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SECOND COMMITTEE  
4th meeting  
held on  
Wednesday, 9 October 1985  
at 10.30 a.m.  
New York

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SUMMARY RECORD OF THE 4th MEETING

Chairman: Mr. BIRIDO (Sudan)

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The meeting was called to order at 10.50 a.m.

GENERAL DEBATE (continued)

1. Mr. LEE (Canada) welcomed the constructive proposals made, inter alia, by the Group of 77, the Director-General for Development and International Economic Co-operation and the delegation of Denmark. He regretted, on the other hand, that the delegation of the Soviet Union had raised issues which were outside the scope of the Committee's concerns, and appeared more inclined to emphasize divergences than to seek common denominators.
2. Possibilities for progress were apparent in various areas (the review of the International Development Strategy had reached consensus, UNCTAD seemed to be taking a more practical approach to interdependence and the Contracting Parties to GATT had agreed to engage in a new round of trade negotiations), although a number of important and complex issues remained to be solved. A spirit of co-operation was thus more necessary than ever.
3. It was in that context that the role of the United Nations, and especially of its economic and social bodies based in New York, should be assessed. Since 1945, some Member States had also grouped themselves to establish specialized bodies in certain economic sectors, and many general economic declarations had been adopted. National authorities now seemed to be eschewing global approaches in favour of a more practical and issue-oriented policy. That change might be regretted, but it must be acknowledged.
4. The informal discussions among many delegations over the past year had helped to improve understanding and facilitate agreement, and UNCTAD had been following a similar course. However, more intensive co-operation and contacts between Geneva and New York might be helpful.
5. While the major sectoral and regional organs did not meet in New York, a number of important questions such as transnational corporations, science and technology and natural resources were dealt with at Headquarters. But not everyone in the Secretariat, or among delegations, took that work seriously. The excessive number of agenda items and the lack of depth in discussion, too frequently by inexperienced representatives and with inadequate and often late documentation, could not strengthen confidence in the collective ability of the system to handle complex subjects, especially at the political level.
6. The management of the world-wide United Nations system of technical assistance was considered regularly both in the relevant governing bodies and, more broadly, by the Economic and Social Council and the Second Committee. Canada was satisfied that all those concerned took their role seriously, and noted progress in a number of areas, for example by UNDP and UNICEF. UNFPA was also achieving encouraging results, but it needed every support in today's difficult circumstances.
7. Mention must also be made of the overview and co-ordination function performed in particular by the Economic and Social Council. Canada found the Council's work more effective when it focused on specific questions than when it simply received reports and passed them on. The cross-organizational reviews offered promise, and

(Mr. Lee, Canada)

should be further developed. In that regard, earlier subject decisions and more homework by delegations, coupled with much better and earlier documentation by the Secretariat, were essential. Canada strongly supported the practice of holding a preliminary organizational session for the Economic and Social Council and setting one or two priority items for its summer session. It might be useful to consider a similar approach for the Second Committee.

8. Where the annual survey of the world economic scene by the Economic and Social Council and the Second Committee was concerned, emphasis on the deliberative approach, at least initially, provision for informal exchanges, including with experts, and flexibility regarding the outcome might prove helpful. New York should be a place for dialogue on current issues in which convergence of views and whatever degree of consensus could be achieved should be sought. It would however not be realistic to seek to take decisions of a general nature on matters that were handled by bodies with headquarters elsewhere in the world. The review of the implementation of the International Development Strategy had been instructive in that regard.

9. Canada found that, its focus on the immediate, some of the Second Committee's work duplicated that of other bodies. However, a task that did not seem clearly allocated a present was that of looking broadly at the longer term. The General Assembly and the Economic and Social Council might pick out certain topics to be discussed or certain problems to be dealt with in a longer-term perspective.

10. The need for many developing countries to make the transition from short-term relief to longer-term development, and beyond that to self-reliance, had been clearly pointed out. It had most recently been referred to in connection with Africa, but would also seem applicable to other regions, and particularly to the least developed countries. It might be useful to undertake a periodic review of longer-term development and growth policies and their international setting.

