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NEW YORK

President: Mr. Salim Ahmed SALIM
(United Republic of Tanzania).

AGENDA ITEM 7

Assessment of the progress made in the establishment of the new international economic order and appropriate action for the promotion of the development of developing countries and international economic co-operation (continued):

- (a) New international development strategy for the third United Nations development decade;
- (b) Global negotiations relating to international economic co-operation for development;
- (c) Other matters

1. The PRESIDENT: In accordance with the decision [decision S-11/22] taken by the General Assembly at its first plenary meeting [para. 80], I now call on the President of the Council of ICAO.

2. Mr. KOTAITE (President of the Council of ICAO): I am very pleased to present the contribution of the International Civil Aviation Organization to the eleventh special session of the General Assembly of the United Nations.

3. Air transport contributes vitally to economic and social development and to enhanced international relations. It permits the fast transportation of passengers, freight and mail, and it facilitates trade, international relations, tourism and communications. Its range is world-wide and it is not limited by topographical configurations. The cost of its infrastructure is relatively low, but it requires sophisticated equipment, well-trained personnel and rational planning.

4. In the past decade civil air transport has made striking progress. The traffic of passengers, freight and mail had grown to a world total of 140 billion tonne-kilometres in 1979. By 1979 a fleet of 8,600 transport aircraft was being operated by about 560 airlines. Over one million people were employed directly by those airlines in 1979, and of course many times that number in the supporting industries.

5. Compared with the growth of general economic activity and development, air transport growth has remained quite rapid. For instance, between 1973 and 1978 total scheduled air traffic grew by 8.7 per cent per annum compared with 3.2 per cent for the world gross domestic product.

6. In international scheduled air transport, the shares of the total traffic carried by the airlines of the different regions of the world have changed quite significantly over the last decade. The share of European-based airlines has decreased from 45 per cent to 41 per cent and that of North American airlines from 31 per cent to just over 20 per cent, while the airlines of Asia and the Pacific have increased their share from a little over 11 per cent to 22 per cent. The shares of international

traffic carried by the carriers of Africa, the Middle East and the Latin American-Caribbean region have also increased to 4.5 per cent, 5.7 per cent and 6.9 per cent respectively.

7. Particular mention should be made here of air freight transport, which can play an essential role in the creation of new markets, thus contributing in a number of cases to the transformation of subsistence economies. Its growing importance can be illustrated by the fact that tonne-kilometres of international air freight traffic have grown during the past decade at an average annual rate of over 12 per cent. All developing regions have exceeded that rate of growth.

8. Against that background of rapid industry growth, ICAO provides a forum for the consideration and discussion of economic and regulatory problems. In 1977 and again in 1980 world conferences were convened to consider the associated problems of the regulation of air service capacity and tariffs in international air transport. All member States of ICAO have an equal voice in these discussions, which have resulted in a number of recommendations favouring a multilateral approach. The work programme of ICAO has been adjusted as a result of those conferences to reflect the concern of many States with the regulatory problems of international civil aviation. The forthcoming session of the assembly of ICAO, which will be held in Montreal from 16 September 1980, will examine the activities of the organization with a view to enabling ICAO to co-operate as effectively as is compatible with its mandate in the achievement of the objectives of United Nations General Assembly resolution 3362 (S-VII) in relation to the role of civil aviation in economic development.

9. In its regulatory activities, ICAO establishes and updates, with the co-operation of its member States, international technical standards for the safe operation of civil aviation. Through its regional offices, ICAO assists States in the application of such international standards as well as in the fulfilment of the narrower but equally necessary requirements contained in regional air navigation plans.

10. Under its technical assistance activities, ICAO is providing significant assistance to a very large number of developing countries, helping them to achieve rapid and efficient development of their civil aviation sector. This assistance has grown consistently because the world-wide network of air transport requires modern facilities and trained technicians in even the most remote airports, as more and more countries have come to realize the benefits of civil aviation for their social and economic development. Development of the third world is essential for the political and economic stability of the whole world. This development will be fostered by co-ordinated planning and action on the national, regional and international levels for the development of the air transport industry in the third world. Many of the countries of the third world lack adequate land and water transportation and rely heavily on air transport. In most parts of Africa, Asia, Latin America and the

Middle East, it is the development of air transport that is freeing countries, regions and continents from isolation.

11. Most ICAO projects are concerned with the development of civil aviation, but there are some cases in which projects have been specifically developed to identify the ways in which air transport can promote economic development. Further projects of this type will be formulated for the next decade. While ICAO has no technical assistance funds of its own, being the executing agency for projects funded by UNDP, trust funds and other sources, nevertheless it has in recent years been able to make a significant contribution, now totalling over \$60 million annually. We confidently expect this form of assistance to increase regularly over the next few years, reaching about \$100 million annually by the middle of the decade.

12. Careful planning on a realistic and pragmatic basis is the key to the further development of civil aviation activities in any country. It is necessary on occasion to carry out detailed studies of potentials for development to ensure, on the one hand, that essential requirements will be met and, on the other, that proposals put forward are realistic and functional, in the best interests of a country, and capable of being realized over a medium time period. ICAO has long assisted individual Governments with this most important activity and, as a consequence, significant progress has already been achieved, though much still remains to be done.

13. For many countries, the availability of essential capital to meet the cost of required infrastructure development is still lacking. The provision of much needed technical equipment, required to ensure safe and efficient aircraft operations, remains a problem. But in some regions of the world the greatest problem is perhaps lack of skilled manpower associated with the inability to retain trained manpower for lengthy periods. The human element is at the core of all civil aviation development in all parts of the world—which is possibly equally true of other forms of sectoral development. The ability to attract good quality personnel, to train them effectively and then to retain them in active service for lengthy periods therefore constitutes a major basic need in many countries, if the earnestly desired civil aviation development is to be ultimately attained. This applies not only to technical personnel, so essential in this high-technology industry, but equally to managerial personnel.

14. In the last three decades, aviation has made great progress in developing countries, most of which have already achieved a considerable degree of self-reliance in many aspects of civil aviation. Today, more than half of the international airlines and more than half of the international airports reporting to ICAO belong to developing countries. As a result of this increasing self-reliance, the developing countries are now in a better position to collaborate with each other in improving air transport.

15. Several initiatives could be taken, such as joint international operations, the pooling of airline services, the standardization of equipment, the creation of joint maintenance facilities, the establishment of regional personnel training centres, and so on. By avoiding unnecessary duplication and by standardization and co-operation, the airlines of developing countries can achieve considerable cost savings.

16. Civil aviation physically links all the countries of the world, and it is one of the greatest accomplishments of international co-operation. The preamble of the Con-

vention on International Civil Aviation signed at Chicago on 7 December 1944 begins with the words

“Whereas the future development of international civil aviation can greatly help to create and preserve friendship and understanding among the nations and peoples of the world . . .”¹

Those words eloquently depict both the scope of the potential contribution of civil aviation to economic and social development in the coming decade and the conceptual background against which it should be seen.

17. Mr. COLOMBO (Italy) (*interpretation from French*): Mr. President, I should like to begin this statement in the general debate at this special session by conveying to you, and to the General Assembly, on behalf of the Italian Government, my most sincere wishes for success in your task. The satisfaction which I feel in seeing you presiding over this special session of the General Assembly is both the expression of personal esteem and additional evidence of our friendship for the country you represent.

18. I should like also to pay a tribute to the Secretary-General, Mr. Kurt Waldheim, for his intensive and tireless efforts to establish the bases for a better understanding between the peoples of the world and to strengthen the links of international co-operation.

19. The opening of this eleventh special session of the General Assembly has coincided with the admission of Zimbabwe to membership in the United Nations.

20. Italy welcomes this major new step forward in the process of decolonization, which has been made possible by the co-operation, goodwill and constructive efforts of all the parties concerned; we are deeply satisfied to see that the exercise by the people of Zimbabwe of its right to self-determination has finally become a reality.

21. The presence in this hall of the representatives of Zimbabwe—particularly of its Prime Minister, Mr. Mugabe—is in itself a further example of the implementation of one of the basic principles of this Organization: the exercise by peoples of their inalienable right to self-determination.

22. We are met in this Assembly, where world public opinion finds expression, to work out a strategy designed to tackle, in the coming years, the problems of development. We must define a policy which reflects the great traditions of this Organization, which was once able to trace, for the benefit of a world ruined by war, a future of freedom: freedom governed by the vote and based on the right of expression. This is an arduous task. The policy we decide upon must be based on consensus; it must enable us to respond to the diverse and urgent needs of the present.

23. We all aspire to a world in which each individual is assured conditions of life guaranteeing respect for his dignity—a world in which resources would increase everywhere at a steady rate. We all desire an international community in which stability and peace are based first of all on an equitable distribution of wealth.

24. These are objectives which necessitate an adaptation of international roles to new realities. Otherwise, it would be difficult to go beyond affirmations of principle and unproductive assistance policies. Each nation and each group of countries is therefore called upon to make its own contribution as part of a global and responsible vision of relations between peoples.

¹United Nations, *Treaty Series*, vol. 15, No. 102, p. 296.

25. The reshaping of the international economic order, on the basis of the principles and traditions of this Organization, must be the result of choices made in a fully independent manner. It must benefit from the contribution of all countries, each according to its own capacity: the industrialized market-economy countries, the socialist countries, and the developing countries, whether or not they are producers of oil and raw materials. The responsibility for the present situation cannot be laid at the door of the industrialized countries of the West only. The industrialized countries of the socialist world must also play a role in the struggle for development. All resources must be utilized and properly developed. A new international economic order presupposes a joint, responsible conception of the growth of resources and of their distribution. The more equitable sharing of these resources for which we hope must not result in a decrease in those that are available.

26. These are principles and political choices which are not new. But we feel it useful to reaffirm them staunchly and with conviction at this time when the third United Nations development decade is beginning.

27. However, we would run the risk of embarking on an unrealistic dialogue if we failed to ask ourselves what has happened in the meantime, in what way the years to come will be different from those which have elapsed, and what new difficulties and what new challenges await us.

28. Indeed, the experience of the last 20 years has made us all profoundly aware of the problems of development. Progress in and wider circulation of the communications media have enabled us to compare in a factual and immediate manner the differences in the standards of living of the peoples of the world. New horizons have opened, both for the developing world and for the industrialized world. The international community has grown considerably in the post-War years.

29. The emergence of acute economic crises and their repercussions for the developing countries have cast a stark, more direct light on the difficult living conditions of a very large portion of mankind. This has increased the demand in many countries, by political forces and cultural movements, for a better-balanced and more appropriate development model.

30. At the same time, in the last decade, we have witnessed a strengthening of the economic interdependence between nations. The scale which commercial exchanges have attained and the growing use of resources and goods from remote countries and regions have gradually increased the chances that the economic and political situation of one region in the world may exercise an influence on all the others. We have seen that in some cases this capacity to influence can be concentrated in a relatively small number of countries and that the behaviour of one or several nations can influence the world economic order much more than in the past.

31. We are entering the new decade in an international economic situation marked by persistent, probably unprecedented, disorder. This situation is characterized by the persistence of acute imbalances in the balance of payments, by very high rates of inflation, by serious and frequent crises in currency exchange rates and by a decline in growth rates.

32. All this has induced many countries to take a narrow and selfish view of problems which are rather of general concern. All over the world there is a trend to resort to protectionist policies whose primary aim is to overcome inflation, but at the expense of economic

growth and hence of employment. We are witnessing speculation and the stockpiling of goods to protect their real value. The instability of political relations leads to the diversion of resources for the purchase of armaments which then tend to increase in a disquieting manner. The ecological damage caused by an economic growth which is often uncontrolled results in a deterioration in the quality of life and a reduction in available resources.

33. For a large part of mankind, in countries too where freedom is an ancient and well-established value, that freedom depends—as does peace—on the way in which we will be able to solve these problems.

34. That is why the adoption of the new international development strategy for the next United Nations development decade must be the result of a true effort of solidarity uniting the greatest number of Governments. It is essential not to give in to the insidious tendencies towards sectarianism, selfishness or tactical manoeuvring which the present difficulties might encourage. No people can have any illusions as to its capacity to solve its problems on its own. The difficulties which have to be overcome in the coming years to establish new principles of coexistence are global in nature.

35. We would hope that this Assembly will address to all Governments an appeal for solidarity; all must accept the principle that the definition of a development strategy for the next decade cannot be reduced to the shaping of new models for assistance to other countries, and that we are faced here with a problem of survival that concerns us all equally.

36. In order to deal with problems of such dimensions, we will have to consider a large number of questions which are bound up with those problems. If we were to tackle everything at once, we would run the risk of losing our way in the pursuit of generalized and utopian strategies. On the contrary, we should concentrate to begin with on certain essential topics. We must first grapple with those topics whose solution is likely to contribute effectively to the improvement of the general context in which development problems arise. We must take as our starting point topics on which, in view of their primary importance, it appears easier to obtain the consensus of a large number of Governments. It is these problems, that have given rise to the crisis in the international economic order, which we must strive to resolve.

37. Two problems, in my opinion, display the characteristics which I have just described. The first is energy and the second is the study of the most appropriate and effective machinery for redistributing the imbalances in external payments, as well as for ensuring their financing and, wherever possible, the reduction of deficits, through adjustment policies whose implementation falls within the competence of Governments.

38. Those are the problems which we must tackle immediately. They were suddenly forced upon the attention of Governments towards the middle of the last decade following abrupt changes which took place in relations between the countries which produce raw materials and those which produce manufactured goods. The restoration of confidence in the development process and the reshaping of the economic order, which is a prerequisite for it, depend on their solution. The problem of energy and the adjustment process are both related to closely linked interests, which are common to all countries, and consequently provide a favourable ground for seeking an agreement.

39. The first of these problems, energy, is of vital concern for all. It is vital for the industrialized countries because the availability of energy sources is an essential condition for the maintenance of their way of life and for the survival of their economic systems; those systems play an essential role in the development process. But the problem of energy is equally vital for the developing countries, which run the risk, in using scarce financial resources to obtain energy supplies, of jeopardizing their food purchases and hence, in extreme cases, their own survival. On many occasions the European Community has stressed the crucial character of the energy problem, because the very possibility of solving development problems depends on its solution. Very recently, at the meeting of the European Council held at Venice on 12 and 13 June 1980, it was clearly stated—and I wish to repeat it here—that unjustified increases in the price of energy penalize expansion, and hence development, in an equally unjustified manner.

40. With regard to energy, the new international development strategy, if it is to be effective, must take into account all the elements of the problem. In the first place, we must ensure the continuity of the production of energy resources. We must co-ordinate demand policies by making sure that the producing countries receive appropriate protection for the value of their export earnings so that they are not induced to shore up prices by restricting production. The protection of oil revenues, however, also requires the management of oil resources in a responsible manner consistent with the needs of development. If such management were to show the necessary firmness and consistency, it would obviously justify a greater role for the producing countries in the relevant international bodies. It will also be necessary to offer these countries suitable opportunities to invest their financial surpluses so that they do not reduce their exports in an effort to contain the accumulation of liquidity.

41. As another priority objective, we must guarantee that the developing countries have access to available oil resources and we must make sure that such access is not barred to them by purchases made as a precaution by wealthier countries. At the same time, we must develop suitable measures for saving energy and strengthening conservation capacity. Efforts at co-operation and co-ordination will be necessary for the elaboration of programmes for the development of energy production based on sources other than oil, so as to ensure the continuity of the economic development process by opening up more numerous and more diversified energy sources.

42. The problem of imbalances in the external payments of the different groups of countries is also crucial. In this respect, we must recall that all countries today are confronted with a reality that is new, but which the experience of recent years makes easier to understand. We find ourselves in a situation where certain countries, whose economic development depends essentially on the availability of a single raw material, oil, are led to take advantage of this position by charging ever higher prices for their exports, in that way maintaining their income at certain levels. The characteristics of their economic systems are such that these countries have a limited import capacity. By continuing to follow this policy, they will therefore maintain positive balances with a fairly high face value and will keep on piling up financial surpluses.

43. In the years to come, the international community will therefore be faced, as regards payments, with situations characterized by persistent surpluses. The corresponding deficits for all the other groups of countries,

the market economy industrialized countries, the socialist industrialized countries and the developing countries, will take on, to a large extent, a structural character. As recent experience has shown, the traditional adjustment policies, as well as restrictive manoeuvres and interventions in exchange rates, will have only limited influence on these deficits.

44. In dealing with deficits attributable to short-term causes, we must update the machinery for intervention by giving it a flexibility it lacks today. At the same time, we must take steps to ensure that such interventions do not facilitate the spending of resources for the purchase of products that are not essential for the development of national economies.

45. As regards the other deficits—the structural ones, which cannot be reabsorbed by means of short-term policies without recourse to restrictive manoeuvres which certain economies may not be able to support—the main problem to be solved will be how to distribute these deficits. There is every indication that the market economy countries and the socialist industrialized countries on the one hand, and the developing countries on the other will have to work out a formula for the distribution of the structural deficits in their balance of payments. In other words, we must determine for what part of these deficits, and of their repercussions in terms of inflation and weakening of exchange rates, each one of us is ready to assume. The most developed countries should not forget that the part of the deficit they refuse to assume, through the adoption of restrictive policies to keep down their rates of growth, contain their domestic levels of inflation and maintain their exchange rates, will be transferred to the developing countries.

46. The portion of the deficit that the developing countries will have to pay will give rise to the problem of financing. For this reason, it is important that any agreement in this field should be a global one. Such an agreement should determine the burden which the financially weakest countries will have to bear during the coming years, and the most effective way to meet this burden. The choice of methods for financing it may have very serious consequences in the years to come.

47. It is therefore realistic to give priority to this problem over that of deficit adjustments, which has been a permanent feature of the international economic scene during recent years. The problem of adjustment, moreover, can be solved in a stable manner only through long-term policies. I shall therefore merely recall the need to update and strengthen the role of international institutions by increasing the responsibilities of the developing countries. The task of these institutions will be to make their resources more readily available to the weakest economies which would find it difficult to withstand excessively severe conditions and, at the same time, would be unable to meet the conditions of the private capital market.

48. To suggest easier access to resources does not mean that we envisage a lax and dangerous style of international management. We intend merely to take account of new conditions which are characterized by the existence of lasting and misused financial surpluses and by deficits which threaten to stifle the developing economies.

49. It is obviously not enough to identify the problems on which we must concentrate our efforts. I have just emphasized the scope and the gravity of the tasks we have to face. I would not be able to leave this rostrum with a clear conscience if I were merely to confine my remarks to considerations of a general character, even if related to precise questions. I should therefore like to

submit to this Assembly a number of points which, in my view, might constitute a plan for action.

50. First, the establishment of a fund substantial enough to ensure the financing of imbalances in external accounts. Such a fund should be capable of attracting ready capital seeking opportunities for investment guaranteed against inflation and exchange fluctuations. For this purpose, the role of the international financial institutions should be strengthened through the improvement of their machinery for mediation and for the co-ordination of financial relations.

51. Secondly, an energy strategy which ensures both the continuity of the supply of energy resources and the protection of the income of the producing countries. For this purpose it is essential to co-ordinate oil-demand policies and to offer suitable opportunities for the investment of the financial surpluses of the producing countries.

