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President: Mr. Abdelaziz BOUTEFLIKA (Algeria).

AGENDA ITEM 7

**Development and international economic co-operation
(continued)**

1. The PRESIDENT (*interpretation from French*): This afternoon the Assembly will begin the general debate on agenda item 7. Before calling on the first speaker, I should like to propose that the list of speakers in the general debate be closed on Wednesday, 3 September, at 6.00 p.m. May I take it that the General Assembly adopts that proposal?

It was so decided.

2. The PRESIDENT (*interpretation from French*): I should also like to propose that, in accordance with precedents established during previous sessions, the duration of statements made in exercise of the right of reply should be limited to 10 minutes and be delivered at the end of the last meeting of the day. If I hear no objection, I shall take it that the General Assembly approves those proposals.

It was so decided.

3. Mr. AZEREDO DA SILVEIRA (Brazil):¹ This special session of the Assembly, as all of you will remember, has been convened in accordance with Assembly resolution 3172 (XXVIII) for the purchase of considering "new concepts and options with a view to promoting effectively the solution of world economic problems, in particular those of developing countries", and of assisting "in the evolution of a system of world economic relations based on the equality and common interests of all countries". Further, our mission is to "initiate the necessary and appropriate structural changes to make the United Nations system a more effective instrument of world economic co-operation". Such aims, if they were valid in 1973 when that resolution was unanimously adopted, may be even more valid today, when the objective conditions of inter-

national economic reality make the complete revision of the existing system of economic relations among nations not only imperative, but also urgent.

4. The economic evolution of the last decades reveals a growing disharmony between internally achieved progress in the different economic systems and the international situation as regard the creation of conditions for sustained and harmonious development.

5. On the national level, particularly in the industrialized countries, the evolution of economic science and art has increased the ability of Governments to avoid, or at least to dampen, both the more drastic fluctuations of economic activity and the more extreme cases, or the more dramatic consequences, of inequalities in the national distribution of incomes. This evolution has taken place both in market-economy countries, at the price of a considerable weakening of the absolute ideals of classic liberalism, and in the centrally planned economies. This reasonable control of economic activity, with the objective of assuring harmonious development, has been achieved even in a good number of developing countries, despite the fragility of their economies.

6. This situation in internal affairs is in violent contrast with the evolution of international economic relations. There, in spite of the repeated attempts that have been made, especially in the last 20 years, almost no effective progress has been achieved, either towards averting the consequences of economic crisis which find their proximate cause in the cyclical maladjustments of the international economy itself, or towards reducing the economic gap which results from its structural maladjustments.

7. In the international field the situation as it presents itself today reveals the existence of two levels of relationships, each with its own characteristics. At one level, that of the economic relations among industrialized countries, there exists a relatively effective framework of rules capable of disciplining over-all developments with a view towards that harmonious development which the majority of these countries are already achieving internally, thanks to the action of their Governments. At another level, relations between developed and developing countries take place—and there a virtual *laissez-faire* prevails, a condition that has been left behind, as indicated, in the internal field and at the level of relations among developed countries.

8. Economic relations among industrialized countries have, since the end of the Second World War, been governed by the trading and financial systems established in Havana in 1948 and at Bretton Woods in 1944 and have been embodied respectively in the General Agreement on

¹ Mr. Azeredo da Silveira spoke in Portuguese. The English version of his statement was supplied by the delegation.

Tariffs and Trade [GATT] and in the International Monetary Fund [IMF]. Without doubt, those institutions had a universal scope and were not aimed explicitly at the exclusive regulation of economic relations among the industrialized economies. In practice, the rules that were then established essentially reflected the interests and peculiarities of the advanced economies, which were the only ones able to benefit from the most-favoured-nation principle, from the multilateralization of trade and from the monetary orthodoxy of the IMF. We can say that for more than two decades the system met its initial goal: to protect the economies of developed countries from the international propagation of crises and from the sadly renowned policies of competitive devaluations and chain protectionist measures of the 1930s.

9. In contrast, the economic relations between developed and developing countries were never the object of specific rules that would reflect their particular socio-economic conditions. Those relations are formally subject to the same type of norms which govern relations among industrialized countries. Now, those norms, even if they partially meet the needs for an ordering of economic and trading relations among equal partners, are not adjusted to economic interaction among unequal partners. Thus, in this segment of the international economy there prevails something close to that which the theoreticians of the liberal State have called "the state of Nature": an order which results, in practice, in the subordination of the economically frail to the economically strong.

10. From the beginning of the 1970s the industrialized countries already had a premonition of the need to submit their mutual economic relations to a more effective set of rules than those foreseen at Havana and Bretton Woods. One of the explicit objectives of the multilateral trade negotiations, for instance, was the establishment of new trading rules which might lead to the articulation of a new institutional framework for disciplining trade. Frequent monetary crises, on the other hand, pointed to the urgency of a reformulation of the international monetary system.

11. However, everything leads us to believe that the contemplated revision will continue to approach these problems from the point of view of the industrialized countries and will not take sufficiently into account the interests of developing countries. As an example, the principle of differentiated treatment, recognized in Tokyo,² will be limited exclusively to the scope of the multilateral trade negotiations, and only to those areas "where this is feasible and appropriate". In the monetary field the discussion of alternatives never seriously came to include the proposal for a linkage between special drawing rights and development financing.

12. In fact, there was no theoretical or practical reason to justify, from the viewpoint of the immediate national interests of the developed countries, the adoption of a specific normative order for north-south relations. Indeed,

until then the problem of the crisis seemed to centre exclusively in the industrialized world. Recessionary or inflationary trends arose in the centre and spread to the periphery. From this analysis it followed logically that to maintain the stability of the system a contracyclical set of rules of national scope would be sufficient if supplemented by agreements in the trade and monetary fields which would ensure the expansion of interchange among the industrialized countries and which would forbid monetary practices that might compromise the orderly growth of their national economies. There was nothing intrinsically Machiavellian in that analysis and no explicit intention of marginalizing the third world. According to that way of thought, which was not at all abstract, the interests of peripheral countries would be served precisely by a policy aimed at maintaining the central economies at high levels of growth and in conditions of controlled inflation. There existed an objective solidarity of interests between the centre and the periphery, to the extent that the latter would be the first to benefit from prosperity in the developed countries and the first also to suffer from the effects of a crisis generated in the advanced economies. Developed countries, therefore, without theoretical scruples or ethical misgivings, could limit themselves to putting their own houses in order, at their national level and at the level of their mutual relations.

13. Now, the energy crisis introduced a qualitative change into the real data. For the first time the path of crisis seemed to be reversed: it all happened as if the third world, instead of passively suffering from a crisis generated in the centre, had, on the contrary, originated pressures that would translate themselves into an international crisis.

14. It is not my intention at this moment to undertake an analysis of the true origin of the crisis: whether it arose from the rise in oil prices, as is maintained by the industrialized countries, or whether the climb in energy prices merely aggravated pre-existing economic and monetary malfunctions, as is maintained by the developing countries in general. What is undeniable is that the present crisis has made evident, with terrifying clarity, the destabilizing potential of the existing international division of labour, and the risk for the world economy as a whole inherent in the present structure of north-south economic relations.

15. The lesson, which many would consider salutary, of the present crisis is that it is no longer possible to ensure the stability of the world economy by means of a framework of rules limited to its industrialized portion, be it at the national level or in the mutual relations of the industrialized countries. In other words, it is necessary to extend to north-south economic relations forms of regulation comparable to those already existing at other levels. Thus it would be possible to discipline both the practices of countries and enterprises in the developing world and the practices of countries and enterprises in the industrialized world, substituting for the present régime of *laissez-faire* a structure of norms capable of containing the destabilizing trends inherent in the present international division of labour.

16. In the light of this evaluation the Brazilian delegation proposes, concretely, that we endeavour to negotiate a

² See Declaration of 14 September 1973, approved by the Ministerial Meeting of the Contracting Parties to the General Agreement on Tariffs and Trade held in Tokyo. (GATT, *Basic Instruments and Selected Documents, Twentieth Supplement* (Geneva) (Sales No. GATT/1974-1), pp. 19-22.

general agreement on trade between developed and developing countries, with a view to establishing new rules of the game for north-south trade. The agreement would give us a political and legal framework for specific negotiations and would not interfere with existing forums, such as GATT and the commodity organizations, which would continue to operate, although within the doctrinal limits of the agreement.

17. The idea of an agreement of this kind was already contained, in part, in the speech made by the Prime Minister of the United Kingdom, Harold Wilson, at the Conference of Heads of Government of the Commonwealth, in Kingston in May 1975:

“What the British Government have in mind is that we set as our objective a general agreement on commodities, not only for ourselves but for the whole world. A generation after the General Agreement on Tariffs and Trade, I believe the time has come to balance it with a general agreement on commodities. It is long overdue.”

18. Other leaders of developed countries, without arriving at specific proposals of a normative nature, also admit that the time has come for a revision of the framework of existing relations. Fairly recently, speaking to the Foreign Ministers of Latin America assembled in Washington on 9 May, the United States Secretary of State, Mr. Henry Kissinger, said:

“Throughout the world, economic difficulties have struck so many countries, and occur against such a generalized backdrop of political uncertainty, that the need for a new set of international economic relationships is ever more apparent.”

According to the Secretary of State:

“It has been clear for some time that the international system had entered a period of redefinition and that significant adjustments would be required of all countries, large and small.”

