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SUMMARY RECORD OF THE 2nd MEETING

Chairman: Mr. PAPADATOS (Greece)

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The meeting was called to order at 10.25 a.m.

STATEMENT BY THE CHAIRMAN

1. The CHAIRMAN shared some thoughts on the recent changes in the international political and economic situation and their importance for the United Nations and the Second Committee. As Jean Monnet had said, only through joint analysis of the issues would it be possible to forge a common course of action and provide a platform for negotiations. The message of the 1980s was that any oversimplification of economic issues must be avoided. The world was finally taking a more rational and more pragmatic approach to the overall framework of economic policies, having realised that a lack of budgetary and administrative discipline was to be feared no matter which group of countries was involved.
2. The events of 1989 in the countries of Central and Eastern Europe had brought about political realignments and transformed economic systems and social values. Democracy, the exercise of freedoms and respect for human rights were spreading. Those changes affected not only the East but also the South. As indicated in the report of the South Commission presented recently in New York, the future would depend on the interplay of many forces, not the least of which was South-South co-operation. The new decade should enable those countries to speed up their economic development as a result of such increased political interdependence and bold adjustment measures.
3. Unfortunately, economic changes had not been commensurate with the changes that had taken place in the areas of politics, ideology and approaches to development. According to IMF and World Bank forecasts, the developing countries' performance in the next five years would be comparable to that in the second half of the 1980s. In many of those countries, particularly the countries of sub-Saharan Africa, per capita income would decline significantly. Most Latin American and some Asian countries were likely to achieve only negligible progress. The economic situation of the developing countries therefore remained extremely precarious. The level of economic activity in Eastern Europe also remained low; output was likely to drop by 5 per cent in 1990 and economic imbalances had been the tangible effect of the new reforms in the first half of the current year. In short, the global economy could be said to be characterized by a very large measure of uncertainty.
4. In 1990, the United Nations had played a very vital role in co-operation as a result of the adoption of the Declaration of the eighteenth special session of the General Assembly devoted to international economic co-operation. That Declaration would be supplemented by the international development strategy for the fourth United Nations development decade, the text of which should be finalized shortly. The recent Second United Nations Conference on the Least Developed Countries, held in Paris, was also very important in that context.
5. As economic problems figured more and more prominently among the major concerns of the international community, the Organization would have to rise to new global challenges in the 1990s: poverty, famine, environmental deterioration and

(The Chairman)

the growth prospects of developing countries. As a framework for the interaction of ideas and initiatives, the Second Committee had its own vital role to play in organizing exchanges of views and political debates. Where political will existed and targets were precise and realistic, the Committee could be an irreplaceable instrument of international co-operation, for it was often the initiator of important system-wide measures. It must also promote efforts to reach agreement on the measures to be taken to stimulate global development. At the current session, the Committee would have to adopt decisions which met the expectations of the international community; formulate new ideas and concrete proposals which responded adequately to the issues; support efforts for concerted action) and, through its debates, promote a better political understanding of economic problems.

STATEMENT BY THE DIRECTOR-GENERAL FOR DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

6. **Mr. BLANCA** (Director-General for Development and International Economic Co-operation) said that the current age was marked by unpredictability. Only two months earlier, the world had been celebrating the end of the cold war; the industrialized countries and certain parts of Asia had been set on a path of dynamic growth and there had been a glimmer of hope that the serious imbalances between North and South could be redressed.

7. In early August, however, the situation had suddenly changed. The events in the Gulf region had again raised the spectre of a global economic slowdown. In the market-economy countries, a resurgence of inflation was foreseen which would certainly lead to a rise in interest rates. For the oil-importing developing countries, the oil bill would increase by some \$20 to \$25 billion a year, a burden which, compounding that of indebtedness, would become intolerable. Even the modest growth projected in some of those countries might now be in jeopardy; their adjustment programmes were likely to be derailed and their debt packages were likely to become unravelled. Those problems had already been discussed at the meetings of the World Bank and IMF. The United Nations, for its part, must monitor the economic consequences of the situation closely.

8. As it was important not to impose an additional burden of adjustment on the oil-importing developing countries, additional financial aid must be furnished on favourable terms. The oil-exporting countries, whose revenues had soared as a result of the latest situation, and the industrialized countries too must help alleviate the financial burden bearing down on those countries.