52. Thirdly, the promotion of all the measures required for the improvement of the world food situation. This should be achieved not only with the help of assistance and donations of food products, but also with the help of investment plans and technical co-operation programmes aimed at increasing the food production capacity of the developing countries.

53. Fourthly, immediate interventions, through joint action by the industrialized countries, including the socialist countries, and by the developing countries, to help the most disadvantaged of the latter. In this context, I would favour the proposal for special action put forward by the Secretary-General in document A/S-11/5/Add.1, a proposal which might be rapidly implemented. We must not regard this initiative as a substantive substitute for negotiations, but the proposal has immediate value as an instrument for intervention within the framework of emergency programmes. For their part, the beneficiaries of these programmes should undertake to manage properly the resources thus placed at their disposal.

54. I shall conclude this statement by stressing how much the Government and people of Italy are aware of these problems. Italy realizes that measures designed simply to assist one country or another are not sufficient to solve them.

55. In the decade before us, the difficulties posed by the problems of development will constitute a grave threat to the survival of millions of human beings as well as to freedom and peace. Italy will support in a constructive spirit all initiatives taken by the international community to overcome the difficulties now impeding the development process, and to promote the establishment of a new international economic order.

56. Mr. MARTEN (United Kingdom): All the speakers I have listened to have described the grave economic difficulties and the major uncertainties that we all face at this moment. Mr. Muskie, the United States Secretary of State, and Mr. Thorn clearly outlined to the Assembly the options before us and the responsibilities that all countries, both developed and developing, have in solving their problems. Therefore, as we have heard them all before, I shall not repeat them.

57. In tackling these problems, we, as an industrialized country, fully recognize that they cannot be solved in isolation. While, like other countries, we must devote a major effort to adjusting our own economy and putting it on a sound basis, we are ready to play our full part in seeking international solutions to these grave problems. We believe that our own prospects depend critically on those of others, and *vice versa*.

58. It is for practical as well as humanitarian reasons, therefore, that we are concerned about the prospects of developing countries, particularly the poorest. Their problems are compounded by the frightening increase in world population which was highlighted by Mr. Muskie last Monday afternoon [2nd meeting, paras. 93-137]. Over the next 20 years there could be 2 billion more mouths to feed. This prospect should lead us all into greater efforts to control population and increase food production.

59. Our concern as a nation runs widely through our society and deep in our history. Britain's links, often extending back for centuries, run to every corner of the world. Their nature has changed decisively in the second half of this century. But many ties remain: ties of family, of upbringing, of education, of language and culture. They are nourished and preserved by the Commonwealth, with all the personal, professional and official friendships that are stimulated within that family of nations. No country with such extensive links with the outside world could fail to be concerned at the prospects facing so many developing countries.

60. We also, as I have mentioned, have a lively and long-standing practical concern. We have been a major trading nation for four centuries. External trade accounts for about 30 per cent of our national product. Our two-way trade with developing countries accounts for about 20 per cent of our total trade. And I think that those figures really speak for themselves.

61. Developments in the world oil market over the past 18 months have caused serious difficulties for all of us. Many developing countries have been especially hard hit. They cannot afford the cost of their oil, yet they cannot manage without it. The strains induced by such a situation are alarming. The magnitudes are so great that the problems can be solved only by the international community as a whole. No single country, no single initiative, can resolve such daunting problems.

62. In the medium term, the first necessity is for all of us to adjust our economies to the higher oil prices. There is no alternative to that. Those who can adjust must do so, but they will need time. Others, relatively few, have very little scope for adjustment, and it is on them that assistance should be concentrated as other economies recuperate.

63. For some countries, the problems can be eased through borrowing on the international markets. The international financial institutions have a major part to play, particularly IMF and the World Bank. However, a particularly acute problem faces the poorest countries, whose economic circumstances preclude them from borrowing on the international markets and whose need is for finance on highly concessionary terms.

64. Industrialized countries too have been seriously affected. Prospects for resumed growth, particularly at rates even approaching those of the 1960s, depend on predictable energy supplies at reasonable prices. So does our capacity for helping the developing world.

65. The oil-producing developing countries, for their part, are troubled by high rates of inflation, due partly to rising import costs and partly to domestic factors. A number are naturally concerned about the wider effects of extremely rapid economic development. They feel also—and quite understandably—a heavy responsibility to succeeding generations to build a balanced and thriving economy for when, eventually, their oil revenues begin to decline.

66. The 1970s have seen a decisive transformation of the energy balance and the emergence of massive and

long-term financial surpluses. The industrialized countries, the oil-producing countries and the non-oil developing countries now, more than ever, depend upon each other.

67. I should like to say a word about our own policy. The overriding objective of my Government is the reduction of inflation. But in giving priority to this aim, in concentrating on putting our economy right, we are not taking a selfish view. On the contrary, a sound economy can be the only basis for the substantial long-term aid programme to which we have been and continue to be committed. It is not always realized, even domestically, that only four donor countries in the developed world provide a larger volume of aid in absolute terms than the United Kingdom. Only five developed-country donors provide a higher relative proportion of their gross national product than ourselves. Last year, two thirds of our bilateral programme was directed to the poorest countries. We also make a substantial contribution to multilateral aid, including a 10 per cent share of the sixth replenishment of IDA, amounting to £555 million or over \$1.3 billion. In this respect, we have done our best to adjust our programme to the changed circumstances of the later 1970s and the 1980s.

68. We also believe that restoration of our economy will enlarge the trading opportunities for developing countries. Their earnings from trade are over 10 times greater than their receipts from aid, and, without enlarged trading opportunities, the benefits from aid-financed investment can be blocked.

69. This brings me to what, in our view, should be the role of government. There are some fields in which Governments, and Governments alone, can act in setting the framework for national economies and for the international economy. We can, and we must, combat inflation. We must ensure that no effort is spared to save energy and to develop alternative energy sources. We must help developing countries to do the same. We have already encouraged the World Bank to expand its activities in this field and we have given our full support to the United Nations Conference on New and Renewable Sources of Energy. We must also encourage investment in developing countries with all the technology, training and management expertise that is associated with it. For our part, we in Britain recently abolished exchange controls. There are now no obstacles on our side. It is for developing countries to create or maintain conditions to attract private external capital.

70. As regards international machinery, we believe that there are many valuable parts of it which should be preserved. Many international bodies have played, and continue to play, an extremely valuable role. We believe that they should be adapted and developed for the future. Indeed, many institutions are already adapting quite quickly as circumstances change. They should be encouraged to do so. Those institutions are rather like vines, easy to chop at the roots, difficult to nurture and train, unproductive for some years, but of growing value thereafter.

71. I have mentioned some examples to show that we fully accept that there is a role for Governments. But we believe that, nevertheless, there are definite limits to the value of direct government intervention. The free market lies at the basis of our economic beliefs. It is the foundation of our economic policies, domestic and foreign.

72. The problem we all face is how to reconcile conflicting interests, develop mutual benefits, reach understandings and put them urgently into operation. We

look to this special session of the General Assembly to make a decisive start.

73. We shall look forward, in the course of the session, to reaching agreement on a strategy for international development over the coming decade. This strategy should be balanced and should be directed towards sensible and practical action, which is ambitious, yet realistic. If it is to be effective, the strategy must be one for the whole international community. It must therefore be addressed to the responsibilities of all Governments, irrespective of their levels of development or of their social and economic systems. My Government will play an active part both in the formulation of the new international development strategy and in its implementation.

74. We shall also play our full part in the preparations for the global negotiations. We shall work to establish the conditions for a realistic debate addressed to the major problems confronting us and based, as far as possible, on an objective assessment of the considerations involved. For this to be achieved, we shall all need to take some care over the agenda and the procedures to be followed. We want to see an agenda that is relevant, practical and, above all, likely to yield positive results.

75. I should like to conclude with a statement of our firm resolve to seek real progress in these discussions. I have tried to show that it is simply not true that there is a lack of concern on our part; it could never be true of a country with the history, traditions and interests of the United Kingdom. I sometimes think that our critics in Britain, however high-minded their motives, have not fully appreciated and researched the vast scale and complexity of the problems we all face. Only by careful thought, thorough preparation and massive effort can we make an impression on the enormous problems before us. It is with these needs in mind that we approach our work in this special session.

76. The PRESIDENT: I should like to draw the attention of delegations to an increasingly difficult problem which we face in trying to accommodate the large number of speakers desiring to participate in the present debate. Let me be quite clear. I consider this degree of participation a desirable and encouraging demonstration of the breadth of interest in the critical problem of economic development. However, we face numerous practical problems in trying to reconcile the schedules of the many Ministers and other heads of delegations who are here. We also face, for example, a difficulty in deciding how many speakers to list for a given day without accurate advance knowledge of the length of the statements to be heard.

77. It has by now probably become a physical impossibility to satisfy fully the preferences of every speaker, and I do hope that all delegations will understand the magnitude of the problem.

78. However, there is one concrete way in which, I believe, we can ameliorate the situation. As we have already seen, it is frequently impossible to start our meetings promptly because of the lack of a quorum and, occasionally, the unavailability of the scheduled speaker. Accordingly, I wish to appeal strongly to all delegations to make a greater effort to ensure that we can begin our meetings promptly at the scheduled time. This will require both that speakers be prepared to speak at the appointed hour and that representatives occupy their seats promptly.

79. With the whole-hearted co-operation of representatives, on which I am sure I can count in the future as in the past, our common interests will be well served.

80. Mr. SOLORZANO FERNANDEZ (Guatemala) (*interpretation from Spanish*): My country, Guatemala, is a small developing country, which is facing the same economic problems as the great majority of underdeveloped peoples. In order to find a joint solution of those problems, Guatemala has been participating in the different activities which have been and are being accomplished within international organizations. None the less, we have observed with deep concern that each of the attempts to meet the aspirations for a better world and for more just and equitable treatment has been obstructed in the majority of cases by a lack of political will on the part of certain other countries with the technology and resources required for development and that have not been prepared to share them with countries that need them.

81. In recent years, an interminable series of efforts has been made, but the developing countries have not obtained any more of what we have been demanding from the beginning from the developed countries. It is true that co-operation among third-world countries has been strengthened and, as is the case with Guatemala and its partners in the Central American common market, our participation in subregional or regional integration plans shows what can be achieved in terms of improving the living conditions of our inhabitants.

82. In spite of the positive results of the process of regional economic integration, it is urgent that other broader solutions be found to the difficult social and economic problems that exist, since the present structures of the international community do not make it possible for us to discern more promising prospects for our countries.

Mr. Sheldov (Byelorussian SSR), Vice-President, took the Chair.

83. From the time of the proposal to draft a Charter of Economic Rights and Duties of States, formulated at the beginning of the 1970s, up to the meagre results of the Third General Conference of UNIDO, held at the beginning of this year,² there have been innumerable attempts to reach satisfactory agreements for our countries vis-à-vis the major interests of the developed countries.

84. Neither in the framework of raw materials, trade, finance and monetary affairs, nor in other equally important areas, such as energy, has it been possible to meet to any extent the aspirations of our countries for what might be a better world.

85. In connexion with raw materials, it was only very recently that negotiations on the establishment of a Common Fund within the Integrated Programme for Commodities were completed successfully. We are pleased at this because it does represent a significant contribution in the search for negotiated solutions of the different economic problems we are facing.

86. As regards international trade, the result of the multilateral trade negotiations of the Tokyo round is disheartening, since our requirements were met in a piecemeal, limited way and since reciprocity was demanded of us under the threat of having some offers withdrawn if we were not to agree to such conditions.

87. As far as concerted agreements are concerned, many of them are linked to the overall agreement and signing them represents virtually no new advantage for third-world countries.

88. We are all familiar with the results of the Conference on International Economic Co-operation; the North-South dialogue was a very elegant rhetorical exercise but it only served to deepen the differences between the parties concerned.

89. As to the international monetary system, daily its operation has a serious effect on the economies of third-world countries. This is even more serious if we add the effect of inflation, which whittles away our nascent economic plans.

90. The need for an operative and effective new international economic order is therefore self-evident.

91. My country, Guatemala, is making every possible effort to overcome its under-development, but we know that this can be done only with the assistance of those who are able to help. We are putting under development a vast agricultural area in the north of our country of more than 9,000 square kilometres, comprising almost 10 per cent of our total land area, which will provide housing for many Guatemalan farming families. We are confident that our effort at collective agriculture will be a successful one. We shall not continue to offer individual title to land in a country whose parallel variables—one, the population, which is increasing geometrically, and the other, the land, which does not increase—hold a bleak future at the end of the century for those who wish to engage in agriculture.

92. We are also building a modern port on the Pacific coast and erecting hydroelectric plants which in the short term will make it possible for us to use less petroleum-based fuel. A decentralized agro-industrial plan is also being promoted to increase the demand for agricultural products. A process of democratization of industrial holdings which is unique in Latin America has also begun, thus giving all sectors of the population an opportunity to obtain shares in the industrial corporations promoted by the State—80 per cent of those launched in the country.

93. In summary, a great national effort is being made. In accordance with our own model, one which we understand and know, this effort is being conducted energetically and with resolve, especially as regards the distribution of income, without any demagoguery or absurd arrogance.

94. Social development is being financed through direct taxation; in other words, those with the highest incomes are financing this development. None the less—and this is why I am mentioning all these national efforts—sometimes we meet with reluctance on the part of international financial institutions precisely because of pressure from the developed countries, which, in accordance with the new ideas which should prevail in the new international economic order, should unhesitatingly support the efforts made by developing countries themselves.

95. I wonder whether that is in line with what has been stated in this forum. Can we continue to believe in the sincerity of so many statements and in the effectiveness of so many resolutions and recommendations adopted in this sort of forum? Can we possibly go on trusting that we shall receive external financial assistance for our development, in spite of political pressures? We fervently hope that by the end of this session we will be nearer the answers to these questions.

96. When within the United Nations the concept of a new international economic order was envisaged, the developing countries also formed new hopes. We naively believed that a new horizon was opening before us and that at last the attitude of the developed world

²Convened at New Delhi in January/February 1980.

would change on the understanding that development should be the shared objective of all mankind—a new humanism, a new sense of international coexistence by which no one has the right to exploit any human being, and much less a country or group of countries.

97. But there is something even more serious; it is the cruelly ironic fact that certain principles of the new international economic order have also served as pretexts for more than one developed country and even for groups of developing countries to intervene openly in the internal affairs of other sovereign States. This arbitrary attitude has flagrantly violated the most basic principles of the Charter of the United Nations, precisely those that gave life to our Organization and which constitute its *raison d'être*. I am referring to the sacred principles of non-interference in the internal affairs of other States and respect for the sovereignty and territorial integrity of each and every Member State. That kind of attitude does not contribute to the strengthening of international solidarity; it makes it impossible to affirm that throughout the world there is a desire to launch a new international economic order which would bring about a greater sense of justice for all mankind.

98. Inflation in underdeveloped countries is in large part generated by external factors; hence, in order for the efforts of developing countries to be successful, it is essential that the new international economic order mean, first, greater access to the markets of the developed countries; secondly, better terms of trade and fair payment for the products we sell; and thirdly, greater access to the technology that we, the developing countries, cannot create because of lack of financial resources for research.

99. Our delegation is pleased and rather hopeful to see that the agenda for this special session of the General Assembly includes such topics as energy, raw materials, trade, finance and monetary issues and we also hope that that will result in guidelines for the new international development strategy.

100. As far as the global negotiations are concerned, we have noted with great interest that its central issues will be studied in a way different from past practice. We hope that a new approach will be taken with regard to all those issues and that in this Assembly we shall see the total political will, already mentioned by many previous speakers, making it possible for us to devise solutions, or at least outlines of solutions, to the major problems of the underdeveloped world.

101. In conclusion, I should like to state that we are participating in the work of this special session of the General Assembly in the hope that it will not be a forum for lofty words but that it will instead open the door to the establishment of a new strategy in which the developing countries will find the just and equitable treatment that they deserve and in this way share with the developed countries a future of peace and progress, without which the foundations underlying the political structure of the international community would be greatly weakened.

102. Mr. MADHI (Democratic Yemen) (*interpretation from Arabic*): It gives me great pleasure to congratulate Ambassador Salim on his election to preside over this important eleventh special session of the General Assembly. We are sure that his wise guidance will make the success of the session even more likely.

103. I am pleased also to welcome the admission of Zimbabwe to membership of this world Organization. Zimbabwe has become a symbol of the heroic struggle against all forms and manifestations of colonialism,

racism and domination. Its people has paid dearly for its freedom and independence. It is especially significant that Zimbabwe's victory and independence, and its admission to the United Nations at this special session, come at this precise time.

104. The 1960s witnessed the struggle of the developing countries for political independence, which it was thought would automatically and immediately bring freedom, sovereignty, progress and development. However, the bitter results of experience have proved that that has not happened. Neo-colonialism, represented by the monopolistic transnational corporation, has evolved in a subtle way to replace conventional colonialism, seeking to consolidate its goals and ambitions and preserve the existing inequalities in the prevailing framework of international economic relations. Hence, since the United Nations constitutes the best framework for negotiations to establish the new international economic order, special sessions of the General Assembly must be convened to that end.

105. This special session has particular political and economic significance. The developing countries have felt a deep sense of disappointment and failure since the sixth special session, in 1974, which adopted the Declaration and the Programme of Action on the Establishment of a New International Economic Order [*General Assembly resolutions 3201 (S-VI) and 3202 (S-VI)*]. The so-called North-South dialogue has reached a stalemate. We believe that the responsibility lies with the capitalist countries, despite their pride in the few, limited positive results that have slowly been achieved. Those countries have failed to show the necessary political will. Their positions reflect their selfish, short-sighted interests, taking advantage of *faits accomplis* and unequal relations to continue to fulfil their ambitions and perpetuate their domination over the international economy. While they exert active efforts to strike at and contain peoples' revolutions, they refrain from taking genuine positive initiatives whenever their superior economic position is threatened. Such hardened positions pose great dangers. For they not only adversely affect the developing countries but also threaten the developed economies and the world economy as a whole.

106. The capitalist countries disregard the principle of genuine interdependence. Their public opinion, because of their mass media, is not fully aware of the painful realities in our world and of their true dimensions. While they enjoy affluence, have wasteful consumption patterns and squander resources, the peoples of the developing countries suffer malnutrition, sickness, hunger and underdevelopment. The gap between developed and developing countries is increasingly widening. The future is bleak. The capitalist countries go so far as to "accuse" the developing countries of having "extreme aspirations" and "impossible expectations", overlooking the latter's positive and flexible positions and patient efforts. At this point we wish merely to reaffirm the proposals submitted and the positions taken by the Group of 77 on the global negotiations and the new international economic order [*See A/S-11/1 (Part IV), annex I, sect. A and annex II, p. 36*].