11. In the same context, attention could also be given to population issues (urbanization problems, environmental impact, structural dislocation, migration, economic refugees, etc.), to the prospects for the environment (water supply, protection of the ozone layer, problems of drought and desertification), to the management of non-renewable resources and commodities and to the consequences of the positive structural adjustment which was inevitable over the medium term. In addition, the General Assembly - and especially the Economic and Social Council - had the responsibility for connecting economic and social policy. Surely ways could be found to put a human face on economic objectives and policies.

12. Reviewing the situation of the world economy, he noted that the recovery was fragile and its effects were unevenly spread. Economic momentum therefore needed to be sustained and spread more broadly throughout the world, including the developing countries.

13. Nominal interest rates were well down from their peaks, but real interest rates were still too high and too volatile. Exchange rates, external balances and budget deficits also required continuing attention.

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14. In the developing world, many countries faced bleak prospects (severe financial constraints, low commodity prices and unfavourable terms of trade). Africa had received very effective immediate aid, but its longer-term development needs remained daunting, particularly in the countries south of the Sahara.
15. The debt situation in some Latin American countries continued to give cause for serious concern, and the courageous adjustment measures which those countries had adopted had all too often had negative political and social effects. The necessary adaptation to economic realities must take political and social realities into account.
16. In Canada's view, the industrialized countries must pursue non-inflationary growth, work to reduce interest rates and improve access to their markets. Debtor countries must persevere with their adjustment efforts in order to restore credit-worthiness. The international community must underpin its efforts with adequate flows of aid and financing, particularly through multilateral institutions with the participation of commercial creditors.
17. The long-term solution of the debt problem would require sustained efforts. Canada believed that solutions which involved immediate remedies, such as the establishment of global debt-relief schemes, were likely to be costly and counter-productive. A flexible approach was preferable, even if there was room for strengthening the catalytic role of international financial institutions.
18. In addition, banks must be encouraged to provide debtor countries with adequate financing in co-operation with international financial institutions and official agencies. In that context, the World Bank should consolidate medium-term adjustment and growth strategies and develop new mechanisms, such as guarantees for private-sector lending. In general, substantial financial assistance should be provided to those low-income countries having very limited access to international capital markets.
19. Protectionist pressures had been increasing in recent years, jeopardizing the world economy's prospects for growth and hitting the developing countries particularly hard. Trade could be an engine of growth and social progress for all countries. It must be recalled that the system of multilateral trade based on GATT, with its fundamental principles of non-discrimination and transparency, had benefited all countries.
20. Those reasons led Canada to stress the need to meet the challenge of trade liberalization. That could be achieved most effectively by initiating a new round of multilateral trade negotiations. His delegation welcomed the agreement reached recently at Geneva regarding the preparatory process and the need to address more subtle barriers to trade while ensuring that GATT was responsive to "changes in the trading environment". The developing countries also had a stake in those negotiations and stood to gain if they actively pursued their interests.
21. With regard to development, Canada favoured a substantial increase in the resources provided by multilateral and bilateral sources, both official and private

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(including a substantial increase to IDA when the eighth replenishment was made). The effective utilization of development resources must also be ensured by a coherent approach to the disbursement of resources and the co-ordination of programmes. The World Bank could play a key role in that regard.

22. Development of the food and agriculture sectors, particularly in the least developed countries and in Africa, was a major priority in the medium and long terms. From that perspective, Canada was gratified by the international community's effective response to the crisis in Africa through the Office for Emergency Operations in Africa. His delegation hoped that that co-operation would be sustained in connection with long-term development efforts in Africa, and that the lessons learned from that experience could be applied with equal effectiveness elsewhere in the world. For its part, Canada was resolved to intensify its contribution to the development process, regardless of the problems involved.

23. Mr. SCHULLER (Luxembourg), speaking on behalf of the States members of the European Community, said that the climate of confidence, willingness to compromise and realistic outlook which had made it possible to adopt the report on the review and appraisal of the International Development Strategy should similarly mark the work of the Second Committee.

