development of Africa and the least developed countries. Various debt-relief measures put in place have not gone far enough to overcome this obstacle. Kenya therefore attaches great importance to the urgent need for the implementation of effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, in particular the poorest and heavily indebted countries, and to help them to exit from the rescheduling process. We also strongly call for the fulfilment of the internationally agreed official development assistance target of 0.7 per cent and the provision of new and additional resources for the development of the developing countries.

The United Nations occupies a unique position for dealing with the challenges of promoting development in the context of the globalization of the world economy and deepening interdependence among nations. It must continue to play a central, more effective and efficient role in promoting and strengthening international economic cooperation for development and in providing policy guidance on global development issues. The United Nations has convened a number of major global conferences on critical development issues. Fulfilling the goals and commitments reached at these international conferences, particularly on international cooperation for development, is essential, particularly in providing open, equitable and non-discriminatory multilateral trading systems, as well as in providing a framework for investment, technology transfer and finance.

At a subregional level, Kenya, in close collaboration with neighbouring countries, has embarked upon the revival of the East African cooperation arrangement, the establishment of which will contribute towards the integration of the African Economic Community.

In conclusion, Kenya firmly believes that the existing and future North-South and South-South cooperation frameworks constitute an important element of international cooperation for development and are an essential basis for ensuring the effective integration and participation of developing countries in mechanisms governing the management of the world economy. In this context, we call for the creation of more positive models which are responsive to the needs of developing countries while promoting cooperation for development through partnership.

The Acting President: I give the floor to the Permanent Representative of China.

Mr. Qin Huasun (China) (*interpretation from Chinese*): The world economy today is beset with turbulence and unpredictability. This evolving phenomenon has become the focus of attention of the international community. Therefore, this high-level dialogue at the United Nations, the most representative of all intergovernmental organizations, to discuss the opportunities and challenges brought about by economic globalization is not only timely, but also highly necessary.

The globalization of the world economy is a basic feature of the world's current economic development. It is also an irreversible trend of economic development, independent of any single will. The world today is open. No country can develop its own economy in isolation from the rest of the world. Only by taking the initiative in the light of its own national conditions and adapting itself to the trend of economic globalization can any country grasp this historic opportunity and realize its economic and social development goals.

At the same time, we must not fail to recognize that, along with opportunity, economic globalization also brings severe challenges that can have serious adverse consequences. This is even more true for the vast number of developing countries that are at a disadvantage in the global competition spearheaded by advanced science and technology. If they do not address such problems properly and strive to reap the benefits while avoiding the adverse consequences, their development endeavours will be hampered by various restraints and the wealth they have accumulated soon eroded.

The financial crisis in some Asian countries has once again confronted us with this harsh reality. The economic and social damage of the crisis to the hard-hit developing countries is immeasurable, and the crisis still refuses to go away. The most important task before us now is to help these countries rise from the crisis and resume healthy economic and social development. China has been making and will continue to make its important contribution in this regard. We have actively participated in the assistance programmes of international financial institutions for the countries hit by the crisis.

With a view to contributing to the stabilization of the situation in the region and to the creation of conditions conducive to the affected countries' return to the path of development, we have made the commitment not to devalue

our own currency. For the same reason, we have also decided to maintain a relatively high rate of growth. At the same time, it must be emphasized that the impact of the Asian financial crisis is global and will require the concerted efforts of the world community fully to eliminate its consequences. Major developed countries with significant influence on the economy of the Asian region, in particular, should take constructive policy measures as early as possible so as to make their due contribution to stabilizing the situation and rejuvenating the economy of the region.

The Asian financial crisis should lead us to a better understanding of the overall situation. It requires of us a clearer recognition of the potential adverse effects of economic globalization and of the challenges it poses to our national economic security. Only by reflecting deeply and formulating relevant countermeasures can we avoid similar tragedies in the future.

First of all, the world is diversified. Countries differ greatly in their specific national conditions, levels of development and many other areas. In the process of integrating into the global economy, countries cannot possibly follow one uniform model of reform and opening up. Only by proceeding from its own national conditions and priorities can a country be sure of enjoying sound economic growth, social stability and prosperity. This fundamental principle should be understood and followed, not only by countries in the process of reform and opening up, but also by the whole international community.

Secondly, a country's domestic reform and opening to the outside world should complement each other and proceed in a gradual and orderly manner. It is a long process that cannot be finished at one stroke. We have a deep knowledge of this from our experience. Over the past 20 years or so, since the introduction of the policy of reform and opening up, our reform aimed at establishing a market economy has been progressing in various fields. The new macro-control system is taking shape and the role of the market as the basis for resource allocation has been greatly strengthened. It is our view that the opening up in various fields should be implemented at different levels and with different priorities, and should proceed step by step, so as to inject vitality into the process of economic and social development. At the same time, caution should be exercised and new problems solved through the constant deepening and improvement of reform and opening up.

Thirdly, economic globalization is interdependence in the real sense of the term. Since problems spread rapidly, like a contagion, a crisis at one spot may, more often than not, trigger turbulence throughout a region or even around the globe. Misfortunes suffered by any one country or region may well expand to engulf other countries and regions. In the tide of economic globalization, the sustainable development of the world economy cannot be achieved without deeper and wider international cooperation. The execution of responsible economic and financial policies by the developed countries is essential and should be made an important component of new international economic cooperation.

Lastly, it should be emphasized that developing countries are striving to join the process of economic globalization from a position of disadvantage and under unequal conditions. With a weak capacity to withstand the hazards in the financial and other fields, they need meaningful international support. At present, inequality still exists in international economic relations. The new rules of the game in the international economic, trade, environmental and other fields have not reflected the interests of developing countries in an equitable manner. The gap between developing and developed countries has not shown signs of narrowing, and some developing countries are in real danger of being marginalized in the globalization process.

Therefore, in formulating the so-called new rules of the game, efforts should be made to guarantee the effective participation of the developing countries, and sufficient consideration should be given to their specific problems. Financial, technical and other kinds of assistance to developing countries should be strengthened so as to boost their capacity-building. There is no lack of consensus in the international community in this regard. What is essential now is the political will to honour the commitments already made. The developed countries are fully capable of honouring their commitments, and they should play their proper role towards this end.

The widespread and far-reaching impacts of economic globalization do not stop at national or regional borders. Consequently, there are new and even higher demands on international cooperation. Benefits can be attained and harm avoided only through international cooperation based on mutual dependence and partnership. This is the only way to achieve the ultimate goal of common development for all countries.

The Acting President: I now give the floor to the representative of Thailand.

Mr. Jayanama (Thailand): This is not a speech but a portrayal of the present financial system seen through the eyes of those in a tango dance contest.

Consider the following scenario of a tango dance contest. Many pairs of dancers are doing the tango, a dance which requires good coordination and synchronization between the two partners. Suddenly, in the middle of the dance, one dancer falls, in part because she was not a good dancer, in part because her partner did not lead well and in part because the dance floor is slippery and uneven. As she falls, she nudges another dancer, who also falls, and now a number of dancers are stumbling and falling. The male partners, instead of trying to support their partners, decide to abandon them, now that they have no hope of winning the dance competition.

The manager of the dance floor, who has also been appointed judge of the contest by the seven most influential spectators, tries to help but does not have much success — perhaps because he is not knowledgeable enough about the art of dancing the tango, or perhaps because he has not been provided with enough resources to be effective.

What is happening in this scenario to those involved in the dance-hall debacle? The first to fall has admitted unashamedly her lack of training in the tango and is now trying her best to improve her skills in the hope that one day a new partner, or perhaps even her old partner, will invite her to dance the tango on that floor again. The cost of training has been prohibitive and has badly affected her overall well-being, but she has obediently followed the advice given to her by the dance-floor manager.

The lead, or male, partners, after realizing that many of their female partners are not very skilled in the art of the tango, have deserted them and are trying to find new partners, even though not long ago these abandoned partners were chosen for their excellent skills in dancing the tango.

The judge and manager of the dance floor, in spite of many years of experience, is baffled by this crisis on the dance floor and often fails to give the right advice to the fallen dancers. He tries, nevertheless, to help them by offering assistance, in return for which they are to mend their ways in a Draconian manner. And as the dance-hall debacle worsens, his attempts to increase resources from

the seven most influential owners of the dance hall also fails.

What are the policy implications of this scenario? First, it is clear that the usual call from the seven most influential owners and from the floor manager for the unskilled dancers to admit their mistakes and to try to improve their skills has not been enough. The dancers have already been doing this for the past 14 months. Therefore, more is needed, especially from the lead dancers. They must be more rational in choosing partners and must get rid of their herd mentality.

Secondly, the condition of the dance floor is also important. It must be a level playing field, with no holes or slippery spots. The floor must be the same for every dancer in order to give a fair chance to both partners and to all pairs of dancers.

Thirdly, the influential shareholders of the dance hall, particularly the seven most influential, must also do something more drastic. Otherwise the dancers will abandon their dance hall.

Fourthly, the dance-floor manager also has an important role in this respect. First and foremost, he must be transparent, disciplined and impartial. He should not blame only one dancer for the fall, for it could have been caused by numerous factors, including the lead tango dancer's tripping of his own partner. As of today, nothing has really been done to improve the condition of the dance floor, and nothing has been done to inculcate a sense of responsibility in the lead dancers. Furthermore, not much has been done to enhance the ability of the manager to deal with the crisis.

Fifthly, the seven most influential owners of the dance hall have not come forward to take vigorous action, but have largely remained spectators of this dance debacle. In fact, six of the seven have even prevented the seventh from setting up a special school to help train the unskilled East Asian dancers. They have, in the last few days, issued some statements about the bad state of the dance floor, but it remains to be seen who will rectify the situation.