107. A great number of meetings and conferences at different levels have been convened since the sixth special session. Today, after six long years, we painfully assess the situation and the achievements. Disillusion and despair haunt the developing countries as they see the persistently hardening positions of most of the capitalist countries and their hesitant policies towards the establishment of the new international economic order. These countries even resort to manoeuvres, delaying

tactics and divisive attempts to break the solidarity and unity of the developing countries. We do not say this arbitrarily or unfairly; it is our responsibility to respond honestly and seriously to the deteriorating current political and economic crisis manifested in:

108. First, the negative results of previous development strategies and the worsening situation in the developing countries, many of whose peoples are threatened with absolute poverty by the end of the century;

109. Secondly, the partial and limited progress and economic development achieved in some developing countries, and the prospects for sustained development in the interest of the poorer sectors of the population in relation to the accumulation and aggravation of problems such as the deficits in the balance of payments, resulting from imported inflation, increasing indebtedness and emergencies and natural disasters;

110. Thirdly, the inability of outmoded international financial institutions established since the Second World War to cope with the new developments through their present structures and regulations;

111. Fourthly, the squandering of resources in the production of instruments of war and destruction, the acceleration of the arms race, the return to cold-war policies in the interest of the industrial and military monopolies, particularly in election years, and the obstruction of efforts directed towards peaceful coexistence, disarmament and the diversion of increased resources to development;

112. And fifthly the failure of the global negotiations, especially in the fields of transfer to developing countries of real resources, which are decreasing continuously, reform of the international monetary system, trade relations, and the industrialization and development of the developing countries. All this is further aggravated by the position taken by the capitalist countries of using the inflation and recession in their economies as a pretext to adopt protectionist policies and other similar policies to further their selfish temporary interests.

113. The significance of this session lies mainly in its global approach, since it is not confined to dealing with the problems of a single country or group of countries. On the contrary, this session is dealing with the issues confronting the world economy as a whole and searching for suitable solutions through dialogue rather than confrontation. Such a goal calls for collective action. This session has the central task of restoring life to the comprehensive global negotiations within the framework of the United Nations. It must also deal with the launching of the new international development strategy for the third United Nations development decade. Those issues are vital to many developing countries, particularly the least developed among them. In view of their special circumstances, their limited resources and their backward stage of development, the least developed countries lack the means for sustained growth and are the least well equipped to adapt to the new changes and the additional burdens arising therefrom. Because of inadequate infrastructure and prevailing unequal relations, it is difficult for them to achieve self-reliance and economic independence. Consequently they are obliged to seek bilateral and multilateral assistance. Their continuous and sustained growth is dependent on the flow of substantial untied aid, on the one hand, and on structural changes in the world economy, on the other. Otherwise the lives of their peoples and their standards of living are in constant danger. In this context, resolution 122 (V) of the fifth session of

UNCTAD³ on an immediate crash programme and the programme of action for the 1980s in their favour acquires importance. It is equally important that all efforts be mobilized to ensure the success of the United Nations Conference on the Least-Developed Countries scheduled for next year.

114. There is no doubt that economic and technical co-operation among developing countries will play a significant role in the establishment of the new international economic order. Collectively, those countries have great resources and capabilities, and they share similar experiences and circumstances. By mobilizing their resources and adopting practical measures they can achieve sustained growth and overcome the deadlock in the global negotiations. The strategies and programmes of the League of Arab States, Afro-Arab co-operation, the Organization of African Unity, Latin America, OPEC, the Group of 77 and the movement of the non-aligned countries constitute important first steps in that direction.

115. Like many other developing countries, Democratic Yemen strives to overcome its economic difficulties through self-reliance and external assistance. Contradictions are an obvious characteristic of our region, since it includes rich, poor and least-developed countries. It is also a region with fundamental development difficulties, especially in the fields of infrastructure, technology transfer, training qualified personnel, and provision for the people's basic needs. These problems become even more evident in the least-developed countries, which are particularly disadvantaged in these spheres. Genuine co-ordination and co-operation among the countries of the region should constitute the foundation of its stability and progress, while their absence would only aggravate its problems and crises. Regional co-operation and international co-operation are complementary. We re-emphasize the need for true and earnest initiatives and efforts within the framework of regional co-operation. Global negotiations within the United Nations are essential for the introduction of indispensable reforms in the world economy. Furthermore, that very fair system, in the framework of the United Nations, would be in the interest of the whole of mankind.

116. Mr. NUSSBAUMER (Austria): I should like at the very outset to congratulate Ambassador Salim on his election as President of this eleventh special session of the General Assembly. We have already had ample opportunity to appreciate his experienced and imaginative guidance since he assumed the presidency of the thirty-fourth session of the General Assembly, and we wish to renew our expression of confidence in his leadership. My delegation is convinced that his impartiality and dedication in the search for satisfactory solutions to problems will greatly facilitate the task of this important session and enable us to come to a fruitful conclusion of our work.

117. It gives me deep satisfaction to welcome independent Zimbabwe as a new Member of the United Nations in our midst. The membership of Zimbabwe in the United Nations marks the successful solution of one of the problems that afflict southern Africa, a solution that was achieved after a heroic struggle for independence, in which the United Nations played a significant and decisive role. On this happy occasion we wish to

³See *Proceedings of the United Nations Conference on Trade and Development, Fifth Session, Vol. I, Report and Annexes* (United Nations publication, Sales No. E.79.II.D.14), part one, sect. A.

assure Zimbabwe of Austria's active help and support in the difficult economic and social tasks which that young nation is facing.

118. I should furthermore like to express our gratitude to the Permanent Representative of Pakistan, Ambassador Naik, and to Mr. Crnobrnja of Yugoslavia, who served respectively as the Chairmen of the Preparatory Committee for the New International Development Strategy and the Committee of the Whole Established under General Assembly Resolution 32/174. Their dedication, perseverance and sense of purpose were of great value in the preparations for this special session.

119. When, at its thirty-second session, the General Assembly decided [*resolution 32/174*] to convene a special session on the threshold of the 1980s, it had a dual purpose in mind. This special session was given the task of assessing progress made and taking appropriate action in the vast field of international economic co-operation.

120. It is in keeping with this mandate, therefore, that I begin my remarks with a brief attempt to take stock of the work done since the sixth and seventh special sessions of the Assembly in the middle of the last decade. Passing on to an assessment of the situation as we face it now, I shall then deal in greater detail with the challenging tasks ahead of us.

121. These last few years have seen the creation of IFAD, concerned with helping countries achieve the most basic pre-condition for development, the attainment of a reasonable degree of self-sufficiency in food supply; the provision of a number of new facilities by IMF, as well as a certain relaxation of its rules on the conditions for loans to developing countries in balance of payments difficulties; the replenishment of international development assistance and of the concessional lending facilities of the regional development banks; the completion of the Multilateral Trade Negotiations within the framework of GATT; progress in the application of the generalized system of preferences, which now covers the major part of developing countries' exports to the industrialized market economy countries, in the case of Austria the percentage being close to 70 per cent; the coming into operation of the Interim Fund for Science and Technology; and lastly, only a few months ago, the final agreement on the Common Fund for Commodities.⁴

122. These achievements came about after sometimes long and arduous negotiations. Let me refer only to the Tokyo round and the difficult birth of the Common Fund; useful as they may be, they provided, however, only piecemeal solutions to individual aspects of the global problem of disequilibrium between the developed North and the developing South.

123. It is our task to face the issues in their totality and in their interrelationship. The slackening of economic activity in most of the developed economies of the North, which has recently assumed crisis proportions in some of them, and the inevitable spillover effect in the developing economies, make our task at the same time more difficult and more urgent.

124. "The difficult and controversial subjects which divide richer and poorer countries will certainly not be solved by prejudices, nor by wishful thinking", wrote Willy Brandt in the introduction to his remarkable

report,⁵ which contains not only a thought-provoking analysis of the North-South issues as such but, indeed, as its subtitle suggests, a programme for survival for the world at large.

125. The international development strategy for the third United Nations development decade should be an answer to the challenge of the troubled economic environment of the 1980s. Primarily, the strategy is a blueprint for economic growth, and I am not surprised that spokesmen for the developing countries have consistently pressed for a common commitment to an ambitious target for overall gross national product growth as the basic underlying assumption from which all sectoral targets and social as well as economic aims will be deducted. In this connexion, we fully share the conviction expressed by Mr. Crnobrnja, Chairman of the Committee of the Whole, that international development co-operation should not be viewed as merely resulting in gains for one side equal to the losses of the other; such zero-sum policies would not be conducive to our common aims. Accelerated growth of the developing countries will, on the contrary, also have beneficial effects on employment and growth in developed industrial economies and thus help to reach a higher growth rate for the world economy at large.

126. It will be recalled that at an early stage of the preparatory discussions, the Austrian delegation had opted for an overall growth rate figure for the developing world of 7 per cent as an indicative target, a level very close to the initial proposal of the Group of 77. However desirable it may be, it is doubtful that such a high growth rate for the developing countries as a whole will be achieved in the early part of the decade, and its attainment during the second half will be conditional on a multitude of factors, including special efforts to overcome the present crisis and to strengthen the capacity of the world economy for growth.

127. I should now like to turn to some of these factors highlighted in the strategy.

128. First, a high growth rate for the world economy as a whole is, in our opinion, an important pre-condition for the realization of a new international economic order. Under conditions of fast economic growth, developed industrial nations can be expected to increase consumption of third-world products and make faster progress in restructuring and adjusting their economies in the direction of the new international economic order.

129. Secondly, an improvement in the volume, quality and direction of financial flows from the industrialized countries to the developing world is another factor, as the draft strategy clearly points out. Yet, even if the high targets for official development assistance set in the strategy were to be reached by all actual and potential donor countries and even if private flows were to increase at a rate at least as fast as they have done over the last decade, only a fraction of the total capital requirements of the developing world could be met. We are gratified therefore, that the strategy realistically pinpoints the crucial role of domestic financial resources in the overall process of rapid investment maximization.

130. Thirdly, a growing number of least developed and other most seriously affected countries are sliding

⁴See United Nations Conference on Trade and Development document TD/IPC/CF/CONF/26.

⁵*North-South: A program for survival*; report of the Independent Commission on International Development Issues under the chairmanship of Willy Brandt (Cambridge, Massachusetts, The MIT Press, 1980).

into a desperate situation because of a combination of factors ranging from structural imbalances aggravated by the rapid rise in oil prices, to natural catastrophes such as the drought in the Sahelian region. This calls for immediate and concerted efforts by the international community and for special consideration of their needs in long-term strategies.

131. In an international comparison, the African countries south of the Sahara show a particularly serious lag in development. They have the highest infant mortality rates, the lowest life expectancies, the lowest levels of health care and the lowest daily *per capita* intake of calories and protein.

132. Furthermore, these countries suffer from growing deficits in their trade accounts, which force them to cut back on imports, especially of capital goods but also, in some cases, with respect to basic supplies. This means that there are hardly any funds left for the development of vital infrastructures. Infrastructure development in Africa calls for financial resources on a scale which the national economies of African countries cannot hope to raise. Even bilateral channels of outside aid will not suffice to raise the capital required. Moreover, meaningful development of infrastructure calls for sub-regional co-operation on the receiving end, *inter alia*, in the field of transportation linking regions and provinces across national boundaries.

133. As the Austrian Government has frequently pointed out, the implementation of large projects for the development of infrastructure, industry and agriculture of large regions of the world similar to the Indus River basin or, more recently, the Mahaveli project in Asia, calls for multinational action. We believe that similar projects should also be carried out in sub-Saharan Africa, one of the poorest areas in the world.

134. In order to generate the required massive transfer of resources, all existing institutions and facilities should be used to the fullest extent possible. But new types of co-operation will also have to be sought, involving individual donor countries, from the industrialized North, as well as from among the surplus oil-producing nations, international financial institutions and regional or subregional groupings of interested recipient countries. The Austrian Government is at present analysing a few schemes for infrastructure development which may serve as pilot projects for this new approach, and it is actively seeking partners for such endeavours.

135. It is a tragic footnote to this chapter that world military expenditure has continued to rise at a faster pace than investment for productive purposes, approaching the \$500 billion mark in 1979 according to reliable estimates. The Austrian Government's unswerving support for any steps in the process of détente should be seen not only as an expression of enlightened self-interest, but also in the light of the gigantic waste of resources triggered by the arms race; any reduction in tensions is bound to release significant sums for purposes of national and international development.

136. I should like now to comment on a few elements of the strategy which we consider to be of particular importance. The first is improved market access for products of developing countries within the framework of liberal trade policies. Protectionism—whether practised by "old" industrialized countries trying to preserve outdated patterns of production or by newly industrializing ones hoping to attract new industries by shielding them artificially from market conditions—is a short-term remedy which has always proved to be counterproductive in the long run.

137. Improved competitiveness for developing countries presupposes easier access to modern technology. The United Nations Conference on Science and Technology for Development, held in Vienna in August 1979 and the Vienna Programme of Action as adopted at that conference constitute landmarks in this field.

138. In a world of finite resources, natural limits to growth will increasingly overshadow development policies. To overlook ecological and environmental constraints in a shortsighted attempt to improve conditions for the present generation will inevitably be to spell doom for the next generation. The rational utilization of raw materials, recycling of resources and, above all, the allocation of sufficient capital and research facilities for the development of conventional as well as renewable sources of energy, as called for by the Secretary-General in his opening address to the summer session of the Economic and Social Council,⁶ are therefore priorities of the first magnitude.

139. Energy is an area where both short-term movements of prices and long-term constraints on availability have an immediate bearing on development prospects. We fully subscribe to the call for rational management of energy resources, both hydrocarbons and others, but we feel that, in order to be credible, a development strategy for the 1980s would have to stress more clearly the need for a balance between energy supply and demand, as well as the link between security of supply in this crucial field and prospects for world-wide development.

140. In this context, it is encouraging to note that the World Bank is actively pursuing plans to make available additional capital resources for energy development in developing countries to reduce their dependence on imported oil. This would make a major contribution towards improving their balance of payments situation and would also put many of them in a better position to make full use of already existing capacities in industry and agriculture.

141. The responsiveness of the international monetary system to the needs of an expanding world economy, and in particular to the growing needs of the developing countries, will be of decisive importance for the attainment of the growth rate envisaged in the strategy. The recycling of annual surpluses, of the order of \$100 billion and more, from a relatively small group of nations accumulating a large surplus on current account to the majority of developing countries with a structural deficit will soon outgrow the capacities of the commercial banking system. Ways and means will have to be devised to channel a larger portion of these funds through international organizations such as IBRD and the regional development banks. Recycling through international organizations becomes even more important in view of the increasing volume of bilateral credits, which individual countries are expected to guarantee. There are natural limits to the ability of Governments to shoulder such liabilities.

Mr. Salim (United Republic of Tanzania) resumed the Chair.

142. Last, but certainly not least, the strategy should promote a process of rethinking about the aims of development. In order to be meaningful, the development process must be oriented towards the meeting of human needs, or, to quote from the draft document before the Assembly, "The ultimate aim of development is the constant improvement of the well-being of

⁶See *Official Records of the Economic and Social Council, 1980, Plenary Meetings, 24th meeting, paras. 7-30.*

the entire population" [A/S-11/2 (Part III), annex, para. 8].

143. Governments of developing countries themselves bear the primary responsibility for assuring that the development process does not only marginally improve the living conditions of the majority in a sort of trickle-down effect; instead—and again I quote from the draft strategy—

“... the reduction and elimination of poverty and a fair distribution of the benefits of development are primary objectives for the international community during the decade”. [Ibid., para. 4.]

144. While the international development strategy for the third United Nations development decade should serve as a broad conceptual base and should provide the guidelines for what we hope to achieve in this decade, we consider the proposed round of global negotiations as a key instrument of concrete action. We therefore welcomed from the very outset the new initiative taken by the developing countries at the thirty-fourth session of the General Assembly on the basis of the Sixth Conference of Heads of State or Government of Non-Aligned Countries, held at Havana from 6 to 9 September 1979. In our view, this initiative, by acknowledging the interdependence of countries and economic problems on a global level, was an important step towards securing the increased amount of international economic co-operation which the world economic situation requires with increasing urgency.

145. While we should not neglect the progress made by the international community in the areas of trade, money and finance, raw materials and food security, we share the opinion expressed time and again by our friends from the developing countries that further, mutually supportive measures on a larger scale are required to enable us to cope with the problems facing the world economy and in particular the economies and the people of the developing countries.

146. For all these reasons, our approach to the preparations for the global round of negotiations conducted in three sessions of the Committee of the Whole Established under General Assembly Resolution 32/174 was an open and positive one. The atmosphere of understanding and co-operation which characterized those sessions seemed to justify the hope that it would be possible to achieve agreement in principle on both the agenda and the procedural framework of the global negotiations and thus to provide a solid basis for the special Assembly session to launch the negotiations.

147. Unfortunately, the Committee was not able to reach the desired result or the measure of agreement which would have facilitated the conduct of global negotiations both in their procedural and substantive aspects.

148. While we share the disappointment at this outcome of the work of the Committee of the Whole, we think it would be a mistake to lose sight of the considerable rapprochement achieved on several sections of the agenda, especially those concerning food, trade and development, and even some aspects of the energy problem. Let me add in this context that my Government, which has only very recently underlined the importance it attaches to food-security by Austria's accession to both the old and the new Food Aid Conventions, was particularly encouraged by the great convergence of opinion in the Committee of the Whole concerning the question of food.

149. This, as well as the other positive elements on which the Committee of the Whole came very close to

agreement, should in our view be fully used by the Assembly at this special session in its efforts to overcome the impasse which eventually faced the Committee. At the same time, further thought should be given to arriving at an agenda whose proportions would correspond to the time-frame envisaged. In this respect too we should enlarge on the work of the Committee of the Whole.

150. Agreement on the agenda proved most difficult in those instances where there are obvious interrelations between substance and procedure or where the specific interests of countries or groups of countries were not yet sufficiently defined to allow for balanced, mutually beneficial solutions. It is our hope that the General Assembly will succeed in resolving these two types of issues, or at least in bringing them closer to a solution. This will require continued sincere efforts as well as increased flexibility on the part of all countries and groups of countries. In this connexion, I should like to underline our conviction that, by their very nature, the preparations for the global negotiations, as well as the negotiations themselves, can succeed only if they carry the support of the entire international community. Therefore, the participation of all countries and groups of countries in the different phases of the preparatory process is essential. I should like to reiterate my country's sincere commitment and desire to participate constructively in the great task before us.

151. In the course of the work of the Committee of the Whole, delegations, including my own, have made their view concerning a possible agenda for global negotiations quite clear, and we all know each other's difficulties and sensitivities. Let me just mention the problems of centralization or decentralization of negotiations and of the legal nature of the agreement to be reached by the global negotiations.

152. More work remains to be done concerning the structure and the procedures of the global negotiations. The suggestion has been made that some of these issues might be left to the global negotiations themselves. We would, however, much prefer not to place this additional burden on the global negotiations, bearing in mind past difficulties of the Committee of the Whole which proved to be extremely time-consuming.

153. As far as decentralization as well as the nature of a package agreement are concerned, we shall eventually have to arrive at a balanced, middle-of-the-road solution. Such a solution will demand compromises from all of us.