24. The European Community stressed the importance of an approach which took into account the interdependence of economies and the interrelationships between the problems under consideration. In such an approach, the United Nations system was called upon to play a central role, specifically as the preferred setting of the North-South dialogue.

25. The balance sheet for the past year showed that the growth in world trade had been confirmed and that the industrialized countries had managed to sustain moderate and non-inflationary economic growth. In the European Community, the significant reduction in inflation, the resumption of investment, the growth of domestic demand, the decisions taken with regard to building the European market and promoting technological co-operation in Europe, the expansion of the European monetary system and stability between currencies were encouraging signs. Nevertheless, a number of problems persisted: structural rigidity, unstable currency markets, barriers to international trade, the level of real interest rates and, above all, unemployment, which was largely indicative of an acceptance of the principle of the developing countries' comparative advantage and was the result of adjustment policies.

26. Even though the recovery and the effects of adjustment programmes were gradually spreading, economic and social conditions in the developing countries remained worrisome as a result of recession, stagnation, high inflation rates, the threat of social unrest, and foreign debt which mortgaged all development plans.

27. Vigorous, realistic and coherent policies were required to sustain the economic upturn and broaden its effects, carry out recovery programmes and facilitate the integration or reintegration of developing countries as full partners in the international trade system. Those objectives demonstrated how

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indispensable international co-operation was in the related areas of money, finance, debt and trade.

28. Indebtedness continued to elicit deep concern. The underlying problems remained, even though some extreme situations had been brought under control. The European Community remained committed to the principle of treating situations of indebtedness on an individual basis within the existing institutional framework. It also believed that the problem must be viewed from a long-term perspective and in all its aspects. The Community also fully acknowledged the need to establish a stable international economic environment in order to facilitate the success of structural adjustment policies.

29. The objectives which the international community must currently pursue to ensure that development made a lasting recovery (adjustment measures, access to markets, reduction of budget deficits in some industrialized countries, reduction of interest rates, etc.) served to continue and intensify the dialogue with developing countries by exploring all the options it offered and by adopting a specific course of action. That dialogue had already led to significant progress, largely because of the courageous efforts of the countries concerned and the interventions of groups of creditors, the banking system, IMF and the World Bank.

30. The external current account deficit of the developing countries had fallen appreciably and was increasingly being financed by a combination of capital that did not give rise to indebtedness - grants and direct investment - and long-term loans from official sources. The efforts of the developing countries to adjust had, in that regard, played a significant role. Adjustment must be supported by adequate assistance from the World Bank, justifying a general increase in its capital. Bilateral and multilateral official development assistance also continued to be an essential element of external finance, particularly for low- or very-low-income countries.

31. Corrected for inflation, total official development assistance granted by the industrialized countries increased by 6 per cent in 1984. The States members of the Community that had not yet done so would endeavour to reach the goals of 0.7 and 0.15 per cent.

32. The European Economic Community attached great importance to the role of IDA and IFAD and to the replenishment of their resources.

33. Recipient countries and donor countries must embody their joint efforts in an overall strategy arrived at through a constructive and realistic dialogue that took account of past experience. The third Lomé Convention would be implemented in that spirit. Under the Convention, commitments had been increased by 60 per cent, a medium- and long-term approach to co-operation had been adopted, and there would be better co-ordination and concentration of aid, with priority going to agricultural development.

34. The European Economic Community was, under certain circumstances, prepared to establish a new system to compensate for the loss of earnings incurred by countries

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classified as among the least developed that were not parties to the Lomé Convention from the export of numerous agricultural products. It should be recalled that the European Community was the principal trading partner of the developing countries. Its imports from those countries had amounted to almost \$107 billion in 1984, or about \$9 billion more than its exports to them. Its imports of manufactured goods had, for example, increased from 21 billion ECUs in 1981 to more than 30 billion ECUs in 1984.

35. The European Community had often stressed the importance it attached to the growth of international trade as a contribution to world economic recovery and to imparting an impetus to development. Although policies of structural reform had made it possible to improve prospects for growth, it was important that all should continue to implement the work programme adopted by GATT in 1982 and to stand by commitments made to combat protectionism.