19. The agreement which we proposed would be more encompassing than that suggested by the United Kingdom, for it would go beyond the mere regulation of commodity trade. On the other hand, it would not, for practical reasons, cover the whole universe of north-south economic relations. It would be limited to trade *stricto sensu*, excluding matters such as the transfer of technology or shipping, which are already regulated or are on the way to being regulated by specific instruments. Nor would it include international monetary reform.

20. Brazil does not propose a new declaratory document which would state general principles and formulate maximal demands. The instrument which we suggest would be of another nature. It would have to represent the interplay of reciprocal concessions, consolidated in a legal document of binding value, which would serve as a basis for agreements on defined matters. Contrary to the classic United Nations resolutions, where one cannot speak of effective negotiations, the new instrument would result from negotiations in the strict sense of the word, in which the developing countries would make normative conces-

sions to the extent that they received appropriate normative concessions themselves.

21. This agreement, in essence, would cover two priority subjects: access and prices. It would aim, however, not at creating machinery to facilitate access and to defend prices, but at the negotiation of rules which would make possible the establishment of specific mechanisms on access and prices. Such rules would ensure, on the one hand, differentiated treatment for developing countries in the matter of access and prices, in relation to both commodities and manufactured goods; on the other hand, they would give guarantees to industrialized countries regarding access to supplies of raw materials.

22. In an agreement such as we contemplate, the whole problem of access could be viewed in a wider context, and instead of being limited, according to the classic approach, only to the access of export products from the developing countries to the markets of developed countries, it might also cover imports which are vital to the development process of developing countries.

23. Regarding pricing policy, general rules would be established aimed at stabilizing the real prices of raw materials and at ensuring the preservation and the expansion of the export earnings of developing countries.

24. Eventually, as a hypothesis we might consider widening even more the scope of the debate on access and prices, which is conventionally limited to measures and undertakings in the governmental area, so as to include non-governmental practices, since international movements of goods and services and the terms and conditions of their marketing tend increasingly to depend on decisions taken by transnational corporations more than on the classic instruments of commercial policy. Such practices need not necessarily be part of the agreement but might be the object of parallel instruments, with different legal characteristics, following the model of the codes of conduct that are under negotiation in the United Nations.

25. As a counterpart to these normative concessions on the part of industrialized countries, the developing countries also could, as I have pointed out, give concessions relating to, for instance, the guarantee of supplies of raw materials and the disciplining of price movements. There would thus exist a true negotiation, in which both parties would have something to gain and something to offer.

26. A proposal of this kind gives rise, by its own nature, to some misunderstandings which I shall try to anticipate and—in so far as is possible—to dissipate.

27. To the argument that the reformulation of the rules of international trade should belong to GATT, among other things because this is a matter specifically included in the terms of reference of the multilateral trade negotiations, one is forced to reply that there is no glimpse, two years after the Tokyo Declaration, of any progress in the negotiation of those new rules. The bilateral consultations that have already started are contained within the most orthodox possible framework, without any previous definition as to the special procedures which should ensure the right to differentiated treatment for developing countries, recognized in Tokyo with certain reservations.

28. In the light of past experience, any new rules that may be established by GATT will first and foremost meet the interests of the industrialized countries. It would then be incumbent on the General Assembly, as the highest political forum of the international community, to consider the matter and to establish procedures for the negotiation, at a later stage, of a general agreement on trade between developing and developed countries, to give political and legal bases for specific negotiations such as those undertaken in GATT.

29. It is important, however, to make clear that the proposed agreement would not duplicate normative instruments already adopted within the United Nations. As distinct from those instruments of fundamental importance for the ordering of north-south economic relations, the new agreement would be more specific in its scope and would have a different legal status with rules, and not recommendations, designed to establish a balance of mutual concessions.

30. Furthermore, we should make it quite clear that the Brazilian proposal in no way prejudices the negotiation of specific mechanisms, such as those designed to preserve the buying power of the export earnings of countries which produce certain raw materials. On the contrary, we believe that the establishment of rules may facilitate the negotiation and acceptance of those particular schemes. There is nothing to prevent the two exercises being undertaken along parallel lines, instead of successively.

31. We have recently heard some severe admonitions against the practice of confrontation which, according to some countries, has tended to become generalized in international forums. Put in those terms, the dichotomy of confrontation *versus* co-operation remains abstract. Confrontation is obviously inevitable when north-south relations are seen as a game in which what is gained by the developing countries is necessarily a loss to the industrialized countries. When one side takes the intransigent stand of maintaining the *status quo* at any price and the other side adopts the militant position of extracting, by the weight of numerical superiority, structural changes in the present order, there does not seem to exist much of an objective basis for a dialogue with its foundations in co-operation.

32. The Brazilian proposal is designed precisely to transform the terms of the dilemma. For the first time—and this is a positive consequence of the energy crisis—developed and developing countries are in a position to negotiate effectively and to offer equivalent concessions. North-south negotiations thus become an enterprise from which both sides may receive mutual benefits, although the advantages will not necessarily be comparable bearing in mind the difference in levels of development between industrialized countries and developing ones. The Brazilian proposal offers grounds for negotiation, in which this co-operation based on mutual interest may materialize. If this goal is reached, even if the fruits of our initiative may not be as great as we might wish, we shall consider satisfactory our contribution to the work of the seventh special session of the General Assembly.

33. Mr. MOYNIHAN (United States of America): As you know, Mr. President, Secretary of State Kissinger has for

months planned to be here in New York to address this special session of the General Assembly devoted to development and international co-operation. The fortunes of peace have intervened, however, and he must remain for yet a few days in the Middle East. He has asked that his address should none the less be delivered today as originally scheduled.

34. For some time now the United States Government has been engaged in an extensive internal examination of the opportunities presented by this special session and the role the United States might play in defining and achieving its objectives. It was the Secretary's particular concern that the United States proposals should be presented at the outset of the session so that they might figure fully in the deliberations to follow. This seems to him still to be a controlling consideration, and he has accordingly asked me to read his address for him. The address the Secretary hoped to deliver here today is the product of months of intensive work by Secretary Kissinger, his advisers and his colleagues in the Cabinet. It has the full support and commitment of the President of the United States. If you will accept the magnitude of the effort that has gone into its preparation as a measure of the anticipation with which Secretary Kissinger looked forward to delivering it in person, you have some sense of his disappointment in not being here to do so.

35. We assemble here this week with an opportunity to improve the condition of mankind. We can let this opportunity slip away, or we can respond to it with vision and common sense.

36. The United States has made its choice. There are no panaceas available—only challenges. The proposals that I shall announce today on behalf of President Ford are a programme of practical steps, responding to the expressed concerns of the developing countries. We have made a major effort to develop an agenda for effective international action; we are prepared in turn to consider the proposals of others. But the United States is committed to a constructive effort.

37. For some time the technical capacity has existed to provide a tolerable standard of life for the world's 4 billion people. But we—the world community—must shape the political will to do so. For man stands not simply at a plateau of technical ability; he stands at a point of moral choice. When the ancient dream of mankind, a world without poverty, becomes a possibility, our profound moral convictions make it also our duty. And the convening of this special session bears witness that economic progress has become a central and urgent concern of international relations.

38. The global order of colonial power that lasted through centuries has now disappeared; the cold-war division of the world into two rigid blocs has now also broken down, and major changes have taken place in the international economy. We now live in a world of some 150 nations. We live in an environment of continuing conflicts, proliferating weapons, new ideological divisions and economic rivalry. The developing nations have stated their claim for a greater role, for more control over their economic destiny and for a just share in global prosperity. The economically advanced

nations have stated their claim for reliable supplies of energy, raw materials and other products at a fair price; they seek stable economic relations and expanding world trade, for these are important to the well-being of their own societies.

39. These economic issues have already become the subject of mounting confrontations—embargoes, cartels, seizures, counter-measures and bitter rhetoric. Over the remainder of this century, should this trend continue, the division of the planet between north and south, between rich and poor, could become as grim as the darkest days of the cold war. We would enter an age of festering resentment, of increased resort to economic warfare, a hardening of new blocs, the undermining of co-operation, the erosion of international institutions, and failed development.

40. Can we reconcile our competing goals? Can we build a better world, by conscious purpose, out of the equality and co-operation of States? Can we turn the energies of all nations to the tasks of human progress? These are the challenges of our time.

41. We profoundly believe that neither the rich nor the poor nations can achieve their purposes in isolation. Neither can extort them from the other—the developing countries least of all, for they would pay the greater cost of division of the planet, which would cut them off needlessly from the sources of capital and markets essential to their own progress.

42. The reality is that ample incentives exist for co-operation on the basis of mutual respect. It is not necessarily the case that if some grow worse off, others will be worse off. But there is an opposite proposition, which we believe is true: that an economic system thrives if all who take part in it thrive. This is no theory; it is our own experience. And it is an experience that we, a people uniquely drawn from all the other peoples of the world, truly desire and hope to share with others. Therefore it is time to go beyond the doctrines left over from a previous century that are made obsolete by modern history.

43. History has left us the legacy of strident nationalism—discredited in this century by its brutal excesses a generation ago, and by its patent inadequacy for the economic needs of our time. The economy is global. Recessions, inflation, trade relations, monetary stability, the growth of transnational enterprises—there are international phenomena and call for international responses. History has also left us discredited doctrines of economic determinism and struggle. One of the ironies of our time is that systems based on the doctrine of materialism, that promised economic justice, have lagged in raising economic welfare. And contrary to the ideologies of despair, many developing countries have been increasing their *per capita* incomes at far faster rates than obtained historically in Europe and North America in comparable stages of their growth.