So far, nothing has really changed in the last 14 months. Some of the abandoned dancers have done their best to adjust and to improve themselves at great economic and social cost to their families and are awaiting new partners. Another has decided to do the tango alone, thus making a mockery of the saying that it takes two to tango. Another has continued to dance again with her partner but,

at the same time, is ready to punish him severely if she feels he is taking advantage of her.

It has often been said that globalization presents both opportunities and challenges. So far, our story of this tango debacle shows that it has been a case of opportunities for the strong and challenges for the weak on an unlevel playing field, with those who can effectively influence the course of events still watching on the sidelines. Perhaps they will soon do something, now that the chickens are coming home to roost.

Finally, we — the good and faithful students of the dance-floor manager — are still waiting for a new partner to invite us to the dance once more, but it has been like waiting, waiting and waiting for Godot.

The Acting President: I give the floor to the representative of Algeria.

Mr. Baali (Algeria) (*interpretation from French*): I should like at the outset to express my satisfaction at seeing Mr. Didier Opertti preside over this high-level intergovernmental meeting on the resumption of the dialogue on strengthening international economic cooperation for development through partnership, which, I hope, will provide us with new insight into ways of promoting international cooperation for development in the context of globalization.

Because of the major political, economic and social changes that the world is undergoing at the end of this century, today's meeting is clearly very significant and deeply symbolic, as underscored by the statement made by Mr. Ali Alatas on behalf of the Group of 77 — a statement we fully support.

At a time when economic interdependence among nations has become a generally recognized reality, and with the complex problems facing the world economy giving rise to increasing fears, it is crucial that dialogue resume and that a comprehensive approach to international economic cooperation be implemented. This is especially true because the world order that is being established on the basis of globalization is taking shape without those who were left out in the past. If we are not careful, we will exclude even more countries, including some that just a short time ago were being described as emerging economies. The stagnation now characteristic of financial markets, a stagnation that reveals the great imbalances in the global economy, should not, in spite of the heavy burdens and responsibilities weighing on the

international financial institutions, serve as a pretext for the latter and those that finance them to evade their responsibilities towards the developing countries.

The magnitude of the generous financial and economic resources deployed, with exceptional speed and effectiveness, by the industrialized countries to come to the rescue of economies in distress is in stark contrast to the meagre economic and financial assistance that those same countries give to the countries of the South, and especially to the poorest among them, to help them emerge from their underdevelopment. If not rapidly corrected, this trend could eventually replace the East-West polarities of the past with a new and very dangerous form of North-South confrontation.

Yet many developing countries have courageously implemented the economic and structural reforms that were expected of them, often at a high social and political cost. But these bold reforms, whose positive macroeconomic results can already be measured, have rarely been accompanied by an improvement in the international environment and therefore have not allowed for a genuine economic take-off.

Worse yet, we are today witnessing a reversal of the situation that is harmful to the developing countries. In fact, both here in the United Nations and outside of it, the countries of the North are requiring those of the South to team their economic and social development efforts with respect for human rights. This new demand — and unfortunately it is not the only one — can only promote confrontation and wasted effort through behind-the-scenes squabbling, to the detriment of international understanding and cooperation.

Furthermore, the criticisms that continue to be levelled at the United Nations Industrial Development Organization have been accompanied by a reneging on commitments undertaken with respect to technological transfers and technical assistance for the industrialization of the developing countries. The role of the United Nations Conference on Trade and Development is weakening, and the countries of the North are steadily working to replace humanitarian assistance with economic assistance. All of these ingredients of future impasses could lead to a situation in which obligations regarding international cooperation for development are evaded and the demands of the South ignored.

Mr. Filippi Balestra (San Marino), Vice-President, took the Chair.

The impasse regarding the question of the foreign debt of most of the countries of the South; new forms of trade and financial restrictions; the continued decline in terms of trade; and the disquieting decline in official development assistance, the only source of development funding for many poor countries — these realities, combined with the effects of the international financial crisis, are characteristic of an international economic system that remains inequitable in its essence and its structure.

The situation of the least-developed countries, in Africa in particular, where hotbeds of poverty and misery and sources of social and political tension have proliferated, illustrate this perfectly.

By supporting the efforts of the countries of the South, the industrialized countries will not only contribute to promoting the progress of those countries and therefore to rooting out the sources of political and social instability therein, but also will create good investment prospects and commercial and financial markets for their own economies.

Today the countries of the North must recognize that the countries of the South are no longer the providers of raw materials that they used to be, and that they must now be treated as partners and as players in the world economy. In this spirit, the arsenal of measures contained in the Agenda for Development could relaunch this cooperation on a favourable and dynamic basis, to the greater benefit of all the members of the international community, and give new momentum to that cooperation. Along those same lines, the convening of an international conference on development financing under the auspices of the United Nations could be a crucial step for the international community.

Short-term trends in the international economy remain very uncertain. While the resumption of growth in the industrialized countries — slight as it may be — which was supposed to serve as a driving force for that of the countries of the South, has been confirmed, that growth seems today to be held hostage to speculative markets and hasty and often inconsistent decision-making. In different ways, the countries of South are also paying a high price for these imbalances.

If there is a lesson to be learned from this situation, it is the revelation of how ill-adapted private capital markets are to serve as financing instruments for long-term development. Future preventive measures in the

framework of existing or proposed mechanisms to monitor the global economy must be accompanied by a pitched battle against speculative financial activities, which could very rapidly bring to nought the longstanding efforts of many countries.

Furthermore, and in order fully to achieve their objectives, the implementation of these mechanisms cannot be dissociated from the need to promote greater international solidarity and a genuine democratization of the decision-making bodies of the Bretton Woods institutions, and more specifically the International Monetary Fund, in order to promote greater sensitivity to the constraints and concerns of the developing countries.

In this rapidly changing world in which the development gap between North and South continues to widen and in which poverty and exclusion are daily gaining ground, we, the States Members of the United Nations, must undertake a new approach based on a genuine dialogue inspired by a spirit of genuine partnership between the countries of the North and those of the South, which will make it possible for us collectively and in a spirit of solidarity to confront the challenges of the new millennium.

The Acting President: I give the floor to Mr. Mohammad Javad Zarif, Deputy Foreign Minister for Legal and International Affairs of the Islamic Republic of Iran.

Mr. Zarif (Islamic Republic of Iran): We find this two-day high-level dialogue on the economic and social impacts of globalization a very opportune occasion for the international community to take stock of past developments, engage in an objective assessment of the global situation and, hopefully, I might add, devise necessary policy frameworks, if not mechanisms and measures, commensurate with the challenges arising from the process of globalization. In our deliberations here since this morning we have heard quite a number of good and interesting analyses, which we generally share, on various aspects of the issues under consideration. In particular, we fully support the statement by the Chairman of the Group of 77, Minister Ali Alatas of Indonesia. In this brief statement let me merely draw the attention of this body to a number of observations.

What seems to be an undeniable fact of our collective life today is the process of globalization, which has for the past decade or so made itself felt to different degrees and forms and in different arenas of the national life of societies. While it may be quite some time before we all

arrive at a comprehensive understanding of the intricate inner workings of this rather new process, there is no shortage of pain and anguish in various parts of the globe as a result of its disquieting ripple effects. We are all cognizant of the fact that powerful transnational forces are at work reshaping the key features of world markets in capital, goods, services, labour and technology. Likewise, we are aware that the twin processes of globalization and liberalization have expanded and deepened the interdependence of societies, which has, in turn, increased the potential for international interaction and cooperation.

There are, no doubt, beneficiaries of this process, which may even include some interest groups and countries from the developing world. But it is the bulk of the developing world, particularly the least developed countries, that are receiving the shorter end of the bargain. While the promised potential has yet to materialize, at least for most developing societies the negative consequences, mostly of a disruptive nature, are already part of their socio-politico-economic landscape. The galloping pace of global integration in various fields and areas has substantially increased the vulnerability of many countries and regions and made uncertainty a part of their everyday life as well as of their future. Today, the prospect of marginalization and exclusion for many developing societies is not a possibility on a distant horizon, but rather a very bleak tomorrow.

On the practical outcome of the globalization process — which, as Minister Alatas has aptly said, is simply blind and not necessarily evil in nature — let me just quote words the Secretary-General said back in August 1997:

“Between and within nations, inequality is increasing. During the past decade, gaps have widened — between the rich and the poor, the skilled and the unskilled, the powerful and the weak. All too often, a cycle of deprivation then sets in. Disadvantaged segments of the population may feel angry and hopeless. Sensing that they have no stake in society, they may turn to crime or other forms of social misbehaviour. Marginalization, social exclusion and alienation are major challenges of our time.” (*SG/SM/6300 DEV/2167*)

It is a sobering picture — in fact, a deeply frightening outlook. The picture presented earlier today by the Deputy Secretary-General is equally disheartening. Not only has the situation not changed for the better, the whole world has been grappling, at least conceptually and

analytically, with the reasons for the emergence of the crisis in South-East Asia, whose tremors are still being felt in other parts of the world.

What I have just briefly touched on deals with the reality of the situation, which should inevitably serve as our point of departure. Now let me briefly try to touch upon the central purpose of international cooperation for development, for whose promotion we have gathered here. The need for the promotion of a dialogue to strengthen international economic cooperation has been extensively reiterated by various international and intergovernmental bodies and roundly reiterated today. The objective of such cooperation is to ensure that the benefits of the ongoing process of globalization are spread to the maximum extent possible among all the actors at the global level, while simultaneously minimizing and harnessing its adverse and disruptive consequences.

