

Ministry of Foreign Affairs
002660/23/1984

Top Secret!
Prepared in 2 copies

Report

Subject: Report on the meeting of the economic subcommittee of the conference of deputy ministers in preparation for the 39th UN General Assembly

The meeting of the economic subcommittee, which was working under the conference of deputy foreign ministers preparing for the 39th UN General Assembly, took place on August 28 through 30, parallel with the plenary meeting. The participants at the consultation anticipated the 39th

UN General Assembly to take place in an atmosphere wrought with tension, which was likely to aggravate the ideological debates between the two world orders on the one hand, and to make any progress in settling the already complex economic problems all the more difficult on the other. This was going to render work in Committee II extremely difficult.

Our line of strategy in Committee II will be to continue conducting an effective propaganda campaign by emphasizing the socialist countries' peace politics and economic cooperation, along with the results accomplished in this area. We should lend support to the developing countries in their struggle to achieve a democratic restructuring of the economic relations in world economy; we must demonstrate that without peaceful conditions international cooperation could not be effective. Therefore, the socialist delegations will reiterate the need for disarmament, as the only way to release the financial means necessary to resolve the global problems of world economy.

The line of strategy followed by the US and its allies, which wants to employ economic means for political blackmail, is extremely dangerous. Economic aggression of this type is one of the main causes behind the worsening of international economic problems, which has the consequence of shifting the burdens of the economic crisis onto the shoulders of the developing countries.

The tenth anniversary of the Charta declaring the economic rights and obligations of the states, along with the review of the implementation of the UN's 3rd

Development Strategy, are

occasions to call attention to the pressing need of making the international economic relations healthier. The socialist countries are against any such modifications of the listed progressive objectives, which would weaken the strategy's anti-imperialist and anti-colonist character. Bearing in mind that the US is determined both to weaken the UN and its affiliated organizations and to undermine its activities, it seems appropriate to oppose these efforts. In the framework of the debate on the transformation of the UN's economic and social activities, we must give expression of our opinion in the spirit of the declaration "The Preservation of Peace and the International Economic Cooperation" approved by the summit of the COMECON countries. We must demonstrate that the UN could be an effective forum of the attempts to make the international economic relations more democratic and to alleviate the grave crisis in world economy. Since the key issues require a universal approach, we support the developing countries' initiative to start global negotiations as soon as possible.

We must lend support to the developing countries in meeting their rightful demands and implementing their proposed ideas. The events of the recent past – the May session of the committee reviewing the strategy, the summer session of the ECOSOC, etc. – have all confirmed that the highly developed capitalist countries, while refusing to undertake further commitments and attempting to go back on their earlier offers, are unwilling to honor even the minimum

demands of the 77s. They continue to represent the view that, instead of working in an organized and global framework, the best way to tackle the economic problems is by proceeding on a bilateral basis and guaranteeing the free movement of private capital.

We must conduct an effective propaganda vis-à-vis the developing countries in order to convince them that they can expect results only when they make a united stand. The so-called “regional approach” to the problems can weaken their unity and may lead to further division among the 77s.

The participants took a positive view of the 4th general conference of the UNIDO, insofar as it produced a compromise, on the basis of which the participation of the socialist countries who had not yet ratified the Charter could be considered. At the same time, we must prevent the possibility that any private capital could take advantage of the financial resources that had been set aside for industrial development projects.

The socialist countries condemn the developed capitalist countries’ tactics of making the distribution of aids dependent on political conditions in the framework of UNDP. In setting priorities in connection with countries in urgent need of aids, the only crucial consideration must be the actual economic situation.

In connection with the code of behavior of the trans-national companies, the West tries to sabotage the codification work, withdrawing support from the presidential package acceptable to all the parties in connection with the definition of the TNCs. Simultaneously with their efforts to block progress in the codification work, they want to push through a resolution, which would serve the interest of private capital under the pretext of “the international codex of investment”, reducing the impact of the code of behavior of the TNCs.

The socialist countries are determined to use occasion of the 35th anniversary of the

COMECON for a presentation of the accomplishments of the COMECON and for propagating a new type of democratic and fair cooperation, based on mutual advantages.

At the consultation, we perceived a certain shift in the assessment of the cooperation between the socialist countries and the 77s. While the consultation of departmental heads took place in a rather optimistic atmosphere, the delegations approached the problem with greater realism, the prime reason for which was the conduct of the developing countries at the summer session of the ECOSOC. The Polish delegation asked the question whether it would make any sense to submit, in the existing atmosphere, our draft resolution about confidence-building measures in the field of economy. No agreement was reached in the matter.

At the 39th

General Assembly, a joint declaration is expected in connection with the review of the 3rd

decade of development. (We already sent the draft as a supplement to the decree about the May session of the committee reviewing the strategy.)

A joint declaration will be issued on the occasion of the Charta’s tenth anniversary, accompanied by the submission of a draft resolution. Although the finalization of the drafts will take place only in New York, all the participants agreed with everything it now contained. The same applies to the draft resolutions dealing with the negative effect of withdrawal of capital on the economic progress of the developing countries; the role of qualified personnel in the economic development of the developing countries, and the negative impact of high interest rates on the international economic relations (enclosed).

The GDR is preparing a joint statement about reforming the UN activities in the fields of economy and social issues. They expect the group debate of the draft to take place in September, during the period when they act as coordinators.

Hungary will take the floor at the plenary session of the General Assembly on behalf of the group in connection with the world-day of nutrition. We asked the MÉM [Hungarian Food Ministry] to prepare a draft, which has already been debated at a consultative meeting. We shall send the revised form to the mission, so that it be finalized, along with the other drafts, in New York.

The Soviet Union handed over two draft resolutions in connection with UNIDO.
(Enclosed.) We shall send the NGKT's comments later.

The prevalent view that has emerged in connection with the drafts is that, if possible, we must submit them jointly with the 77s; if not, then at least their support must be sought.

In connection with the nominations, the following information was provided at the consultation:

- There is no agreement among the 77s about the person to be nominated as general secretary of UNCTAD. Ghemani Corea's nomination for a further two-year period is possible.
- On top of the organizations already named, Vietnam also wishes to apply for membership at the ECOSOC.
- India puts itself down for nomination at the VÉT; India has sought the support of the Soviet Union and the GDR in this, which was granted.

Budapest, 4 September 1984
Imre Hollai

[Translated by Ervin Dunay, Central European University, Budapest]

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