9. Oil prices had been a factor in the escalation of tensions in the Middle East. Very serious attempts had been made in the past, particularly within the framework of the United Nations, to discuss the question of the stability of world energy markets, but the results had been insignificant and, in the 1980s, almost everything had been left to the operations of the oil market. The time had come to give serious thought to how the United Nations could help bring about a degree of co-operation between producer and consumer countries.

(Mr. Blanca)

10. The current malaise, however, went beyond the energy issue alone. While, clearly, nothing justified the aggression committed against Kuwait, some thought must also be given to the overall context in which the recent events in the Middle East had taken place. As the Italian Minister for Foreign Affairs had said, the Gulf crisis had been a reminder of the extent to which the North-South issue remained fundamental to building a new international order. One of the main tasks of the Second Committee must therefore be to see how practical results could be achieved in North-South co-operation. The eighteenth special session of the General Assembly devoted to international economic co-operation and the World Summit for Children were all demonstrations of solidarity.

11. Aside from such declarations, however, the actions of Governments were simply too timid in addressing the problems of growth and development. The ink had hardly been dry on the Declaration of the eighteenth special session of the General Assembly than the Development Assistance Committee (DAC) countries of the Organization for Economic Co-operation and Development (OECD) had announced that aid in the previous year had fallen by 2 per cent in real terms. Such a discrepancy between declarations of intent and actual policy measures was deplorable. That lack of consistency extended also to the debt situation. On the one hand, satisfaction was being expressed at the progress made on the strengthened debt strategy, while on the other hand, the International Monetary Fund (IMF) was projecting that the total debt of developing countries would amount to \$1,354 billion by the end of 1991, an increase of 9 per cent. The proposals made recently with regard to the debt situation had yet to be implemented, owing perhaps to creditors' lack of real determination. He hoped that the drafting of the international development strategy for the fourth United Nations development decade, which was still in progress, would be completed soon. Unless the debt problem was decisively resolved in the next two or three years, any talk of development aspirations for the 1990s would be mere words.

12. For a large number of developing countries, the 1980s had been a decade of economic decline. That negative situation must be taken fully into account so that it could be rectified. It was in that spirit that the Second United Nations Conference on the Least Developed Countries had been held in Paris. UNCTAD had made an excellent contribution in every respect and the Programme of Action of the Conference seemed to be promising.

13. Other meetings which could have practical and constructive results would soon be forthcoming. The closing stage of the Uruguay Round would take place within a few weeks. It was important that its results should be positive; otherwise, developing countries would not be able to find their way out of debt. In 1991, UNCTAD would be holding its eighth session, which would be another important opportunity to strengthen co-operation for development. Similarly, preparations for the 1992 United Nations Conference on Environment and Development had made modest but significant progress.

(Mr. Blanca)

14. While there was cause for rejoicing over the spread of freedom and democracy throughout the world, it should not be forgotten that living conditions in many developing countries were showing no signs of improvement, and that the imbalance between the North and the South had become more pronounced during the 1980s. At its current session, therefore, the General Assembly should create the conditions for change towards a *greater* balance between countries and between individuals.

15. In the midst of such serious difficulties, the United Nations increasingly stood out as a reliable mechanism for avoiding confrontation and preserving peace and security. In peace-keeping, the best cure was prevention, and that required greater economic and social justice. The organisation of the United Nations system should take a neutral and impartial approach which imposed no conditions. While it was necessary to be exacting with regard to the functioning of the system, all Member States which were in a position to do so should contribute to strengthening the capacity of the United Nations for collective and concerted action in order to raise the campaign for development to a higher level.

ELECTION OF OFFICERS

16. The CHAIRMAN informed the Committee that Mr. Amaziane (Morocco) and Mr. Gianelli (Uruguay) had been nominated for the office of Vice-Chairman and that Mr. Rysinski (Poland) had been nominated for the office of Rapporteur.