Within the framework of the existing recognized norms of international law and on the basis of our previous intergovernmental agreements, the immediate objective of our high-level dialogue here is to promote honest and constructive dialogue and meaningful and genuine partnership at the global level. In fact, over and above immediate and short-term remedial measures, whether at the national, regional or global level, what we need today, and need urgently, is to revive the spirit of Rio and its much-revered and yet often neglected global partnership. The very solid foundations for such a partnership and international cooperation are already laid in the Agenda for Development, whose ultimate objective is to help establish a more equitable international economic order and more equitable international relations. Back in early July we discussed in the high-level segment of the Economic and Social Council the important question of market access and agreed on the imperative of establishing an international trading system which is fair, just, rule-based, multilateral and, certainly, responsive to the needs and conducive to the long-term development of the developing countries. Here, we are dealing with a broader agenda, but, in essence, with the same objective.

Before concluding, let me just add two very brief points. Our emphasis here on the question of international cooperation and its paramount role in taming the unruly winds of globalization does not in any way intend to neglect or even underestimate the ultimate responsibility that each and every society has to shoulder in this regard. The second point concerns the need for all actors in the world arena to manifest political will, without which the realization of global partnership and genuine international

cooperation will prove no more than an illusion. The exercise of such will by all actors, big and small, should not prove beyond reach in the generally propitious political atmosphere of the post-cold-war era.

The Acting President: I now give the floor to the representative of Turkey.

Mr. Vural (Turkey): I welcome this opportunity to address some of the most defining issues of our time. The social and economic impact of globalization and interdependence are at the forefront of the international agenda, and rightly so. The important task before us is to help formulate and enhance relevant international policies.

Much has been said on globalization, and today I would like to dwell on some key aspects which we think should be a part of our debate. The increasing spread of the social effects of economic phenomena, coupled with the rapid advances in technology, has made the coordination of economic policies at the international level more significant than ever before.

In this connection, the international dimension of macroeconomic stability policies must be considered. We need an international environment favourable to the continuation or resumption of growth and investment. Domestic policies encouraging conditions suitable for direct investment should aim at keeping inflation levels under control.

In the area of international financial flows, there is a need to be able to limit volatility while assuring the efficient functioning of the system. To this end, corresponding institutional innovations may be envisaged for existing international financial institutions. The overall aim should be to strengthen and improve the architecture of the international financial system.

There is also a need for increased harmonization of rules and regulations pertaining to the efficient functioning of the market mechanism at the international as well as at the national level. This should include such matters as transparency, accountability and the legal framework.

The current global financial troubles have shown us that national currencies should not be overvalued, unless as part of a purely short-term strategy aimed at combating inflation. Experience also points out that a sound analysis of short term foreign capital inflows is required, and sufficient reserves should be kept. In any case, a

transparent and healthy domestic financial system is the best prevention for looming crises.

As countries abandon customs barriers, the concept of protectionism has also shifted. Nowadays, technical protection methods are increasingly being used. In our era, the free market economy is more or less universally accepted. Multilateral trading negotiations have provided a platform to facilitate market access. They have also helped to define adequate and equitable disciplines in all trade-related areas. Following the successful conclusion of the Uruguay Round and the establishment of the World Trade Organization (WTO), one can be more optimistic about the achievement of an efficient multilateral system in trade-related issues.

But important obstacles still exist, such as tariff barriers and different degrees of market access commitments in services. Developing countries must have a more secure and broad-based trade liberalization process.

Special attention should be given to the integration of the least developed countries into the multilateral trading system. We attach particular importance to the preventing the marginalization of the developing countries. We therefore fully support the implementation of recently agreed plans of action. The main targets should be to achieve better market access conditions for the least developed countries and to enhance their trading opportunities.

We should explore the ways and means of strengthening various institutional mechanisms pertaining to information and communication technologies. The characteristics and rapid expansion of electronic commerce are of particular relevance. We should formulate policies which prevent the exclusion of a significant part of the world's population from benefiting from improved information systems in such areas as education and health.

Lastly, we support wholeheartedly the efforts within the United Nations system to activate the relevant mechanisms designed to follow up the implementation of recommendations coming out of major conferences. We believe that this is one of the most important functions of the Organization.

The renewed dialogue at the United Nations is an indication that all groups of countries, notwithstanding their differences, have decided to reaffirm the centrality of development in the international agenda. This is fully in line with our belief that while individual countries are

ultimately responsible for their own development, their efforts can succeed only within an effective multilateral framework. Such a framework would spread the benefits of globalization as widely as possible, while minimizing its risks and costs.

The Acting President: I now give the floor to the representative of Maldives.

Mr. Shihab (Maldives): As this is the first time I have spoken here, I would like to congratulate the President on his election to lead the General Assembly at its fifty-third session. I assure him of my delegation's fullest support.

Over the past two decades, the globalization process has both expanded and deepened, leading to growth in world trade. However, globalization has not had uniform effects everywhere. Low income countries are disadvantaged by the globalization process because of their inability to participate effectively in the transactions that take place in the globalized market place. The most handicapped are small States, especially the least developed among them. The reason is simple: to benefit from globalization, not only would these States have to emerge from their status of extreme underdevelopment, they would also have to transcend the unique constraints imposed by their size.

The perils of globalization confronting small States can be understood by juxtaposing the requirements for successful integration into the world economy and the economic consequences of small size. Success in the global market place requires export growth and diversification as well as competitiveness. These require access to advanced production technology. For developing countries, the acquisition of such technology depends upon participation in the networks of international companies. In order to promote such technology transfers, developing countries usually offer transnational corporations the prospect of a lucrative domestic market, well-developed infrastructure and a large, highly trained workforce.

The least developed countries, especially the smallest among them, are not able to provide these incentives. Small States have a small domestic market and a narrowly based economy. There are many structural constraints to diversification and expansion, such as very limited human and non-human resources. Economies of scale in production cannot be secured in a small economy. Diseconomies of scale in investment and higher

per capita costs in establishing basic infrastructure have to be borne. In transportation costs, for example, small States on average pay 10 per cent as freight costs, as opposed to the global average of 4.5 per cent and 8.3 per cent for all developing countries.

For small archipelagic States like my own country, the Maldives, the costs are on average even higher. Moreover, small States are highly vulnerable to external shocks and are unable to stabilize their domestic economies to resist them. All these handicaps add up to a pervasive vulnerability.

Such vulnerability has been widely recognized by the international community. However, these constraints are seen largely to be the result of their status as least-developed countries than of their smallness *per se*. What worries my delegation is not that these handicaps are subsumed under least-developed status, but that they are sometimes overlooked. What follows can be quite startling in the context of globalization. A good example is the current criteria used for graduation from least-developed-country status. It is all the more alarming because some of the indices used are chosen not because they are the best indicators of the real situation. Rather, choices are sometimes guided by the expedient of the availability of data. The result might be that critical indicators of structural impediments are overlooked, and premature graduation may be the result.

In this context, my delegation notes the conclusions reached by the Committee for Development Planning at its thirty-first session, held in 1997, in its analysis of the impact of globalization. It pointed out that international support measures are going to be essential for at least another 10 years to enable the least-developed countries to be integrated into the world economy. Should the small States, which face the greatest constraints in export diversification, in development of infrastructure and human resources and in attracting foreign direct investment, be denied the international support measures available to least-developed countries because of their premature graduation? This is a question any small island State would pose.

Indeed, premature graduation is like imposing a penalty for the successes that they have been able to achieve. The Maldives is one country where positive strides have been taken in social and economic development, during a long period of political stability. We are pursuing policies that will assist us in the long run to be integrated into the world economy, by emphasizing human-resources development, good governance, economic diversification,

trade liberalization and other public-sector reforms, including strengthening of the legal structures and pursuit of other measures to attract foreign investment. We are also strong advocates in our region, through the South Asian Association for Regional Cooperation, of the pursuit of greater regionalization in ways consistent with a multilateral trading system. We are doing all we can — and certainly enough to deserve a supportive response in our efforts to overcome weakness imposed by size.

We believe that the policies that we are pursuing will enable us to realize the long-term goal of integration into the global economy. However, in the meantime, we need a supportive external framework. One of its primary pillars is the continuation of the benefits of designation as a least-developed country. Otherwise, all our hard work might come to naught, and we could slide a long way back, imperilled by the forces of globalization. It might be worthwhile to consider recommending a moratorium on the graduation of any State until the criteria adopted in 1991 are reviewed in the light of the post-Uruguay-Round development of the globalization process and its differing impacts on States.

I call upon the Assembly to give due consideration to this issue as it ponders the links between globalization and development, and as it deliberates international and national policies to meet the challenges ahead.

The Acting President: I call next on the representative of Belarus.

Mr. Sychou (Belarus) (*interpretation from Russian*): This is by no means the first time this year that the United Nations has considered questions related to the socio-economic impact of growing globalization and interdependence, and to the policy implications for Governments. This is because in addition to their positive aspects, the processes now under way have negative consequences as well, which require constant attention and coordinated action by the international community. Globalization of the world economy and interdependence of States have now reached a level where a sharp fluctuation in the economic situation in a single fairly large country, whether caused by political change or by purely economic factors, inevitably sets in motion a series of processes in States that are trading partners of that country.

Before we had been able to overcome fully the effects of the late-August financial crisis in South-East Asia, a similar crisis hit the financial markets in the

Russian Federation. This has had a destabilizing impact on the socio-economic situation in a number of States, including countries of the Commonwealth of Independent States (CIS), many of whose imports and exports are geared towards Russia. The crisis has caused price increases and a drop in national currencies *vis-à-vis* hard currencies. As a result, there has been a decline in the standard of living, causing enormous social problems.

As the situation is stabilized, it is important that these events be evaluated with a view to determining how to quickly eliminate the effects of such crises and how to prevent similar situations from arising in other regions.

In our view, the events of August and September of this year, along with the crises in South-East Asia, to some extent reveal a lack of decisive action on the part of the Bretton Woods institutions, with regard both to preventing crises and to minimizing and eliminating their effects. This shows that the financial institutions must create a mechanism for interaction with national Governments when crises arise.