44. It is also ironic that a philosophy of non-alignment, designed to allow new nations to make their national choices free from the pressure of competing blocs, now has produced a bloc of its own. Nations with radically different economic interests and with entirely different political concerns are combined in a kind of solidarity that often

clearly sacrifices practical interests. And it is ironic also that the most devastating blow to economic development in this decade came not from “imperialist rapacity” but from an arbitrary, monopolistic price increase by the cartel of oil exporters.

45. The reality is that the world economy is a single global system of trade and monetary relations on which hinges the development of all our economies. The advanced nations have an interest in the growth of markets and production in the developing world; with equal conviction we state that the developing countries have a stake in the markets, technological innovation and capital investment of the industrial countries.

46. Therefore, the nations assembled here have a choice: we can offer our people slogans, or we can offer them solutions; we can deal in rhetoric, or we can deal in reality. My Government has made its choice. The United States firmly believes that the economic challenges of our time must unite us, and not divide us. So let us get down to business. Let us put aside the sterile debate over whether a new economic order is required or whether the old economic order is adequate. Let us look forward and shape the world before us. Change is inherent in what we do, and what we seek. But one fact does not change: that without a consensus on the realities and principles of the development effort, we will achieve nothing.

47. There must be consensus, first and foremost, on the principle that our common development goals can be achieved only by co-operation, not by the politics of confrontation. There must be consensus that acknowledges our respective concerns and our mutual responsibilities. All of us have rights and all of us have duties. The consensus must embrace the broadest possible participation in international decisions. The developing countries must have a role and a voice in the international system, especially in decisions that affect them. But those nations that are asked to provide resources and effort to carry out the decisions must be accorded a commensurate voice.

48. We have learned from experience that the methods of development assistance of the 1950s and 1960s are no longer adequate. Not only did the technical accomplishments of many programmes fall short of expectations; the traditional approaches are less acceptable to the industrialized world because they have seemed to become an endless and one-sided financial burden. And they are less acceptable to the developing world because they have seemed to create a relationship of charity and dependency, inconsistent with equality and self-respect.

49. Therefore, we must find new means. The United States today offers concrete proposals for international actions to promote economic development. We believe that an effective development strategy should concentrate on five fundamental areas.

50. First, we must apply international co-operation to the problem of ensuring basic economic security. The United States proposes steps to safeguard against the economic shocks to which developing countries are particularly vulnerable: sharp declines in their export earnings from the cycle of world supply and demand, food shortages and natural disasters.

51. Second, we must lay the foundations for accelerated growth. The United States proposes steps to improve developing countries' access to capital markets, to focus and adapt new technology to specific development needs, and to reach consensus on the conditions for foreign investment.

52. Third, we must improve the basic opportunities of the developing countries in the world trading system so they can make their way by earnings instead of aid.

53. Fourth, we must improve the conditions of trade and investment in key commodities on which the economies of many developing countries are dependent, and we must set an example in improving the production and availability of food.

54. Fifth, let us address the special needs of the poorest countries, which are the most devastated by current economic conditions, by sharing the responsibility among old and newly wealthy donors.

55. The determination of the developing nations to mobilize their own effort is indispensable. Without it, no outside effort will have effect. Government policies to call forth savings, to institute land reform, to use external aid and capital productively, to manage and allocate national resources wisely, to promote family planning—for these, there are no substitutes.

56. But there must be international as well as national commitment. The United States is prepared to do its part. The senior economic officials of our Government have joined with Secretary Kissinger in developing our approach. Mr. Simon, the Secretary of the Treasury, with whom the Secretary of State has worked closely on our programme, will discuss it tomorrow in relation to the world economy. The large Congressional delegation that will attend the session and the seriousness with which it and the Executive Branch have collaborated in preparing these proposals are evidence of my country's commitment. We ask in return for a serious international dialogue on the responsibilities which confront us all.

57. Our first task is to ensure basic economic security. This is accordingly the first fundamental area of our concern.

58. The swings and shocks of economic adversity are a global concern, tearing at the fabric of developed and developing nations alike. The cycle of good times and bad, of abundance and famine, does vast damage to lives and economies. Unemployment, falling standards of living and the ravages of inflation fuel social and political discontent. We have recently seen the corrosive effects in many countries.

59. Developing economies are by far the most vulnerable to natural and man-made disasters, and to the vagaries of weather and of the business cycle. Sharp increases in the prices of oil and food have a devastating effect on their livelihood. Recessions in the industrial countries depress their export earnings.

60. Thus economic security is the minimum requirement of an effective strategy for development. Without this

foundation, sound development programmes cannot proceed and the great efforts that development requires from poor and rich alike cannot be sustained.

61. And because economic security is a global problem, it is a global challenge. In this respect we would suggest three principles: the industrial nations must work together more effectively to restore and maintain their non-inflationary expansion; nations which supply vital products must avoid actions which disrupt that expansion; and the international community must undertake a new approach to reduce drastic fluctuations in the export earnings of the developing countries.

62. With respect to the first principle, since the economic health of the industrial countries is central to the health of the global economy, their efforts to avoid the extremes of recession and inflation become an international, as well as a national, responsibility.

63. In a new departure this past year, the leaders of the United States and its major trading partners have begun closer co-ordination of their national economic policies. A shared sense of urgency, and the exchange of information about trends and intentions, have already influenced important policy decisions. President Ford intends to continue and intensify consultations of this kind. The successful recovery of the industrial economies will be the engine of international stability and growth.

64. This brings me to the second principle, that global economic security depends on the actions of suppliers of vital products.

65. Thus the United States has believed that the future of the world economy requires discussions on energy and other key issues among oil consuming and producing countries. The Government of France is inviting industrialized oil producing and developing nations to re-launch a dialogue this fall on the problems of energy, development, raw materials, and related financial issues. The United States has supported this proposal and worked hard to establish the basis for successful meetings.

66. But this dialogue is based on the approach of negotiation and consensus, not on the exercise of brute economic power to gain unilateral advantage. The enormous, arbitrary increases in the price of oil of 1973 and 1974 have already exacerbated both inflation and recession throughout the world. They have shattered the economic planning and progress of many countries. Another increase would slow down or reverse the recovery and the development of nearly every nation represented in this Assembly. It would erode both the will and the capacity in the industrial world for assistance to developing countries. It would, in short, strike a serious blow at the hopes of hundreds of millions around the world.

67. The forthcoming dialogue among consumers and producers is a test. For its part, the United States is prepared for co-operation. We will work to make it succeed, in our own self-interest and in the interest of all nations. We hope to be met in that same spirit.

68. The third basic factor or principle of economic security is the stability of export earnings. The develop-

ment programmes—indeed the basic survival—of many countries rest heavily on earnings from exports of primary products which are highly vulnerable to fluctuations in world-wide demand. Countries which depend on one product can find their revenues reduced drastically if its price drops or if exports fall precipitously. Most have insufficient reserves to cushion them against sharp declines in earnings, and they cannot quickly increase their exports of other products. Facing such economic problems, most cannot borrow to offset the loss, or can do so only at extremely high interest rates. In such situations, countries are frequently forced to cut back on the imports on which their growth and survival depend. Thus the unpredictability of export earnings can make a mockery of development planning.

69. The question of the stabilization of income from primary products has become central in the dialogue on international economic concerns. Price stabilization is not, however, generally a promising approach. For many commodities it would be difficult to achieve without severe restrictions on production or exports, extremely expensive buffer stocks, or price levels which could stimulate substitutes and thereby work to the long range disadvantage of producers. Even the most ambitious agenda for addressing oneself to individual commodities would not result in stabilization arrangements for all of them in the near term. And focusing exclusively on stabilizing commodity prices would not provide sufficient protection to the many developing countries whose earnings also depend on the exports of manufactured goods.

70. The United States Government has recently completed a review of these issues. We have concluded that, because of the wide diversity among countries, commodities, and markets, a new, much more comprehensive approach is required—one which will be helpful to exporters of all commodities and manufactured goods as well.

71. Let me set forth our proposal: The United States proposes the creation—in the International Monetary Fund [IMF]—of a new development security facility to stabilize over-all export earnings. The facility would give loans to sustain development programmes in the face of export fluctuations of up to \$2.5 billion and possibly more a year, with a potential total in outstanding loans of \$10 billion. Assistance would be available to all developing countries which need to finance shortfalls in export earnings, unless the shortfalls were caused by their own acts of policy. The poorest countries would be permitted to convert their loans into grants under prescribed conditions. These grants would be financed by the proceeds of sales of IMF gold channelled through the proposed \$2 billion trust fund now under negotiation. Eligible countries could draw most, or under certain conditions all, of their IMF quotas, in addition to their normal drawing rights. Much of that could be drawn in a single year, if necessary—part automatically, part subject to balance-of-payments conditions, and part reserved for cases of particularly violent swings in commodity earnings. Shortfalls would be calculated according to a formula geared to future growth as well as current and past exports. In this way the facility would help countries protect their development plans. This facility would replace the IMF's compensatory finance facility. It would not be available to industrial countries.

72. The United States will present its detailed proposals to the Board of Directors of IMF this month.

73. This development security facility would provide unprecedented protection against disruptions caused by reductions in earnings—both for countries whose exports consist of a few commodities and for those with diversified and manufactured exports whose earnings also fluctuate with business cycles. In the great majority of countries, this new facility would cover nearly all the earnings shortfall.