36. The European Economic Community had decided in favour of launching a new round of multilateral trade negotiations within the GATT framework as soon as possible. It had nevertheless noted that such negotiations could not solve all the problems and could not, in particular, redress imbalances having a monetary or financial origin. Action must be taken in those areas at the same time as in that of trade. In that connection, the Community welcomed the position taken by the participants in the Bonn summit on improving the operation of the international monetary system and on the need for a transfer of resources, particularly to the poorest countries. The decisions adopted on 22 September 1985 by the ministers of finance of the five major industrialized countries, particularly with regard to rates of exchange, should have positive effects on the world economy in general and on the financial position of the debtor countries in particular.

37. Africa was going through a serious economic crisis that was aggravated, south of the Sahara, by the effects of drought. In 1984 and 1985, the European Community had provided food aid in a total amount of about 2.3 million tons of cereals or equivalent products. It should be stressed that emergency assistance must not, under any circumstances, take on aspects of structural or chronic food aid, and the goal of self-sufficiency in food and the stimulation of agricultural production must be borne in mind. Only by meeting medium- and long-term needs could a recurrence of the current catastrophe be avoided.

38. The European Economic Community welcomed the adoption by the Assembly of Heads of State and Government of the Organization of African Unity of a five-year economic recovery plan, the establishment, at the initiative of the World Bank, of a special fund to assist sub-Saharan Africa and the adoption by the Economic and Social Council of a resolution on the critical economic situation in Africa. It was, indeed, clear that the problem of hunger and poverty must be solved in order to ensure security and stability in an interdependent world.

39. Mr. ALZAMORA (Peru) said that the developing countries were today in the most difficult situation they had experienced since the United Nations was established. The so-called North-South dialogue, embarked upon by the developed countries at a time when oil seemed to constitute a permanent danger to the structural status quo

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so as to lull the South with fine-sounding words and gain time to devise their own strategy, had ended, as it had begun, as a fiction because of a lack of sincerity on the part of the North and of any effective negotiating weapons for the South. The negative character of the process was due not only to the fact that significant scientific and technological progress had continued to widen the gap between developed and developing countries, threatening to make the dependence of the latter irreversible, but also to the fact that the concepts used in the dialogue had been subject to tendentious interpretation and had been distorted to the detriment of the developing countries.

40. The philosophy of international co-operation, solidarity and responsibility that had emerged after the Second World War had, in the North, made way for a policy of cold and selfish pragmatism. The countries of the North tended to treat development problems from a purely financial and commercial point of view, in accordance with their immediate interests and in specialized institutions that they controlled rather than in bodies where such problems were tackled in a global manner. A small number of developed countries were imposing their domination over international economic life, withdrawing the meagre concessions they had made to the countries of the South and demanding that the markets of those countries should be opened up, that concessions should be reciprocal and that adjustments should be one-sided while they themselves did not keep their commitments to allocate 1 per cent of GNP to help countries that had received loans on the terms granted by the private banks, to keep their markets open to products from the developing countries and to ensure a stable and rewarding price level for the raw materials of the developing countries. They allowed the developing countries only a role as markets and, to some extent, as producers of undervalued raw materials, and gradually eroded their competitive advantages through technological progress and arbitrary decisions. That same desire not to share power or wealth brought them to forsake the multilateral framework of international relations, in which small and medium-sized countries enjoyed a certain protection, for the bilateral framework where it was possible to bring to bear economic or even political and military pressures without unwarranted interference from international institutions. It was not a matter of chance that the international organizations under attack were those headed by persons from the third world. Neither was it fortuitous that, in 1985, the day on which the anniversary of the establishment of the United Nations fell was also the day on which one of those meetings of the Big Five, Seven or Ten that arrogated to themselves the economic and political management of the world was scheduled to be held. Some developed countries did not share that narrow concept of coexistence among States, but neither they nor the developing countries had yet been able to alter a situation that was, morally speaking, increasingly intolerable.