We cannot absolve national Governments of blame for these crises, since sustainable socio-economic policies are a guarantee of the stable functioning of international commodity and stock markets. Governments must take adequate preventive action for macroeconomic regulation. Moreover, in our view, we must increase and actively draw on the potential of regional and subregional cooperation in the context of integrated associations of States; through this we can jointly prevent and eliminate the consequences of acute crises. The timely formulation of a mechanism for coordination among countries in these situations could play an important role in carrying out such tasks.

However, when making bigger demands on national Governments, we should take into account that many developing countries and some with economies in transition are not yet ready to function in the open global economy. Moreover, the increasing trends towards globalization and interdependence have exacerbated the vulnerability of these countries to the transnational processes, which are sometimes negative for them. That is why there is an acute need for international support for these groups of countries in order to ensure the balanced development of all States in the current circumstances. Primarily, this implies developing and implementing sustainable social and economic policies, including regulating the balance between the public and private sectors, stimulating and protecting investments, regulating financial markets, and encouraging

the involvement of all social groups in the economic life of the country.

However, it would appear that these measures are not sufficient to ensure the sustainable development of all States. Additional steps must be taken fully to integrate the developing countries and those with economies in transition into the world economic processes. It is important to create favourable external conditions for States to develop in the current context. That is why the work of the United Nations and other international organizations in accumulating international development assistance and fully and fairly integrating the developing countries and those with economies in transition into the multilateral system of international trade is currently a key factor of development. Our special hopes are placed on the World Trade Organization, the United Nations Conference on Trade and Development, the United Nations Development Programme, the United Nations Industrial Development Organization and the United Nations regional Commissions.

We are still unable today to enjoy the blessings of globalization and liberalization reasonably and effectively. One of the major tasks facing the international community today is to make these advantages accessible to all.

The Acting President: I give the floor to the Permanent Representative of Brazil.

Mr. Amorim (Brazil): It is a common perception today — and even commonplace to say — that globalization is an inescapable process which brings both opportunities and risks. But this truism is maybe the only assertion we can easily agree on as the dramatic events of the past two years cast a shadow on the way the risks of globalization have been managed so far.

These events reinforce the perception that globalization is not a painless process; that, in and by itself, it does not overcome the logic of exclusion and marginalization, both between and within countries; and that, despite the recognition of the clear benefits of the integration of global markets, there is an urgent need to address the systemic weaknesses that tend to exacerbate the inherent asymmetries on which the process of globalization rests.

As the President of my country, Fernando Henrique Cardoso, recently stated, the great challenge before us today, both in practical and conceptual terms, is

“to move away from a globalization of exclusion and lay down the foundations of a globalization of solidarity”.

Or, as the famous economist Jeffrey Sachs put it in an article in the 12 September issue of the magazine *The Economist*, without “a sense of shared stewardship between rich and poor”, and without a change in current institutions,

“global capitalism will not succeed widely enough or credibly enough to create a stable world system.”

These calls were echoed somehow in the important speech made by President Clinton last Monday before the Council on Foreign Relations here in New York. However, the case for a renewed impetus to growth in the world economy and for increased assistance from the multilateral financial institutions must be based not only on the premise that the countries most hit by the current financial crisis are customers, competitors, friends, allies and security partners, but also on the notions of equity and solidarity.

As the drastic movements of short-term capital exposed the vulnerability of emerging economies to predatory behaviour in financial markets and caused economic disruption and social unrest in many parts of the world, a recognition of the need for fundamental changes in the way the international institutions respond to the risks of globalization gradually emerged.

The implicit message in all proposals and ideas advanced so far is that the traditional recipes pursued by those institutions need to be revisited; that domestic fiscal and monetary policies need some flexibility to adjust to crisis; that there must be an equitable sharing of the costs of the financial crisis; that the bail-out of creditors cannot be pursued at the expense of the most vulnerable segments of the world population; that the multilateral institutions must vigorously help in devising social safety nets; and, last but not least, that the international response to systemic weaknesses in the prevention and management of financial crises needs to be based on a broad consensus which fully involves the participation of developing countries.

If there is a silver lining in the tumultuous situation we are now facing, it is that a growing number of scholars and political leaders are coming around to accept these realities. In the same vein, it is encouraging to note the ongoing discussions within the Group of 22. The same spirit of joint responsibility inspired the recent meeting between the International Monetary Fund and the Finance Ministers of Latin America, as well as the call for a

meeting between Finance Ministers and Central Bank authorities which President Clinton made just three days ago. We strongly encourage these efforts to proceed.

In recent years, macroeconomic stabilization was vigorously pursued in my country through a mix of fiscal and monetary policies that brought inflation to a 50-year low, from a peak of nearly 2,500 per cent in 1993 to less than 5 per cent in 1998. Substantial budget cuts were accompanied by structural reforms and a broad privatization programme opened up to private domestic and foreign investment sectors such as mining and steel, power generation, telecommunications and transportation. In the external sector, a comprehensive liberalization programme eliminated non-tariff barriers and brought the average tariff down to 12 per cent. This was achieved not only on a national basis, but in accordance with our regional commitments within MERCOSUL. The overall increase in real gross domestic product per capita and the effects of macroeconomic stabilization on income distribution and the standard of living of the poorer are reflected in the fact that, for the first time, in 1998 the Human Development Report ranks Brazil among the countries with a high human development index.

Thus, macroeconomic stability is certainly conducive to both domestic and foreign investment. But, as the volatile situation that affects us all shows, there are clear limits to what countries can individually or regionally achieve. The role played by the international environment is crucial. The coordination of macroeconomic policy by the major economies, especially with regard to interest rates, is essential to prevent systemic financial crises. The same consideration applies to measures aimed at boosting domestic demand and imports. There is an urgent need to articulate coherent measures in the areas of trade liberalization, banking oversight, interest-rate management, external debt relief and emergency lending to avoid or to mitigate the negative impact of the extreme volatility of financial flows. I think, more than ever before, the link between trade and finance has become clear and it is very obvious that, if liberalization is to be a sustainable process in developing countries, we will need the opening of markets and the elimination of tariff and non-tariff barriers in developed countries that affect the exports of the developing ones.

The reform of the international financial system requires a clear-cut commitment to greater and more effective international financial cooperation. Just as in the 1980s and early 1990s we established the landmark of a new multilateral trading system, in the late 1990s we

cannot fail to concentrate on a more democratic architecture for the international financial system — a new architecture which is better equipped to respond to the challenges and the risks inherent in globalization.

Let me reassert the full commitment of my country to this process. We will continue to work with the Bretton Woods institutions and the Bank for International Settlements in devising and promoting the dissemination of appropriate instruments for banking oversight and regulation. We will continue to take a cautious and gradual approach to capital accounts liberalization. We are also committed to the strengthening of multilateral oversight, but this should rely chiefly on the frankness and quality of the policy dialogue between the Fund and its member countries. As the Brazilian Minister of Finance recently stated in the Interim Committee,

“No one — not even the Fund — has a monopoly on truth or the capacity to define precisely, beyond any doubt, the right thing to do, the moment of doing it, and the unique manner of balancing the inevitable trade-offs in economic policy-making”.

Lastly, I wish to stress that we firmly believe in the policy dialogue between the United Nations and the Bretton Woods institutions. This dialogue has already proved its usefulness and is essential to reaching a better understanding of the new realities of this globalized world.

If I may be allowed a brief reflection on the future, maybe we could devise a more interactive format for this dialogue which may enable us to extract meaningful conclusions from the debate. Otherwise, we will just be repeating — although perhaps in a more solemn fashion — what we already do in the Second Committee of the General Assembly. The renewed dialogue must be a true dialogue and not a series of monologues.

The Acting President: I now give the floor to the representative of Morocco.

Mr. Snoussi (Morocco) (*interpretation from French*): I would first of all like to extend my sincere congratulations to you, Sir, on your unanimous and well-deserved election to the presidency of the General Assembly at its fifty-third session. I would also like to take this opportunity to wish you every success in your mission, especially since our Assembly will be called upon to continue its examination on the reform programme proposed by the Secretary-General.

I would also like to express my delegations full support for the statement made this morning by the Minister for Foreign Affairs of Indonesia on behalf of the Group of 77 and China. We were very pleased to hear him express the main concerns and expectations of developing countries.

The delegation of Morocco is pleased at the holding of this first high-level dialogue on strengthening international economic cooperation for development through partnership, a dialogue for which developing countries have been continuously calling, through the Group of 77, for almost the last five years.

The end of the cold war and the growing liberalization of financial and information flows which followed gave rise to unprecedented enthusiasm throughout the world for the adoption of economic systems based on the primacy of private capital in the organization of production and consumption activities. With the disappearance of the ideological confrontation and the attendant standardization of the values governing different areas of society, national borders — which in the past were more or less tightly sealed in many parts of the world — have become less opaque and more permeable to external flows of capital and merchandise. Countries — in particular developing countries and countries in transition — have now entered a frantic competition to attract private capital and foreign investment. These have become all the more essential to economic growth since financial concessions in the form of official development assistance have continued to decline.

Unfortunately, not all countries have been equally equipped to join the emerging world economy smoothly. In fact, many States have not been able to withstand the winds of change and freedom because their structures were too rigid and were based on outdated principles. Some have even collapsed and crumbled, leaving in their wake societies in turmoil in which antagonistic forces wage deadly battles that often take civilians as their innocent victims.