74. This new source of funds also reinforces our more traditional types of assistance; without the stabilization of earnings, the benefits of concessional aid for developing countries are vitiated. For industrialized countries it means a more steady export market. For developing countries it helps ensure that development can be pursued without disruption and makes them more desirable prospects in international capital markets. For consumers and producers, rich and poor alike, it buttresses economic security.

75. Thus the success of our efforts in this area would demonstrate that our interdependence can strengthen the foundations of prosperity for all while promoting progress in the developing countries.

76. As regards the second fundamental area of an effective development strategy, accelerating economic growth, it is not enough to ensure the minimal economic security of the developing countries. Development is a process of growth, acceleration, greater productivity, higher living standards and social change. This is a process requiring the infusion of capital, technology and managerial skills on a massive scale.

77. Developing countries themselves will have to provide most of the effort, but international support is indispensable. Even a moderate acceleration of recent growth rates will require some \$40 billion a year of outside capital by 1980. The requirement for technological innovation, though impossible to quantify, is similarly great.

78. How can these needs for capital, technology and skills be met?

79. Bilateral concessional assistance from the industrialized countries has been one important source. Last year it amounted to some \$7.2 billion. This must continue to grow. But we cannot realistically expect the level to increase significantly over the coming years. To put it frankly, the political climate for bilateral aid has deteriorated. In the industrial countries support for aid has been eroded by domestic economic slowdown, compounded by energy problems in the developing countries. There is resentment at forms of assistance which imply dependence.

80. The oil exporters have only begun to meet their responsibility for assistance to the poorer countries. Last year their concessional aid disbursement was roughly \$2 billion; it could, and must, rise substantially this year.

81. But the industrial nations and the oil exporters cannot, even together, supply all the new resources needed to accelerate development. It follows inescapably that the remaining needs for capital and technology can only be met, directly or indirectly, from the vast pool of private

resources. This investment will take place only if the conditions exist to attract or permit it. The United States therefore believes it is time for the world community to address the basic requirements for accelerating growth in developing countries.

82. The first is that developing countries must have better access to capital markets. The second, is that we must promote the transfer of technology. The third, is that it is time to reach an international consensus on the principles to guide the beneficial operation of transnational enterprises.

83. With regard to the first requirement, access to capital markets, the private-capital markets are already a major source of development funds, either directly or through intermediaries. The World Bank and the regional development banks borrow extensively to lend to developing nations. The United States urges the expansion of these programmes. We are gratified that advanced countries outside the Western Hemisphere are joining us shortly in a \$6 billion expansion of the Inter-American Development Bank. We will participate in negotiations for replenishment of the Asian Development Bank, and we are seeking congressional authority to join the African Development Fund.

84. But the developing countries that have been most successful and that no longer require concessional aid, especially in Asia and Latin America, have relied heavily on borrowing in the capital market. Their future access must be assured.

85. We must find new ways to enhance the opportunities of developing countries in the competition for capital. And we need to match in new ways potential sources of capital with the investment needs of developing countries.

86. Several courses of action offer promise. First, the United States will support a major expansion of the resources of the World Bank's International Finance Corporation [IFC]—the investment banker with the broadest experience in supporting private enterprise in developing countries. We propose a large increase in the capital of IFC, from the present \$100 million to at least \$400 million.

87. Secondly, the United States proposes the creation of an international investment trust to mobilize portfolio capital for investment in local enterprises. The trust would attract new capital by offering investors a unique opportunity—participation in a managed, broad selection of investments in developing country firms, public, private and mixed. The IFC would manage it and perhaps provide seed capital, but most of its funds would come from Government and private investors. Investors would have their exposure to major losses limited by a \$200 million loss-reserve provided by Governments of industrialized, oil-producing and developing nations. This institution could be a powerful link between the capital market and the developing world, and could provide billions of dollars of essential resources.

88. Thirdly, the United States will contribute actively to the work of the IMF World Bank Development Committee to find ways to assist developing countries in their direct

borrowings in the capital market. It is encouraging that the Latin American countries are considering a regional financial safety net to underpin their access to capital markets by mutual commitments of financial backing.

89. Finally, we believe that all industrial countries should systematically review the conditions for developing-country access to their national markets to ensure that they offer fair and open opportunity. The United States is prepared to provide technical assistance and expertise to developing countries ready to enter long-term capital markets, and we ask others to join us.

90. This brings me to the second requirement. Developing countries need to find not only new funds but also new technology. Yet the mechanisms for the transfer of technology and for its local development are limited and seldom at the sole command of national Governments, and the technologies of industrial countries must often be adapted to local economic and social conditions. New institutions and new approaches are therefore required.

91. For technology to spur development it must spur growth in four priority areas: energy, food, other resources strategic to the economies of the developing countries, and industrialization itself.

92. The first priority area, energy, is critical for both agricultural and industrial development. The enormous rise in the cost of oil in the last two years has more than wiped out the total of the foreign aid that developing countries have received. It has undermined their balances of payments and mortgaged their future by forcing them into ever larger borrowing at higher interest rates. There is no easy, short-term solution, but if energy dependence is to be reduced, efforts to exploit new and diversified sources must be intensified now.

93. The United States invites other nations to join us in an increase of bilateral support for training and technical assistance to help developing countries find and exploit new sources of fossil fuel and other forms of energy.

94. Methods of discovering and using less accessible or low-grade resources must be fully utilized; so must technology to produce solar and geothermal power. And these techniques must be suited to the conditions of the developing countries.

95. The United States believes the topic of energy co-operation should be high on the agenda of the forthcoming dialogue between consumers and producers. We will propose, in this dialogue, the creation of an international energy institute bringing together developed and developing, consumer and producer, on the particular problem of energy development. The International Energy Agency and the International Atomic Energy Agency should both find ways to give technical assistance and support to that institute.

96. A second critical area of priority for technological innovation is food production and the improvement of nutrition.

97. During the past decade a number of international agricultural research centres have been established to adapt

techniques to local needs and conditions. In 1971 the Consultative Group on International Agricultural Research was formed to co-ordinate those efforts. The United States is prepared to expand the capacity of those institutes. In collaboration with national research organizations with more skilled manpower and funds they could grow into a world-wide research network for development of agricultural technology.

98. We are also supporting legislation in the Congress to enable our universities to expand their technical assistance and research in the agricultural field.

99. Non-food agricultural and forestry products are a third strategic area for technological assistance. The export earnings of many of the poorest countries, and the livelihood of many millions of their people, depend on such products as timber, jute, cotton and natural rubber, some of which have encountered serious problems in the face of synthetics. They urgently need assistance to improve the productivity and competitiveness of those products and to diversify their economies.

100. The United States will therefore propose the creation of an organization to co-ordinate and finance such assistance. Its task will be to attract manpower and capital for research. The financing of this effort should be a priority task for the new International Fund for Agricultural Development.

101. But the need of developing countries for technology is not only for the development of strategic sectors but also for the broad promotion of industrialization itself. Thus, this fourth priority area requires the broadest application of skills, resources and information.

102. This is not an easy task. The storehouse of technology is already huge and is growing in geometric proportion. Developing practical devices to transfer technology beyond those which already exist will require careful thought. We are prepared to join other nations in examining new initiatives.

103. To this end the United States supports the creation of an international industrialization institute to sponsor and conduct research on industrial technology together with the Governments, industries and research facilities of developing countries. We support the creation of an international centre for the exchange of technological information as a clearing-house for the sharing of ongoing research and new findings relevant to development. We will expand our bilateral support of industrial technology appropriate to developing-country needs. We will work with others in this Organization in preparing guidelines for the transfer of technology and in the planning of a conference on science and technology for development.

104. Access to capital markets and special programmes to transfer new technology are but two factors and basic requirements of accelerated growth. There is a third, which may well be one of the most effective engines of development, and that is the transnational enterprise.

105. Transnational enterprises have been powerful instruments of modernization both in the industrial nations,

where they conduct most of their operations, and in the developing countries, where there is often no substitute for their ability to marshal capital, management, skills, technology and initiative. Thus the controversy over their role and conduct is itself an obstacle to economic development.

106. It is time for the world community to deal with the problems, real and perceived, that have arisen. If the nations assembled here cannot reach consensus on the proper role of these enterprises, the developing countries could lose an invaluable asset. Let us make this issue a test of our capacity to accommodate mutual concerns in practical agreement.

107. For our part, the United States is prepared to meet the proper concerns of Governments in whose territories transnational enterprises operate. We affirm that enterprises must act in full accordance with the sovereignty of host Governments and take their public policy fully into account. Countries are entitled to regulate the operations of transnational enterprises within their borders. But countries wishing the benefits of these enterprises should foster the conditions that attract and maintain their productive operation.

108. The United States therefore believes that the time has come for the international community to articulate standards of conduct for both enterprises and Governments. The United Nations Commission on Transnational Corporations and other international bodies have begun such an effort. We must reach agreement on balanced principles. These should apply to transnational enterprises in their relations with Governments, and to Governments in their relations with the enterprises and with other Governments. They must be fair principles, for failure to reflect the interests of all parties concerned would exacerbate rather than moderate the frictions which have damaged the environment for international investment.

109. Specifically, the United States believes in the following principles.

110. Transnational enterprises are obliged to obey local law and to refrain from unlawful intervention in the domestic affairs of host countries. Their activities should take account of public policy and national development priorities. They should respect local customs. They should employ qualified local personnel, or develop qualified local people through training.