41. The transfer of resources that had also been a goal of the dialogue had indeed taken place, but in reverse. Over the past three years, net transfers from the Latin American countries to the North for purposes of debt servicing alone had amounted to \$87 billion, or the equivalent of two Marshall Plans. The hypothetical \$5 billion recently pledged at the Seoul conference meant little in comparison. Indeed, the countries of the South considered that they were thus being forced to contribute to the prosperity of the North and also to finance costly projects involving military technology. Not only did debt servicing represent an

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appreciable percentage of GNP for the Latin American countries, but those countries were also required to pay in foreign exchange while their exports were increasingly restricted by protectionist measures.

42. A new international economic order had indeed been established, but it was even more unfavourable and unjust for the peoples of the developing countries. They had to make all of the sacrifices and bear all of the cost of the adjustment needed to overcome the crisis brought on by the policy of the countries of the North. That situation had highlighted the individual vulnerability of the developing countries and their lack of co-ordination and co-operation. They should therefore take advantage of the opportunity to scrutinize the development models and strategies that had made them so vulnerable and dependent, provide themselves with effective machinery for concerted action and build a negotiating power that would enable them to correct the one-sided structure of their external relations, the underlying cause of the problem.

43. The debt problem was a matter of international economic injustice, against which the developing countries had been protesting in vain for 40 years and structural reforms constituted the only lasting solution. The leaders of the Northern countries persisted in behaving like usurers rather than Heads of State and failed to realize that the people of the debt-ridden countries were already paying for the debt with their blood. While the suspension of debt repayments by the Latin American countries went virtually unnoticed in 1930, today it would bring about the collapse of the world financial system. It was therefore pointless to seek ineffective remedies or to allow indebtedness to increase further because that would only lead to disaster. Nor was there any point in continuing to negotiate debt refinancing, which was clearly not practicable in order to give the impression that things would work out and to allow the game to go on. Instead, it should be recognized that the peoples of the developing countries should receive a fair return on the contribution they were making to the world economy at the cost of ever harsher sacrifices.

44. An analysis of the global effects of high interest rates decreed by the creditors without consulting the debtors on the amount of the debt, the drop in the prices of commodities exported by the latter and the increase in the prices of their imports, the over-valuation of the dollar and the decline in foreign exchange resources earned by the debtors resulting from the protectionism practiced by the creditor countries, demonstrated that, in a way, the developing countries were repaying their debt several times over. Moreover, unless a formula could be worked out for more rational and moral international economic relations, the situation would get out of hand, with the debt continuing to increase rather than decrease, despite the sacrifices of the debtor countries, and with creditors and debtors alike heading for disaster.

45. The determination of the developing countries had yielded its first results: the seriousness of the debt problem and the need to cope with it had been acknowledged; the strategy had been changed and the recessionist and anti-third world policy of the International Monetary Fund had been officially abandoned. But one should not allow oneself to be deluded by mere tactical changes; the struggle

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must go on. The unjust nature of the international economy and the unequal terms of trade between rich and poor nations had to be corrected with a view to ensuring a decent standard of living for all peoples.

46. The delegation of Peru hoped that the General Assembly would make progress in that direction and that the Second Committee would help it to achieve that objective.

47. Mr. OTT (German Democratic Republic) said that the volume of resources needed to fight hunger and resolve development problems in Asia, Africa and Latin America was increasingly being drained by the arms race. Those who sought fruitful economic co-operation must work for disarmament and détente. The USSR had recently shown the way by proposing a new disarmament programme. The proposals were constructive and realistic and the German Democratic Republic supported them fully. If applied, they would profoundly influence relations between East and West and among all the countries of the world.

48. The massive arms build-up, the enormous budget deficits, the increase in the exchange rate of the dollar and high interest rates, the rise of protectionism and the creation of new, artificial obstacles to scientific and technological exchange impeded the normal development of international economic relations to the detriment of the third-world countries, in particular. For the latter, debt servicing had become an unbearable burden. His delegation endorsed the comments and assessments made on those questions in the Declaration of the Ministers of Foreign Affairs of the Group of 77 dated 4 October 1985 and joined in calling upon certain imperialist States to refrain from applying coercion in international economic relations.