154. But in a world economic environment characterized by receding growth rates, rising unemployment and inflation, and by increasing financial and energy problems, especially of the poorest developing countries, we cannot permit ourselves to let the opportunity go by unused to change the course of events by concerted global action. We hope that the present special session of the General Assembly will succeed in its important task; the Austrian delegation will spare no effort to contribute towards that end.

155. Mr. MALIMA (United Republic of Tanzania): Mr. President, first, on behalf of the delegation of the United Republic of Tanzania, I should like to congratulate you on your unanimous election to the presidency of this important special session of the General Assembly. Your stewardship of the thirty-fourth session as well as of the seventh emergency special session of the General Assembly amply demonstrated your vast talents, abilities and qualities, which we are confident you will bring to bear on the deliberations of this session

and which we are certain will result in their successful conclusion. The special relationship which exists between you and the Tanzanian delegation is a source of pride and satisfaction to that delegation and to the Government and people of the United Republic of Tanzania. We pledge our fullest co-operation with you in your very difficult task of guiding our deliberations.

156. My delegation would also like to say how pleased and gratified we are to join other delegations in welcoming the admission of the Republic of Zimbabwe as a full Member of the United Nations and its related bodies. The accomplishment of the heroic people of Zimbabwe, and their victory against the forces of colonialism, imperialism, racism and discrimination is history writ large in blood and sacrifice. The corridors of these buildings are witness to some of those struggles for the liberation of Zimbabwe. The eloquent statement delivered by the Prime Minister of Zimbabwe, Comrade Robert Mugabe, bears testimony to the political wisdom, effectiveness, commitment and courage of the leaders and participants of the nationalist struggles in the world and, in particular, on the continent of Africa. My delegation is confident that Zimbabwe's contribution to this session and the subsequent sessions of the General Assembly will inspire us all to work together for the liberation of mankind from racial discrimination as well as all forms of exploitation and deprivation, economic and otherwise.

157. This special session is being held at a very critical time in the history of international economic co-operation. Indeed, international economic co-operation has reached a crossroads at which we are all forced to examine the paths we have taken in the past in relation to the results achieved, the problems created and the tremendous burden of development and social progress that still falls to the majority of mankind. This session, therefore, offers the international community an invaluable opportunity to review the progress made, if any, in our struggle against poverty, inequalities and injustices, as well as in the economic relations among nations, particularly between developed and developing countries. The timing of this special session also demands that such a review and assessment be geared towards the formulation of new policies and measures which would guide international economic co-operation in the 1980s within the context of the new international development strategy for the third United Nations development decade.

158. The experience of the developing countries during the last two United Nations Development Decades provides ample food for thought as well as guidance for the future. The basis, context and premises on which the Strategies for the past Decades were formulated were replete with gross misconceptions of the development process. The context within which those Strategies were to be implemented was taken for granted, and this essentially meant the perpetuation of the existing international economic order which has, of late, turned into a serious international economic disorder. Indeed, it was wrongly assumed that growth in the developed countries would automatically be transmitted to the developing countries through the mechanism of trade, technology transfer and development finance, as the link between the economies of the two groups of countries. However, the mechanisms of growth transmission, through the so-called market mechanism and the "trickle-down" process, did not facilitate adequately, if at all, the development efforts of most of the developing countries. Consequently, a disproportionate burden of the adjustment to market

forces has fallen heavily on the economies of the developing countries, and especially on the poorest among them.

159. In saying that, my delegation wishes to assert that the strategies of the last two United Nations Development Decades also failed to take into account the structural obstacles to development arising from the vagaries of the international economy, characterized by highly volatile international commodity trade, persisting world inflation and a chaotic international monetary system, all of which combined to become a formidable obstacle to international development efforts. Consequently, not only does the international economic system continue to be unjust but it also invariably operates to the detriment of the developing countries.

160. The developed industrial countries determine the prices of their manufactures as well as of the products exported by the majority of the developing nations. It is therefore no wonder that most of the developing countries are finding it increasingly difficult to make ends meet, as far as their external payments are concerned. Thus, a combination of depressed export prices and rapidly rising import prices has produced a near disaster situation. The net result has been an increasing resort to borrowing on hard, commercial terms. However, as this source is being stretched to the limit as a result of mounting and unbearable debts, an inability to procure critically required imported raw materials, spares and other highly essential commodities is paralysing those economies. The staggering amount of external debt and current account deficits in the developing countries is a living testimony of the unprecedented crisis before us.

161. On another plane, the problems I have just cited have led to the slowing down of world economic activity which, for most developing countries, means a perpetuation of their poverty and underdevelopment. Thus, in spite of the efforts being made both at the national and the international level, the economic situation of most developing countries remains a precarious one. While the terms of trade of most developing countries have continued to deteriorate, and their external debt burden has become unbearable, inflation in the industrialized countries has also continued to impose increasingly high costs on developing countries. The steady and rapid erosion of their capacity to import from the developed industrial countries capital goods, essential manufactures, equipment, pharmaceuticals, industrial raw materials, fertilizers and food has not only made a bad situation worse but has also rendered development efforts completely ineffectual.

162. The decade of the 1970s was characterized by severe international economic instability, underlying structural maladjustments, a fundamental disequilibrium in the world economy and persistent inequity in the distribution of international liquidity. It was also a period during which development concepts and aspirations were articulated, even though their implementation was largely frustrated.

163. Inflation, protectionism, competitive deflationary policies, unstable exchange markets, recurrent and increasingly severe balance of payments disequilibria, energy problems and irrelevant and harsh "conditionalities" in the international monetary system are some of the major difficulties that have adversely affected us all, and in particular the developing countries. The prospects of resolving these world economic problems both at the national and the international level appear far from bright.

164. The incompatibility between the old system, designed for the economic and political conditions of a

completely different era, and the new realities of today's world of interdependence has recently resulted in more severe economic disruptions and political conflicts. The so-called market mechanism, which entails free trade, has increasingly been interfered with by developed countries through the intensification of protectionist measures of many types against imports of both primary and manufactured goods from developing countries. The cost of this growing protectionism in the developed countries has also, unfortunately, been met by consumers, who have to pay higher prices for their purchases and it has further fuelled the inflationary tendencies in the advanced industrial countries.

165. The same could also be said of the international monetary system, which has almost completely failed to meet the pressing needs of the developing countries. The persistent and large external imbalances characterizing the present international monetary system, as well as inadequate financing facilities for the irreducible minimum needs of the developing countries, are testimony to the failure of the present international monetary system and to the urgent need to restructure it. The Arusha Initiative, adopted by the recent South-North Conference on the International Monetary System and the New International Order,⁷ correctly points out that:

"For all practical purposes, the monetary system agreed upon at Bretton Woods collapsed. It had proven unacceptable to the South, inefficient for the North and anachronistic for all." [A/S-11/AC.1/2, annex, para. 6.]

166. The scant flow of real resources for development from the developed countries to areas of great need in the developing countries calls for specific measures of an automatic nature to plug this important gap.

167. As we draw up the strategy for the third United Nations development decade we should have before us, as a useful guide, the experience of the last two Decades. In addition, we should specifically be guided by the principles and measures enunciated in the Declaration and the Programme of Action on the Establishment of a New International Economic Order [General Assembly resolutions 3201 (S-VI) and 3202 (S-VI)] adopted at the sixth special session. The resolutions on the New International Economic Order were designed to initiate change in the existing structure so as to make the international economic system supportive of the development process in the developing countries. The resolutions therefore rightly questioned the premise of the last two International Development Strategies which attempted to solve the development problem through a series of related measures, within the existing institutional framework, designed to provide developing countries with an improved share of the benefits of economic expansion in the developed countries.

168. The Declaration emphasized that the present international economic order is incompatible with true development, since it perpetuates a relationship of domination and generates permanent disequilibrium and a waste of resources. Moreover, the Declaration also recognized that the New International Economic Order should create irreversible changes in the relationship of forces in the world, in order that the developing countries might fully and effectively participate in the international economic system on the basis of equality in decision-making and in solving world economic problems.

⁷Held at Arusha, United Republic of Tanzania, from 30 June to 3 July 1980.

169. Since the adoption of the Declaration and the Programme of Action on the Establishment of a New International Economic Order there has been a series of international conferences aimed at the implementation of those objectives: there was the North-South Conference on International Economic Co-operation, held at Paris, which lasted nearly 18 months; there was the fourth session of UNCTAD, held at Nairobi in 1976 and the fifth session of UNCTAD, held at Manila in 1979; there have been two conferences of UNIDO; there was the United Nations Conference on Science and Technology for Development held at Vienna from 20 to 31 August 1979; additionally, there have been other full-fledged international conferences under the aegis of practically all United Nations specialized agencies, as well as regional and subregional gatherings.

170. At all those conferences and gatherings the international community has deliberated at length and in detail on the problems of development and their associated implications. The various aspects of the plight of the developing countries, and in particular the least developed in the group, like the questions of economic stagnation, hunger, mass starvation and unemployment, have been discussed exhaustively. Similarly the complex problems associated with imported inflation and the external indebtedness of the developing countries, particularly the oil-importing developing countries, have also been examined time and again with a view to finding equitable solutions for them.

171. Unfortunately, little progress has been achieved, because of the lack of political will on the part of certain major developed countries which have even failed to appreciate the international character of the struggle for human equality and human dignity. The record of this continuous dialogue and consistent inaction clearly demonstrates that there are a few rich countries which have returned to their familiar complacency in a dangerously unequal world. Yet the failure of the isolated attempts to find lasting solutions to the advanced industrial countries' economic problems, not to mention those of the global economy, has reinforced our position that the world community can be rescued from further economic disruption and political conflict only by effecting fundamental and structural changes in the international economic system.

172. The failure of those isolated measures has further confirmed our conviction that the current world economic problems cannot be solved by one nation acting either on its own or in a small group. The need for joint action is therefore compelling. Both developed and developing countries must recognize the need to conceive, articulate and negotiate the fundamental priority issues relating to the establishment of the New International Economic Order. Thus, at this crucial special session our utmost attention must be directed to the formulation of policy measures and guidelines which would promote collective decision-making as well as joint action by both the developing and developed countries, in order to bring about structural changes and adjustments to solve the current world-wide economic crisis as well as the development problems of the developing countries.

173. My delegation believes that such structural changes should entail, among other things, the following elements. First, shifts in the patterns of production, consumption and trade in the world economy, and in particular in the relative rates and patterns of growth, in favour of the developing countries. The increased industrialization of the developing countries will also involve major changes in production and consumption patterns

and bring about complementary changes in the pattern of industrial specialization and trade among both developing and developed countries. Secondly, effective control over national resources, as well as over the operations of the transnational corporations. And thirdly, full participation by the developing countries in international decision-making, including the reform of the international economic institutions and relations, and changes of the rules and principles governing GATT, IMF, IBRD and so forth, in order to make them supportive of the development process.

174. This special session of the General Assembly is expected to adopt a new international strategy for the third United Nations development decade. It is, however, a source of a great deal of concern that the report of the Preparatory Committee for the New International Development Strategy [A/S-11/2 (Part III)] indicated that there is still disagreement between the developing and the developed countries on the fundamental elements of the strategy. My delegation believes that we cannot map out an international development strategy for the 1980s on a mere extrapolation of past trends, or even by simple acceleration of the past rates of economic growth, within the present unjust international institutional and political framework. What is urgently required now is a restructured global economy and international relations. The proposals of the Group of 77 on the new development strategy are based on this conceptualization to which my delegation fully subscribes and strongly commends to this Assembly.

175. The targets and policy measures for financial resource transfers, international monetary reforms, energy, industrialization and trade are all crucial to the implementation of the new international development strategy in every meaningful sense. It is therefore extremely disquieting that those remain the major outstanding issues in the negotiations for a new development strategy.

176. The urgent need for higher rates of growth in order to overcome the present economic crisis in the developed and developing countries alike can hardly be over-emphasized. The position of most developing countries is so desperate that a very great leap is needed in order to arrest their fast deteriorating situation. If global economic activity is to be sustained and improved, there is a pressing need to take bold measures that would provide additional mechanisms to facilitate substantial financial flows to developing countries, in particular the least developed among them, to initiate international monetary reforms, to redeploy industrial capacities in favour of developing countries, to create more equitable international trading conditions, to increase the access of developing countries to scientific and technological know-how for development, and to formulate long-term solutions of the present energy problems. It is also important to emphasize that national social objectives and policies are equally crucial and should not be overlooked in the formulation of the strategy for the third United Nations development decade.

177. In saying this, my delegation is confident and fully convinced that this special session can reach agreement on the outstanding issues and eventually adopt a world development strategy that fully incorporates the aspirations of the developing countries, provided that there is a collective political commitment among all the nations present here.

178. My delegation is also seriously concerned over the fact that the Committee of the Whole Established under General Assembly Resolution 32/174, acting as

the preparatory committee for the global negotiations, could not reach agreement on the agenda, procedures and time-frame for those negotiations. The Group of 77 proposals on the framework of the new round of global negotiations [see A/S-11/1 (Part IV), annex I, sect. A] represent, in our opinion, the most logical and coherent approach towards achieving a more equitable, prosperous, orderly and stable world economy. The critical and priority areas for the negotiations should be raw materials, energy, trade, development, money and finance, as stipulated in resolution 34/138 of the General Assembly.

179. These proposals do not prejudice the final outcome of the negotiations, but essentially attempt to make concrete and to give focus to the negotiations. It would serve no useful purpose if the negotiations were to become open-ended and not action-oriented. The priority issues of the negotiations should include improvement in and protection of the purchasing power of the unit value of primary commodities and raw material exports of developing countries; long-term measures to alleviate the energy problem, including giving priority to the increasing energy requirements of the developing countries; the structural adjustment policies of the developing countries and their access to the markets of developed countries; restructuring of world industry; net transfer of real resources to the developing countries; and the reform of the international monetary system, which at present is heavily biased against and unresponsive to the development requirements of developing countries.

180. My delegation therefore endorses the concept of a United Nations round of global negotiations on international co-operation for development, to be held in a simultaneous, coherent and integrated fashion. Such an approach should result in a package agreement to be implemented by all participating States. Although we do not question the competence of the various United Nations specialized agencies, we would prefer these institutions to play only a supporting role in the negotiations.

181. Inaction on the part of the international community regarding the serious economic difficulties confronting the world economy is becoming increasingly costly and dangerous. Thus, my delegation endorses unequivocally the time-frame for the new round of global negotiations, which should be nine months as proposed by the Group of 77.

182. My delegation also notes with a great deal of concern the inflexible tendencies on the part of some delegations of developed countries regarding the proposals of the Group of 77 on the global negotiations. This essentially amounts to dithering and hesitation to lend political support to the measures designed to ensure the effective implementation of the New International Economic Order as well as better prospects for all States for the next decade. We regard such an approach on the part of some developed industrial countries as extremely short-sighted at best. Indeed, changes and reforms of the present world economic system are inescapable as part of the serious and meaningful long-term means and solutions to facilitate the development process.

183. To sum up, the new international development strategy should therefore specifically incorporate elements that support: the early implementation of the Integrated Programme for Commodities, and therefore the increase of the purchasing capacity of the poor countries; measures designed to increase the industrialization of the developing countries; the increased flow of real resources to developing countries, including the alleviation of their debt burden, as well as the introduc-

tion of a considerable degree of automaticity regarding aid to developing countries so as to reduce the present uncertainty; the essential structural and institutional changes in the world's economic relations and increased collective self-reliance among the developing countries; the comprehensive programme to help the least-developed countries overcome their special and vexing disadvantages; the urgent reform of the rules and principles governing the flow of trade, money and finance, which should go beyond the legal framework; and the establishment of operational targets, which should be related to consistent rates of growth of the processes leading to such restructuring, the achievement of which should be based on a timetable and which should further be related to consistent rates of growth of the gross domestic product, exports, imports, and agricultural and industrial production of developing countries.

184. The task before us at this special session is immense and important for the majority of mankind. We must seize this opportunity to evolve measures in the new international development strategy that will fully address themselves to the plight now facing developing countries, especially the least developed among them. We should also pool our collective concerns in the creation of a better international economic system and environment. Thus, for millions in the developing world, the very fact of survival is at stake. Indeed, this Assembly as well as humanity in general shall not escape the judgement of history if they fail to find a rational and workable solution to the present quagmire. It is no longer a matter of the developing countries appealing to the benevolence and charity of their richer partners. It is in fact in the interest of both sides, developed and developing countries alike, that this Assembly make some meaningful headway in finding both immediate and long-term solutions to the glaring world economic problems before us.

185. We should thus rededicate our efforts to enable this special session to come to a successful conclusion by adopting the new international development strategy for the decade of the 1980s as well as by reaching agreement on the agenda, procedure and time-frame to enable the new round of global negotiations to be launched.

186. Mr. PEACOCK (Australia): Australia warmly welcomes the accession of Zimbabwe to membership of the United Nations and its presence at this special session of the General Assembly. For many years the Rhodesian issue at the United Nations appeared intractable, defying easy solution. But when change came, it came quickly. The turning-point was the Commonwealth meeting in Lusaka last year, and that, of course, was followed by the long and intensive consultations in London and, finally, elections and independence for Zimbabwe. Australia was privileged to contribute to this process both through its participation in the discussions in Lusaka and by dispatching observers and a contingent of military personnel for the monitoring force.

187. I should like to pay a special tribute to the leaders of the new nation, in particular, Prime Minister Mugabe. A tribute is also due, of course, to the British Government for its role, particularly during the long days of negotiations at Lancaster House. Finally, we appreciate the role of the Organization of African Unity, and especially of the front-line States, for the support that they gave at crucial stages in the negotiating process.

188. I now turn to the world economy. The world economy in this first year of the 1980s stands at a crossroads. It looks back to a decade of strains unprece-

dented in the post-war period. It looks forward to an uncertain future. The industrialized economies of the North are beset with perplexing and seemingly intractable economic problems. Developing countries continue to contend with massive poverty, hunger, debt and financial instability.

189. At the level of the international economy, the price and supply of oil have become a preoccupation of the most powerful nations as well as the weakest. The task of recycling funds from the richer world, including the oil-rich, to the poor is staggering. Currencies appear to be on a perennial roller-coaster, and there are continuing uncertainties in commodity trade. The problem of international debt has also reached the point where the capabilities of the financial order are being questioned.

190. There is, furthermore, a very strong whiff of protectionism in the air. The Tokyo Round of Multilateral Trade Negotiations notwithstanding, many countries are seeking to check imports in order to protect domestic industry and preserve employment in particular sectors.

191. In sum, the difficulties are such that there could hardly be a less auspicious time at which to embark on a global round of economic negotiations. Yet the very scale of the problems and the urgency of finding solutions make the attempt more timely and more necessary.

192. I turn now to the recent record. The heavy pall of economic gloom of recent years should not cloud the quite remarkable performance of the world economy throughout most of the post-war years. This prosperity was not confined to the developed countries. The economies of poor countries have generally grown faster than those of the richer ones, and much faster than at any time in their own histories. That applied even through the troubled 1970s. The industrialized world was still able to manage a 40 per cent real increase in gross national product, and the poorer countries still managed to grow faster than the rich—a few quite spectacularly.