111. Host Governments in turn must treat transnational enterprises equitably, without discrimination among them, and in accordance with international law. Host Governments should make explicit their development priorities and the standards which transnational enterprises are expected to meet, and maintain those standards with reasonable consistency.

112. Governments and enterprises both must respect the contractual obligations that they freely undertake. Contracts should be negotiated openly, fairly and with full knowledge of their implications. Greater assurances that contracts will be honoured will improve the international commercial environment, increase the flow of investment and expand economic transactions. Destructive and politi-

cally explosive investment disputes, which spoil the climate for large commitments and investment, will occur less frequently.

113. Principles established for transnational enterprises should apply equally to domestic enterprises where relevant. Standards should be addressed not only to privately-owned corporations but also to State-owned and mixed transnational enterprises, which are increasingly important in the world economy.

114. A statement of principles is not the only, or necessarily a sufficient, way of resolving many of the problems affecting transnational enterprises. We must develop others.

115. Governments must harmonize their tax treatment of these enterprises. Without co-ordination, host-country and home-country policies may inhibit productive investment.

116. Fact-finding and arbitral procedures must be promoted as means for settling investment disputes. The World Bank's International Centre for Settlement of Investment Disputes, and other third-party facilities, should be employed to settle the important disputes which inevitably arise.

117. Laws against restrictive business practices must be developed, better co-ordinated among countries, and enforced. The United States has long been vigilant to prevent such abuses in domestic trade, in mergers or in the licensing of technology. We stand by the same principles internationally. We condemn restrictive practices in setting prices or restraining supplies, whether engaged in by private or state-owned transnational enterprise or promoted by the collusion of national Governments.

118. Insurance for foreign private investors should, to the extent possible, be multilateralized, and should include financial participation by developing countries to reflect our common stake in encouraging foreign investment in the service of development.

119. And there must be more effective bilateral consultation among Governments to identify and resolve investment disputes before they become irritants in international political relations. The United States believes that just solutions are achievable—and necessary. If the world community is committed to economic development, it cannot afford to treat transnational enterprises as objects of economic warfare. The capacity of the international community to deal with this issue constructively will be an important test of the question whether the search for solutions or the clash of ideologies will dominate our economic future. The implications for economic development are profound.

120. The third fundamental area for our attention is trade. Improving the world trade system would magnify our success in every other sphere of the development effort.

121. Trade has been a driving force in the unprecedented expansion of the world economy over the last 30 years. Comparative advantage and specialization, the exchange of technology and the movement of capital, the spur to

productivity that competition provides—these are central elements of efficiency and progress. Open trade promotes growth and combats inflation in all countries.

122. For developing countries, trade is perhaps the most important engine of development. Increased earnings from exports help to pay for both the imports that are essential to expand production and the food needed by growing populations. Those earnings reduce dependence on aid, limit the accumulation of debt and help to finance essential borrowing. Growing export industries can provide jobs and increase the government revenues necessary for development programmes. It is no accident, therefore, that the success story in development of the past three decades has been that of those very countries that have taken full advantage of the opportunities in world trade.

123. But today the global trading system is threatened by the most serious recession since the Second World War. We face the danger of proliferating artificial barriers and unfair competition reminiscent of the 1930s which contributed to economic and political disaster. Every day that economic recovery is delayed, the temptation grows to restrict imports, subsidize exports, and control scarce commodities. Concerted action is necessary now to safeguard and improve the open trading system on which the future well-being of our countries depends.

124. The multilateral trade negotiations now taking place in Geneva are central to this effort. They will have a profound impact on the future of the world economy and the prospects for development. If these negotiations fail, all countries risk a slide into an increasingly fragmented, closed world of nationalism, blocs and mounting frictions. If they succeed, all countries will benefit and there will be major progress towards a co-operative and prosperous world.

125. Many of the less developed nations are emerging as important commercial Powers. But developing countries need assistance to take better advantage of trading opportunities, especially to help them to open up new markets. In revising rules to govern trade, we must take account of their particular needs. In this connexion, regional trading associations can help many small countries by providing the economies of scale which result from larger markets.

126. Thus, success in the negotiations depends critically on promoting the interests of the developing countries. For if they do not help to make the rules, assume part of the responsibility to maintain a stable trading system and share in the benefits of trade, the rules will be subject to increasing challenge, the stability of the system will be undermined, and the benefits for all nations will be jeopardized.

127. The United States therefore believes that a major goal of the multilateral trade negotiations should be to make the trading system better serve development goals. Let me briefly outline our policy.

128. First, there must be fundamental structural improvement in the relationship of the developing countries to the world trading system. In the earlier stages of their development, they should receive special treatment through a variety of means—such as preferences, favourable con-

cessions and exceptions which reflect their economic status. But as they progress to a higher level of development, they must gradually accept the same obligations of reciprocity and stable arrangements that other countries undertake. At some point they must be prepared to compete on more equal terms, even as they derive growing benefits.

129. Secondly, we must improve opportunities for the manufacturing sectors of developing countries. These provide the most promising new areas for exports at the critical stage in development, but the tariffs of industrial countries are a substantial obstacle. To ease this problem the United States has agreed to join other industrial countries in instituting generalized tariff preferences to permit developing countries enhanced access to the markets of industrialized nations.

130. I am pleased to announce today that the United States programme will be put into effect on 1 January 1976. And before that date, we will begin consultations and practical assistance to enable exporting countries to benefit from the new trade opportunities in the American market—the largest single market for the manufactured goods of developing countries.

131. Thirdly, in keeping with the Tokyo Declaration, we should adapt the rules concerning non-tariff barriers to the particular situation of developing countries. In setting international standards for Government procurement practices, for example, the United States will negotiate special consideration for the developing countries. We will also negotiate on the premise that, under prescribed conditions, certain subsidies may be permitted without triggering countervailing duties for a period geared to achieving particular development objectives.

132. Fourthly, we will work for early agreement on tariffs for tropical products, which are a major source of earnings for the developing world. Moreover, the United States will implement its tariff cuts on these products as soon as possible.

133. Finally, we are ready to join with other participants to negotiate in Geneva changes in the system of protection in the industrialized countries that favours the importation of raw materials over that of other goods. Many countries impose low duties or none on raw materials and high duties on manufactured or processed goods; the tariff protection increases or escalates with the degree of processing. Nothing could be better calculated to discourage and limit the growth of processing industries in developing countries. The United States and others will give high priority in the Geneva negotiations to reducing these barriers.

134. The developing countries have obligations in return. The world needs a system in which no nation, developed or developing, arbitrarily withholds or interferes with normal exports of materials. This practice, by depriving other countries of needed goods, can trigger unemployment, cut production and fuel inflation. It is therefore as disruptive as any of the other trade barriers I have discussed. We urge negotiations on rules to limit and govern the use of export restraints, a logical extension of existing rules on imports. The United States will join others in negotiating supply-access commitments as part of the reciprocal exchange of concessions.

135. But we can concern ourselves with commodities only in part in the context of the trade negotiations. For some serious commodity problems, special arrangements and different institutional structures are required. Let us now turn to that subject.

136. And let me suggest that Secretary Kissinger is not necessarily wrong to be in the Middle East again.

137. With regard to the fourth fundamental area for an effective development strategy, commodity trade and production, I would point out that exports of primary products—raw materials and other commodities—are crucial to the incomes of developing countries. These earnings can lift living standards above bare subsistence; generate profits to support the first steps of industrialization; and provide tax revenues for education, health and other social programmes for development. The history of the United States, and of many other countries, confirms the importance of commodities.

138. But this path can be precarious in an uncertain global environment. Those developing countries which are not oil exporters rely on primary commodities for nearly two thirds of their export earnings. Yet their sales of raw materials and agricultural products have not grown as fast as those of the industrial countries. Agricultural commodities, particularly, are vulnerable to the whims of weather and the swings of world-wide demand. The market in minerals is especially sensitive to the pendulum of boom-and-bust in the industrial countries. The result is a cycle of scarcity and glut, of under-investment and over-capacity.

139. Developing countries are hit hard by commodity cycles also as consumers; higher prices for energy imports, swings in the price and supply of food, and greater costs for other essential raw materials have been devastating blows, soaking up aid funds and the earnings by which they hoped to finance imports. All this can make a mockery of development plans.

140. But the problems of commodities are not the problems only of developing countries. The industrialized countries are in fact the largest exporters of food and of most minerals. Gyrating prices complicate economic decisions in industrial countries also, and consumers in industrial countries have painfully learned that high commodity prices leave their inflationary impact long after the commodity market has turned around.

141. Therefore, both industrial and developing countries would benefit from more stable conditions of trade and an expansion of productive capacity in commodities.

142. Many solutions have been put forward to benefit producers of particular products: cartelization, price indexing, commodity agreements and other methods. But reality demonstrates the interdependence of all our economies, and therefore the necessity for approaches that serve global, rather than narrow, interests.

143. The most vital commodity in the world is food. The United States is its largest producer and exporter. We recognize our responsibility. We have also sought to make

international collaboration in regard to food a model for realistic and co-operative approaches to other international economic issues.

144. The United States policy is now one of maximum production. At home, we want a thriving farm economy and moderate prices for consumers. Internationally, we wish co-operative relations with nations that purchase from us, an open and growing market, and abundant supplies to meet the needs of the hungry through both good times and bad.

