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President:

Mr. GARBA

(Nigeria)

- General debate [8 and 9] (continued)

Address by Mr. Guillermo Larco Cox, Chairman of the Council of
Ministers and Minister for Foreign Affairs of the Republic of Peru

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Mr. De MICHELIS (Italy): Our meeting in New York is crucial for the future of a planet that has been trying for 2,000 years to develop a strategy to make itself habitable for all. There are many factors that lend special significance to this session.

First of all, we are called upon to review a general development strategy at the conclusion of a decade that has witnessed the failure of many worthy aspirations and intentions and has been unable to rescue the four fifths of mankind still trapped in substandard and, more often than not, intolerable living conditions. We will have to take stock of the progress made thus far and find ways and means of confronting the new challenges.

Secondly, extraordinary changes on the European continent are continuing to unfold before our very eyes. For the first time, Europe is beginning to recover the unity shattered by the October Revolution, which led to a rift that was widened by the creation of conflicting political and economic systems after the Second World War. Today, even in what was only recently a separate Eastern Europe, we are seeing a return to a market economy and democracy and the re-emergence of an economic area based on responsibility, private initiative, a spirit of adventure and social solidarity.

However, now that what has often been termed the "third world war" has come to an end on the old continent, we would not wish to see a new conflict arising with the less developed countries. We must dispel their fears that the last decade of the century could be even worse for them than was the previous one. Indeed, it must be better. It would be illusory to believe that the problem of development can be solved without the joint assistance of the richer countries. The Western democracies will also have to take upon themselves, on a global scale, those problems that communism has been unable to solve at the national or international

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level. We, too, feel responsible, together with the countries directly concerned, for the need for justice accompanying that missed challenge.

Besides, the needs of Eastern Europe, which require us to contribute to its reconstruction, are more familiar to our history and our traditions than the problems of the South, for which our concern is often motivated more by a bad conscience than by a well-conceived self-interest. So we must reassure, by deeds and not by words, those who fear that, once its basic conflicts have been resolved, Europe will look to its own concerns and ignore those of others.

The third consideration is the emergence of democracy as the dominant theme of our times. Democracy is not a genetic trait peculiar to Europe but is an essential prerequisite for economic and social well-being the world over. Developments in Eastern Europe show that democracy is the greatest innovation of all, the antidote to all dogmatism. From now on we shall be more wary of the illusions inherent in every ideology. Economically, we know that any alternative Utopia, any totalitarian organization which, like the model that has failed so miserably, calls for rigid planning of supply and determination of demand can only lead to a dead end.

These considerations should be the starting-point for any strategy based on the lessons learned from the 1980s, and particularly the negative ones, and designed to reduce, if not remedy, destabilizing imbalances. I shall confine myself to outlining three possible courses of action.

First of all, regional co-operation will have to be intensified and expanded. This formula has now been tried and tested, not only in Europe but in most parts of the world, from the Mediterranean to Latin America and South-East Asia. Regional co-operation meets immediate needs, suits the characteristics and affinities of countries with close contacts, and prevents possible crises of religious and ethnic origin. In previous years much has been said - perhaps too much - about a new

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world economic order. A goal of such magnitude cannot be pursued all at once. It should be approached step by step and piece by piece, with the necessary concentration of effort, resources and decision-making, starting at the lower level.

Secondly, we must confront the challenges capable of uniting the efforts of many, so that common interest becomes the major factor in integration. The mainspring of the Western economy has always been a clear perception of individual and collective interests. Here, too, it is advisable to enlist the interest of the more prosperous countries to ensure that their policies towards the southern hemisphere are suitable and supported by an adequate consensus.

In 30 years the world population doubled, and it will reach 8 billion by the year 2000. We are already witnessing a mass migration from the poor to the rich countries, from the South to the North. Unless controlled, this phenomenon could, as we already perceive, result in a violent clash between different cultures and societies. Even in the past, a continent's fertility or aridity caused large-scale migrations. Today, people are still migrating on a large scale but in smaller groups that may go almost unnoticed. Left unchecked and without adequate political and economic measures to bind people to their place of origin, this new, constantly progressing tide of emigration is in danger of creating new types of exploitation and a class of individuals with no say and no rights, even in the more highly developed societies.

Drugs are another major threat of our times. They are not only evil in themselves but are a manifestation of other evils. They are partly engendered by the intolerable poverty prevailing in many parts of the world; they are also the product of imbalances between rich and poor countries, and carry within them the seeds of revolt and violence. In such conditions, whole continents are given up to the cultivation of these deadly crops, which can be transplanted from place to place and thrive wherever a worn-out economy is ready to accommodate them.