World trade became freer as a result of the signing in 1994 of the Marrakesh Agreement creating the World Trade Organization. This made access to the markets of developed countries more competitive and forced export companies to adopt more profitable production methods. Of course, reducing costs in order to remain competitive led to increased unemployment and social problems in most countries, especially developing countries. At the

same time, international financial institutions invoked the spectre of marginalization for all countries that were tempted not to make the sizeable adjustments necessary to join the global economy.

Furthermore, the future appears unforeseeable and uncertain for countries trying to remain within the circle of nations that have not succumbed to the constraints of transition, in spite of their efforts to maintain a macroeconomic balance, strengthen the competitiveness of their businesses and ensure the servicing of their foreign debt.

In reality, private financial flows can deal a severe blow to the countries that attract them if confidence in the viability of the target economies is lost.

International trade is less free for goods such as agricultural products, metals, textiles and clothing, which are of great export interest to developing countries, and labour markets have become almost completely closed. At the same time, flows of official development assistance, which are an important source of financing for many African countries, have fallen to a very low level, currently representing 0.22 per cent of the gross national product of the member countries of the Development Assistance Committee of the Organization for Economic Cooperation and Development.

The risk of marginalization, financial crises, the burden of foreign indebtedness and widespread unemployment will ultimately cloud prospects for the future and undermine the will for adjustment of the most serious countries if their efforts are not supported by the international community.

We hope that the dialogue we have just begun under the auspices of the United Nations will be constructive and that it will lead to genuine partnership based on shared responsibility and mutual advantage, as emphasized in General Assembly resolution 52/186. The future of economic multilateralism at the United Nations will be linked to our ability to find concrete and concerted actions to remedy the problems of the less developed countries of the international community. The credibility of the United Nations in the eyes of the populations of our world will depend on its capacity to go beyond rhetoric and to ensure that the deliberations of its bodies are followed by actions whose effects can be felt at the national and local levels.

In conclusion, my delegation wishes to draw the attention of the international community to the tragic

situation on the African continent, which is overwhelmed by conflicts, poverty and social problems. We would like to take this opportunity to reiterate the appeal that was made at the General Agreement on Tariffs and Trade conference in Marrakesh by His Majesty King Hassan II for the adoption and implementation of an international Marshall Plan that could help Africa emerge from its endemic crisis and could place our continent, which has been the most affected, on the path to development and prosperity.

Mr. Ngo Quang Xuan (Viet Nam): It is indeed a pleasure to see Mr. Didier Opertti presiding over this first important dialogue on globalization, which is having a forceful impact on humankind and on the development of today's world.

Globalization has become a general trend of our time. It speeds up the expansion of the financial, commodities and services markets, intensifies the socialized character of the world economy and strengthens the interdependence between nations and regions. At the same time, competition becomes fiercer than ever before. Each and every nation, in order not to be marginalized from the process of development, must actively participate in the process in accordance with its development capacity and objectives. Each nation must formulate an appropriate policy on international integration so as to benefit from the positive aspects of the process while minimizing the negative ones.

Globalization creates more favourable conditions for import, export and investment, helping to promote economic growth. A strategy for economic growth comprising two elements — export and investment — is being developed by the majority of countries. The outcome of General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO) negotiations, coupled with the establishment of free-trade areas, has considerably improved market access and trade liberalization throughout the world. Nevertheless, reality has shown that it is still hard for commodities from developing countries to access the markets of developed countries, due to their weak competitiveness. Meanwhile, the Generalised System of Preferences is being narrowed, and disguised trade barriers in the form of quality criteria, environmental requirements and labour and social standards continue to be misused.

Nations — especially developing countries — taking part in the WTO, a global economic mechanism, should make the best use possible of the Dispute Settlement

Understanding arrangement. This arrangement is in the fundamental interest of developing countries within the WTO because it can help them avoid trade limits unilaterally imposed by various developed countries. Since the balance of trade is affected by free-trade measures, developing countries could lay a good foundation for a balanced account through increasingly export-oriented production.

Trade liberalization and investment create conditions for increased capital flows and technology transfer. However, how to use these capital flows and technology effectively is a difficult issue. The recent financial and monetary crisis stands out as an example of the improper use of capital. Developing countries should learn from it so as to steer their investment plans in the right direction, in keeping with their demands and development targets.

Liberalization will lead us to a situation in which some production areas contract while others expand. To define the impact of liberalization on employment means determining the balance between lost jobs due to contracted production areas and new jobs created in the production of goods for export. Nevertheless, in the long run the negative impact of trade liberalization on labour utilization could be resolved through the redistribution of human resources among economic areas.

Changes in the production structure lead to changes in the income ratio of different population groups. Differences in income are the basis of social inequality. A fair social policy that takes into account the interests of various social strata with different income levels is therefore essential to ensure equality and mitigate the possible negative aspects of liberalization.

To fully grasp the opportunities brought about by the liberalization of trade and investment, countries must seek to exploit their comparative advantages. However, these advantages should be exploited in a balanced and reasonable manner in the context of a long-term strategy that steers clear of the danger of exhausting resources and polluting the environment. A strategy for sustainable development is therefore necessary for every country.

Over the past decade, Viet Nam has carried out a policy of economic reform, building a market economy with state regulation, and has become more thoroughly integrated into the regional and world economy.

Viet Nam is aware not only of the great benefits brought about by the process of economic globalization, but

also of its challenges. We plan to continue with the policy of renovation, to strengthen our own internal capacity and to become more thoroughly integrated into the regional and world economy.

In the process of renovation and international integration, which is replete with difficulties and challenges, Viet Nam wishes to strengthen its relations of cooperation in the economic, trade, investment, and science and technology fields and to broaden its market with all countries, international organizations and partners.

The Acting President: I give the floor to The Honourable Manuel Villar, Speaker of the House of Representatives of the Philippines.

Mr. Villar (Philippines): It is indeed gratifying to note that the vision of the fiftieth session of the General Assembly when it first considered the resolution on the renewal of the dialogue has now come to fruition. Let us then exert our best efforts to ensure that the Assembly may find the required courses of action to assist countries in obviating the negative consequences of globalization.

Globalization, of course, has a brighter side. The latter part of the twentieth century has witnessed a phenomenal expansion of international trade flows. World exports increased from \$315 billion in 1970 to \$3,447 billion in 1990. Foreign direct investment in the world economy increased from \$502 billion in 1980 to \$1,948 billion in 1992.

The past two decades have also witnessed an enormous growth in international finance. In foreign exchange markets, for instance, trading was a modest \$15 billion per day in 1973. This soared to \$900 billion per day in 1992.

It is therefore not difficult to see the positive side of globalization. Such tremendous increases in global trade, investment and finance could only mean a rise in prosperity.

Yet we wonder — prosperity for whom? Obviously, the rapidly growing East Asian countries and a few other developing countries benefited from the process of globalization, as together they accounted for about 68 per cent of the recent increase in trade of the developing countries, and they have been the main recipients of the foreign direct investment to the developing world. Thus, their per capita income rose, their incidence of poverty

declined, and the overall material well-being of their peoples improved.

But what has globalization done to the rest of the developing countries? It appears that its beneficial effects have been marginal. The *Human Development Report* has disturbing findings: a fifth of the world's population, or 1.3 billion people, continue to be mired in absolute poverty; over 50 per cent of the world's population has less than five per cent of global income; and the distance between the rich and poor worldwide is intolerably great.

Even the rapidly growing economies in the developing world are now having doubts as to where the process of globalization will take them. The financial crisis in East Asia has wiped out the economic and social gains achieved painstakingly over the years. The crisis has affected everyone in those countries through sharp exchange-rate depreciation, financial-sector collapse, corporate bankruptcy, changes in rates of return on assets and monetary tightening. The International Labour Organization reported that since October of last year unemployment has spiralled in those countries.

The crisis has spread to other parts of the world and may lead the global economy into a deep recession. The United Nations *World Economic and Social Survey, 1998* already reported that, as a consequence of the crisis, the growth of output for 1998 is slowing down in both developed and developing countries, while the growth of world trade is also decelerating.

If the trend ends up causing social disintegration in countries and the collapse of the global economy, then we have only ourselves to blame for not having the foresight and fortitude to change the direction of history.

Of course, we cannot simply wish away the process of globalization. It is a reality of a modern world. The process is irreversible. The individual countries and the international community can only take action to ensure that its benefits are maximized and its downside minimized. Late as it may be already, it is nonetheless incumbent upon us now to undertake, separately and collectively, a very thorough review of the effects of globalization — its economic and social impact — and devise an action plan principally designed to avert its destructive forces.

What must be done? It should be very clear by now that the benefits of integration with the world economy through globalization can accrue only to those countries that have strengthened their foundations for industrialization and

development. Countries must invest in the development of human resources and create the required physical infrastructure. Countries must raise the productivity of their agricultural sector. Countries must use strategic industrial policy to develop technological and managerial capabilities. And they must establish institutions designed to adequately regulate their financial markets. In this regard, I wish to refer to what the United Nations *World Economic and Social Survey, 1998* has noted: what may be most needed at this time is not more decontrol and deregulation, but more effective official oversight and market-based controls of financial markets.

Unless appropriate responses are made by both the individual countries themselves and the international community, the asymmetries implicit in the process of globalization are bound to intensify uneven development. Consequently, many countries will experience an exclusion from the process of globalization that could increase the economic distance between nations, widen income disparities between peoples and heighten social divisions.

I wish to echo what Mr. Rubens Ricupero, Secretary-General of the United Nations Conference on Trade and Development, said at the substantive session of the Economic and Social Council last year: further liberalization of trade and investment has to take into account the legitimate aspirations of Governments to protect their financial stability and their right to determine the course of their own development strategy as well as the health of their population, cultural identity and physical environment. It is also worth noting that last year, in resolution 52/180, this Assembly invited the International Monetary Fund (IMF) to ensure that, in exercising its role in promoting capital account liberalization, it does so in an orderly and flexible manner so as to enable member countries to tailor capital account liberalization to the circumstances of each individual country.