17. Mr. Amaziane (Morocco) and Mr. Gianelli (Uruguay) were elected Vice-Chairmen by acclamation.

18. Mr. Rysinski (Poland) was elected Rapporteur by acclamation.

ORGANIZATION OF WORK (A/45/250 and Add.1, A/45/251 and Add.1, A/C.2/45/1, A/C.2/45/L.1, L.1/Add.1 and Corr.1)

19. The CHAIRMAN drew the Committee's attention to a letter dated 21 September 1990 from the President of the General Assembly addressed to the Chairman of the Second Committee concerning the allocation of items to the Committee (A/C.2/45/1). He also drew attention to document A/C.2/45/L.1, which contained the programme of work for the Committee drawn up by the Secretariat, and document A/C.2/45/L.1/Add.1 and Corr.1, which contained a list of the documents before the Committee. Owing to the delay in the scheduling of the current meeting, a draft revision of the programme of work had also been distributed by the Secretariat.

20. He recalled the action which the General Assembly had taken on the basis of the recommendations contained in the first report of the General Committee (A/45/250) relating to the organisation of the work of the Assembly and its Main Committees. That action concerned the waiving of the quorum required for the start of meetings, punctuality, time-limits on explanations of vote, the exercise by delegations of their right of reply, the practice of not reproducing statements

(The Chairman)

in extensu and the procedures to be followed by Main Committees with regard to the submission of draft resolutions with financial implications and voting on those resolutions. He also drew **attention** to regulation 4.9 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.

21. He urged the Committee to keep the **number** of draft proposals **under** each item to a minimum and to adopt a single draft resolution or decision on each specific issue before it. All draft resolutions should be concise and should concentrate on policy recommendations addressed to Member States and United Nations bodies. Delegations should not feel obliged to present a draft resolution on a subject simply because a report had been submitted, or because a draft proposal on the subject had been adopted in the past; the Committee should merely take note of reports not requiring a decision by the General Assembly. Furthermore, resolutions requesting the discussion of an issue at a subsequent session should not call for the inclusion **of** a separate new item; rather, a discussion should be held in the context of the item under which the resolution had been adopted. He urged that requests for reports to be submitted to the Committee should conform to the Committee's biennial programme of work, except where the urgency **of** the subject-matter required otherwise, and drew attention to paragraph 21 of document A/45/250 on limiting the **number** of reports requested of the Secretary-General and reducing the **number** of resolutions adopted by the General Assembly.

22. He suggested also that the Committee should continue its practice of limiting statements on the various items on its agenda to 10 minutes and statements during the general debate to 15 minutes.

23. It was so decided.

24. The Committee should bear in mind the importance of adhering to the deadlines established for the submission of draft proposals, in order to complete its work on time. As the Main Committees were allocated an average of seven meetings a week, it was essential, in order for the Committee to adhere to its programme of work, that delegations wishing to address the Committee take full advantage of the time available, rather than registering to speak on the last day of discussion of a given item.

25. Mr. NAVAJAS-MOGRO (Bolivia), speaking on behalf of the Group of 77, requested that the two days of debate which had been eliminated from the original programme of work be reinstated, and expressed regret that the Group had not been consulted on the **organization of work**. Taking into account the revised programme of work which had just been distributed, he asked that sufficient flexibility should be retained with regard to the programme of work and that a day should be added to the Committee's debates, which would then conclude on Friday rather than Thursday of the week of 4 December 1990. One day, as initially scheduled, rather than a half-day as envisaged in the revised programme, should be devoted to agenda item **148** (Implementation **of** the commitments and policies for international development co-operation agreed **upon** in the Declaration on International Economic Co-operation, **in** particular the **Revitalization** of Economic **Growth** and Development

(Mr. Navajas-Mogro, Bolivia)

of the Developing Countries). It was possible that the Committee might need more time for the general debate, since it would be considering not only new aspects but also traditional aspects in a new light. In view of the eloquent statement made by the Director-General concerning co-operation and the need to ensure that the Assembly's resolutions did not remain a dead letter, the time allocated to the debate on agenda item 84 (Operational activities for development) would have to be increased.

26. The CHAIRMAN said that everybody would be able to speak, and the deadline for the completion of work would be somewhat flexible. The programme of work took account of the amount of time spent on each major item in the past, but deadlines could be changed if necessary. He would appreciate the Committee's co-operation, in view of the difficulties involved in meetings scheduling. The need to schedule an additional meeting for consideration of item 148 would depend on the number of speakers. He would do his best to set aside more time for the general debate if necessary. If appropriate, one or two additional meetings could be scheduled for consideration of item 84 (Operational activities for development).