49. The outflow of resources from the developing countries to the industrialized countries was most deplorable. The figure of \$6.5 billion in net transfers given in the United Nations World Economic Survey was certainly only the tip of the iceberg. It was easy to identify those whose economic recovery was being achieved at the expense of others. Growing protectionism and the declining trends in development aid from the capitalist countries further increased the economic and financial dependence of the developing countries. References to the "principles of free world trade" and the "free market economy" were mere propaganda. Those who genuinely desired a solution to current economic problems should stop trying to solve their own difficulties to the detriment of other countries and embark on a policy of co-operation for mutual benefit in line with the Charter of Economic Rights and Duties of States and the decisions on the establishment of a new international economic order.

50. The fortieth session of the General Assembly provided an opportunity for constructive action. The German Democratic Republic supported the project put forward by the developing countries on the continued implementation of the Charter of Economic Rights and Duties of States. He believed that peaceful exchanges and mutually advantageous economic co-operation were practical methods of strengthening relations between States and peoples in a climate of détente and peace.

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51. In that spirit, his country was steadily strengthening trade, economic, scientific and technological relations with the developing countries. In 1984, 0.82 per cent of the national income had gone for assistance to those countries and to national liberation movements. The German Democratic Republic also provided basic and advanced training to cadres from developing countries in Asia, Africa and Latin America. That assistance was specifically described in document A/C.2/40/2, which contained a communication from the Ministry of Foreign Affairs of the German Democratic Republic and had been distributed as a document of the fortieth session of the United Nations General Assembly.

52. The continuation and expansion of that assistance had been made possible by the stable and dynamic development of the national economy. In 1984, national income had increased by 5.5 per cent thanks to a rise of 4.3 per cent in industrial output and an 8 per cent in foreign trade turnover. That development was continuing in 1985, protecting the German Democratic Republic against unemployment and other signs of social uncertainty which were encountered in many countries.

53. A decisive condition for the successful development of the German Democratic Republic was its fraternal co-operation with the Soviet Union and the other member countries of the Council for Mutual Economic Assistance. The outlines for co-operation had been charted up to the year 2,000, and the CMEA member countries had at their disposal the means of participating fully in the international division of labour. With a view to promoting practical steps to implement the many useful decision taken by the United Nations over the years, the German Democratic Republic had submitted to the Economic and Social Council at its July 1985 session a draft resolution aimed at constructive and action-oriented negotiations on international economic problems. Its adoption by the General Assembly at its fortieth session would be a decision worthy of the Organization's fortieth anniversary and would give an impulse to the promotion of economic development and co-operation world wide.

54. The German Democratic Republic favoured the commencement without delay of preparatory work for an international conference on money and finance, with universal participation, within the framework of the United Nations, and it supported the proposal to that effect made by non-aligned countries. It also supported the position of the Group of 77 that the indebtedness of developing countries was primarily a political problem, since it directly affected the further independent development of those States. A political solution was therefore required, and in that context the economic security of States was of utmost importance. The General Assembly should adopt a relevant resolution in that regard also. The German Democratic Republic also reiterated its support for the beginning of global negotiations within the United Nations on major international economic questions on the basis of the relevant General Assembly resolution.

55. It was ready to contribute to a joint and determined effort by all those interested in the recovery of international economic relations.

56. Mr. SCOTT (United States of America), speaking in exercise of the right of reply, recalled that his delegation had for a number of years been participating in

(Mr. Scott, United States)

consultations on ways of improving the Second Committee's methods of work. At the opening of the debate on 8 October 1985, interesting proposals had been made, inter alia, by the Director General for Development and International Economic Co-operation, the representative of Denmark and the spokesman for the Group of 77. The latter, particularly, had appealed for dialogue and mutual understanding.

57. The work of the Second Committee should indeed have no other aim but to seek solutions to international economic problems. Nevertheless, the statement made by the delegation of the USSR on 8 October seemed to show that for the Soviet Union, the Second Committee was a body in which States could give vent to polemics and emotional statements.