193. But average performance of course conceals wide disparities. Growth in many low-income countries, including many of the more populous, did not match that of the higher-income countries. Nevertheless the performance of many third-world countries stood up well through the decade and was somewhat better than that of many developed countries.

194. Following the oil price increases of 1973 and 1974, there was widespread fear of a catastrophic chain of financial collapse and default. That fear proved false. The monetary system did not collapse. The petrodollars were effectively recycled to those who needed them. In other words, economic man survived, as somehow he always seems to do. For a while oil was even in surplus.

195. In short, despite considerable buffeting, the system generally managed to respond flexibly, if not always smoothly, to the major changes around it. It is a system which remains intact with a proven capacity to evolve. It remains capable of delivering further progress for developed and developing countries alike.

196. An increasingly important aspect of the system is, of course, interdependence. North and South are inextricably linked. Developing countries depend on access to the markets of developed countries for their manufactures as well as their commodities. The markets of developing countries are absorbing an ever larger share of developed countries' exports. Many now regard

third-world demand as the new growth frontier of the 1980s.

197. Developing countries are also a significant source of imports for developed countries. Their cheaper goods can be a blessing for consumers in the industrialized world, a ladder out of poverty for those in the developing world who make them, and a means of generating greater world-wide demand for goods and services.

198. Interdependence applies to commodities trade as well. Consumers have often perceived commodity negotiations as being concessions to producers from which the consumers obtain little. It must now be accepted that commodity régimes which increase production and make available supplies at steady, fair and reasonable prices benefit producers and consumers alike.

199. It is no coincidence, therefore, that interdependence was a major theme of the Brandt Commission. In the contemporary world no society can function as an economic island. The third world has a vested interest in the prosperity of the developed world. It now needs to be recognized that developed countries have a matching interest in growth and progress in developing countries. This is a reality and a challenge to the negotiators as they prepare for next year's global round.

200. I turn now to the progress made to date. Progress has already been made in adopting a number of measures of benefit to both developed and developing countries. It is not always widely recognized, for example, that IMF and the World Bank have introduced new and liberalized facilities: The International Monetary Fund has increased substantially its resources for lending. Access to its various lending windows has been expanded. Conditionality has been relaxed and periods of repayment lengthened. The possibility of reducing interest payments on supplementary financing drawings is being pursued, and developing countries are sharing in special drawing right allocations.

201. These efforts by IMF are being complemented by World Bank loans to support developing countries' structural adjustment programmes. The World Bank is also stepping up its energy exploration financing. According to some estimates, as much as 40 per cent of oil still to be found may come from oil-deficient developing countries, thus helping to reduce the dependence of the third world on expensive oil imports, and at the same time improving the world energy balance.

202. The World Bank's lending for agricultural development likewise continues to play an important role. The recent emphasis has been on helping developing countries put effective food strategies in place. Appropriate national policies foster world food security and help ensure that the fruits of development percolate through to the village level. Here valuable work is being done by very many non-governmental organizations, in Australia and elsewhere.

203. In the area of commodities, negotiations have now been completed on the Common Fund. We see the Fund as evolving into a most important instrument for international co-operation. This should give fresh impetus to the negotiation of commodity agreements as envisaged in the Integrated Programme for Commodities. So far, however, there is only a rubber agreement and an imperfect sugar agreement to show for years and years of negotiations. In the case of the sugar agreement, it remains a matter of abiding concern to Australia that some major economic groupings continue to stand aside.

204. The trade record is mixed. The results of the Tokyo round so far can be seen not as one more stage in

the irresistible march of free trade, but as a barrier of sorts against a flood of protectionism. Many third-world countries feel, with very good reason, that they were relegated to a peripheral role in what was primarily a negotiation among the rich.

205. Protectionism has spread anyway. The crude tariff wall seems to be out of favour, its significance in any event much diminished by swings and adjustments in exchange rates. But new barriers and distortions to trade, much more subtle than tariffs, have assumed increased importance.

206. Where trade liberalization has taken place, it has more often than not been restricted to industrial goods traded between the majors. That was a particularly disappointing feature of the Tokyo round. It left agriculture the most protected of all lines of world business. The widening of the European Economic Community in the early 1970s may have brought down the barriers to industrial trade within Europe, but it raised walls around the British import market for food, until then the largest in the world.

207. Of course, protectionism is a disease which affects us all. All countries are sinners and all are sinned against. It is therefore not simply a question of the developing countries having a harder time than others. Indeed, in many cases the most protectionist policies of all are to be found in some third-world countries. Nevertheless, international trading arrangements which provide relatively free trade for the industrial products of the developed countries while placing excessively high barriers against the primary products and manufactures of the developing countries offer very little hope to the poorer countries of solving their pressing problems.

208. Inflation likewise continues to be a critical problem for many countries. It retards growth, it adversely affects all sectors of societies, and it has contributed to the increase in protectionist pressures. Reduction in inflation should be an immediate priority, along with measures to curb protectionism and to promote structural adjustment.

209. The record in the area of development assistance is, quite frankly, disappointing. Concessional flows have not kept pace either with the needs and absorptive capacity of recipients or with the letter and spirit of assurances which donors have given over the years. Donors should improve the quality and the level of their performance. Official development assistance is now perceived as the touchstone of political commitment to the North-South dialogue.

210. The situation is even less satisfactory in regard to the socialist countries, where official development assistance has never reached significant proportions and is of variable quality. These countries cannot remain aloof from their global responsibilities, nor can they opt out of contributing to an improved world economy by pleading lack of responsibility for the present situation of the developing countries. Neither can the oil-rich countries, although it must be said in fairness that they are already providing very substantial volumes of development assistance. They nevertheless must recognize that to a large extent the sharply escalating problems facing the non-oil developing countries are a derivative of their higher bill for imported energy. The continued willingness of the oil exporters to commit substantial sums to foreign aid will be absolutely essential.

211. I shall refer next to adjustment and financing of deficits. The need for adequate capital flows is central to the health of the international community. In the wake of the oil price increases of 1979 and 1980, atten-

tion is again riveted on the problem of financing large, oil-induced balance of payments deficits. Some have presented the problem as insoluble and devastating, portraying an international financial system which simply will not be able to cope. I suggest that these gloomy predictions are not warranted. The recycling function would seem to be manageable for the foreseeable future. Furthermore, and what is even more fundamental, virtually all oil-importing countries, industrialized and developing, appear to have learned the hard lesson that they must make fundamental adjustments to the changing pattern of the world energy balance. All now recognize that adjustment must be a much more central component of the global response to the escalation in oil prices. All now accept that they will have to adjust both their energy policies and their macro-economic policies to the new situation.

212. This certainly contrasts with the period 1973 to 1977, when many countries sought to reject the impact of higher oil prices on their economies through regulatory devices and by allowing prices and incomes to chase the trend of energy prices right up the spiral. Too much resort to borrowing may also have unhelpfully delayed the moment at which economies were forced to adjust to a bleaker world.

213. This situation is now changing. Most countries are now moving rapidly to a full pass-through of the impact of world oil prices to final consumers. Most now recognize that incomes cannot be allowed for ever to run after oil prices. The result is a welcome slackening in the growth of energy demand. At the same time higher real energy prices have given new impetus to productive investment in all forms of energy.

214. But what of the capacity of the international financial system to handle the recycling of funds from surplus to deficit countries? Clearly, as in the period following the 1973-1974 oil price increases, the private markets will again have to meet the bulk of world financing requirements. But the situation will be more difficult on this occasion. The problems of over-exposure and heavy concentration of debt have even prompted speculation about a collapse of the entire banking system. Bankers take a less colourful view but, even so, they do spend a lot of time examining the various barometers of risk.

215. The reality is that private bank financing is not suddenly about to dry up. Moreover, despite the obituary notices posted some months ago, the international bond markets are alive and well and they can be expected to play a significant role in the recycling process. Nor will all borrowers come into the market at once. Many, including some of the larger borrowers, have built up cushions of reserves over the last few years which are now available for use during the rougher time ahead.

216. The private financing system may understandably be more cautious as compared with the situation after 1974. There will be a search for higher yields to compensate for perceptions of higher risk. The role of individual banks in the process may change, with some taking a larger share and others proceeding more slowly for a while. But none of this suggests that the capital markets as a whole will withdraw or even retreat from the recycling process.

217. But not all countries are well placed to borrow from commercial sources. Some, including many of the poorest of the developing countries, must continue to rely on official financing for the very great bulk of their external capital inflows. This is particularly the case for the least developed countries, whose situation and needs

were so eloquently and convincingly spelled out for us all yesterday [3rd meeting] by President Ziaur Rahman of Bangladesh. For the least developed countries, adequate levels of official development assistance will continue to be of critical importance. The multilateral agencies also can and should play a much larger role.

218. Both IMF and the World Bank are very well positioned to play their respective roles. In the case of IMF, its capabilities have been enhanced: access has been expanded, conditionality relaxed, and to ensure that the Fund remains in a position to meet the needs of its members, the Managing Director has been authorized to explore the possibility of additional IMF borrowing if and when the need arises.

219. In the case of the World Bank, its foreshadowed new programme of adjustment support will help finance necessary internal structural changes. Because of the non-project nature of this new facility and, of course, the much faster rate of disbursement, it will also help smooth the recycling process.

220. The other requirement is to encourage more direct channels of lending between the surplus countries of the Organization of Petroleum Exporting Countries (OPEC) and oil-deficit borrowers. Fortunately there are indications that such direct funding too is increasing. It may also be necessary, however, to look seriously at new proposals which have emerged for using international financial institutions as brokers, matching suitable oil-producing lenders to borrowers. Such new arrangements could be attractive to the oil producers by providing incentive for maintaining oil production. It has been one of the anomalies of recent years that for some oil producers unpumped oil has been a more valuable asset than dollar balances and investments.

221. If I might sum up then, the world economy is in poor shape. Problems of inflation and problems of protectionism are pressing in on us. Growth is sluggish and is likely to remain so for some years at least.

222. There are a number of crucial interrelated variables. World economic prospects depend critically on the ability of all societies to reduce the link between oil supplies and economic growth. This applies to developing no less than to developed countries. The process of recycling funds from surplus to deficit countries must continue, and official development assistance must be stepped up. The financing problem emphasizes the importance of trade access: the need to provide borrowers with opportunities, through exports, to earn foreign exchange.

223. The global negotiations should, of course, help in this process. Some lessons can be drawn from earlier rounds in the North-South dialogue, and two points are worth emphasizing. First, the dialogue has been most productive when it has been focused on specific issues and on realistic proposals. Secondly, progress is most likely when it is recognized that mutual interests are involved, and that agreement depends on a readiness on all sides to consider concessions.

224. Against that background, we believe that the approach to the global negotiations should be to try to focus serious attention on a few recognized priority concerns on which all parties are prepared to enter active negotiations and where there is a realistic possibility of achieving tangible results. This, of course, is a problem-solving approach. It is an approach contrary to putting every possible demand on the agenda. But in our view it is only by having sharp focus on key problems that progress can in fact be made.

225. For Australia's part, we strongly support the idea that the global negotiations should have as a key focus the issues of protectionism and the implementation of positive adjustment policies. We see the United States' proposal of a trade declaration as being the very minimum that should be achieved within the global round. We also see an integrated approach to agricultural development and food security as a priority concern.

226. The procedural aspects of the global negotiations are, of course, among the most difficult. We recognize the need for close interaction between consideration and negotiation of the key issues in both the central forum and the relevant specialized bodies and agencies. The mandate and essential role of the latter must, however, be respected if we are to reach a productive consensus and avoid a sterile confrontation threatening the long established, delicately balanced and indeed highly technical mechanisms which are essential for the operation of an effective and open trading and monetary mechanism.

227. At the same time, the global negotiations and the North-South dialogue must be kept in perspective. Genuine economic development depends on a complex variety of factors elaborated in detail in the international development strategy which we hope will be adopted at this session. The institutions and the role of the international economic system are important. So are the policies of the major industrialized countries with respect to inflation, growth, trade and aid. Indeed, a very heavy responsibility rests on the industrialized world, whose policies will inevitably set the tone of the world economic environment.

228. Equally important, of course, are the policies pursued by the developing countries themselves. Their Governments are the only ones that can elicit the active engagement of their peoples, which do provide the core of economic development. Indeed, it would be a great mistake to overlook the human dimension of development and the role of individuals, including—and I say it with some emphasis—women, in the developing process.

229. Furthermore, the importance of non-governmental organizations must also be recognized. In Australia, a close relationship has evolved between the Government and non-governmental organizations in our approach to international development co-operation, and I trust this will continue.

230. To this special session each of us brings, of course, different perspectives, different perceptions and particular interests reflecting individual economic backgrounds and differing stages of development. Yet the prosperity of all of us is intimately bound together. As the President of the General Assembly said in his opening address on Monday [*1st meeting*], we must meet and work together not as adversaries but as partners in a common endeavour. It is in that spirit that Australia will approach the work of this special session.

231. Mr. KUSUMAATMADJA (Indonesia): Mr. President, allow me first to express my great satisfaction at seeing you presiding over our deliberations at this eleventh special session of the General Assembly. Aware of your vast experience and competence in international diplomacy, my delegation is fully confident that under your guidance we shall indeed achieve solid progress in our work at this important session.

232. On behalf of the Government and people of Indonesia, I should like to extend our warmest congratulations to the fraternal people and Government of Zimbabwe upon their entry into the United Nations. The valiant struggle of Zimbabwe against colonial and

racial oppression and its ultimate brilliant victory have won the respect of all the freedom-loving nations of the world. As we welcome them wholeheartedly in our midst, I wish to express Indonesia's firm belief in the valuable contribution Zimbabwe will surely make to our common and continuing struggle to eliminate the last bastions of colonial domination and racial prejudice, in Africa and elsewhere, for the sake of greater peace and justice in the world.

233. When six years ago the sixth special session of the General Assembly solemnly proclaimed its united determination to work urgently for the establishment of a New International Economic Order, great hopes were aroused that mankind had finally begun to face up to one of the most basic challenges to its continued existence. For, stripped of rhetorical flourishes, the call for the New International Economic Order was in essence a call for new concepts and structures, as well as new ethics of international co-operation, in meeting the threatened breakdown in the functioning of the existing order; a call for a new kind of partnership for development among nations, based on equality, equity and genuine mutuality of interest within the fabric of global interdependence.

234. That call was reinforced by a growing realization that a more equitable, rational and democratic order would be just as much in the interest of the rich as of the poor countries and therefore required the concerted efforts of the entire world community for its achievement. Moreover, it fully conformed with the trend of history, which was inexorably moving towards the complete decolonization and truly independent development of the countries of the third world.

235. Since that historic session, however, efforts at realizing the promise and substance of the New International Economic Order have become a chronicle of continuing failures and mounting disillusion. Despite the intensive rounds of negotiations that were generated in the context of an unprecedented North-South dialogue, proceeding both within and outside the various United Nations forums and covering the entire spectrum of international development issues, concrete achievements have fallen far short of the original goals and expectations. The developed countries have persisted in attempts to offer *ad hoc* or patchwork reform instead of addressing the increasingly urgent need for structural and institutional change of the international economic system as a whole. In some respects there has even been regression from earlier understandings and a hardening of positions regarding some key issues on the negotiating agenda.

236. True, significant breakthroughs have been achieved in certain fields, as exemplified by the establishment of the Common Fund for Commodities and IFAD, the adoption of a code on restrictive business practices and a scheme for partial debt relief. This shows that, where unified purpose and negotiating tenacity on the part of developing countries is met by a sufficient measure of political will on the part of developed countries, substantive progress can be achieved. In the aggregate, however, the record is one of dismal inadequacy. For all practical purposes, the North-South negotiations on most issues in the areas identified by the sixth and seventh special sessions are bogged down in a virtual stalemate.

237. In the meantime, the multiple crises afflicting the world economy have deepened further, and the deterioration in the economic situation of most developing countries has now assumed critical dimensions. Inflation and unemployment have reached the highest levels

since 1930, and prospects for the next few years are commonly perceived to be bleak. These trends, coupled with a continuing slow-down in economic growth and a concomitant increase in protectionism in advanced countries, are causing havoc in the more vulnerable economies of the developing countries, rendering their plight in many cases beyond hope and undermining any advances they may have made in their development efforts. The structural imbalances, which are at the root of the crisis in the world economy, continue to shift the main burden of adjustment to the developing countries, where conditions of steadily worsening terms of trade and mounting debt burdens are becoming the rule rather than the exception.

238. To the developing countries it has become abundantly clear that the persistent crises of the global economy cannot be regarded as cyclical phenomena but as symptomatic of a deep-seated malfunctioning of the system itself, requiring its fundamental overhaul.

239. It was against this background of deepening gloom and rising frustration that the General Assembly, at its thirty-second and thirty-fourth sessions, decided to convene this special session to assess the progress—or rather the lack of it—in the establishment of the New International Economic Order and, specifically, to launch a round of global and sustained negotiations on international economic co-operation for development. At the same time this special session is to adopt the new international development strategy for the third United Nations development decade.

240. Indonesia had looked forward to participating in this session, as it provides a timely opportunity to seek to inject a new dynamism and a fresh resolve into our collective endeavours. We had hoped that, at this point in time and in the light of developments described earlier, the international community would indeed be able to call up the required spirit and determination to put the North-South negotiations back on their tracks and to begin again to set the world economy on a more stable and rational course of mutually beneficial and equitable growth. Instead, we have noted with dismay that the preparatory work for this session itself has again succumbed to the same atmosphere of mutual contention and of procrastination on the part of the developed countries as marked all previous attempts by the Group of 77 to come to grips with the real issues at hand.

241. The Committee of the Whole Established under General Assembly Resolution 32/174, which has been entrusted with the task of determining the agenda, procedures and time-frame for the global round of negotiations, has failed to finalize its work, and major disagreements still remain.

242. My delegation believes that the outstanding differences can be resolved if all groups continue to adhere faithfully to the essence of General Assembly resolution 34/138. That resolution emphasizes the imperative need to establish a new system of international economic relations. This in turn requires bold initiatives and new, concrete, comprehensive and global solutions which go beyond limited efforts and measures intended to resolve only pressing short-term economic problems. It is clear, therefore, that the agenda for our negotiations should be both broadly gauged and sharply focused, and should include short-term as well as long-term issues within its purview. Indonesia does not dispute the importance or urgency of resolving short-term problems, but this concern should not lead us so far as to detract from or substitute for thorough-going and genuine negotiations directed towards structural change

of the international economic system and its component relationship patterns.

243. As to procedures, resolution 34/138, besides reaffirming the central role to be assumed by the General Assembly in the negotiations, also calls for these negotiations to proceed in a coherent, integrated and simultaneous fashion. This can only be interpreted to mean that the global round indeed constitutes a new, integral approach, designed, *inter alia*, to overcome the deficiencies of earlier fragmentary approaches to negotiations. Thus, the centrality of the General Assembly, both as venue and ultimate decision point for the negotiations, should not give rise to any controversy. Having said this, my delegation certainly recognizes the importance of involving the specialized agencies and bodies of the United Nations in the negotiating process. However, the activation of such specialized forums for purposes of facilitating more detailed negotiations should not in any way detract from the centralized, integrated approach to the resolution of key issues earlier referred to. More important, it should not detract from the authority of the General Assembly as a policy-making and decision-making body.