145. For hundreds of millions of people, food security is the single most critical need in their lives; for many it is a question of life itself. But food security means more than emergency relief to deal with crop failures, natural disasters, and pockets of famine. It means reasonable stability in the availability of food in commercial markets, so that harvest failures in some parts of the world will not make food impossibly expensive elsewhere. We have seen with dramatic frequency in recent years how the international food market, strained to capacity, can shake the international economy. The fluctuations of that market have accelerated inflation, devastated development plans and wreaked havoc with human lives. Yet, in good times, the world community has not summoned the will to take obvious corrective steps to stabilize the market structure.

146. The United States believes that a global approach to food security—which contains elements that can apply to other commodities—should follow these basic principles: the problem must be approached globally, comprehensively and co-operatively, by consultation and negotiation among all significant producers and consumers; producers should recognize the global interest in stability of supply and consumers should recognize the interest of producers in the stability of markets and earnings; special consideration should be given to the needs of developing countries; and where volatile demand is combined with limited ability to make short-term increases in production, the creation of buffer stocks may be the best approach to achieving greater security for both consumers and producers.

147. At the World Food Conference last November, which was convened on our initiative, the United States proposed a comprehensive international co-operative approach to providing food security. We proposed an international system of nationally-held grain reserves to meet emergencies and improve the market. The United States has since then offered specific proposals and begun negotiations. But the international effort lagged when improved harvests seemed to diminish the immediate danger of world-wide shortage. My Government today declares that it is time to create this reserve system. If we do not, future crises are inevitable.

148. Specifically, we make the following proposals:

(a) To meet virtually all potential shortfalls in food-grains production, total world reserves must reach at least 30 million tons of wheat and rice and in this regard we should consider whether a similar reserve is needed for coarse grains;

(b) Responsibility for holding reserves should be allocated fairly, taking into account wealth, production and

trade, and here the United States is prepared to hold a major share;

(c) Acquisition and release of reserves should be governed by quantitative standards, such as anticipated surpluses and shortfalls in production;

(d) Full participants in the system should receive assured access to supplies. Among major producers, full participation should require complete exchange of information and forecasts;

(e) Special assistance should be extended to developing countries that participate, to enable them to meet their obligation to hold a portion of the global reserves.

149. The United States is ready to negotiate the creation of such a system. Let us move ahead rapidly.

150. And let us apply the same approach of co-operation to other primary commodities that are similarly beset by swings of price and supply, and that are similarly essential to the global economy.

151. There is no simple formula that will apply equally to all commodities. The United States therefore proposes to discuss new arrangements in individual commodities on a case-by-case basis.

152. Buffer stocks can be an effective technique to moderate instability in supplies and earnings. On the other hand, price-fixing arrangements distort the market, restrict production and waste resources for everyone. It is the developing countries that can least afford this waste. Restricted production idles the costly equipment and economic infrastructure that takes years to build. Artificially high prices lead consumers to make costly investments in domestic substitutes, ultimately eroding the market power of the traditional producers.

153. Accordingly, the United States proposes that the following approach be taken in regard to commodity arrangements.

154. We recommend that a consumer-producer body be established for every key commodity to discuss how to promote the efficiency, growth and stability of its market. This is particularly important in the case of grains, as I have outlined. It is also important in copper, where priority should be given to creating a forum for consumer-producer consultation.

155. The first new formal international agreement being concluded concerns tin. We have participated actively in its negotiation. President Ford has authorized me to announce that the United States intends to sign the tin agreement, subject to congressional consultations and ratification. We welcome the agreement's emphasis on buffer stocks, its avoidance of direct price-fixing and its balanced voting system. We will retain our right to sell from our strategic stockpiles, and we recognize the right of others to maintain a similar programme.

156. We are participating actively in negotiations on coffee. We hope these negotiations will result in a satis-

factory new agreement that will reduce the large fluctuations in prices and supplies entering the market.

157. We will also join in the forthcoming negotiations on cocoa and sugar. The objective of these negotiations will be to reduce the risks of investment and moderate swings in prices and supplies.

158. We will support liberalization of IMF financing of buffer stocks, to ensure that this facility is available without reducing other drawing rights.

159. I have already announced my Government's broad proposal for a development security facility—a more fundamental approach to stabilizing the over-all earnings of countries dependent on commodities trade. My Government also believes that an effective approach to the commodities problem requires a comprehensive programme of investment to expand world-wide capacity in minerals and other critical raw materials. This is basic to the health of both industrial and developing economies.

160. There are at present no shortages in most basic raw materials; nor are any likely in the next two or three years. But the adequacy of supplies in years to come will be determined by investment decisions taken now. Because the technology for processing lower-grade ores is extremely complex, and the financing requirements for major raw-materials investments are massive, new projects take several years to complete. In some countries the traditional source of funds, private foreign investment, is no longer as welcome, nor are investors as interested, as in the past.

161. The United States therefore proposes a major new international effort to expand raw-materials resources in developing countries.

162. The World Bank and its affiliates, in concert with private sources, should play a fundamental role. They can supply limited amounts of capital directly; more important, they can use their technical, managerial and financial expertise to bring together funds from private and public sources. They can act as an intermediary between private investors and host Governments, and link private and public effort by providing cross guarantees on performance. World Bank loans could fund Government projects, particularly for needed infrastructure, while IFC could join private enterprise in providing loans and equity capital. The World Bank group should aim at mobilizing \$2 billion in private and public capital annually.

163. In addition, the United States will contribute to, and actively support, a new United Nations revolving fund for natural resources. This fund will encourage the world-wide exploration and exploitation of minerals and thus promote one of the most promising endeavours of economic development.

164. As the fifth and last fundamental area, any strategy for development must devote special attention to the needs of the poorest countries.

165. The fate of 1 billion people—half the developing world and a quarter of mankind—will be affected by what we do or fail to do.

166. For the last four years *per capita* income in the poorest countries—already below minimal standards for development, has declined. The exports of these countries are concentrated in the least dynamic sectors of world demand. It is they who have been most cruelly affected by the rise in the costs of oil, food and other essential imports.

167. Whatever adversity the rest of mankind endures, it is these peoples who endure the most. Whatever problems we have, theirs are monumental. Whatever economic consequences flow from the decisions that we all make, the consequences are greatest for them. If global progress in economic development falters, they will be submerged.

168. This challenge transcends ideology and bloc politics. No international order can be considered just unless one of its fundamental principles is co-operation to raise the poorest of the world to a decent standard of life.

169. This challenge has two dimensions. We must look to elemental economic security and the immediate relief of suffering. And we must give preference to these countries' needs for future economic growth.

170. First, security means balance-of-payments support for the poorest countries during periods of adversity. For them global recessions and wide swings in the prices of key commodities have a particularly disastrous impact. Yet these countries have very little access to short- and medium-term capital to help them weather bad times. The little finance to which they have access often involves interest rates that are too high considering their chronic debt repayment problems.

171. To provide greater balance-of-payments support at more acceptable rates of interest for the poor nations, the United States last November proposed the creation of a trust fund within IMF of up to \$2 billion for emergency relief. Although this proposal met with wide support, it has been stalled by a dispute over an unrelated issue—the role of gold in the international monetary system. We cannot let this delay continue. The United States is making a determined effort to move forward the monetary negotiations at the IMF meetings now under way. If others meet us in this same spirit, we could reach a consensus on the trust fund by the next meeting of IMF in January.

172. Secondly, security requires stable export earnings. The new approach that we are proposing today for earnings stabilization can provide major new economic insurance in the form of loans and grants for the poorest countries.

173. Thirdly, security means having enough to eat. There must be determined international co-operation regarding food.

174. The World Food Conference set a target of 10 million tons of food aid annually. This fiscal year the United States food-aid budget provides for almost 6 million tons of good-grains—60 per cent of the world target, and a 20 per cent increase over last year. Other producers must also provide their share.

175. Another priority in the poorest countries must be to reduce the tragic waste represented by losses after harvest

from inadequate storage, transport and pest control. There are often simple and inexpensive techniques to resolve these problems. Investment in such items as better storage and pesticides could have a rapid and substantial impact on the world's food supply—indeed the saving could match the total of all the food aid being given around the world. Therefore we urge that the Food and Agriculture Organization of the United Nations [FAO], in conjunction with the United Nations Development Programme and the World Bank, set a goal of cutting these post-harvest losses in half by 1985 and develop a comprehensive programme to this end.

176. Finally, security means good health and an easing of the strains of population growth. Disease ravages the poorest countries most of all and exacts a devastating economic as well as human cost. At the same time we face the stark reality that there will be twice as many people to feed by the end of this century as there are today. One of the most promising approaches to these problems is the integrated delivery of basic health services at the community level, combining medical treatment, family planning and nutritional information and using locally trained paramedical personnel. The United States will support a major expansion of the efforts already under way, including those being undertaken in co-operation with the World Health Organization, to develop and apply these methods. We strongly urge the help of all concerned nations.

177. Programmes to achieve minimum economic security, however essential, solve only part of the problem. We must help the poorest nations to break out of their present stagnation and move towards economic growth. This means, first of all, that they should have preferential access to official, concessionary financial aid. They have the least dynamic exports, but they lack the capital to develop new ones. They have the direct need for financing, but they have no access to capital markets and little ability to carry greater debt.

178. If these countries themselves can summon the effort required, outside assistance can be productive. All nations with the financial capacity must share the responsibility. We will do our part. More than 70 per cent of our development assistance goes to low-income countries. More than 60 per cent of this year's proposed programmes is devoted to food and nutrition, which are of particular importance to the poorest.