27. Mr. STOBX (Secretary of the Committee), referring to item 148, said that a meeting was scheduled for the morning of 11 October. However, the Committee could consider that item at two meetings on 11 October if it deferred consideration of agenda items 86 and 87 to Friday, 12 October.

28. Mr. MOZUKHOV (Byelorussian Soviet Socialist Republic) said that in the course of the informal consultations held on 25 September it had been suggested that the date for consideration of item 12 (1) (International co-operation to address and mitigate the consequences of the accident at the Chernobyl nuclear power plant) should perhaps be changed, since the Secretary-General's report had not been ready. He wished to have further information on consideration of that item.

29. Mr. STOBX (Secretary of the Committee) said that the Committee was scheduled to take up consideration of agenda item 12 (1) on 10 October. Since the Secretary-General's report would probably not be ready by then, the Committee would have to consider discussing the item at a later stage, perhaps at the end of the first week of November if the report was ready. One meeting would be scheduled for consideration of the item.

30. The CHAIRMAN said that Mauritania had also raised a point in the course of the informal consultations.

31. Mr. STOBX (Secretary of the Committee) said that the representative of Mauritania had requested that item 79 (c) (Review and appraisal of the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries) should if possible be considered in the plenary meeting in accordance with past practice. The Chairman could, if the Committee wished him to do so, write a letter to the President of the General Assembly putting forward that proposal, which the General Assembly would be able to accept without any difficulty.

32. Mr. WOLFF (Colombia) said that he was not satisfied with the amount of time set aside for consideration of some important items. For example, consideration of the issue of operational activities must not be glossed over; he hoped that the Chairman would take account of the need for complete transparency in the relevant discussions. The Group of 99 had proposed that the debate should be extended to Friday, 9 December, and not just to 5 December. With regard to the state of preparation of documentation, it was most regrettable that documents were not available on time. It should be standard Committee procedure to schedule at least a week for consideration of relevant documents.

33. The CHAIRMAN said that he would do everything in his power to ensure that the debates were as transparent as possible. Since 4 December was a Tuesday and not a Thursday, it would be possible to extend the debate. With regard to documentation, there were sometimes technical difficulties; however, there were sometimes other types of difficulties, which were difficult to predict at the current stage. Should the latter type of difficulty arise, the Committee secretariat would contact the relevant departments if clarifications were needed. He recalled that the Group of 99 had requested the Committee to set aside additional time for the consideration of items 84 and 148, and the secretariat had suggested scheduling an additional meeting for the consideration of item 148, which was probably acceptable.

34. Mr. TURIANSKIY (Ukrainian Soviet Socialist Republic), referring to item 12 (I), said that a United Nations mission had visited the area affected by the Chernobyl disaster to gather information for the preparation of a report by the Secretary-General. The leader of the mission had indicated that the report should be ready in mid-November, which meant that item 12 (I) could be considered at that point.

STATEMENT BY THE UNDER-SECRETARY-GENERAL FOR INTERNATIONAL ECONOMIC AND SOCIAL AFFAIRS

35. Mr. AHMED (Under-Secretary-General for International Economic and Social Affairs) recalled the major events that had changed the political and economic scene over the past year. Through all those changes ran an underlying common thread: a system that did not provide equality of opportunity and justice for all was inherently unstable.

36. In the economic arena, the agreement on an international development strategy for the 1990s was evidence of the international community's determination to meet the economic challenge of the new era. The declaration adopted by the World Summit for Children was another manifestation of the resolve to address problems that called for new solutions.

37. The Gulf crisis had created uncertainty and concern even in the short term. Whatever the scenario - for example, oil prices of \$30 to \$32 per barrel and no outbreak of hostilities - serious consequences were to be expected: overall growth in world output in 1990 was not expected to exceed 1 per cent, the lowest rate since 1982, and world trade might also slow down to 5 per cent annual growth (from almost 7 per cent in 1989).

(Mr. Ahmed)

36. Growth in the developed market economies was expected to be just 2 per Cent in 1991, as against the earlier forecast of around 3 per cent, and unemployment would rise by 0.6 per cent and inflation by 1 per cent. Countries with developed market economies were in general better prepared to absorb the shock of the higher cost of oil than other groups of countries. They had improved the energy efficiency of their economies and had large strategic oil reserves, part of which should perhaps be released in order to stabilise the market.

