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SM/91/26

February 4, 1991

To: Members of the Executive Board

From: The Secretary

Subject: Report on the Forty-Fifth Session of the United Nations
General Assembly

Attached for the information of the Executive Directors is a report on the forty-fifth session of the United Nations General Assembly held in New York from September 18 through December 21, 1990.

Mr. R. J. Bhatia (ext. 6959) is available to answer any technical or factual questions relating to this paper.

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Report on the United Nations Forty-Fifth General Assembly Session

Prepared by the Director of the Fund Office in the United Nations

Approved by Bahram Nowzad

February 1, 1991

I. Introduction

The United Nations General Assembly held its forty-fifth session at UN Headquarters in New York from September 18 to December 21, 1990 under the presidency of Mr. Guido de Marco, Malta's Minister of Foreign Affairs and Justice.

The debate in the General Assembly was dominated by the Gulf crisis but also influenced by two other important events. In May 1990 the 18th Special Session of the General Assembly adopted the "Declaration on the International Economic Cooperation, in particular the Revitalization of economic growth and development of the Developing Countries" ^{1/} and, in September, at an interministerial conference in Paris, an agreement was reached on the "Second UN Special Program of Action (SNPA) for the Least-Developed Countries" (see below). The Gulf crisis, in the President's words, "somewhat blunted the Assembly's attention to other issues of major concern," while the extensive discussions held earlier in the context of the Declaration and the SNPA left little room for fresh initiatives on any major economic issues. On the political side, there was general satisfaction with the achievements of the UN, e.g., the independence of Namibia, endeavors toward resolving the Cambodian problem, and developments in South Africa.

^{1/} This Declaration recognizes each country's responsibility for its own economic policies and development as well as its obligations to international economic cooperation. It identifies the revitalization of economic and social development in developing countries as the most important challenge which could only be met by the pursuit of a number of policies at national and international levels, an early and durable solution to international debt problems, an improved international economic environment, appropriate domestic policies in accordance with the countries' respective capacity and their impact on the international economy. In addition, countries will need to address concerns for environmental degradation, integration of Eastern European countries into the world economy, and for greater equity in income distribution and the development of human resources.

Many speakers looked forward to the strengthened central role of the UN in the international political arena, and spoke of the "new role of the UN" and how "to bring the UN into the 21st century."

Notwithstanding the increased attention given to political events, economic issues were still debated, mainly in the Second (economic) Committee, which recommended various resolutions that were adopted by the General Assembly. The following section summarizes the discussions in areas of major interest to the Fund.

II. Economic Issues

The debate on economic issues within the General Assembly is traditionally focussed on the developmental problems of developing countries; resolutions adopted on issues of particular import during the year covered, inter alia, external debt, resource transfer, commodity markets and protectionism. In addition, problems of environmental degradation and drug abuse were highlighted during the 45th Session, which also adopted the International Development Strategy (IDS) for the 1990s. Many delegates also expressed the hope that the easing of super-power conflicts would serve to revitalize the North-South dialogue, and to deal more effectively with the problems of development.

The debate was facilitated by the emergence of a much greater convergence of views between the developing and developed countries on the development process, as regards both the objectives as well as the policies required to achieve them. It highlighted an urgent need to address the social aspects of adjustment and revealed a greater acceptance than in the past of the broad content of sound economic policies, including those which could promote greater market orientation and provide incentives for private enterprise. As a result, the traditional differences in the approaches of the developing and developed countries to the problems facing the former were bridged, facilitating the emergence of consensus among delegates on virtually all the major issues, including the IDS for the 1990s, and external debt (see below).

1. International Development Strategy and Structural Adjustment

As reported in SM/90/92 (dated February 2, 1990), an Ad Hoc Committee of the Whole was set up to prepare the IDS for the 1990s, to succeed the IDS for the 1980s. Discussions in the Committee were protracted, mainly due to the initial divergences on the orientation of the new IDS and the main issues to be addressed. In addition, recognizing that the previous IDS had become almost irrelevant as soon as it had been adopted in the early 1980s and that its targets had not been realized, delegates were anxious to make the new IDS more relevant and operational in content. The new IDS, as adopted by the General Assembly, retains many of the elements (e.g., external debt, development finance, agriculture) of the previous strategy

out, at the same time, puts human development at the center of developmental goals. It places a priority on addressing three issues: eradication of poverty and hunger, environment, and human resource development.