179. The special financial needs of the poorest countries can be met, particularly by expanded, low-interest loans from the international financial institutions. The International Development Association [IDA] of the World Bank group is a principal instrument whose great potential has not been fully realized. After consultations with Congress, the United States will join others in a substantial fifth replenishment of the resources of IDA, provided that the oil-exporting countries also make a significant contribution.

180. An effective strategy for sustaining growth in the poorest countries must expand their agricultural production; for external food aid cannot possibly fill their needs. The current gap between what the developing countries need and what they can themselves produce is 15 million

tons, at present rates of growth, the gap is expected to double or triple within the next decade. Failure to meet this challenge will doom much of the world to hunger and malnutrition and all the world to periodic shortages and higher prices.

181. Traditional bilateral aid programmes to boost agricultural production remain indispensable. President Ford is asking Congress for authorization to double our bilateral agricultural assistance this year to \$582 million. We urge the other affluent nations to increase their contributions as well.

182. Clearly a massive programme of international co-operation is also required. More research is needed to improve agricultural yields, make more efficient use of fertilizer and find better farm management techniques. Technical assistance and information exchange are needed for training and for technological advance. Better systems of water control, transportation and land management are needed to tap the developing countries' vast reserves of land, water and manpower.

183. To mobilize massive new concessional resources for these purposes, the United States proposes the early establishment of the new International Fund for Agricultural Development. President Ford has asked me to announce that he will seek the authorization of a direct contribution of \$200 million to the Fund—provided that others will add their support for a combined goal of at least \$1 billion.

184. The International Fund for Agricultural Development can be the major source of new capital to attack the most critical problems of the poorest developing countries. The United States urges the world community to give it prompt and major support.

185. Now we come to the political dimension of an effective development strategy. In every area of endeavour that I have described—economic security, growth, trade, commodities and the needs of the poorest—the developing countries themselves want greater influence over the decisions that will affect their future. They are pressing for a greater role in the institutions and negotiations by which the world economic system is evolving.

186. The United States believes that participation in international decisions must be widely shared, in the name of both justice and effectiveness. We believe the following principles should apply.

187. The process of decision should be fair. No country or group of countries should have exclusive power in the areas basic to the welfare of others. This principle is valid for oil; it also applies to trade and finance.

188. The methods of participation must be realistic. We must encourage the emergence of real communities of interest between nations, whether they are developed or developing, producer or consumer, rich or poor. The genuine diversity of interests that exists among States must not be submerged by bloc discipline or in artificial, unrepresentative majorities; for only genuine consensus can generate effective action.

189. The process of decision should be responsive to change. On many issues developing countries have not had a voice that reflects their role. This is now changing. It is already the guiding principle of two of the most successful international bodies, the IMF and the World Bank, where the quotas of oil-producing States will soon be at least doubled—on the basis of objective criteria. Basic economic realities, such as the size of economies, participation in world trade and financial contributions, must carry great weight.

190. Finally, participation should be tailored to the issues at hand. We can usefully employ many different institutions and procedures: sometimes we should seek broad consensus in international bodies, as we are doing this week in this Assembly; sometimes negotiations can more usefully be focused in more limited forums, such as the forthcoming consumer-producer dialogue; sometimes decisions are best handled in large, specialized bodies, such as IMF and the World Bank, where voting power is related to responsibility; and sometimes most effective action can be taken in regional bodies.

191. Most relevant to our discussion here is the improvement of the United Nations system, so that it can fulfil the mandate laid down in the preamble to its Charter: "to employ international machinery for the promotion of the economic and social advancement of all peoples".

192. We welcome the thoughtful report by the Secretary-General's group of 25 experts on structural reform in the United Nations system.³ We will seriously consider its recommendations. In our view, an improved United Nations organization must include: the rationalization of the United Nations fragmented assistance programmes; strengthened leadership within the central Secretariat and the entire United Nations system for development and economic co-operation; the streamlining of the Economic and Social Council; better consultative procedures to ensure effective agreement among members with a particular interest in a subject under consideration; and a mechanism for independent evaluation of the implementation of programmes.

193. The United States proposes that the year 1976 should be dedicated to the review and reform of the entire United Nations development system. An intergovernmental committee should be formed at this session, to begin work immediately on recommendations that can be implemented by the General Assembly at its thirty-first session. We consider this a priority in any strategy for development.

194. I began today with the statement that we have, this week, an opportunity to improve the condition of mankind. This fact alone represents an extraordinary change in the human condition. Throughout history, man's imagination has been limited by his circumstances—which have now fundamentally changed. We are no longer confined to what Marx called "the realm of necessity." And it has always been the case that the wisest realists were those who understood man's power to shape his own reality.

195. The steps we take now are not limited by our technical possibilities, but only by our political will. If the

advanced nations fail to respond to the winds of change, and if the developing countries choose rhetoric over reality, the great goal of economic development will be submerged in our common failure. The speeches made here this week will be placed alongside many other lofty pronouncements made over decades past in this Organization on this subject, pronouncements buried in the archives of oblivion.

196. But we would not all be here if we did not believe that progress is possible and that it is imperative. The United States has proposed a programme of action. We are prepared to contribute, if we are met in a spirit of common endeavour.

197. We have proposed steps to improve basic economic security—to safeguard the world economy, and particularly the developing countries, against the cruel cycles that undermine their export earnings.

198. We have proposed measures to improve developing countries' access to capital, new technology, and management skills to lift themselves from stagnation on to the path of accelerated growth.

199. We have proposed structural improvements in the world trading system, to be addressed in the on-going multilateral trade negotiations, to enhance developing countries' opportunities to earn their own way through trade.

200. We have proposed a new approach to improving marketing conditions in food and other basic commodities, on which the economies, and indeed the lives, of hundreds of millions of people depend.

201. We have proposed specific ways of giving special help to the development needs of the poorest countries.

202. My Government does not offer these proposals as an act of charity, nor should they be received as a due. We know that the world economy nourishes us all; we know that we live on a shrinking planet. Materially as well as morally, our destinies are intertwined.

203. There remain enormous things for us to do. We can say once more to the new nations: "We have heard your voices. We embrace your hopes. We will join your efforts. We commit ourselves to our common success."

204. Mr. RUMOR (Italy):⁴ Mr. President, I should like to open my speech by assuring you of my most sincere good wishes, which it is my pleasure to address to you not only on behalf of the Italian Government but also on behalf of the European Economic Community, the presidency of which is being exercised by Italy during the present half-year.

205. My good wishes and my congratulations to you on your confirmation in the post of President of this special session of the General Assembly of the United Nations are intended as a personal tribute to you and as a further token of friendship for the country which you represent. We are

³ *A New United Nations Structure for Global Economic Co-operation: report of the Group of Experts on the Structure of the United Nations System* (United Nations publication, Sales No. E.75.II.A.7).

⁴ Mr. Rumor spoke in Italian. The English version of his statement was supplied by the delegation.

certain that your eminent qualities as a statesman and diplomat will make a valuable contribution to the constructiveness of our discussions.

206. In deciding to tackle the question of development and international economic co-operation, the United Nations has made the entire international community aware of questions which, over and above the large number of very serious regional and sectoral problems which beset the world, constitute the most daunting set of problems which mankind has been required to resolve in its recent history.

207. Individual situations may differ greatly. Concern, insecurity and uneasiness seem, nevertheless, to have become the constants common to all nations at a time when the world economic situation is showing clear signs of being in turmoil, without as yet offering any sure indication as to how present difficulties can be overcome.

208. The immediate and concrete effects of such economic disorder are certainly universally harmful, for they are felt by all nations, irrespective of their economic structure. However, the greatest injustice of these effects lies in the fact that they are most sharply felt by those very countries which, being neither sufficiently industrialized nor possessors of important raw materials, find the age-old problems of economic and social development aggravated to an even greater extent.

209. These same effects have also emphasized that certain traditionally accepted differentiations are now virtual anachronisms in the light of the changes, often profound, which have come about in trade relations, negotiating strength and economic growth.

210. These factors, together with others—such as technological progress, the rapidity of social evolution and the revolution of rising expectations, as it has long been called—have all served to emphasize, as have the tensions to which they have given rise, the ever-increasing interdependence of the economy of all States.

211. The inherent precariousness of all forms of prosperity which are not guaranteed by secure and equitable arrangements between the countries which consume and produce important raw materials has become clearly apparent. Equally apparent has become the situation in which, if no such arrangements are made and the economic position of the industrialized nations is thus weakened, those countries which are neither industrialized nor rich in raw materials are likely to find themselves. The result for those countries is an increase in the distance which separates them from the legitimate objectives of sufficient food supplies, assistance in coping with natural disasters and adequate means of controlling diseases: the distance, in other words, from a society which, by being more humane and just, is more advanced socially.

212. The most recent report by the IMF⁵ speaks for itself. The surplus built up by the oil-exporting countries, despite a drop from \$60 billion to \$45 billion, still remains high. It took only one year for the industrialized countries to

restore the over-all equilibrium of their balance of payments. They are even likely to show a small surplus at the end of 1975, compared with the deficit of \$12 billion in 1974. The deficit of the rapidly developing countries has remained stationary. In sharp contrast with this, the deficit of the poorest countries will probably rise from \$28 billion in 1974 to \$35 billion in 1975.