244. The results emanating from these global negotiations should not only be beneficial and equitable to all, but should also embody a realistic assurance of their actual implementation. They should, in short, take the form of a package agreement of concrete policy measures, programmes and understandings which should command the political commitment of all participants. The global negotiations, so conceived, would then become a major instrument in contributing to the realization of the new international development strategy.

245. In retrospect, it has become obvious that the record of failure of previous international development strategies in terms of realizing their targets and policy measures has been due in large part to the inadequacies of the concepts and premises on which they were based. It was assumed that increased prosperity in the developed countries could be made to trickle down to the developing countries through the transmission mechanisms of enlarged aid, trade and technology transfer. The implication was that in this way the economic growth and prosperity of the developing countries could also be assured, as long as they were premised on the economic recovery and sustained prosperity of the industrialized world. Experience, however, and all available data have shown this assumption to have been false, as even in the period when the economies of the developed countries enjoyed unprecedented growth, from 1952 to 1973, the gap between the developed and the developing countries grew steadily wider, in terms of gross domestic product, *per capita* income and any other standard of measurement. Thus, far from achieving the desirable goal of self-sustaining growth for the developing countries, the earlier international development strategies not only failed to address the need for structural reform but, in fact, tended to perpetuate the relationships of dependency of the developing countries on the industrialized world.

246. Indonesia, therefore, attaches paramount importance to ensuring that the new international development strategy is conceived on the correct premises, so as to serve as a viable framework for the resolution of the fundamental problems of the 1980s.

247. It is our view that the strategy should, as outlined in General Assembly resolution 33/193, be squarely posed within the parameters of achieving the objectives of the New International Economic Order. In addition to setting quantitative targets, it should also incorporate

policy measures for structural and qualitative change in the world economy. Moreover, apart from being an undertaking for the promotion of international development co-operation, the strategy should also become an effective instrument for the accelerated development of the developing countries, thereby contributing to balanced and more secure global economic growth.

248. After two years of intensive work on the formulation of a draft text for the international development strategy, wide divergences of view still remain on a number of crucial issues, particularly in regard to goals and objectives and policy measures. My delegation believes that renewed efforts to resolve these outstanding issues are now required if the special session is to be in a position to adopt the strategy by consensus—or even to have any strategy at all.

249. We have to admit that the past six years of intensive and often strenuous negotiations have yielded but few concrete agreements. Notwithstanding such a disappointing state of affairs, my delegation does not share the pessimistic view that nothing has been achieved and that the North-South dialogue is irretrievably deadlocked.

250. We have always believed that the demand for a New International Economic Order is indeed part of an historical process, which cannot be realized by the developing countries in one single negotiation or wished away by the indifference or intransigence of the industrialized countries. It is also part of a political process, for although the subject of our negotiations concerns a range of vital international economic issues, we are essentially engaged in political negotiations aimed at a fundamental reassessment of the viability and efficacy of international structures and modalities for enhanced co-operation among States in the light of new requirements for global peace and prosperity. What is needed above all, therefore, is the commensurate political will, vision and courage to acknowledge the problems and to effect the changes that have to be made.

251. To ignore these basic propositions is to close our eyes to reality. To underestimate the imperative of change is to indulge in what could prove to be a fatal miscalculation of the present trends in world developments. For change, structural change, in the political, economic, social and cultural spheres is already upon us, is already pervading our world of today. This process of change clearly possesses a momentum of its own.

252. The ultimate question before us is whether we can afford to allow inevitable change in the international order to proceed on its own dynamics, unmanaged and uncontrolled, with all the attendant risks of instability, upheaval and mutual confrontation; or whether human ingenuity and maturity of vision may prove capable of directing and channelling this change in an orderly, just and peaceful way, in the interests of the common welfare and survival of mankind.

253. It is for us here at this special session and at the forthcoming global round to give an answer to this challenge. We must all muster the necessary political will and common purpose to resolve the differences that still divide us in order to ensure the success of this session, for none of us can afford for it to fail.

254. My delegation pledges its full support and co-operation towards that end.

255. Mr. MAHATHIR (Malaysia): Sir, it is with great pleasure that I extend to you, on behalf of the Government of Malaysia and my delegation, our sincere congratulations on your election as President of the

eleventh special session of the General Assembly of the United Nations.

256. This session is truly special because it welcomes into the United Nations community a remarkable Member, namely Zimbabwe; Malaysia joins all the other Members in congratulating Zimbabwe and its leaders in the struggle for independence, which has been so successfully concluded. The oppressed peoples of the world will draw new hope from the experience and example of Zimbabwe.

257. This special session offers us yet another chance to move forward towards the achievement of the objectives of the New International Economic Order—a dream which may become a reality if the countries which helped to conceive it will continue to work at it, while those which feel that the New International Economic Order is an imposition eventually cease to do so.

258. Sceptics and cynics have no doubt passed their judgement: that this session will suffer the same fate as the Paris Conference, the Fifth United Nations UNCTAD, the Third General Conference of UNIDO and myriad other dialogues. But hope springs eternal, and the doubts and scepticism notwithstanding, we have come here to try again to move perhaps just one more step towards what we think will be a fairer world, in which the rich will share with the poor not so much their wealth but the means towards it.

259. I do not wish to repeat here the issues and the manner of their solution. We know them well enough. What is required is not new ways and approaches but the cessation of the obstruction to what we have already devised.

260. The main obstacle to progress towards the achievement of a new economic order lies in the basic attitude of some: that of a blatant negativity and an inexplicable resentment towards the proposals for the establishment of a new, fair and just economic order. We say that it is inexplicable because we know—and certainly the developed nations know—that a rich world cannot help but be a richer market for the developed nations than a world so poor that it is reduced to begging for aid. The developed nations know full well that their own economies grew because the purchasing power of their people grew along with the economy to provide the internal market base for their goods. If their own people had been kept poor, then their industries would not have grown because there would not have been a captive home market for the goods they produce. Similarly, a rich world must become fertile ground for the astute businessmen of the developed nations. The best current proof of this is the tremendous surge of trade and development in the oil-producing countries, which largely benefits the developed nations. Even the petrodollars which the members of the Organization of Petroleum Exporting Countries (OPEC) earned have gone to enrich those same developed nations. That is why we cannot understand the extreme unwillingness of the developed nations to help the poor nations attain a higher level of development.

Mr. Piza Escalante (Costa Rica), Vice-President, took the Chair.

261. Our world today is a picture of increasing contrast—that of wasteful affluence side by side with excruciating poverty. While wasteful consumption is a characteristic of the people of developed countries, some 700 million people in the developing countries suffer from malnourishment, and 500 million are illiterate. If we do not seriously desire the New International

Economic Order, are we really expected to endure the present disparities and contrasts?

262. We must also rid ourselves of the view that the developing countries are seeking a relationship of charity and dependence. On the contrary, we, the developing countries, are trying to dispense with the centre-periphery relationship. Our focus has long shifted from aid to trade, and as a corollary we are seeking structural changes in the economic order that can facilitate expansion of the developing countries' economic role in the international system. The structural changes naturally require some initial sacrifices but these will pale into insignificance when the long-term gain is considered. As in business, the early years of gestation must involve large capital outlays with little return. But eventually, when the profits roll in, not only will the original capital be recovered but the returns will be progressively bigger and almost continuous; subsequent investments would be minimal. It is the same with the restructuring of trade. The eventual returns would justify the initial sacrifices. The people in the developed countries must know this. This is where so-called political will is required. The leaders of the developed nations must convince their people that the New International Economic Order is not blackmail or scrounging on the part of the developing countries. It is a demand for justice and fairness which in the long run will benefit all.

263. The resistance to restructuring and to adapting to changes, as evidenced by growing protectionism, indicates an almost primitive lack of understanding and a fear of the unknown which change brings. The sense of justice and concern for human rights which the developed Western countries claim to be imbued with seem incapable of overcoming this fear. Yet what is it that the developing countries are asking for or are capable of? They are merely asking to obtain slightly better returns for the commodities they produce and to participate in the tail-end of a manufacturing industry whose rapid sophistication they can never catch up with.

264. By moving into the labour-intensive low-technology industries, they are in fact asking to be allowed to acquire what the developed countries wish to discard. They will in fact be doing a service by releasing the industries and the workers of the developed countries from economic activities which their high wages and standards render wasteful and expensive. Those workers can move into new industries which yield higher added value, and returns commensurate with the wages paid. This may sound too simplistic, but a casual examination of wage levels in developed and developing countries is sufficient to prove the logic of the changes asked for. Frequently, the ratio is 30 to 1. The cynical will say that this is exploitation. But what is the alternative? It is worse exploitation by having to pay for imported goods which are unreasonably costly. In any case, the living standard and the cost of living in the developing countries are low, so the wages are not really low; in time they will rise as prosperity comes with development.

265. There is a fear that the New International Economic Order is going to create out of the developing countries economic monsters which will put the developed countries out of business. Hence the coining of the term "newly industrializing countries" and the attempt to project them as little Japans about to flood America and Europe with cheap goods. The fact is that this is a most unlikely possibility. No matter how industrialized the developing countries may become, the chances are that they will be behind the developed countries even if the New International Economic Order is brought

about. This fear of the little Japans is not justified and is merely an excuse for a negative attitude.

266. Without doubt, the current recession in the industrialized countries will also affect the developing countries. Along with the recession has come a strong belief that one way to counter it is to resort to protectionism. This will not be directed at primary products, because reduced demand will take care of them. It will be directed at the few items of manufactured goods that the developing countries export, such as textiles and footwear. This is a most shortsighted policy. It will not counter a recessionary trend or shorten the period of recession. Indeed it is likely to worsen and prolong the situation.

267. What will happen is that the meagre earnings of the developing countries will be reduced further. With less income those countries are not going to be able to buy the usual manufactured goods. The net result is negative growth in world trade and a further reduction in world productivity. This will mean further recession in the industrialized nations. It does not need an economist to see the endless depressive cycles that protectionism will set in motion.

268. The reason for the present economic recession is not exclusively the oil prices and consequently the increased cost of inputs. Recession is mainly the result of an extreme lethargy and even laziness on the part of the workers in the industrialized nations. Having become used to an easy life at the expense of the rest of the world they are not willing to work for a living any more. They would like the world to provide for them as in the days of colonialism.

269. Thus, when productivity is already low, the workers in the industrialized countries still go on strike for yet higher wages and shorter working hours. And when they do work they produce even less than is expected of their shorter working hours. Whenever new techniques for increasing productivity are introduced, the workers not only protest but also negate whatever improvement in productivity is brought about. The end result is invariably inefficiency, which means higher prices, inflation and recession. Protectionism is certainly not going to overcome recession. The more protectionist a country is the lower will be the productivity and the greater will be the recession. At least two countries among the developed nations have shown that hard work can overcome recessionary trends.

270. The fact is that, in an interdependent world, the workers of the industrialized countries must compete in order to prosper. Protectionism is a selective weapon meant for only very special situations. It cannot be applied wholesale, nor can its application be in perpetuity. It should be used sparingly, so as to allow normal market forces to work. In the resultant competitive market, productivity is what will determine results. Higher productivity means cheaper goods and bigger sales volume. In other words, trade, both domestic and foreign, will increase and recession will be reduced.

271. The economist of the North, in trying to support the gut reaction of the workers and their unions, tries to argue that freer trade and more orderly growth cannot be attained under conditions of slow economic growth, inflation and mounting unemployment. But can growth be maintained or accelerated under restrictive trade conditions, and can inflation and mounting unemployment be contained without positive growth? The argument that slow growth should be accepted as the safest and surest way back to a stable recovery is either so much wishful thinking or economic logic based

on expedience. Stalling the moves that the New International Economic Order demands because the economy of the world is in a shambles is not going to get anyone anywhere. A number of nations have shown that growth is possible despite world-wide recession. Similarly the implementation of the New International Economic Order is possible now without worsening economic recession. The fact is that the New International Economic Order is not the cause of the present economic crisis; it never had a chance to be. Let us not use inflation as yet another excuse for not improving productivity and reducing consumption. Protectionism will do neither. Indeed it will sustain poor productivity while demand remains—a classic road to inflation.

272. The international community must seriously seek lasting solutions to all the interrelated problems of growth, inflation, unemployment and monetary stability. The view that the devaluation of the United States dollar is not doing the United States any harm should be re-examined. Like it or not, the United States dollar is also an international currency. Certainly in the oil business it is the currency quoted and used. Its devaluation may effectively reduce the price of oil and act as a buffer against the prices of the Organization of Petroleum Exporting Countries. At the same time earnings are retained or enhanced by revisions of export prices. It does seem a clever strategy, except that in order to maintain their income and pay for inflated imports, the OPEC countries have to accelerate their price increases. If the United States dollar is devalued further while earnings are taken care of by an inflationary upward revision of export prices, the economy of the world is not going to be stabilized. Certainly, the poor countries that are not producing oil but whose currency devalues along with the dollar are going to find both fuel and goods beyond their means. Their economies will deteriorate further. In the end, if there is an end, the disparity between rich and poor will be widened and economic imperialism will be an intractable fact.

273. The complacent view of the depreciating United States dollar is therefore not justified. Some serious thinking must be done before the effect becomes irreversible. There are other ways of solving the United States economic problems than by allowing the dollar to sink to a level that creates havoc for the world's economy. The economic pundits would do well to apply their talents to this problem.

274. Money, as a once-popular song says, is the root of all evil. The world monetary situation today certainly proves the truth of that ditty. Billions of dollars are made or lost—whatever that may mean—because money, a commodity that is supposed to have a constant value relative to all other commodities and goods, is now more inconstant than everything else. Economic projects and planning have become meaningless now. Budgeting and the provision of funds are about as accurate as shooting blindfold at a moving target. Clearly, the time has come for us to look seriously at the problems that inconstant money value poses. Some discipline is needed in this field. Countering inflation by automatically increasing wages and then devaluing the currency is a symptom both of indiscipline and of a lack of will to come to grips with reality. The sooner we realize this, the faster we can apply ourselves seriously to the solving of this problem.

275. Another area that needs scrutiny is that of interpreting international agreements. Malaysia views the re-emergence of the "conditional most-favoured nation" principle as an unhealthy and dangerous development. There is great danger that the main problems of trade

being resolved in closed groups of what is now referred to as the "inner GATT" may become a reality. This inequitable development in decision-making is for the exclusive benefit of a few, and cannot but have serious implications in the overall effect of the multilateral trade negotiations on global trade and economy.

276. In respect of primary commodities, producing countries are naturally concerned to secure stable and remunerative prices. While it is obvious that primary commodity producers have to export largely in the form of raw materials, it is only right that they process and add value to at least a part of their produce before export in order to increase their earnings. All this is fair and proper, just as the industrialized countries consider it fair and proper to expect the maximum return on the products they sell in the world market.

277. The successful conclusion at Geneva of a Common Fund under the Integrated Programme for Commodities, on 28 June 1980, is a significant landmark. Despite requiring four years of strenuous discussion and negotiation, it nevertheless reflects the political will and international co-operation of both developing and developed countries to bring about this new and essential institution to resolve international commodity problems. Malaysia, as the second largest exporter of primary commodities among developing countries, naturally attaches great importance to the Common Fund.

278. The capital structure of the Common Fund, with its reliance largely on cash deposits of the international commodity agreements and on guarantees provided by members, rather than on direct Government contributions, is still not entirely satisfactory. However, in the circumstances, where the industrialized world is beset with economic uncertainty, the system agreed upon is reasonable enough.

279. What is needed and of importance is that the Common Fund should be strong, viable and effective in assisting international commodity agreements in their financial needs and in helping the overall development of commodity structures of developing countries. For this purpose, the financial base of the Common Fund may, in due course, have to be further strengthened to enable it to play the role that is expected of it. It is also necessary to speed up the negotiations on, and the conclusion of, other international commodity agreements so that there will be more international commodity agreements which can participate in the facilities of the Common Fund.

280. The recent collapse of the International Cocoa Agreement and the stalemate in the negotiations on the Sixth International Tin Agreement in Geneva represent serious setbacks for international economic co-operation. They do not speak well for the international efforts that are required to create an environment conducive to the production of primary commodities at levels commensurate with global requirements. Tin producers have heeded the call to fulfil the needs of consumers by increasing production and undertaking very costly investments. It would be most unfortunate if the Sixth International Tin Agreement should be held back on account of unreasonable demands to do away with the proved and time-tested mechanism of export control on the one hand, and for an overwhelmingly excessive buffer stock on the other.

281. With regard to the International Agreement on Natural Rubber, Malaysia looks forward to its early and effective implementation. Malaysia is grateful for the extensive support which it has received for Kuala Lum-

pur to be the site of the headquarters of this Agreement. The choice of Kuala Lumpur as headquarters is in line with the spirit of the New International Economic Order, and I would urge those few countries which have not as yet given Malaysia their support to do so. This will enable the International Natural Rubber Council to concentrate its energies on other matters dealing, in particular, with the effective implementation of the Agreement.

282. Another area of priority for developing countries producing raw materials is that of participating more actively in "downstream activities", especially in the processing of the raw materials they produce. To developing producer countries, processing is important, and essential to their efforts to make the production of raw materials worthwhile. This is particularly so of wasting assets. In the case of timber, regeneration, which takes almost half a century, will be worthwhile only if returns are maximized through processing. The developing countries are not asking for a monopoly on processing, but merely for the relocation of some of these industries in their countries. Part of the industries could still be owned by entrepreneurs from the North.

283. The development of the processing industry in the producer countries is beset with a multitude of problems. The technology and production of capital goods are to be found in developed countries. Hence, the setting up of processing facilities in the developing countries is both difficult and costly. It is in order to offset this factor that developing countries have to resort to incentives. Unfortunately, some developed countries have tried to label such incentives as a subsidy and have called for the imposition of some form of countervailing duty. This is a grossly unfair attitude. It is well known that every country, developed or developing, has some form of proportional taxation or a similar policy. Indeed, the developed industrialized countries are the most guilty; they guarantee minimum prices for their own raw material producers, operate stockpiles, provide cheap infrastructural support, manipulate their currencies and do a host of other things that are all meant to create an artificial market situation favouring themselves. It is very seldom, indeed, that the developing countries are in a position to do this. Yet, there is no hesitation in smashing them down the moment they take the most timid steps to earn something more for themselves.

284. Malaysia would like to call upon the developed countries to look at themselves critically first before they focus baleful eyes on the puny efforts of the developing countries to get a fair share for themselves. In an international division of labour, certain manufacturing activities are best done in developing countries if inflation is to be checked and fuel saved.

285. The negotiations on the code of conduct for the transfer of technology also reflect the uncompromising attitude of the developed countries. The developing countries, anxious to reach a conclusion, have displayed and exercised the necessary political will and flexibility. Their preparedness to adopt the code without its legal prescription was a major concession, made to break the impasse which has rendered progress on the code impossible in the past. But the display of political will by the developing countries has not been matched by the developed countries, which have merely made token gestures of goodwill. It will take more than mere token gestures to achieve the finalization of the code, which would elevate the developing countries from the position of technological dependence, which has proved tremendously

costly, to that of interdependence and partnership in the transfer of technology.