39. The economies of Eastern Europe would be severely affected by the crisis. With the dismantling of the rouble régime, they would have to pay for their oil supplies in hard currency. The trade balance of Eastern Europe, excluding the Soviet Union, was expected to worsen by \$3 billion in 1990 and by \$9 billion in 1991. The Soviet Union, on the other hand, would improve its trade balance by \$10 billion in 1990 and by \$27 billion in 1991. Those countries as a group were expected to experience a 5 per cent decline in output in 1990 and stagnation in 1991,

40. Growth in developing countries might not exceed 2 per cent in 1990, improving somewhat to 3.8 per cent in 1991. In Latin America, output might decline by 1 per cent in 1990, resulting in a decline in income per head. Contrary to earlier expectations, in West Asia output was unlikely to increase in 1990, with only marginal growth of around 2 per cent in 1991. The slow-down in South and East Asia was likely to be less pronounced, and the region might be able to achieve around 5 per cent growth in 1990 and 1991. In Africa, average growth was expected to improve marginally to 3 per cent in 1990 but was likely to fall back to 2.5 per cent in 1991. It was difficult to assess the net effect of higher oil prices on the growth of the region as a whole, which comprised both oil-exporting and oil-importing countries. In any case, incomes per capita would continue to fall in Africa.

41. While the energy-exporting countries would improve their external balance by \$53 billion and \$133 billion in 1990 and 1991, respectively, the trade balance of the energy-importing developing countries would worsen by around \$17 billion in 1990 and by \$42 billion in 1991. That new oil-price shock would have serious repercussions on the economies of most energy-importing developing countries. For the majority of those countries, the capacity to absorb an oil-price increase without significantly compressing imports and output was virtually non-existent. The majority were confronted with serious external debt problems and extremely low reserves. Moreover, if the world economy slowed down further, those countries' exports would be affected. Higher interest rates would aggravate the difficulties of the heavily-indebted, energy-importing countries, and the impact in terms of poverty, hunger and malnutrition would be devastating, particularly in the least-developed countries.

42. The crisis in the Gulf had also displaced large numbers of foreign workers, and their countries of origin now had the task of reabsorbing them. Furthermore,

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trade flows had been disrupted, and the countries of the region, a number of other Asian and African countries and the major trading partners of Iraq and Kuwait had been directly hit by the loss of remittances and export earnings.

43. There was an urgent need for immediate international action. As a first step, provision should be made for the needs of the innocent victims of the conflict, in particular foreign workers and their families, and consideration should be given to establishing mechanisms for compensating those victims for their losses. Secondly, an international programme of financial assistance and debt-relief measures should be devised for the countries most seriously affected by the crisis. The initial steps announced by a number of Governments, as well as by the World Bank and the International Monetary Fund, were welcome, but the fear was that they might prove insufficient. Serious consideration should be given to setting up appropriate facilities in the World Bank and IMF for enabling the most seriously affected countries to obtain aid on highly concessional terms and taking into account the serious plight of those countries. Some rethinking would also be necessary to incorporate greater flexibility into the adjustment programmes in many countries to take into account their additional burdens.

44. The Gulf crisis would only aggravate many of the fundamental long-term issues facing the international economy, beginning with the problem of indebtedness) it should be borne in mind that since 1983, the developing countries had experienced a net transfer of over \$200 billion abroad yet their total debt burden continued to grow, and might reach \$1.2 trillion in 1990. The measures taken to date had not produced any significant reduction of debt. The international financial system continued to be seriously affected by the instability of exchange rates and commodity prices and the working of the trading system continued to give rise to serious concern following the Uruguay Round. The erosion of multilateralism threatened to undermine the whole GATT régime. Finally, the great instability of energy markets had discouraged all long-term investment in the area of energy.

45. One salutary effect of the Gulf crisis was a growing willingness to address the longstanding problems in the world economy. First and foremost, the international community must show a clear commitment to multilateralism and global economic management to promote conditions of stability and growth. That would imply a greater recourse to the United Nations and, in particular, to the Economic and Social Council, to address the issues of macroeconomic policy co-ordination, underdevelopment, poverty and the environment. That would call for a multilateral and open-trading system that ensured the full participation of all countries in an equal and non-discriminatory manner in world trade. Effective institutional arrangements were needed to arrest the dangerous trend towards fragmentation of the system into trading blocs.