I do not wish to deny that some actions have been undertaken at the international level. In fact, I should like to note the positive influence of the United Nations on the required interventions to assist developing countries. World Bank President James Wolfensohn indicated in the Economic and Social Council that the emphasis in the Bank's lending programmes has switched in last decade from physical infrastructure to support for jobs, schools, medical care and food, in large part due to the United Nations. And IMF Managing Director Michel Camdessus said that the international community must

pull together to support the adjustment programmes of those countries most severely affected by the crisis and urge countries with balance-of-payments surpluses to recycle those surpluses in the form of untied loans and humanitarian aid to adjusting countries, to grant generous terms for restructured loans and to keep their markets open.

We therefore have to reinforce the positive action already in place. Let us call on all countries, particularly the developed countries, to manifest their political will in confronting the challenges of globalization through action that will help all countries defend themselves. We already have a vision of what can be done. It may be recalled that at the G-7 Summit in France in 1996, French President Jacques Chirac called for controlled globalization, and together with German Chancellor Kohl pressed for tighter controls on money markets, among other things. And the statement President Clinton made in New York last Monday — in which he said that the United States would convene, within 30 days, a meeting of finance ministers from major countries to recommend ways to adapt the international financial architecture to the twenty-first century — certainly gave signs of urgent and collective action to stem the crisis.

We must tame the forces of globalization to serve only development and prosperity. This we must do to sustain the development path of countries and lift up countless people who are in misery. We owe it to ourselves and to the generations to come to do the best we can.

The Acting President: I now give the floor to the representative of the Russian Federation.

Mr. Tchoulkov (Russian Federation) (*interpretation from Russian*): Because of unforeseen circumstances, Ambassador Lavrov is not able to speak at this very important meeting of the General Assembly. Upon his instructions, I shall make this statement on his behalf.

We attach great importance to the fact that the General Assembly has turned its attention to the pressing problem of the socio-economic consequences of globalization. Although some of its aspects have already been discussed this year at the United Nations, we believe that this debate is very timely, since it is taking place as the financial crisis in South-East Asia is growing beyond its regional dimension to become transcontinental, while the world financial and commodity markets are losing their stability. These disturbing symptoms call for the closest attention from the international community and for the adoption of adequate measures, which our forum today is to define.

In recent years, the globalization processes in the world economy and the growing interdependence of national commodity, service and capital markets have been perceived as a positive phenomenon, contributing to economic growth and the more effective use of global resources. Nevertheless, globalization-related risks posing a potential threat to unfledged economies — especially those that have not yet become sufficiently competitive — were underemphasized and underestimated. The situation in South-East Asia and its impact on other regions have clearly demonstrated that globalization sharply increases the requirements of quality and effectiveness in terms of both domestic policy and concerted international efforts to assist the affected countries, as well as to prevent the regional crisis from becoming a global one.

We commend and support the efforts undertaken by the world community and international financial institutions to stabilize the economies and financial systems of the countries affected by the crisis. However, the developments that have taken place in recent months in various Eastern European countries, including Russia, and the continuing socio-economic turmoil in Asia send a dramatic warning that more decisive action by the United Nations and the Bretton Woods institutions is needed, perhaps including the joint development of an anti-crisis programme. It is urgent that the existing international financial institutions should be gradually turned into a more effective instrument for the consolidation of the global financial system, the regulation of transboundary financial flows and the implementation of preventive anti-crisis measures, including — following the example of the World Trade Organization — through the development of international rules and standards of conduct for financial market operators, as well as the monitoring of compliance.

We are convinced that, as an integral part of a package of measures designed to improve financial stability, Governments should play an active role in the management of a well-balanced process of liberalization and regulation of national financial markets in order to promote domestic and foreign investment in productive industries.

We acknowledge and commend the contribution made by the United Nations and its economic bodies to the reaching of international consensus on pressing issues of global economic development, as well as to promoting the integration into world markets of developing and least developed countries and of economies in transition, those not yet sufficiently resistant to the negative impact of

market forces. At the same time, the United Nations should play a more vigorous role in establishing an international early-warning system for crisis situations in economic development and work more closely with international financial institutions on related issues. Priority areas of cooperation might include monitoring financial flows and government economic policies, rendering assistance to needy countries in gathering objective information on economic and financial-market situations and enhancing the international forecasting capability.

With globalization and the increased risk of its negative effects, the problem of development financing calls for greater attention from the international community. We welcome the efforts undertaken by the United Nations and the World Bank to develop partnership with the private sector in order to assist Member States in the achievement of sustainable economic and social development.

The crisis prompts us to take a fresh look at the dividends derived from interdependence in the modern world. A lack of control over any processes taking place in the global economy, and their unpredictability, could have the gravest consequences. Recently, many columnists have compared today's world with a schooner caught in a turbulent current, whose oarsmen can withstand the force of nature only if they make a concerted effort. I would extend this metaphor by saying that in order to make it to a safe harbour, the efforts of the oarsmen alone will not suffice; it is imperative that the captains of the financial and economic fleet join in the paddling. The sooner we realize that, the sooner we will become partners professing one simple principle: the prosperity of all can be secured through the well-being of each individual.

The Acting President: I now give the floor to the representative of Malaysia.

Mr. Hasmy (Malaysia): I would like to fully associate my delegation with the statement made this morning by Minister Ali Alatas of Indonesia on behalf of the Group of 77 and China. My delegation welcomes the convening of this high-level meeting.

The discussion in this forum on the economic and social impact of globalization is very timely in view of the current global situation. We have seen financial and economic turmoil affecting many countries in the last year. What was initially dismissed by some as merely a regional economic problem has now been transformed into a global phenomenon. The contagion effect of the Asian financial crisis is very real indeed. The financial crisis has resulted

in a lot of uncertainties even in the major economies. We have seen the South-East Asian economies regress in just one year. The economic gains made in the last decade are now experiencing severe setbacks. These economies are now in recession. The economic and social progress resulting from years of hard work has been severely retarded in the process.

The current crisis demonstrates very clearly some of the negative impacts of globalization. Advocates of globalization and liberalization would argue that invisible hands in a free and liberalized international market should be given free rein to promote optimal resource allocation and growth globally. To them, Governments should merely play the role of facilitator to promote a conducive environment for market forces to operate in. Governments, they say, should not intervene and upset the equilibrium. But they must also realize that a Government has the obligation to protect its people and defend their interests. In the last year, many Governments have had to act to defend their countries from currency and stock market speculators operating under the pretext of globalization and liberalization.

Against the backdrop of the economic turmoil in Asia, Russia and around the world, there is now broad agreement that the problem we face today has been largely a result of a large infusion of capital into the emerging markets without due regard for the risks, and a too-abrupt withdrawal without due regard for long-term prospects. In recent weeks, we have seen efforts undertaken by the authorities in Hong Kong, Taiwan and Russia, employing various means to try to cope with their respective problems.

It is very clear that the boom-and-bust behaviour of short-term lenders and investors had been largely responsible for triggering the crisis. In 1996, some \$100 billion of capital flowed into Asia. More or less the same amount had flowed out by the second half of 1997. Such a dramatic reversal has caused violent depreciation of currencies, highly volatile exchange rates and rapid increases in interest rates. Asset markets have plunged to record lows. Banks ceased lending, given the tight liquidity, high interest rates and increasing numbers of non-performing loans. This in turn has led to a severe contraction of the real economy in the affected countries.

Since Malaysia is one of those countries that has been seriously affected by this phenomenon, I shall spend some time on the Malaysian situation. Within a matter of months, following the assault on our currency, our per

capita income shrank substantially. Our economic growth, which had averaged about 8 per cent over the last several years, suddenly became negative. This year our economy shrank by a further 6.8 per cent in the second quarter after a contraction of 2.8 per cent in the first quarter. We are in our first recession in 13 years, our second in more than 40 years.

The Government of Malaysia has little choice but to act — and to act urgently and decisively. We have arrived at a difficult conclusion. Our priority is to protect the economy and to regain our economic independence. Drastic times require drastic measures. If drastic measures were not taken immediately to get growth going again, the Malaysian economy would continue to drop like a stone. We have to resuscitate our economy ourselves. The sooner we can get back on track, the better it is for us, our neighbours and the region. There are, of course, risks involved. Indeed, nothing is without risk. But Malaysia is prepared to take a calculated risk. Any palliative has its own side-effects.

The Government of Malaysia has implemented a package of measures to enforce strict exchange controls to insulate the economy from the risks and vulnerability brought about by external developments. Critics say that we have taken a step back from the free market with the introduction of currency control. Our aim is to stop off-shore trading of the ringgit, our national currency, and to maintain a fixed exchange rate. With these new measures and the pegging of the ringgit at a fixed rate, there is now greater predictability for the currency, which facilitates our external trade.

Malaysia's so-called step backward is being taken to insulate rather than to isolate the country. We are merely insulating our economy from future speculation in and manipulation of our currency by currency traders. In this regard we welcome the view of the United Nations Conference on Trade and Development (UNCTAD), as contained in the Trade and Development Report 1998, that a country facing an attack on its currency should have the right to impose an automatic, unilateral action. Sometimes we may have to take a step backward in order to leap forward. For all practical purposes, for the moment Malaysia can stop worrying about speculative attacks on the ringgit and the massive currency turbulence brewing in many parts of the world. The current stable conditions should be welcomed by those who genuinely wish to trade with and invest in Malaysia confident in the knowledge that the measures taken are temporary in nature and are targeted solely at the currency speculators and manipulators.