286. The developing countries cannot meanwhile be expected to display continuous goodwill if their multitude of problems are only of peripheral significance and concern. The high level of inflation, the weakening of demand for their exports resulting from a slowing down of activity in the industrialized countries, increased cost of imports, lack of growth and unemployment, the worsening of their current account deficits: all that is placing an increasing burden on the developing countries, particularly the non-oil-producing ones. Many of those countries will have to increase their borrowing from international capital markets to finance the large deficits which are expected to grow to almost \$70 billion at the end of this year. The serious economic and financial difficulties facing the developing countries require urgent and immediate solutions. However, there has been inadequate response from the international community to those pressing problems. The flow of concessional assistance remains at low levels. Such aid from the countries of the Development Assistance Committee in 1979 amounted to only 0.33 per cent of their combined gross national product, well below the set target of 0.7 per cent. To offset this, all major donors are urged to announce binding commitments to increase their level of assistance, so that the flow of real resources will increase in the 1980s.

287. On the international food supply scene, it is a well known fact that the rate of population growth of developing countries tends to outstrip rate of growth of their food supply. FAO concedes the fact that the world is running short of food and has therefore resorted to the establishment of the Food Security Assistance Scheme. Against that background, the establishment of an effective system of world food security, including food aid, emergency food reserves and early conclusion of the new international grain arrangement, should be viewed favourably. Developed countries with a food surplus should help to alleviate the problem of global shortages of food supply by supporting and contributing to the establishment of the world food security system. On a regional basis, the Association of South-East Asian Nations (ASEAN) has successfully established the ASEAN Food Security Reserve Board, which will cater for food shortages. Food—or, more accurately, starvation—should not be made a weapon of coercion to gain political clout. In a situation of famine, subsistence needs should take precedence over all else. No one—not the donor or the recipient—should capitalize on human misery.

288. The role of countries with surpluses in alleviating the financial problems of deficit countries has many times been stressed and, in this respect, Malaysia is encouraged by the recent development in OPEC, where the need to alleviate the deficit problems of developing countries, especially the non-oil-producers, appeared on the agenda of its recent meeting. Deliberate programmes towards that end are reportedly being formulated. Though no policy decision has yet been finalized, a worthy start has clearly been made, and this is an obvious display of economic co-operation among developing countries, which has come to be known as South-South co-operation. However, that is not to say that economic co-operation among developing countries would not flourish without this display of co-operation from OPEC. South-South co-operation is no longer mere rhetoric. There is clear evidence of increasing trade co-operation among developing countries. Co-operation within ASEAN operates in full cognizance of this fact.

But the effort of the developing countries to strengthen and diversify their economies would succeed even better in an environment of international co-operation and economic stability.

289. A discussion of the world economy cannot be complete without reference to the problem of energy. Whether we like it or not, we are going to need more energy. Despite population control, the number of people will increase. This increase will be compounded by an increase in the *per capita* consumption of the population. Energy supply is therefore crucial to the future of mankind.

290. Petroleum is at the moment still the principal source of energy. Its supply used to be controlled by a few corporations which extracted oil and sold it without the slightest regard for anything except profits. Thanks to OPEC, there is now a greater appreciation of the significance of oil and its value.

291. But old habits die hard. Wasteful habits in the industrialized countries will continue. It is estimated that the motor vehicles of the developed nations use almost as much oil as the total consumption for all purposes of all the developing countries put together. Some countries in Europe light up not just streets but all the autoroutes throughout the length and breadth of the country. Other countries still retail petroleum products at such low prices that waste is actively encouraged.

292. Although the supply and price of crude oil is now determined by OPEC, the transport, processing, storage, distribution, conversion and application of by-products, manufacturing, and retailing are still in the hands of the industrialists of the developed countries. Far from suffering from high oil prices, the industrialists are reaping even higher profits. Consequently, oil companies have come to lead the list of the world's biggest corporations.

293. In the meantime, oil and other energy resources in the developed nations are not being fully exploited. Vast deposits of coal, for instance, are untapped simply because of a desire to enjoy the scenery. It is all right for developing countries to be enveloped in soot and smoke; but cut down a single tree in order to mine for coal and all the environmentalists of the developed nations will be up in arms. That state of affairs must change. The developed countries must produce more of their own fuel and stop waste in order to reduce the demand for oil. Only then will reasonable prices prevail and exploitation of a depleting asset for countries with few other assets be reduced.

294. On the other hand, developing countries, especially those with no oil, are in need of petroleum-based investments. Exports of the products, by-products and simple manufactured goods of such petroleum industries would benefit both OPEC and the host developing countries. In addition, the OPEC countries would be in a position to control the transport and distribution not only of crude oil and refined products but also petrochemicals.

295. The developing countries for their part could make conditions suitable for investment by OPEC. There should be guarantees against nationalization and arbitrary punitive laws. Free trade zones and infrastructure facilities should be provided. In return, the host countries should be guaranteed adequate supplies of petroleum products at fair prices.

296. In this process of restructuring the oil business it is important that the dominant position of the present oil corporations be reduced. Developing countries may have to rely on oil as their main energy source for the

time being. It is imperative that oil producers in the South give priority commitments of long-term crude-oil supply to other developing countries. Government-to-government arrangements should be the order of the day. Oil is too important a commodity to be subjected to the avaricious manipulations of profit-motivated corporations.

297. National interests always take priority over global objectives in all international negotiations. Maybe this is necessarily so in certain instances, and certainly politically desired in most. International policy objectives and directives, no matter how economically feasible, morally desirable or administratively practicable, will never be accepted if they are politically incompatible for the nations involved. As a result, agreements reached at the multilateral level often allow too much flexibility and too many loopholes, and are so drafted that very often the agreements are meaningless and ineffective; the original objectives and intentions are so diluted and drained of effectiveness that failure becomes almost unavoidable.

298. Effective future efforts at international co-operation and at fulfilment of national goals require the recognition that national interests can best be served through a healthy environment of international interdependence. Some sacrifices of priorities are inevitable if maximum benefits from international co-operation are to be attained. It must be realized that sacrifices asked of any nation are never intended to be to their permanent disadvantage. The sacrifices asked for are meant for a better future in which those who forgo present gains would recover even more. No one can deny that in an equitably prosperous world, everyone—but everyone—will have a bigger slice.

299. To facilitate the process of adaptation to structural changes requires an attitude that is positive and balanced in place of the widespread negative and pessimistic views based on dubious convictions like limits to growth, the unmanageability of modern society, and an inevitable erosion of the quality of life. We must seek a qualitative goal the success of which is not measured by monetary indicators and statistical interpretations alone.

300. There is a need for a balance between positive effects on the domestic level and the detrimental internal results of Government policies which have an impact on the global economy. To achieve this will require a tremendous amount of political will—something that is regarded as almost an impossibility. But history has shown us again and again that the unbelievable and the impossible can happen, especially under threat of disaster. And there is no greater disaster confronting us today, or likely to confront us, than the feared prospect of an international economic collapse. I am hopeful therefore that good sense will ultimately prevail above all other considerations and that the seemingly impossible will occur. Above all, it must be accepted that the developing countries are not seeking benevolence from the affluent but a state of mutual survival in conditions of peace and stability.

301. Mr. PALEOKRASSAS (Greece): First of all, Sir, I should like, through you, to congratulate Ambassador Salim Ahmed Salim on his unanimous election to the very important post of President of the eleventh special session of the General Assembly. His outstanding abilities, as manifested by the exemplary way in which he conducted the work of the thirty-fourth session, as well as that of the seventh emergency special session held last month, are the best guarantee of the success of our deliberations.

302. I should also like warmly to welcome among us the proud nation of Zimbabwe, which recently acquired its independence through the valiant struggle of its people under the inspired guidance of its leaders, one of whom, Prime Minister Robert Mugabe, is already recognized as an international figure of undisputed stature.

303. As the President of the Hellenic Republic, Mr. Constantine Karamanlis, stressed while addressing the sixty-sixth session of the International Labour Conference, held at Geneva from 4 to 25 June 1980, the economic, social and cultural inequalities existing between the rich and the poor could decisively influence the future course of humanity, in the sense that if those inequalities are not remedied without delay, world peace and overall human prosperity will be endangered.

304. One of the main objectives of this special session is to evaluate what has been achieved so far towards the creation of a new economic order, what remains to be done, and how best to do it. Despite the fact that the world economy is currently going through a period of grave crisis, certain progress in promoting international economic co-operation has taken place, as I shall have the opportunity to demonstrate later in my statement. However, this progress is far from sufficient. The dialogue between North and South must be intensified in order to produce concrete results that will alleviate the plight of the poor and create the conditions for a more orderly and equitable development of the world economy. There lies the great responsibility of all who are gathered in this hall.

305. It is essential, though, that in grappling with the major economic problems of our age, we establish a set of priorities. It would be unrealistic to assume that everything can be set right at once. What we must agree to is a method for the solution of our problems; at the same time, we must not lose sight of the overall perspective.

306. During the last 10 years, a large number of developing countries have achieved considerable economic progress, as witnessed by the great increase of both their national output and their exports of agricultural and industrial products. On the other hand, the majority of developing countries—and especially the ones with very limited resources, representing some 50 per cent of the developing world—have increased their *per capita* income little, if at all. That means that millions of people still live in abject poverty, some of them even below the survival level.

307. It is now generally accepted that this situation cannot continue. Despite the fact that we are going through a period of international recession, characterized by high unemployment, double-digit rates of inflation, reduced investment and an acute energy problem, we have no alternative but to find universally acceptable solutions if mankind is to survive. That has been stressed by practically all the speakers who have preceded me on this rostrum, irrespective of the wealth, socio-economic systems or political importance of the countries they represent. Within that context I should like to outline my country's position on the issues which confront us.

308. Greece is about to cross the threshold of development. On 1 January 1981 it will officially become the tenth member of the European Economic Community. That will enable it both to accelerate its own pace of development and to contribute more substantially to that of the developing countries belonging to the so-called Group of 77. In so doing we will be acting in accordance with the long and traditional bonds

of friendship and co-operation which link us with those countries, whose problems meet with our deepest understanding.

309. Among those problems, special attention should be given to that of food and agriculture. It is obvious that an increase in the agricultural output of developing countries will enable them to raise the standard of living of their populations and to expand their agricultural industries.

310. It is hoped that primary agricultural production and its impact on the standard of living of producers will be substantially strengthened by the creation of the Common Fund for commodities, which will help stabilize and raise the export prices of the produce of countries whose hard-currency earnings rely heavily on agriculture. It is our expectation that through this important mechanism basic commodities will reach price levels profitable to the producer and equitable for the consumer.

311. The recent deterioration of the energy situation creates tensions and uncertainties in the world economy and obliges many countries to look unilaterally for short-term solutions to problems of a structural nature. We think that in this period of uncertainty producers and consumers must co-operate more closely towards finding alternative solutions to the energy problem. Those solutions must encompass conservation, an assured level of petroleum supplies at mutually acceptable prices, the exploration and development of alternative sources of energy, and the transfer of both resources and technology to countries which are not in a position to explore and develop such sources by their own means. We must not lose sight of the fact that the energy crisis hits mostly the least developed countries, in some cases threatening them with a total collapse of their economies. This, as well as the fact that existing energy resources are far from unlimited, should convince us to give prominent consideration to the energy problem in our deliberations.

312. In this context I should like to mention that my country, conscious of the gravity of the situation, has intensified its search for oil and has at the same time taken drastic measures to reduce its consumption. As a result, despite the fact that the Greek economy is still growing, and consequently its needs in oil are increasing, the overall consumption has remained almost stable for the last two years.

313. Greece has always advocated a progressive and effective liberalization of international trade. In view of the complementarity of the economies of developed and developing countries, such a liberalization, if properly implemented, will enable the developing countries to diversify and increase their exports, thus obtaining additional capital for their development.

314. But the liberalization of world trade cannot be effective without low-cost transport, which can be obtained only through free competition. Greece, a seafaring nation since remote antiquity, is in a position to contribute through its substantial mercantile marine to the unimpeded flow of goods at competitive prices among the continents.

315. Another prerequisite for the accelerated growth of developing countries is the transfer of technology. The foundations for co-operation among industrialized and developing nations in that field have been laid by the United Nations Conference on Science and Technology for Development held at Vienna from 20 to 31 August 1979. Although its results may be considered by some as inadequate, we are confident that the follow-up

of the Conference in the appropriate United Nations body will yield positive results in view of the recognition of the importance of that aspect of international economic co-operation by all concerned. In this context we believe that the adoption of an international code of behaviour for the transfer of technology will be very useful.

Mr. Salim (United Republic of Tanzania) resumed the Chair.

316. The monetary and financial sector is also a field which calls for extensive changes if we want the world economy to function without disruptions and the developing nations to advance on the road to development. This is one of the major economic problems of our time, and, perhaps, a problem in which the differences of approach between the rich and the poor are more evident. Still, very few people would question the need for a basic revision of the existing international monetary system, and few would question the need to improve the access of developing countries to the funds required for financing both their continuing growth and their mounting oil bills.

317. In addition to current financial requirements, the burden which developing nations already have to bear because of their foreign debt servicing has assumed very great dimensions. It is, therefore, imperative that, through such international agencies as the World Bank and IMF, available low-cost funds should be increased and new methods for subsidizing and generally improving international financing by other banks and institutions should be devised.

318. Appreciating the importance of such matters, Greece, through the Governor of its Central Bank, has proposed the creation of an international loan insurance fund which would guarantee the foreign loans of developing countries and thus facilitate their financing.

319. In the same context we should consider the acceleration and increase of the transfer of resources from the rich to the poor. Specific ways and means that facilitate the transfer of resources from the developed to the developing nations will lead to a more balanced world economy and will be beneficial to all members of the international community. We live in a world characterized more and more by complementarity and interdependence. And we must not forget that time is of the essence.

320. My delegation will strive to contribute to the success of our deliberations inspired by the conviction that nothing is impossible if a general spirit of sincere co-operation prevails. The problems are grave, as is amply illustrated by the report⁸ of the Brandt Commission. But their solution is not beyond our reach. The legitimate ambitions of the developing world can and must be met to a great extent without unduly jeopardizing the basic foundations of the world economy which have ensured its progress so far.

321. The negotiations that are about to begin are of the utmost importance. If they fail there will be only losers. If they succeed we may all look forward to a brighter future for mankind.

322. *Mr. RAMPHUL (Mauritius):* Mr. President, the Government and people of Mauritius wish to congratulate you, beloved African brother, on your presiding

over this eleventh special session of the General Assembly.

323. We feel a special satisfaction that a worthy son of Africa is in the presidential chair of an Assembly that has admitted one more African State to the growing universality of the United Nations. This is historic symbolism which last-ditch colonialists might profitably study and discover the peculiar nature of our great continent, where every new independent country has joined the vanguard for the liberation of every other African country.

324. Thus it is with great joy that Mauritius greets the seating among us of our sister State of Zimbabwe, itself an impressive symbol and shining image of the great liberation movement in Africa, where the ideals of independence, sovereignty and dignity are irresistible, undeniable, irreversible, and total throughout the entire continent.

325. My meaning should be clear enough. As we speak of Zimbabwe today, we look across the horizon—not too far away—to the next independent and sovereign State: Namibia. The island of Mauritius is geographically out to sea from the mainland. But we are not at sea on the ultimate and final destiny of Mother Africa, proudly and jealously determined not to surrender even a single one of her daughters to the forces of domination in any form whatever, and least of all to those imperialist forces that wear the ugly mask of racism—any racism, the original or the retaliatory.

326. We recall a familiar South African politician who, some weeks ago, assured his white people in the most positive terms that the racial solution in Zimbabwe would not be repeated in the land of *apartheid*. How can he be so sure, when a society based on racial democracy has emerged in spite of every South African attempt to stop it? Whom does he fear? Those whom he has wronged? He need not tremble: there is little in the entire history of African liberation to warrant such a fear. Let him wisely pursue the peaceful way.

327. But if the peaceful way is barred, then Zimbabwe is there not only as a symbol, but also as a lesson on the other liberation option, combining armed struggle with the support of the free African nations, particularly the front-line States, their statesmanship and economic sacrifices; and there were always the moral imperatives and decisions of the United Nations. This strategy of liberation will win in Namibia, as it has won in Zimbabwe.

328. It is therefore with great pride, jubilation and admiration that we welcome Zimbabwe to United Nations membership and greet its first Prime Minister, our valiant and glorious brother, Robert Mugabe—soldier, statesman, scholar, philosopher—who, when he made his own country free, showed, to hundreds of thousands of other people still struggling to attain liberation, the way to inevitable victory.

329. This question of liberation, I submit, is not unrelated to the economic development item on the agenda. There is nothing new in the almost forgotten axiom that, in the penurious birth of the third-world nations, political independence must be followed by economic independence.

330. The latter we now call development, with that strange United Nations fetishism by which words are used to fragment inherently indivisible categories. The shaky economies over which our flags of independence so proudly fly are a disillusioning reminder that with independence the liberation struggle has not ended and that with sovereignty our equality is far from having been attained. More realistically, it has just begun. The

⁸North-South: A program for survival; report of the Independent Commission on International Development Issues under the chairmanship of Willy Brandt (Cambridge, Massachusetts, The MIT Press, 1980).

difference is that the struggle has shifted from the political to the economic. Many skirmishes and battles have already been fought, and it appears that, given the sad state of the world economy, the decisive battle may be fought right here in this special session on the economy.

331. More and more of the third-world nations feel that this is a battle they cannot afford to lose. But such are the paradoxical world economic conditions that we might well ask the affluent States whether this is a battle they can afford to win.

332. Mr. President, it was clear, even before you raised the gavel and called this session to order, that a "Great Divide" had manifested itself between the two major economies on the issues of the new international development strategy and the global negotiations—that we have two nearly opposite positions, almost to the extent of polarization. How has this come about after years of endless discussions and dialogues, numerous committees, dozens of studies, conferences, seminars and resolutions have ploughed wide areas of common ground, forging the common conception of interdependence? To put it bluntly, how has interdependence become polarization? Where there was a sense of deep dialogue, we now appear to be heading for a dangerous showdown. And whether one or the other procedure will prevail will obviously be determined by their respective theories of the world economy.

333. On this point the position of the developing nations is repeatedly and emphatically stated in the communiqué issued by the Group of 77 [see *A/S-11/19, annex*]: the world economic crisis has now assumed unparalleled dimensions. There is, and there will be, a tendency in the opposite camp to treat this as alarmist, the product—to quote one industrial Power—of "pseudo-analysis" and just so much "theory".

334. Permit me, therefore, to cite a few affirmations of the highest order. In its survey of 7 January 1980 IMF headlined the words of its historian Margaret de Vries, who likened the eruption of the economic developments in the 1970s to the severely disabled world economy of the 1930s, which resulted in the collapse of the international monetary system, and said that, since the problems that characterized the 1970s are still far from being solved, the same problems threaten to plague the 1980s.