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We must take steps to check the suicidal drift of our planet. Here again the rich countries cannot presume to impose their rules on others, in particular if they are incapable of preserving their own green belts while calling on others to save the Amazon. But our concern for ecology should not lead us to sacrifice the advances of technology in a sudden frenzy of last-minute utopianism during these pragmatically inclined final decades of the century. This concern arises from the perception of a threat emanating from the very heart of industrial society and engendering a widespread fear that the very forces that sustain life can also bring about our death. The rivalry between capitalism and communism, between the market economy and the planned economy, has only just ended and is now being replaced by a new rivalry that will predominate in the decades to come: that between the industrialized society and the environment.

The third feature of this new strategy derives from the realization that we are moving towards a world economy now that our societies have become so interdependent, linked as they are by commercial, economic and financial ties and brought closer by the rapid flow of information which makes distance negligible. Because of this interdependence there is more give-and-take at the bargaining table, and advantages and disadvantages can be more easily traded off. All this provides greater scope for political action, enhances its capacity to arrange or rearrange priorities and makes it easier to resolve any possible contradictions between such factors as emigration and development, or between indebtedness and environment.

As I see it, there are three major imbalances overshadowing the new decade which will somehow have to be kept under control.

First of all there is the demographic imbalance. The demographic time bomb is threatening to explode in a world already devastated by overpopulation. Demographic growth rates in some countries remain extremely high, so much so that

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it is difficult to improve living standards even where economic growth is satisfactory. The consequences are all too apparent: malnutrition and unemployment are reducing productivity; population pressures are leading to excessive soil use and the degradation of the agricultural and environmental heritage, while the increasing exodus from rural areas is aggravating the problem of urban sprawl. The number of countries with effective demographic policies is still too small. Appropriate initiatives to control these phenomena could help to contain the spread of poverty and facilitate efforts to revitalize the economy.

The second imbalance to overcome is the environmental one. Here, in particular, a broad international consensus is needed on the basic principles to follow if we are to arrive at a true international environmental law through the type of process already successfully employed in other areas, such as the law of the sea and space law. We therefore quite recently sponsored a symposium at Sienna, attended by experts from all over the world. Their conclusions will be useful for the momentous conference to be held in Brazil in the summer of 1992.

Lastly there is the problem of debt. We have already participated in and helped to promote the recent changes in the strategy for dealing with this problem, progressing from refinancing to debt reduction. The Brady Plan was a milestone, but insufficient in itself. We need a greater and more finely tuned effort. Greater diversity will be required if the new strategy is to take account of the many differences between individual groups of debtor countries. We must carry the method recommended at the Toronto Summit to its logical conclusion and extend it to other geographical areas, as has already been done in the case of Bolivia. We are thinking, in particular, of countries in the intermediate range which, because of their income, cannot benefit from existing debt-reduction formulas. Ad hoc solutions should also be worked out for these countries.

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The creditor countries will have to offer broader fiscal incentives so that private banks can help, through debt-relief operations, to reduce the debt burden. There will also have to be direct mechanisms, such as those linking debt with the environment and debt with social investments. It will also be advisable to strengthen the support capacity of international financial institutions and to increase the resources of the International Monetary Fund (IMF), either by raising quotas or by approving other financing mechanisms.

The entire question will need to be reviewed in the light of the report submitted to the Secretary-General by Mr. Bettino Craxi, in compliance with the mandate personally assigned to him. We welcome the choice of Mr. Craxi, which is also a tribute to our country's contribution to the solution of this problem, as a necessary step towards providing an acceptable framework for co-operation between the two hemispheres. Among other measures, Italy is getting ready to write off the debts contracted by the poorest countries.

The debt question is closely linked to the question of international trade. The General Agreement on Tariffs and Trade (GATT) has the task of codifying the rules that will govern our relations in the years to come. Negotiations will have to be completed in 1990 to ensure that the philosophy of multilateralism prevails over the policy of protectionism, not only in the case of individual countries but also of individual areas. Here too the only alternative is a general progressive integration. GATT will require institutional strengthening, through changes in the machinery for the settlement of disputes and the acquisition of a political dimension. The ultimate goal is institutional co-operation between GATT, the IMF and the World Bank with a view to promoting greater concordance of macroeconomic policies with trade and development policies. We must avoid rigid application of the technical and legal rules of GATT and ensure that they are subjected to political evaluations in the framework of a proper international organization. We

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also recommend that due account be taken of the needs of the emerging countries, applying concessions on tropical products and a gradual and flexible tariff policy.

The problem of resources is central to development. But one of the lessons learned from the 1970s is that for purposes of development the rational use of resources is no less important than their volume. Ideally, resources should be utilized in such a way as to create the necessary conditions to start up the process of autonomy, launch a vital market economy and attract a suitable volume of direct investments. It will be up to the poorest countries to create conditions to encourage productive investments by setting up an adequate political and juridical framework.