58. His own delegation urged delegations which shared its opinion to make their views known, publicly or in private.

59. Mr. DECKMANN (Germany, Federal Republic of), speaking in exercise of the right of reply, said that he had noted with interest the statements by Denmark and Canada, as well as the constructive proposals of the Group of 77.

60. His delegation fully endorsed some of the comments made by the delegation of the USSR, particularly with regard to the need to compare the views of different parties and to undertake a joint search for concerted solutions. It, too, recognized that economic problems could be resolved only through co-operation.

61. Nevertheless, the way in which the representative of the USSR had indicted the Western States, blaming them for the developing countries' difficulties and the slow progress towards the solution of complex international economic problems, was in its judgement incompatible with those statements. For the rest, the recent statement by the Minister for Foreign Affairs of the Federal Republic of Germany in the General Assembly gave the lie to the statement by the delegation of the USSR that the Western countries were seeking to deprive the debates of any specific content.

62. The Federal Republic of Germany, too, would welcome the advent of a new international economic order. It reaffirmed, moreover, its well-known position regarding the role of the International Labour Organisation, which the delegation of the USSR had also referred to in its statement of 8 October 1985.

63. Mr. ZVEZDIN (Union of Soviet Socialist Republics), speaking in exercise of the right of reply, welcomed the lively comment to which his statement at the previous meeting had given rise. The occasion of the fortieth anniversary of the United Nations should not cause the need for serious debate on the world's problems to be forgotten. Yet the delegations of the United States, the Federal Republic of Germany and Canada, for example, had not touched in their statements on any substantive question.

64. The situation of the third world countries was the result of a system which was long overdue for change. The delegation of the United States of America ought to explain why its country was blocking the new international economic order and sabotaging the negotiations on the subject. The Western countries should explain

(Mr. Zvezdin, USSR)

why they were also blocking the establishment of a common fund for commodities within the framework of UNCTAD to regulate international commodity prices. They offered no solution for those major problems, whose importance conferred on them an emotional dimension which ruled out hypocrisy. It was the imperialist Powers, and not the socialist countries, which were exploiting the third world.

65. No polemics was involved in saying clearly that the Assembly should seek consensus regarding the solution of world economic problems, but that it was always the same States which blocked that process. Moreover, the statement by the delegation of Peru at the present meeting was clear evidence that his own statement had not been exaggerated.

66. Mr. SCOTT (United States of America), speaking in exercise of the right to reply, said he regretted having to point out that, whereas the USSR described the United States as an imperialist Power, the change in its frontiers since the 1917 revolution clearly showed which country was progressively extending its power at the expense of its neighbours. Over the same period, the frontiers of the United States had remained unchanged. Moreover, the USSR kept in orbit more than twice as many satellites as all the Western Powers combined, and more than half of them were military satellites. It was also significant that Japan contributed more to the regular budgets of the United Nations system than the USSR did, and that the contribution of the USSR to operational activities of the United Nations was less than one per cent of the total, whereas the Western countries provided 90 per cent of the financing. Lastly, the group of Eastern European socialist countries received from the United Nations system ten times the amount of its own contributions.

67. His delegation hoped that it would not be compelled to pursue the present kind of discussion any further.

68. Mr. FIELD (United Kingdom), speaking in exercise of the right to reply, said he feared that the attacks made by the USSR would not facilitate the debate between the developing countries and the developed countries who were the main partners in world-wide international trade, in that trade between developing and developed countries was ten times greater than trade between the former and the CMEA countries. It should also be pointed out that the USSR had not ratified the agreements on the establishment of the Common Fund. The USSR should also not forget that the balance of resource transfers between it and the countries to which it provided aid was in its favour.

69. Mr. ZVEZDIN (Union of Soviet Socialist Republics), speaking in exercise of the right of reply, pointed out that the statements he had just heard had made no contribution to the substantive debate on the problems to be solved. In 1984, the USSR had extended to the developing countries aid totalling 17.6 billion roubles. Certain Powers were imposing the arms race on the international community to the detriment of the development of economic relations. He noted that no delegation had responded to the proposal he had made the previous day for a reduction in military budgets.

The meeting rose at 1:15 p.m.