46. In the financial and monetary field, the problem of external debt must be settled once and for all. The solutions applied should be on a scale sufficient to enable the indebted countries to grow once again. For the least developed

(Mr. Ahmed)

countries, full debt-relief measures agreed upon at the Paris Conference should be applied. On their part, the indebted countries must sustain their policies for economic reform,

47. A concerted effort would also be required to stabilize exchange rates and to move towards greater international control over the creation and distribution of liquidity to meet the needs of a growing world economy. International monitoring and surveillance mechanisms would need to be strengthened and applied in a more balanced manner so as to avoid distortions in the allocation of the world's capital resources. In that regard, the intermediation capacity of development finance institutions such as the World Bank and regional development banks should be augmented substantially.

48. Concomitantly, the developing countries would need to create stable and favourable conditions conducive to the flow and investment of capital. The development of their financial sector and mobilization of domestic savings would be equally necessary to revive growth in their economies. The Department of International Economic and Social Affairs was carrying out a programme in co-operation with savings and finance institutions in various countries in order to promote those objectives.

49. The Gulf crisis had dramatized the importance of energy in the modern world. Despite the adverse consequences of previous crises, little progress had been made in promoting international co-operation in that field. The collapse of oil prices in 1986 had dampened investments in the exploration and development of energy resources. It was time for the international community to take cognizance of the full costs of neglecting that crucial area and to lay down the basis for long-term management and development of energy resources in the interest of all countries.

50. The report of the Secretary-General on energy exploration and development trends in developing countries (A/45/274-E/1990/73) outlined a programme of action in that field. Serious consideration should be given to establishing a mechanism for financing oil and gas exploration and development that could mobilize both public and private resources for that purpose.

51. The negative trends in the flow of official development assistance were also a matter of grave concern. Official flows were critical for the least developed and other low-income countries, and the commitments undertaken at the recently concluded Paris Conference should be carried out promptly. In the present-day world, the destiny and well-being of every nation, no matter how rich and powerful, was inexorably linked to that of the others. Hence, the war against poverty must be fought on all fronts. The interim report on the subject (A/45/398) submitted to the Committee reviewed the work of the United Nations system in that area, and pointed out that poverty could not be eradicated in an environment of economic stagnation, nor could it be addressed merely by allocating more resources. Governments must devise policies designed to develop the full human potential of

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their societies and to encourage initiative and entrepreneurial skills 'so as to generate new impulses for self-sustained growth in the economy, The Committee had before it the reports of the Secretary-General on human resource development (A/45/451) and on the role of national entrepreneurs in economic development (A/45/292).

52. The problem of poverty was intimately linked with population growth and the degradation of the environment, While a number of developing countries had already slowed down their population growth, population in the poorest countries, particularly in Africa, was still growing rapidly. In recent years, a number of other demographic issues, including the question of aging and the role of women, had come to acquire great urgency.

53. Environmental protection and its relationship to development had become an issue of fundamental importance. All economic and social policies must henceforth include an environmental component. The two areas needed to be reconciled to ensure sustainable patterns of growth. International co-operation was also essential in that field. Developing countries had suffered many ecological disasters. To those countries, development appeared to be the only solution and, for that, they needed additional resources and technology. An understanding of those concerns should provide a basis for the general debate at the United Nations Conference on Environment and Development, to be held in 1992.

54. At that crucial moment in the history of mankind, such were the major problems that the international community had to resolve.

GENERAL DEBATE

55. Mr. KUKLINSKI (Poland) said that nations were demonstrating once again that, despite their differences, they could achieve a unity of purpose and commitment. A consensus was gradually emerging with regard to economic and social development. Countries were proving their ability to revitalise economic exchanges on the basis of the rediscovered values of enterprise, productivity and responsibility.

56. For their part, the newly restored democracies of eastern and central Europe were helping to fortify the interdependence of nations. However, development was still impeded by the serious problems of poverty, hunger, external debt and environmental degradation, the elimination of which remained a challenge for humanity and for the United Nations.