Before we took these drastic measures, Malaysia had in fact persevered since the crisis began one year ago in undertaking macroeconomic adjustment policies and implementing financial reforms. We were keen to reduce the risks and the vulnerabilities to external developments. We began to take austerity measures late last year, the so-called International Monetary Fund (IMF) package without the IMF: a massive cut in government spending, a massive cut in credit expansion from nearly 30 per cent to 15 per cent by the end of 1998, and the imposition of the tightest monetary and fiscal policy. But these did not seem to work. They made our problems worse. Although to some extent we managed to keep the economy operating at a relatively high rate of employment, strains were increasingly felt in the financial system. Yet, in spite of those measures, Malaysia still got poor ratings from the rating agencies.

It is clear that efforts to restore stability require not just domestic efforts but a concerted effort on the part of the international community. We need greater international cooperation to deal with the risks and challenges associated with this newly emerging environment. However, a year has passed and, despite several proposals made by us and others to strengthen the architecture of the international monetary system, no concrete measures have been forthcoming. There seems to be little sense of urgency on the part of world financial leaders to act decisively to contain the current crisis. Although the affected economies have undertaken strong economic and financial reforms aimed at restoring confidence, that same sense of urgency is lacking on the part of world financial leaders with respect to changing the financial environment in which we all operate. There is an urgent need for this to be recognized by the international community, and for us to seek a permanent solution together.

Malaysia no longer sees the prospect of a global economic crisis and breakdown in the international financial system as merely a remote possibility if the international community fails to act urgently. We all must take a serious view of this possible development and plan measures to avoid such a catastrophe. In the absence of any serious intervention on the part of world financial leaders, this economic turmoil may deepen further, and the developing countries will need to take measures to protect themselves from the destabilizing effects of capital-market volatility until effective and viable alternative solutions are found.

The case for restricting international flows is a sensible one. The control on outflows of capital would allow governments, at least in a limited time-frame, to combine a fixed exchange rate with lower interest rates to get the real economy moving back on track. There does not appear to be any other recourse or any other workable alternative to protect a country against the volatility of sudden capital flows.

Malaysia's has always been an open economy. We remain committed to the market mechanism and to the trend towards liberalization. Once there is a discernable normalization in the financial markets, Malaysia will return to free capital flows. Until that time, we feel there is a need to de-link the country from the destabilizing effects of such flows.

Malaysia would like to repeat its call to the international community to urgently review the current international financial-market mechanism. This review should look into ways and means of strengthening the system, providing effective safeguards and setting proper rules of the game. Far-reaching reforms of the international financial system are necessary to prevent countries from turning back the clock on liberalization. International monetary standards need to be developed to ensure that any future crisis can be properly managed by all parties concerned. All these suggestions merit serious study if the international community does not want to see the process of financial liberalization being eroded by the lack of confidence in its promised benefits. Malaysia feels that the United Nations has an important role to play in this regard through the promotion of dialogues such as this one.

We also note with keen interest President Bill Clinton's announcement three days ago in New York on convening a meeting of the finance ministers of the Group of Seven and of key emerging economies in Washington within 30 days to look into ways to strengthen the world financial system. That meeting is long overdue. We hope that the deliberations at the meeting will include concrete measures to regulate currency markets, the root cause of the current financial crisis.

I wish to restate that our experience with unfettered globalization and liberalization has shown that the risks of globalization are as real as its potential benefits. What has taken years to build can easily be destroyed in a matter of months. We should not tolerate a situation where nations can be impoverished overnight, with all the attendant serious economic, political and social consequences. Malaysia believes that development should not be a zero-

sum game, with one party gaining at the expense of others. We believe that there are more than enough resources in the world that can be shared by all if we allow rational and moral imperatives to take precedence over greed and exploitation.

That is the only sure way to ensure that weak and vulnerable members of the international community will not be marginalized in the process of globalization. We hope, too, that the lessons of the South-East Asian financial crisis will be well learned by other members of the international community.

The Acting President: I give the floor to the representative of Bolivia.

Mr. Jordán Pando (Bolivia) (*interpretation from Spanish*): I wish to extend my country's congratulations to Mr. Oportti on his well-deserved election to the presidency of the General Assembly at its fifty-third session. It is my pleasure to commend him on the thoughtful analysis he delivered this morning to all participants in this high-level dialogue.

The achievements of the four United Nations Development Decades are sufficient to call international attention to the fact that the gap between developed and underdeveloped countries and between rich and poor has grown wider. Fifteen per cent of the world's population receives 85 per cent of its income. In other words, 85 per cent of the population enjoys barely 15 per cent of the wealth. Moreover, this is the result not only of the 1,998 years of the Christian era, but also of 7,000 years of political, economic and social history, during which every ideology and every sector of the civilian and military population has held sway. Unfortunately, this means that we are manufacturing poverty.

In earlier decades, we talked of economic and social development for all and sought harmonious development. Nowadays, we are expected to limit our thinking to sustainable and sustained development, which is a restricted form of development. Not every segment of the population or every economic, productive or social sector can achieve it, because they do not enjoy the appropriate conditions.

The former type of development and past decades took place within the so-called economic dirigisme that arose in the United States and the developed world after the 1929 crisis, but emerging protectionism and economic liberalism existed alongside one another. In the new

international situation of the 1980s, there arose the liberalization of markets, the social market economy and neo-liberalism. It could also be concluded that, while this economic liberalism thrives, it coexists with protectionism, because the so-called liberalization of the markets is highly relative. It includes corporate and commercial ways of limiting or eliminating free competition, covert monopolies, oligopolies or periods of exclusivity, as external private monopolies are called in my country. The day it becomes possible to eliminate free competition, a new political economy and a new era will have been conceived.

As the American professor of economics Paul Samuelson has said, the world has almost always lived with a mixed economy, which, judging by its results, seems to be the most fruitful.

In the current situation, one contemporary phenomenon is known as globalization. It connotes mercantilism and conglomeration, which are clearly current phenomena. In its application, however, it reiterates scientifically and academically the Spanish term *mundialización*, which is not a rejection of globalization but means that we have to understand globalization, with all its mergers and agreements between the largest and most specialized companies in the real world. Globalization can benefit the most industrialized countries, those with the most sophisticated technology, the largest developing countries. However, it can do harm to the economically mid-sized and small ones and mean nothing or even be harmful to the marginalized.

Globalization may also have other consequences, such as poverty, which is cumulative, and unemployment. Technically and scientifically, it is possible neither to eradicate nor to alleviate poverty and unemployment without establishing factors for creating and amassing social capital, just as conglomeration establishes factors for creating and amassing private capital. The task of development is to address both kinds of globalization, and with the world divided between developed, less underdeveloped, underdeveloped, backward and marginal countries, one must speak also of the *mundialización* of these manifestations of globalization.

With regard to the economy, it should be noted that our regional economic commissions have postulated a new theory that could be called an economy of solidarity, a necessary synthesis of past economy, which was always mixed. Let conglomeration exist, since it is impossible to avoid; but there should be less of it so that redistribution can increase. Less concentration and greater redistribution

would end poverty to some extent and alleviate the most serious cases. It would also ease unemployment through the creation of jobs.

It should also be said that current methods used by the international multilateral agencies for measuring the economy are insufficient. Only the arithmetic of development is used to record the indices of the formal economy, as if it were the global economy, which it is not. There are no regular standards established to gauge the informal economy, which has increased in all countries, and the illegal or illicit economy, which is based not only on drugs, but on contraband, arms and other categories. This three-dimensional measure would give a real idea of the total global economy.

Finally, I wish to mention another aspect of great importance to our countries and to the United Nations: development financing. We are very concerned that the United Nations Development Programme has gone from being a development-finance agency to one that solely administers donations. This is very serious for small countries, the relatively less developed, most backward and marginal, because donors finance that which interests them and not what the countries at that level of social and economic development desire. There are also other political implications, because these countries, being what they are, would cease to be the targets of social and economic development. Their relative autonomy of development would shrink drastically in direct relation to their degree of development.

The issue of financing development must be confronted. The financing capacity of the industrialized countries that provide donations and financing — which has never reached 0.7 per cent of gross national product — should be formalized in some way, for there is currently no such system to do so. Furthermore, the United Nations Development Programme (UNDP) must also undergo essential reforms and adjustments, or donor countries will not want to cooperate in the manner proposed. In that way, part of the portion of donors' gross national product would continue to go to UNDP so that it can continue to act as a financing body, and part would continue to go to financing contributions. However, there would have to be a development programme which countries, organizations, civil society, agencies and the social, public and private sectors could follow as a point of reference.

The very important debate begun today has helped show that there are problems in the current international

economic financial situation. It is not ideal, and it therefore requires adjustments and modifications. The time for justifications has passed, and concern has emerged about the unforeseen problems which have broken out. The reality gleaned from results — not from theoretical speculations — is the best teacher with regard to procedures. That same reality is a warning to pay attention to the social aspects which have been ignored and which may grow and lead to future explosions, as the current President of the World Bank indicated. The former Executive Director of the United Nations Children's Fund, James Grant, said that social aspects cannot be sacrificed for the sake of economics, production and speculation.

The great changes that have occurred have been more in the facile nature of all or nothing, winners and losers, than in that of making intelligent progress towards synthesis rather than exclusion. The truth is that neither protectionism nor liberalization has provided the answers that our societies require, for inequity still persists. However, nobody can return to the past. We must forge ahead; but let us learn to do something to overcome unbalanced solutions. The current problems we all share in the world do not lend themselves to partial answers; they require overall solutions.

It is true that our Organization must pursue reform, as must UNDP. At another level, regional groups, the Group of 77, the Movement of Non-Aligned Countries and the financial bodies of the system, such as the International Monetary Fund and the World Bank, should build upon new experiences and pay close attention to agreed decisions — in short, they must modernize themselves in order to confront the problems by which are being overpowered and taken by surprise.

