

BIN SHEARER, HUGH

Summary of statement made at the 178th plenary meeting, 9 June 1983,
by Mr. Hugh Lawson Shearer, Deputy Prime Minister and Minister for Foreign Affairs of Jamaica

1. Mr. SHEARER (Jamaica) drew attention to the statistical evidence of the serious economic crisis that was affecting the whole world: since the fifth session of the Conference in 1979, the annual growth rate had fallen from 5.5 per cent to -0.7 per cent in the developing countries and from 4 per cent to -0.2 per cent in the developed countries. Those figures signified the enforced postponement of development plans in the developing countries, with all the negative effects that that could have—economic, social, psychological and, in the final analysis, political.

2. The crisis had clearly demonstrated the interdependence of the global economy and the role of the developing countries in that interdependence. The UNCTAD secretariat had estimated that the developed countries' surplus in their trade with the developing countries had increased from \$38 billion in 1973 to \$185 billion in 1981. There was no doubt that the inability of developing countries to maintain their imports of

capital and consumer goods at projected levels was a significant factor in the decline in economic activity in the industrialized world. If developing countries could not proceed with their development programmes, the prospects for export growth in the developed countries would inevitably be limited. It was therefore essential for the developing countries to be able to contribute to the recovery of the global economy in the short term, and, through restimulation of their own development process, to play a part in sustaining generalized recovery in the longer term. The current state of their economies did not, however, permit the developing countries to play that role. Most of them were running large balance-of-payments deficits, partly because of the collapse of commodity prices and partly because of denial of access to developed country markets as a result of various protectionist measures. But the primary cause of those deficits was the cost of servicing the debt burden which the developing countries had been obliged to assume and which had increased from \$270 billion in 1977 to

more than \$600 billion by the end of 1982. Much of that debt had had to be contracted as short-term loans at very high interest rates. As they had increasing difficulty in obtaining capital from the public sector and because of the virtual drying-up of private credit, the developing countries were the victims of a liquidity crisis which was frustrating adjustment efforts and retarding development prospects. While there had been faint signs of recovery in the developed countries, there was nothing of that kind to be seen in the developing countries.

3. The sixth session of the Conference was the first major world conference on the economy to have been held since the onset of the crisis. His country considered that the Conference should focus its attention on the interrelated strategies of economic recovery and development and should agree on a programme of immediate measures relating to both questions. Such a programme should in particular devise means to resolve the critical liquidity problem facing developing countries. It should at the same time find ways of achieving levels of production and income higher than those forecast for the medium and long terms. If the growth rate in the industrialized countries was not above the figure of 3 per cent for the next few years, recovery would not be sufficiently sustained.

4. His delegation expected to participate fully in the consideration of all the items on the agenda, but considered that the Conference should devote particular attention to certain immediate measures advocated in the Buenos Aires Platform. In the first place, and most important, he proposed that the creditworthiness of the developing countries should be restored by restructuring part of their \$600 billion debt on realistic terms. That single action would not only release significant export earnings for the purchase of goods and services but

would also restore the confidence of the banking system, thus leading to a resumption of bank lending. Secondly, the multilateral financial institutions should adopt, especially with regard to the financing of balance-of-payments deficits, a policy which enabled Governments to achieve their social and economic objectives. Thirdly, there should be a substantial additional allocation of SDRs. That would be the quickest means of stimulating growth of liquidity in the international system, while avoiding inflationary effects.

5. With regard to commodities, specific immediate measures should be agreed upon to stabilize excessive fluctuations in prices and incomes. On the question of trade, the Conference should unequivocally restate its commitment to an open multilateral system. It should, however, go beyond the usual trade "pledges". It should agree to a halt to protectionist measures and a programme for their gradual elimination. That programme should fully reflect the trading interests of all countries and not jeopardize any of them, particularly the smaller trading countries. It would restore stability and predictability to the trading system and would encourage desirable structural adjustments within the various sectors of national economies and the world economy as a whole. In that regard, it was encouraging to note the commitment of certain Western industrialized countries to halt protectionism and dismantle trade barriers.

6. He was aware that the Conference would not be able to resolve the details of all the complex issues before it, but he hoped that the participants would not leave Belgrade without having agreed on a framework for action and having established the necessary follow-up machinery.