57. In the view of the Polish delegation, five factors played a key role in the structure and functioning of the world economy: shifts in the distribution of the most dynamic regions; dependence on oil, an ongoing problem for all countries, including Poland, as demonstrated by recent events in the Persian Gulf; the external debt problem, which limited the development of the world economy; social adjustment to the structural changes brought about by the technological revolution

(Mr. Kuklinski, Poland)

in the developed countries - the question at hand was how to ensure socially sustainable development; and the progressive degradation of the environment. Most of those issues had already been considered by the General Assembly at its eighteenth special session, and by the Economic and Social Council. However, their integration into international co-operation called for a comprehensive and action-oriented analysis, so that the comparative advantages of current and prospective patterns could be identified with a view to facilitating readjustments.

58. The consolidation of pragmatic and constructive approaches to development co-operation and efforts to reach a consensus in that field, as seen at the recent Paris Conference, augured well for the success of such an analysis. When ideological and political differences faded away and the majority of States were united in the interest of peace, social and economic problems became even more salient.

59. In that context, the United Nations should endeavour to ensure that economic tensions between North and South did not lead to the re-establishment of a climate of political tension. The gravity of the external debt problem had spurred the international community to reconsider the need for a long-term economic and social policy. Such a policy should include assistance to the seriously indebted countries, in particular the middle-income countries. In order to restore equilibrium to their balance of payments, the external debt burden of those countries must be reduced, Poland's own experience suggested that, unless adjustment policies were supplemented by debt reduction, a country's economic policies and austerity measures could have only a limited impact.

60. Environmental protection represented one of the main aspects of most economic and social development programmes. It called for close collaboration among Governments, determined action on the part of international organizations and involvement of the public. The Conference on Environment and Development, which was scheduled for 1992, should provide an opportunity to reconcile the demands of environmental protection and economic growth, set up an overall institutional framework for environmental protection and, possibly, elaborate a charter of the ecological rights and duties of States. Poland was very much attracted to that idea and was ready to participate actively, since it considered environmental protection to be a priority issue and believed that international, and particularly regional, co-operation should yield tangible results.

61. Any policy would require discipline and efficiency. The organizational structure of the United Nations should accordingly be streamlined so as to heighten the impact of its regional activities, in particular through the regional commissions. The regional factor was playing an increasingly significant role in world economic relations. In fact, neither global nor national issues could be fully understood without examining their regional context. Poland attached great importance to co-operation in the European region and its entry into the European Economic Community remained a strategic objective. Being deeply rooted in the unity of European culture and civilization, Poland had suffered greatly from the

(Mr. Kuklinski, Poland)

division of Europe; for that reason, the process of European unification was widely supported by the whole of Polish society.

62. The bankruptcy of socialism as a socio-political and economic entity and as a way of life had opened the way in central and eastern Europe for the establishment of a system based on parliamentary democracy, a market economy, environmental protection, and the creation of modern technological infrastructures. Compatibility among those four areas was a sine qua non for the unity of the European continent on the eve of the twenty-first century.

63. While rejoicing over the elimination of the iron curtains and the walls in Europe, Poland was at the same time aware that the cold war divisions could be replaced by a new economic division between rich and poor countries; that would threaten not only development but also the stability of the region. Joint efforts were therefore needed to avert such a threat.

64. Poland was having more difficulty with economic and social transformation than with political transformation, because the transition from a planned to a market economy was a complex task. In order to create a market economy, the State must develop a set of instruments to promote economic, social and financial policies. Implementation of the Balcerowicz Programme, inspired by the philosophy of the International Monetary Fund (IMF), was only the first stage in the introduction of a market economy in Poland. Yet, that new policy had already eliminated hyperinflation and shortages and had ensured a stable rate of exchange for the zloty. Several privatization and antitrust laws had been adopted. Nevertheless, owing to a drop in production and an increase in unemployment, as well as a greater decline in revenue than had been expected, the process of recovery had not yet begun. Privatization of industry was a formidable task, requiring substantial injections of foreign capital.

65. Another issue of importance was the behavioural patterns of society, which should be the main driving force in the development of new mechanisms for a market economy. The Polish nation must modify its behaviour and internalize the psychology of competitive societies which offered high rewards for individual efforts; it must adopt innovative approaches in all spheres and display entrepreneurship. Polish individuality must be freed from the pressures of collectivism) given a choice between social equality and efficiency, the choice must be efficiency, within, of course, the social framework accepted in practice by modern societies.