But all this increases, rather than diminishes, the need for official intervention because it would be unthinkable to rely exclusively on spontaneous economic forces to even out the appalling pre-existing inequalities. A net transfer of resources is needed now more than ever before. The most important idea derived from the experience of the 1970s is the as yet unattained goal of making a contribution to development equal to 0.7 per cent of the gross domestic product. The resources would have to be used for specific projects, but adequate means of distribution are equally indispensable; and to this end use could be made of a regional bank, such as the European Bank for Reconstruction and Development, recently approved for the Eastern European countries. We for our part believe that a similar mechanism could also be considered for the Mediterranean area.

And now I come to the role of Europe. The 12 countries of the European Community have responded to the quickening pace of development by tightening their schedule for political integration. They have set 1992 as the time-limit not only for the creation of a single market but also as the date for initiating the irreversible process towards political union by instituting a monetary economic

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union and radical institutional reforms. The Twelve are also preparing to negotiate new forms of association with the countries newly emerging from dictatorship so as to build an economy of continental dimensions based on free initiative and market forces.

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Europe is thus recovering its central position, which derives not only from the wealth it produces but also from its advanced degree of integration, which makes it a model for the future. It is not just a matter of opening up Europe to the outside world, according to the grand design envisioned by the Community's founding fathers. With the current overall trend towards globalization, there will eventually be no outside world, and territories and cultures will exist only as a dimension of a single universal system. Europe, and particularly the countries of the Community, will have to translate this new-found centrality into a greater commitment to the many areas of poverty beyond its borders.

Because of this expanded market, the European Community will shortly have the means and capacity to respond adequately to the challenge of economic growth. It will have to use some of its new resources to contribute to the changes in the East, as well as to the solution of problems on the southern shores of the Mediterranean and in other developing countries.

We are therefore planning to propose that, for 1993, the Twelve should aim at mobilizing 1 per cent of their gross national product for the benefit of the countries of Eastern Europe and the Mediterranean and the other developing countries, apportioned as follows: 25 per cent for Eastern Europe, 25 per cent for the Mediterranean and 50 per cent for all the others. According to fairly reliable forecasts, by 1993 the gross domestic product of the 12 countries could amount to \$6,000 billion. Therefore 1 per cent would represent an annual transfer of \$60 billion, which would include both multilateral and bilateral assistance. This is the only way of demonstrating, by deeds and not words, that we are aware of the great risks confronting us in this last decade of the century and of the disastrous consequences of any other policy designed to muddle through on the same lines as before.

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The transfer of 1 per cent of the national product of the Twelve should initially be effected from direct and indirect public funds, whether in the form of allocations for development assistance, contributions to multilateral agencies or other mechanisms to guarantee loans and private investments. These resources should mainly be funnelled through existing or newly created multilateral channels, such as the European Bank for Reconstruction and Development, or channels such as the one under consideration for the Mediterranean. A multilateral instrument will be in a better position to ensure that financing is compatible with the growth strategy, financial plans and the absorptive and repayment capacity of each country. Such a measure will also make it possible to avoid the waste and inefficiency inherent in past methods, which served only to aggravate the debt crisis. It will permit a distribution of resources not subject to commercial conditions.

Success will depend primarily on the initiative of the countries receiving outside support. It will take both imagination and realism to accomplish the task. They will have to create the political, legal and economic structures necessary to translate international co-operation into real development geared to human needs. The first of these requirements, as I have already mentioned, is democracy and respect for fundamental human rights. Democracy may sometimes seem to be the result of modernity and not the means of achieving it. But attempts to change economic and social structures by dismantling democratic institutions have served only to reinforce injustice, oppression and inequality. The new balances we are seeking - such as the balance between man and the environment - cannot be imposed from above. They require participation, consensus and the involvement of the public.

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The other imperative is to avert regional conflicts, which are often fostered by hegemonic ambitions and which encourage a steady flow of armaments to countries that should have very different priorities. In the past, the rivalry between the major Powers fuelled prolonged painful and useless conflicts. But the world has also changed in this respect. It is no longer the world in which any adversary of the United States could expect to find the Soviet Union automatically on its side and vice versa. The Assembly must therefore issue an appeal for a drastic cut in defence budgets, such as those sought, apparently with success, by the countries engaged in the military negotiations in Vienna.

This new decade will also be one of those periods in history in which those who guide the destinies of humanity, through democratic choices, have a greater responsibility to bear. Our actions today, even in the limited field of the environment, will also affect generations yet unborn.

As in every transition period, change entails the risk of a universal trauma, of a widening rift between the two hemispheres that would be far more devastating than any previous ones. The trauma of an ecological disaster that would make living conditions intolerable for most of mankind could prove to be far more real and catastrophic than the threat of nuclear war that has overshadowed us for 40 years. There are many countries that cannot be left to enter the twenty-first century unaided, without the risk of an instability that would ultimately annihilate us all.

This means that strong leadership will be needed in the future, particularly at the supranational level, and that accordingly the United Nations will have an essential role to play. I believe that our meetings will result in a stronger will to guide the future together, and I should like to conclude my statement on this hopeful note.