335. As the United Nations *World Economic Survey 1979-1980* states:

"The outlook for 1980 is clouded by adverse external developments. The terms of trade are expected to continue to deteriorate in most countries and balance-of-payments pressures should intensify."⁹

336. And the Secretary-General of the Commonwealth, Mr. Sridath Ramphal, a member of the Brandt Commission, noting the Commission's bleak analysis of the world economy, said in June of this year that an already grim situation was worsening.

337. Mr. Raul Prebisch, in the Preparatory Committee, on 29 February, expressed his profound concern when he stated that "a crisis of universal dimensions is in the making." [*A/AC.196/15, p. 1*] and that "... Today, we are experiencing the second great economic crisis of the centres, a crisis ... much deeper, much more complex, much more difficult to solve than the great world depression." [*Ibid., p. 4*]

338. ILO has reported that the employment situation in many parts of the world has deteriorated substantially.

339. There is hardly an authoritative report that does not express, with the anguish of a sudden and painful realization, that the nations of the world—all the nations, developed and developing, the first and second worlds as well as the third—are heading for a common disaster in which their accumulated sins—fatal sins of omission, sins of short-changing commission—and the all too patient tolerance of exploitation are arriving at a common crisis. In this situation the tendency to allocate blame and attribute causes and responsibilities becomes irrelevant on a sinking ship.

340. There is little profit to be gained in trying to solve the common problem—and the world crisis is common to all—on the dubious assessments of the various economic groups. The Organization of Petroleum Exporting Countries, the industrial Powers, the developing nations, the centrally planned nations are here, and they cannot be made to go away. But precisely because they are here in contrasting positions, the situation calls for a procedure that will permit an architectural reconciliation of their economic relations to what, in effect, is becoming a one-world economy. That is what the new economic order really implies: a pluralistically managed economy in which all nations of all economic conditions and of all systems can participate.

341. What is happening before our very eyes is the growing fusion of the world's major economic forces: trade, finance, energy, and money, capital and technology transfers. In this fusion process, any approach based on diffusion, on the divisive analysis of controversy, on the subtle bargaining for inherited advantage, will only drive us in a reverse direction. We are at the stage where a common problem cries out for a common approach to a common solution.

342. We are living in a world of single words that carry with them volumes of implications. More and more in the past year we have been hearing the word "comprehensive". Representatives must be aware of this word, which is becoming a mighty symbol of what in our time is reflecting a more comprehensive world. Whether it is in the peace-making effort in a given region, in the effort to establish a law of the sea, or in dealing with the problem of the world's children, anything less than the comprehensive approach seems to be less than sufficient.

343. Is it therefore surprising that the problems of the world economy can no longer be solved except through a unitary economic order? This is the all-encompassing approach stated in the communiqué of the Group of 77 which speaks of a new international strategy that would be coherent and comprehensive and would comprise concerted measures in all sectors of development in a round of global and sustained negotiations [see *A/S-11/19, annex*].

344. Powerful nations, holding the reins of the world economy in their hands, are loath to join in a common, concerted effort to solve the world's problems. A pointed commentary on their nature of reluctance is included in a United Nations document released on 18 August. It is a report issued under the title "The World Economic Crisis: a Commonwealth Perspective" and circulated by the representatives of Australia, Jamaica and Zambia. It states that

"There is now a dangerous tendency among the world's leading nations to seek their own solutions. More urgent even than agreement on particular prob-

⁹See *World Economic Survey 1979-1980* (United Nations publication, Sales No. E.80.II.C.2), p. 2.

lems is progress towards re-establishing rules for collective decision-making." [A/S-11/13, annex, para. 4.]

345. But what is their power? Is it infinite? Some years ago, when the developed versus developing issue was first raised, this power seemed eternal. Today, the industrial economies are in a state of uncomfortable decline, and this has added much to the general malady of the world economy.

346. A United Nations survey on Europe's economy for 1978¹⁰ already noted that the 13 Western industrialized countries suffered not only from continued unemployment and developing inflation, but that industrial production decelerated and investments slackened as well.

347. As President of this Assembly, Sir, you noted on the opening day of this session that the market economy countries were in a steep recession, and you added a significant comment when you noted that

"... the failure to recognize sufficiently the organic link between [these difficulties] and the underlying structural disequilibrium in the existing [trade and financial system]". [1st meeting, para. 20.]

348. To turn again to the brilliant statement of Dr. Raul Prebisch, we are told that perhaps the whole development of the industrial nations was inherently faulty. He said it with a categorical terseness: "It is a development pattern which excludes" [A/AC.196/15, p. 3]. That, he explained, was inherent from the economic standpoint. But is this factor of exclusion now going to obsess this session psychologically?

349. Another IMF report, dated 25 June last, on the world economic outlook, speaks of the threat of recessionary tendencies in the industrial world.

350. The more recent *World Economic Survey 1979-1980* points out that previous inflationary forces had gathered momentum to the level of a generalized and strong upward movement, aggravated by inadequate investment and productivity as well as other basic factors.

351. A forecast report¹¹ of the Organization for Economic Co-operation and Development (OECD), published this year, expected a declining GNP in 1980 with little likelihood of improvement through mid-1981 and an increase in unemployment by that time to 23 million, more than half of it in the United States. The OECD is hoping that inflation has passed its peak, but hope is often the enemy of realism and the child of wishful thinking.

352. The World Bank *World Development Report, 1980* found that world growth prospects—and I underscore this new word "prospects"—had deteriorated and were impaled on the trident of inflation and recession in the developed countries—including more expensive oil.

353. My final quotation comes from the speech given on behalf of the European Community and its member States only yesterday during this very session by one of the illustrious past Presidents of this Assembly and the Minister for Foreign Affairs of Luxembourg, Mr. Gaston Thorn. His was a speech full of matter and well worth studying. I am not implying that Mr. Thorn

is accepting the communiqué of the Group of 77, but with respect to the industrial nations he said:

"The industrialized countries [find themselves faced with] resurgent inflation, increased pressures on their balance of payments situation, the threat of a recession and the risk of the unemployment situation becoming worse even if the inflation rate can be contained." [3rd meeting, para. 62.]

354. Earlier I recalled the days when the developed-developing issue was one between the mighty developed and the weak developing nations. In light of the emerging economic situation, this is becoming something of an anachronism. Following the aforementioned analysis, we might today ask whether the developed nations may not be in a condition of "undeveloping"? They have already come down to a 1.9 per cent rate of growth. This is called a recession. It has been said by some United States economists that, if this goes down to zero, it will be a depression, and that word evokes the worst days of the 1930s when the very pillars of the world economy collapsed.

355. We have no guarantee that this may not happen again; we do have signs that, in this case, history may repeat itself. Thus, the current world scene confronts us with a situation that calls for some amendments to the past.

356. Amendment one: it is no longer accurate to define the issue in terms of the donor and the receiver. The donor is now seeing his stock go down.

357. Amendment two: if this is true, as it admittedly is, a correction is in order to the concept of interdependence, which implied a state of things in which, in reality, the developing nations were negotiating in a state of dependence. The word interdependence was enlarged to entice the rich nations into a policy of compassion, humanism and benevolence. But now, when the industrial economies are exhibiting inherent weakness, the only kind of interdependence is partnership.

358. To clarify this point let me underline two difficulties which beset our dialogue here.

359. One is the question of cause. Argue as we may, we are not yet agreed on the causes of the difficulties we encounter in the economic crisis. Why are the powerful economies declining? In their own countries the answer to this question is a bone of political and partisan contention. The more objective analysts talk in terms of three economies. The world economy is treated as a kind of abstract painting, when in reality it is made up of two major economies, in which the developing economies are a factor but not a cause and in which the developed economies hold the main levers of the world economy in their hands. It was with the decline of the developed economies that the world economy began to slide. Is it not obvious that the cause of the world economic decline is the crisis in the industrial economies?

360. Also, we are not altogether clear on how it comes about that all the developed economies have begun to slide at the same time. The contention that it is all due to the sudden upward thrust in the price of oil shows a simplistic conception of the intricacies of the modern system which I doubt Adam Smith or any in the entire school of British economists could possibly have accepted.

361. Could it be that too much of their development was ingrown—a kind of in-the-family trading which has reached its limit? Certainly there is rivalry and protectionism among them. Could it be that within this

¹⁰See *Economic Survey of Europe in 1978, Part I, The European Economy in 1978* (United Nations publication, Sales No. E.79.II.E.1).

¹¹Organization for Economic Co-operation and Development, *OECD Economic Outlook*, 27, (Paris, 1980).

narrow perimeter of their operations they have lost sight of the great potential of over 100 new national economies whose development and even modest consumerism could become a new blood transfusion for them and for the entire world economy?

362. These questions have not yet been answered and I do not expect that they will be until important studies have been made in this direction. And I doubt that with the crisis fever rising so rapidly we have the time for long-term studies. A shorter-cut answer to these complicated relationships must come out of this session. We do not need to write a book on this question before acting. The struggle for a more just economy went on for centuries before Karl Marx embodied it in his voluminous studies.

363. We must find a solution to our dilemma in action, in activism; in doing instead of in theorizing. That is the philosophy of the strategy, a total strategy for a total change. That is the philosophy of the global negotiations.

364. It is said that the Western Powers lack the political will to move forward. Perhaps it is fear. We in the Group of 77 say that not fear but boldness can overcome the world crisis and, overcoming it, proceed to build the better world the founding fathers of this Organization had dreamt would be built: who knows—perhaps even in our own time.

365. Mr. BLUM (Israel): At the outset of my statement I should like to express our greetings and felicitations to the delegation of Zimbabwe, and through it to their people and Government, on Zimbabwe's joining the family of nations as an independent State. Israel, faithful to the principle of universality, has a proud tradition of fruitful sharing of our own experiences as a developing society with the emerging nations of Africa. In this spirit of friendship, the people of Israel warmly welcome Zimbabwe on this auspicious occasion.

366. The international community is faced with increasing tensions due in large part to the deterioration of the world economy. The global economy is beset by ever-rising oil prices, by mounting inflation and by the creeping stagnation of the economies of the industrialized nations. Developing countries are afflicted by worsening balance of payments deficits and by a reduction in economic growth. The poorest segments of the third world still suffer from famine, disease, poverty and illiteracy. All this is happening in an era of increasing interdependence, when the chances for the development and prosperity of all nations are coming to depend more and more on international co-operation.

367. The problems confronting both the South and the North appear as insoluble as ever. Many developing nations see no way of coping with mounting unemployment and underemployment, runaway inflation, soaring energy costs, urban congestion and expanding debt service. Some still struggle against the age-old problems of hunger and starvation. Donor nations are also frustrated: the results of their efforts to help have not lived up to their expectations. The full impact of these recent developments, and their dangerous implications, will be strongly felt as early as 1981, owing to the sudden and substantial worsening, now taking place, of the distribution of current account balances among major groups of countries. The formulation of an effective policy to assure recycling and to foster development is therefore the great challenge facing the international community today.

368. Recognition of those problems and of the necessity of involving all nations in finding their solution

constitutes the common ground for North-South negotiations. Although there are undeniable differences in the approaches taken to solve these problems, my delegation is impressed by the attempt of the large majority of representatives to come to grips with the tough underlying issues, in order to attain in this Assembly substantive results. We hope that new thinking, new approaches and new mechanisms will emerge to facilitate the global negotiations.

369. We also hope that we shall all strive to develop solutions in an atmosphere of open and frank discussions, even among delegations representing different approaches or belonging to different ideological and regional groupings. By their nature and definition, global negotiations must deal comprehensively and fairly with the urgent economic problems afflicting the entire world today. We are convinced that the interests of each country must be equally taken into account, regardless of its economic and social system, its geographical location, or of its endowment, or lack, of natural resources. Therefore, the principle of universality should be strictly applied to all meetings and negotiating forums of the global round.

370. Both the form and the agenda of the global round are of extreme importance. We suggest that the present Assembly establish a principal body for the negotiations which will refer specific issues to appropriate specialized forums. The principal body will retain control of the overall supervision of the negotiations and at the final stage would be charged with the consolidation of all acceptable elements into a single package agreement. My delegation is of the opinion that in the interest of effectiveness the negotiations must concentrate on a number of the most serious issues confronting us today. We trust that this special session of the General Assembly will establish the clear priorities and guidelines required for a fruitful negotiating process.

371. No global solutions will be found without a careful consideration of the most acute issues: energy, food, monetary problems and transfer of resources.

372. I do not wish to elaborate on the various arguments on the controversial issue of energy. Nevertheless, my delegation wishes to stress that the common assumption that energy is primarily a problem of the developed countries is no longer true. The assumption that the developing countries are, at most, marginal consumers of energy, with no important role to play in energy negotiations, does not correspond to reality. The rapid industrialization of some developing countries has made them substantial consumers of oil. Oil-importing developing countries consumed in early 1980 about 6 million barrels a day at a cost of over \$60 billion a year. Their oil consumption is projected to grow at a faster rate than that of the developed countries.

373. The economic gap growing most dramatically in the past decade has been the gap between the oil-rich countries and the vast majority of third-world countries, which are predominantly poor and lacking in resources. By the end of this year the current account deficit of oil-importing developing countries will be some \$63 billion, while the oil-surplus countries will have amassed a surplus of at least \$115 billion. It is obvious that the massive increase in oil prices has had a disastrous effect on the economies of developing countries, yet this fact has not been dealt with sufficiently by the United Nations. Developing countries have had to devote a constantly increasing proportion of their import proceeds and have been forced to incur even greater burdens of debt in order to pay for needed oil at its ever-increasing prices. Having devoted most of their

funds to purchasing costly energy, many developing nations can hardly pay for their basic imports. This results in a further drop of their consumption and, in fact, constitutes one of the major causes of the crisis which plagues our world at present.

374. Therefore, in any discussion of new energy arrangements, the problems and interests of all oil-importing countries must be fully taken into account. Such arrangements should include the indexation in real terms of oil prices in accordance with long-term world demand and supply, assurance of supplies, agreed-upon production increases, and special measures to alleviate the worsening balance of payment deficits of oil-importing developing countries.

375. Oil-consuming countries should undertake to conserve energy and to explore alternative sources of energy. In this regard, I am pleased to report that in our country we are resolved to pursue the research and development of alternative energy sources. We have recently achieved substantial results in the utilization of solar energy. In December of last year we successfully put into operation the world's largest solar-pond pilot power plant in the Dead Sea, with a production target of 2,000 megawatts of power by the year 2000. We believe that this technology can be applied in all areas of the world where water, salt and sun are available, and we stand ready to share and exchange experience and know-how in this field.

376. Food and agriculture constitute a critical area where substantial progress could be made in the global negotiations. Indeed, it is necessary to ensure an uninterrupted food supply to, and increase the storage capacity of, the low-income countries. Those countries must increase their agricultural productivity in order to meet the rise in demand for food and to reduce their dependence on imports.

377. The assumption that developing countries need not grow their own food, since they can always import it, is no longer true. The food deficits of developing countries have been increasing rapidly, from about 20 million tons in 1960 to about 50 million tons in 1980 and to an estimated 90 million tons in 1990. Only in the last few years have the developing countries realized that without accelerated agricultural production there will be little impetus for their industrialization and overall growth, in the absence of other effective means of putting adequate purchasing power in the hands of the poorest segments of the population in rural areas. Moreover, the developing countries lack the financial capacity to pay for food imports to relieve their food shortages. This implies that developing countries must gain relative self-sufficiency in food grains. To do so, they will have to increase their food production by 4 to 5 per cent a year. This objective would require an annual investment in the order of \$40 billion, structural reforms in the developing countries and a co-ordinated effort on the part of the international community to help the less developed countries.

378. In our country, enormous efforts have been made to attain a great degree of self-sufficiency in agriculture. We view the agricultural sector not merely as yet another economic activity but as offering a constructive and productive way of life and as constituting an important segment of our society. A massive development effort was undertaken to provide equal income opportunities to those who chose agriculture as their way of life. It has been our privilege to share this experience with a large number of developing countries.

379. Finally, with regard to agricultural production, we must bear in mind that at least 50 per cent of the

earth's surface suffers from the constraints imposed by semi-arid and arid conditions. We suggest that an international system for arid zone research and development in Africa, Asia, Latin America and the Middle East be established with the purpose of mobilizing scientists, experts and technicians to dedicate their efforts to the transformation of deserts and arid lands into habitable and hospitable areas.

380. It is doubtful whether the total flow of official development assistance from developed and other rich countries will be increased and improved sufficiently in the near future to meet the mounting capital needs of oil-importing developing countries. In our opinion, the flow of official development assistance must be supplemented by the mobilization of additional resources. First, funds can be drawn from capital markets by the World Bank and the International Monetary Fund in order to finance the balance of payments deficit of oil-importing developing countries. Secondly, co-financing facilities can be developed for the funding of development projects by commercial banks through international financial institutions.

381. To implement the first proposal, the International Monetary Fund would borrow from capital markets at prevailing interest rates. Money thus mobilized would in turn be loaned to the most needy developing countries at substantially lower interest rates. The difference between higher interest rates in the capital market and the reduced rates for oil-importing developing countries would be underwritten by the wealthy members of the International Monetary Fund.

382. This concept has been put forward by the Minister for Development Co-operation of the Netherlands at a meeting devoted to the Brandt Commission's report. We express our full support for this initiative, which, in essence, closely follows the methods of mobilization of funds incorporated in a proposal put forward by the late David Horowitz, then Governor of the Bank of Israel. The Horowitz proposal for the establishment of an "interest equalization fund" with the World Bank-IMF System was the subject of several competent studies by UNCTAD. The World Bank's "third window" constituted a partial, but unfortunately far too meagre, implementation of the Horowitz proposal.

383. In view of the ever-growing capital requirements of the developing countries and the developed countries' rising consciousness as to the urgent necessity of effectively mobilizing and recycling all available resources, the initiative of the Netherlands should be given serious consideration.

384. The second proposal relates to the further development of co-financing arrangements. In 1979, \$3 billion were provided by co-financing to the World Bank. According to estimates, nearly \$7 billion may be provided in 1980. This is an encouraging trend. Nevertheless, it falls short of fulfilling the pressing needs of developing countries and short of the full potentiality of co-financing as a source of development funds. Israel suggests that the World Bank revise the entire concept of co-financing and consider the opening of a co-financing window for commercial and other entities willing to undertake the financing of development projects in co-operation with the World Bank and other development institutions.

385. We must be aware of the fact that, although the world is now undergoing a profound crisis, new forces are being liberated all over the globe which have the capacity to change the very image of the economy and society. A new departure and the creation of a new economic policy recognizing these new forces is impera-

tive. The productive potential existing in new high-level technologies must be unleashed. The insights gained by an increasing number of countries must be incorporated in the new strategy for the 1980s.

386. Underdevelopment and poverty are all the more unacceptable in a world of modern economies and societies, with abundant resources globally available.

The severe problems we face should be solved by pragmatic methods, which are within our reach today. We hope that the North-South dialogue will apply these new economic, technological and social measures in the quest for a more equitable and productive world society.

The meeting rose at 8.45 p.m.