66. The Poland of the 1990s rejected the rigid and obsolete economic structure of socialism and its wasteful investment policies. The country was now undergoing an economic transformation that posed the biggest challenge in its history. It was in urgent need of support from the industrialized countries to create a market infrastructure and to harmonize its political, economic and social changes. After a painful transition, the countries of Eastern and Central Europe would experience economic recovery. In the long run, that would have a stabilizing effect on the

(Mr. Kuklinski, Poland)

world economy as a whole and hence on the economic development of the developing countries.

67. The world economy was in fact becoming an indivisible entity which could not prosper if any of its constituent parts was weak. He therefore proposed that a study should be undertaken within the framework of the Second and Third Committees, together with the Economic and Social Council and its subsidiary parties on the key development factors determining the future of the world economy. Such a study might produce a set of conclusions on new international mechanisms to avert the threats to development and make rational use of existing complementarities. The task might be entrusted to the Committee for Development Planning, with the results considered at a special high-level session of the Economic and Social Council; recommendations could then be submitted to the General Assembly.

68. He hoped that the proposal would be given due consideration and that it would encourage innovative thinking about ways of improving the human condition.

69. The CHAIRMAN said he had taken note of the Polish delegation's proposal, which would be duly taken into account.

70. Mr. NAVAJAS-MOGRO (Bolivia), speaking on behalf of the Group of 77, said that the economic and social situation in the developing countries had been worsening in 1989 and 1990; the Group of 77 had expressed its concern on a number of occasions, in particular in the declaration of the Minister for Foreign Affairs adopted in New York on 3 October 1990.

71. That declaration stressed the need to implement immediately all the agreements reached on international economic co-operation at the eighteenth special session of the General Assembly and, in particular, to use the international development strategy for the fourth United Nations development decade as a means of overcoming once and for all the economic and social underdevelopment of the developing countries, eradicating poverty and hunger in those countries and enhancing the quality of human resources there.

72. The Group of 77 accepted that action must be taken primarily by the developing countries themselves. However, the contemporary world was growing increasingly interdependent, markets were becoming international and there could be no development without international co-operation. The international community must therefore make a determined effort to reverse the transfer of financial resources from the developing to the developed countries as rapidly as possible, while finding a lasting solution to the debt problem and putting a stop to the developed countries' discriminatory protectionist policies.

73. The Group of 77 therefore considered that urgent measures were needed to reduce the indebtedness of all debtor countries significantly and to ensure that the debt problem did not worsen or become more widespread. The Group appealed to the developed countries to increase their development aid and hoped that the

(Mr. Navajas-Mogro, Bolivia)

Uruguay Round might offer an opportunity for establishing an open, dynamic and reliable multilateral trading system.

74. The resumption of economic growth in the developing countries depended on their level of industrialization; it was to be hoped that efforts would be made to provide those countries with financial resources and to open the developed countries' markets to their industrial exports.

75. The world economic situation in 1990 was different from the situation 10 years earlier. The profound changes and the process of integration unfolding in Eastern Europe threatened to exclude the developing countries even further in the financial, commercial and technological fields. The implications for the living standards of over 80 per cent of the world's population would be extremely serious.

76. It was more important than ever, therefore, to improve the developing countries' competitiveness and, to that end, to ensure the effective transfer of technology and set up joint research and development programmes that would give those countries access to new technologies.

77. The international community was becoming increasingly aware of the problems of environment and development. The developed countries, whose patterns of production and consumption had been a source of environmental deterioration, must help the developing countries solve those problems. The Group of 77 had often stressed the importance of international co-operation. He drew attention in that connection to General Assembly resolution 44/228, the implementation of which was crucial to the success of the United Nations Conference on Environment and Development.

78. Another problem which had assumed importance in recent years was the production and consumption of, and trafficking in, drugs and psychotropic substances. Consumer and producer countries alike bore responsibility in that area. Measures must be taken to reduce and eliminate demand in consumer countries and to set up crop-substitution programmes in producer countries.

79. With regard to energy, all means of averting the adverse consequences of oil-price fluctuations must be studied. Efforts must also be made to develop and utilize new and renewable sources of energy, in accordance with the principles of the Nairobi Programme of Action.

80. The Group of 77 would participate wholeheartedly in the Committee's discussions on those problems and in all efforts to solve them.

The meeting rose at 1 p.m.