The Acting President: I now give the floor to Mr. Oleksandr Brodsky, Deputy Chairman of the National Agency for Development and European Integration of Ukraine.

Mr. Brodsky (Ukraine) (*interpretation from Russian*): Today's discussion is a natural extension of the dialogue which began this year in the Economic and Social Council. It convincingly shows that issues of globalization and inter-related economies are key factors in the current stage of world development. The results of the exchange of views in the Council on problems of developing international trade in the context of globalization and the impact of financial crises on the world economy confirm the fact that the United Nations is an appropriate forum to hold that type of dialogue. We feel that the consideration at the United Nations of timely socio-economic problems through

dialogue will make an important contribution to laying the basis for a global partnership for development.

The appearance on the world stage of a group of newly independent States, including Ukraine, has given the process of the globalization of the world economy a qualitatively new dimension. In this context, there is considerable significance to helping in the natural process of integrating the countries of Eastern Europe into the European and world economic systems. Unfortunately, we must note that as Ukraine and other countries in transition have entered the global economic system, we have encountered some difficulties, both of an external and of a domestic nature.

Among the problems of an external nature, first of all, we have the difficulties related to the establishment of Ukraine as an equal partner in the international market for goods and services: tariff barriers, inadequate liberalization of world trade, anti-dumping processes and the consequences of the global economic crisis.

We are very much aware that a number of domestic problems are related to the fact that the reforms in Ukraine began late and that there has been a lack of coordination at the macroeconomic and microeconomic levels, that there has been an inadequate implementation of structural reforms, and that there has been inadequate coordination among the various branches of government. We have noted a significant worsening of common problems in Ukraine as a result of restructuring the economy and shifting to a market system. These problems — which include an increase in crime, drug trafficking and a number of other anti-social phenomena — have also been the result of the need for a massive conversion of the military-industrial complex and for a reduction of the size of the army, which has subsequently caused an increase in unemployment and social disintegration. Today, Government activities are actively geared towards resolving these problems and maintaining the political stability and social harmony of the country.

Ukraine has already completed the privatization of small enterprises and has significantly hastened the privatization of medium and large-scale enterprises. In our view, this should promote the flow of foreign investment, which is one of the levers of the process of globalization that characterizes the development of today's world economy.

Ukraine has carried out substantial reforms in its foreign trade in order to liberalize it and harmonize it with general standards and norms. We have completely abolished non-tariff regulation. We have done away completely with the system of State orders and contracts and are establishing a radically new system of tariff regulations. And we are further perfecting our system of certification and standardization. Special attention is being given to reforming the agricultural sector, to hastening land reform and to restructuring and privatizing agro-industrial enterprises. Very important significance is being attached to practical support for reform measures by the International Monetary Fund and the World Bank. An important element in the Government's economic programme is appropriate external financing, in particular, maintaining the balance of payments.

Ukraine is today actively moving forward towards European integration and is cooperating with other States at the regional and subregional levels. Ukraine's special attitude towards integration into the European Union is based on its understanding that such integration is a factor in helping to strengthen its own independence as a State, its economic security, its political stability and its social harmony, and it is also helpful to its successful economic development.

The entry into force on 1 March 1998 of the Partnership and Cooperation Agreement between Ukraine and the European Union has meant that we are in a qualitatively new stage in the development of our relations with the European Union. In our view, this will reflect positively on our trade and economic relations and will promote the adoption of Ukraine's legislation to conform with the norms of the European Union.

Ukraine is trying to give a fresh impulse to interaction at the regional level and has participated in the activities of a recently established regional organization, the Black Sea Economic Cooperation group, which has the goal of promoting the strengthening of cooperation of countries in the region.

An international conference was held in Ukraine at the beginning of September this year to mark the fiftieth anniversary of the Universal Declaration of Human Rights. The conference brought together representatives from more than 30 countries. Participants noted that stable economic development in the world is impossible without observing the rights and freedoms of each and every inhabitant of our planet. We feel that mutual cooperation and development

should respond primarily to the main parameters of social equality and well-being.

Carrying out such international measures — in particular the annual meeting of the European Bank for Reconstruction and Development in Kiev and meetings of member States of the Black Sea Economic Cooperation in Yalta — attests to the authority of Ukraine as a reliable political and economic partner and is a signal to other countries of its policy of integration into the world and European economic systems.

Under the present conditions of globalization, there is a need to safeguard the positive results achieved by the countries in transition and to prevent any further marginalization of the poorest countries. The rapid completion of the process of transition to a market economy will have a positive impact on the stabilization of the world economic system.

In this context, technical assistance to those countries is very important, in particular the transfer of modern technology on preferential terms, in order to ensure their access to world markets, attract financial flows from those markets and help them become integrated into the global economic trading system.

It has been noted repeatedly in various forums that the end of the East-West ideological confrontation has created a qualitatively new situation in the world. Neither the major Powers, regional associations nor even universal organizations such as the United Nations can resolve such global problems as preventing conflicts and global financial crises or eliminating poverty, international terrorism and drug trafficking. That can be done only through joint, coordinated efforts on the part of the United Nations and other international organizations and will require an adaptation to current realities and the ability to resolve complex contemporary problems.

The United Nations today is engaged in a process of radical reform, which Ukraine actively supports. We note with satisfaction that our country was among those States that helped to hasten that process. In our view, the goals of this radical reform of the United Nations, and in particular of its social and economic sector, should be adequately to reflect the interests of all countries and continents and should involve concrete actions and tangible results for people the world over.

The Acting President: I give the floor to the Permanent Representative of the United Republic of Tanzania.

Mr. Mwakawago (United Republic of Tanzania): At the outset, allow me to join other speakers in expressing my delegation's congratulations on Mr. Didier Opertti's election to the presidency of the fifty-third session.

Let me now turn to the agenda item under consideration. The process of globalization and interdependence is not a new phenomenon. Its roots can be traced as far back as the late nineteenth century. Today, however, globalization has taken on a new shape. Two key players in this process have emerged. On the one hand, we have the transnational corporations, which dominate investment, production and trade in the world economy. On the other hand, we have the international financial institutions, which control the world of finance. Distinct from the earlier form of globalization is the increasing degree of openness, growing economic interdependence and deepening economic integration beyond national boundaries. In all forms, however, the driving forces are the desire to maximize profits and therefore compete in a seemingly contracting market.

Because no country can live in isolation, globalization has become an inevitable phenomenon. Under globalization, developed and developing countries alike have been put into one basket without regard to their differing levels of development, as we are told that globalization stands to benefit all countries. We are told in particular that globalization is likely to open up many new opportunities to developing countries for them to expand and diversify their economies.

However, as I mentioned earlier, globalization is associated with competition. We all know that competition means "survival of the fittest". And this is where the major problem arises, as inequalities and the uneven nature of the globalization process begin to unfold. To be candid, the prime beneficiaries are those who control the transnationals and the financial institutions. This leaves many developing countries, particularly the least developed, excluded and vulnerable to external factors that are beyond their control.

Globalization and trade liberalization have contributed significantly to the growth of international trade and capital flows. This in turn has made it possible to improve the global division of labour and the allocation of savings and investments. Indeed, one could add that the conclusion of the Uruguay Round has led to a reduction of tariffs and the

removal of quotas, thereby increasing market access for products from developing countries.

In spite of the impressive volume of trade on a global scale, trade liberalization remains uneven and faces major challenges that obstruct the achievement of an open, mutually beneficial and rule-based multilateral trading system. Developing countries stand to benefit little from the Uruguay Round if many of the key provisions of particular interest to them are left unimplemented. The provisions deal with exports of particular importance to developing countries, including those in sectors where substantial tariff liberalization has been achieved and those sectors characterized by dynamic export growth.

The declining importance of primary commodities in world trade, coupled with a loss of market share in world primary commodity markets, puts developing countries in a comparatively weak position to benefit from globalization. The situation is aggravated by the declining resources, particularly official development assistance, that are made available to developing countries. Foreign direct investment has grown, and is growing, astronomically, but is very selective and highly uneven. Worse still, rules on technology transfer now prevent those countries from adopting more modern technologies for their own development. In the end, those countries' efforts to industrialize have been thwarted.

It is quite evident, therefore, that the benefits of integration into the world economy through globalization will accrue only to those countries which have laid the requisite foundations for industrialization and development. For the many developing countries whose capacity to invest is low, globalization will continue to expose them to further marginalization. At this juncture it is heartening to record the unequivocal position of the Government of the Netherlands on development assistance to developing countries. It is my delegation's hope that other developed countries will emulate that positive example.

Globalization has had other consequences on the developing countries. Due to low income resulting from poor export revenues, these countries have become more dependent on foreign borrowing in order to meet their obligations. As a result, the foreign debt has become a more serious problem, affecting Governments' delivery of social services to their citizens. In Tanzania, for example, the total committed debt increased to \$7.9 billion in 1997,

as compared to \$7.8 billion for 1996. The Government's capacity to service the external debt as measured by the debt export ratio has been declining despite the fact that export earnings have grown in recent years. The rate of growth of external debt has indeed tended to surpass the rate of growth of exports. Despite the Government's efforts to honour its external debt obligations, the outstanding debt stock continues to accumulate. This has raised the cost-of-living index, putting the lives of many of our citizens in serious jeopardy. Needless to say, the number of poor people has also increased. The debt issue needs to be addressed seriously.

There is a need for the international community to devise a mechanism to oversee the various issues arising from growing interdependence. This mechanism must take into consideration the needs of the developing countries, if they are to benefit from the process. Otherwise, there is a real danger that developing countries will experience exclusion and, therefore, continue being marginalized. If this happens, their chances for development will diminish, while the gap between the rich North and the poor South will widen even further, to the detriment of international peace and security.

The meeting rose at 7.45 p.m.