The concerns to promote a more balanced development were also embodied in another resolution on economic stabilization programs in developing countries. It emphasizes the need for appropriate national and international measures, including formulation and implementation of structural adjustment programs, to protect the vulnerable groups of the population and to develop an appropriate monitoring system in that regard.

2. Second UN Special New Program of Action for Least-Developed Countries (SNPA)

The 45th General Assembly Session also adopted the SNPA for the 1990s, which had earlier been agreed to by an interministerial conference in Paris in September 1990. The Program is a comprehensive statement of the strategy and policies to be followed at the national level, and the supportive international actions that need to be taken at the international level to enable LDCs to achieve satisfactory development. An innovative feature of the new SNPA relates to the treatment of ODA: instead of a single ODA target (under the first SNPA it was 0.15 percent of GDP of the industrial countries), the new Program incorporates four different strata of commitments, inviting donor countries to increase their aid to LDCs, ranging from undertaking "best efforts," to raising the ODA to 0.20 percent of GDP. The Program is also notable in that not only does it recognize the primary responsibility of domestic policies for development, but spells out in great detail the major policy instruments and actions needed to accelerate development.

3. External debt

During the past three years, external debt has occupied center stage in the debate within the UN on economic issues; the General Assembly has adopted a number of resolutions identifying what the principal elements of a solution should be. This year's debate recognized the various recent initiatives taken by the international community, but the general sentiment regarding these initiatives was probably well expressed by the Secretary-General's statement in the Second Committee when he stated that "these efforts, however, have yielded sparse results." The General Assembly also received a report by Mr. Craxi, the Secretary-General's Personal Representative on Debt, in which he put forward various ideas and recommendations for different types of loans and for various categories of indebted countries. While commending these proposals for further consideration, the Secretary-General emphasized three basic elements of a lasting solution: strengthened domestic policies; supportive external environment; and concerted action by governments, private creditors, and multilateral institutions. Representatives of the developing countries regarded the debt element as the main factor responsible for the overall negative net inflow of external resources into the developing world, but at

the same time regretted the trends toward increased social and political conditionality being attached to external assistance. Others noted that economic development cannot be pursued in a political vacuum, and that conditionality is designed to ensure that aid works. These different perspectives were, nevertheless, reconciled in the final resolution on external debt which was passed, unlike in the past, on a consensus basis. Thus, the resolution appreciates the recent developments in the evolving debt strategy, emphasizes that the debtor countries should continue with appropriate reforms of domestic policies, recognizes the role of the multilateral financial institutions in dealing with the debt problem, but also draws attention to the proposals made by various parties and urges further efforts to achieve a durable solution to the debt problem "during the initial years of the present decade."

4. Development of entrepreneurship

In keeping with the recent trends in the thinking on economic policy, attempts were made in the past to seek a UN resolution that would encourage member governments to foster private entrepreneurship in their respective countries. However, until recently many delegations opposed such a resolution on the grounds that it promoted a specific ideology, and could divert attention, inter alia, from external assistance and net transfer of resources as important factors contributing to development. These concerns were largely met in the resolution on entrepreneurship that was eventually passed in the 45th Session. It recognizes that there is no "universal prescription" for successful development, and acknowledges the need for an effective and efficient public sector as well as an appropriate international economic environment to support development. Within that framework, the resolution calls upon countries to promote an appropriate economic environment that could encourage the development of entrepreneurship, and asks for international support for specific programs of development of private enterprise.

III. Environment

Environmental issues were prominent in discussions in diverse areas as the delegates increasingly emphasized the nexus between environment and development, and the need to integrate environmental concerns into development objectives. To enable such an integrated approach to development, developing countries would need additional financial resources as well as access to appropriate technology. It is expected that these issues, inter alia, would be addressed in the projected UN Conference on Environment and Development to be held in Brazil in 1992, the preparation for which is being actively pursued in the Preparatory Committee established for the purpose. Simultaneously, the General Assembly also established a single Intergovernment Negotiating Committee, open to all member states of the UN, to formulate a framework convention on climatic change and to report

to the 1992 Conference on Environment and Development on the outcome of the negotiations, as well as on possible future steps in the area of climate change; the first session of the Committee is scheduled for February 1991.