213. And there are all the other problems which exist besides the financial ones. There was no increase in the gross national product of these countries in 1974, and—according to the estimates of the World Bank in its annual report⁶—any possible increase would remain below 1 per cent until the end of the present decade. It is not hard to understand that the situation of almost a billion human beings, with an annual birth-rate of approximately 3.5 per thousand, will be even more serious in a few years.

214. We therefore believe that the purpose of these discussions should be to make us aware that no country or group of countries can today presume to disregard the objective development needs of other nations and that the economic development problems of all nations have become inextricably linked.

215. The time has come to recognize that monetary stability and order, secure conditions for trade and international investments, a balanced distribution of resources—and thus political and social stability—are interdependent objectives which cannot be achieved without a new, better balanced, wiser and fairer international economic order.

216. However, it is not sufficient merely to take note of this interdependence; an attempt should be made to give substance to statements of principle, to devise new methods, to take action, that is, to implement a kind of “system of collective security”—to use a well-known term—in the economic field, and to make this one of our prime concerns at the world level.

217. Should we come to this conclusion, a major political and economic opportunity, of which the international community should not fail to take advantage, will occur. It will be a political opportunity in that the question of development is today one of the determining factors of world equilibrium; it will be an economic opportunity in that there is a considerable amount of capital available which could be used to increase and improve the growth of the poorest countries. Through such financial means, correctly channelled, it should be possible to work out new forms of access to capital goods and technological support for developing countries, such access being a pre-condition for their economic development.

218. In this field, specific possibilities for triangular co-operation could be envisaged, with favourable economic results for all parties concerned. Such new forms of co-operation are called for by the unprecedented novelty and complexity of current problems. As we already pointed out at the sixth special session of the General Assembly,⁷ the Italian Government attaches particular significance and value to such forms of co-operation.

⁵ International Monetary Fund, *Annual Report of the Executive Directors for the Fiscal Year Ended April 30, 1975* (Washington, D.C., 1975).

⁶ World Bank, *Annual Report 1975* (Washington, D.C., 1975).

⁷ See *Official Records of the General Assembly, Sixth Special Session, Plenary Meetings*, 2218th meeting.

219. The interdependence of existing problems, of which the present world economic situation is the most striking evidence, today requires that the method of confrontation be rejected and that of co-operation accepted. From an economic viewpoint, opting for co-operation rather than confrontation actually means singling out the "objective" conditions which make the former possible and avert the latter. This essentially means promoting an increased transfer of resources to the developing countries for which the two following conditions are logical premises: a growth rate in the industrialized economies sufficiently high to ensure that such a transfer would not result in a marked world economic down-turn; and effective control of the inflationary phenomena besetting the international economy.

220. These are the requirements for international co-operation and at the same time the objectives to which the initiatives of the international institutions should be directed. In other words, we need to avoid a situation in which revenues continue to be concentrated in a few privileged geographical areas, to prevent any transfer of resources from being purely nominal and to guarantee the stability and continuity of development.

221. We also need to define appropriate policies to guarantee the stability of world prices. The inflationary process has had an unparalleled detrimental effect on all countries. It harms the industrialized countries by upsetting their internal social equilibria and production structures. It harms the poorest countries by producing a deterioration in their terms of trade and consequently their balances of payments, and a reduction in the value of their already slender reserves. Finally, it harms the entire international community by aggravating existing disequilibria and polarizations. One conclusion seems to me to be patently obvious: the international community must mobilize the political will and the resources of all countries in a common endeavour for the purpose of transforming the present economic situation into an opportunity to reactivate our economies. Should the nations of the world resort, instead, to unilateral action, they would run the risk of causing irremediable damage to the connective economic and social tissue of the respective national societies, thus starting a degenerative process in the international community as a whole.

222. I have said how closely the economic problems of the international community are interrelated and how essential it is that interdependence should lead to co-operation. I have mentioned the conditions for co-operation and its immediate objectives. I feel that at this point I should also refer, in general terms, to the question of instruments, the choice of which has not only methodological and procedural importance but also more fundamental significance.

223. If we wish to pursue a plan for general co-operation and for comprehensive and balanced development and avoid existing polarizations and disparities, fragmentary and contradictory instruments will not help. The instruments which we have at our disposal at present have defects which have already been pinpointed by the Group of Experts on the Structure of the United Nations System which has worked on this subject. These defects include the proliferation of international organizations and special funds, the

lack of co-ordination between certain United Nations bodies, the fragmentation of operational activities, the absence of certain important States from international organizations such as the IMF, the World Bank and the FAO.

224. I do not intend to go into detail on specific proposals or suggestions here. However, I wish to stress that the problem of the operational instruments of the United Nations system and of their restructuring in the framework of a profoundly changed world situation is an economic and political problem of paramount importance for all of us. This is a problem we shall have to tackle in the near future with determination.

225. We shall have to rationalize the activities of the international economic institutions, in particular by obtaining the necessary co-ordination between the organizations operating in the field of development co-operation and those active in the monetary sector. Such a harmonization should facilitate the efforts to fill the existing gap between developing and developed countries.

226. The position of the Italian Government on the problems on the agenda for this special session of the General Assembly is fundamentally the same as that of the European Community, which it will be my honour to outline very shortly. This does not prevent me from emphasizing the particular importance which, in view of the serious and pressing nature of the questions which led to the convocation of this special session, the Italian Government attaches to the far-reaching discussions on them. We consider that this is a responsibility to be assumed and a proof of solidarity which could have considerable effects on the strengthening of international co-operation. For that reason the Italian Government would like to reaffirm in this forum its firm commitment to contribute to the success of our common endeavour. We have already given clear proof of such a determination by having resisted the temptation, albeit a legitimate one, to respond with generalized restrictive measures to the serious economic and social repercussions which the Italian economic system, one of the few to be almost totally dependent on imports for supplies of raw materials, suffered as a result of the increase in the prices of raw materials and petroleum products. Although limited by its economic structure, Italy will continue in all forums to contribute to initiatives in favour of developing countries and to increasingly comprehensive international actions aimed at effecting world-wide economic co-operation based on a plan of action revised in accordance with the changed realities of the contemporary world.

227. I shall now continue by speaking on behalf of the European Economic Community and its nine member States in my capacity as President of the Council of the Community, an office which it is my honour to discharge during the present half-year.

228. In the statement on the United Nations adopted on 16 and 17 July 1975,⁸ the Heads of State and Government of the nine members of the Community asserted the identity of the Community and confirmed their determi-

⁸ Transmitted to Member States under the cover of a note verbale by the Secretary-General dated 18 August 1975.

nation to play an active and constructive role in the United Nations with the intention of opening up the widest possible channels for co-operation.

229. The aim pursued by the Community and its member States at the present special session is the achievement of real progress towards a more balanced and equitable pattern of international economic relations so as to strengthen the position of the developing countries.

230. In the context of the current review of international economic relations, we have made it a policy to present in all appropriate settings our concrete proposals for action which we invite the entire international community to negotiate with a view to implementation at the earliest possible opportunity. Those proposals will obviously be no more than guidelines, since definitive solutions can be adopted only in the discussions which will take place in the various bodies, taking into account the proposals to be submitted by our other partners, particularly the Group of 77 developing countries. In this connexion we feel that time schedules to be agreed upon should be flexible.

231. During the preparatory work for this session of the Assembly we have already let our positions on the principal items on the agenda be known. We have been aware of the anxieties expressed by the developing countries, both in the preparations for this special session of the Assembly and during numerous recent international meetings.

232. Our positions cover the different areas mentioned during the preparations to which I have just referred. They relate to a balanced package of subjects and seem to us to meet the major concerns of the developing countries and at the same time to afford genuine opportunities for progress in the immediate future. We also attach particular importance to the problems of the poorest developing countries and feel that specific measures or special arrangements should be introduced to assist them.

233. The Community approach, taken over-all, is designed to bring about a fundamental improvement in the economic situation of the developing countries on the basis of the principle of their ever-increasing participation in international trade.

234. We consider that the economic and commercial consequences of the measures envisaged should be evenly shared by all the industrialized countries represented here and that the financial costs that may result from some of these measures should be spread over all parties with adequate resources. In addition, certain international financial institutions could share those costs, particularly by adapting and improving some of their present machinery.

235. As regards raw materials, I take this opportunity to remind the Assembly that the Community has agreed within the framework of the United Nations Conference on Trade and Development [UNCTAD] to regard the proposals of the UNCTAD secretariat for a global integrated raw materials programme⁹ as a useful basis for future work.

Our positions form part of an over-all approach based on the following principles and objectives.

236. First, it is essential to encourage the economies of the developing countries by stabilizing export earnings from raw materials—and here may I say parenthetically that the Community, which has taken special action under the Lomé Convention¹⁰ recognizes the seriousness of the problems created by the instability of the earnings of developing countries which export raw materials—and by increasing their foreign-exchange earnings, especially through the diversification of their production and the processing of raw materials *in situ*.

237. Secondly, in connexion with prices it is important for all concerned, and especially for the producer developing countries, to avoid excessive fluctuations and establish levels that are fair to consumers and remunerative for producers, thus encouraging a long-term balance between expanding production and increasing consumption.

238. Thirdly, it is also necessary to find more outlets for producing countries and to guarantee more stable supplies for consumer countries. The application of these principles will be assisted by a steady and balanced growth in international trade.

239. Fourthly, adequate investment levels should be achieved in the commodity-producing sector.

240. Fifthly and finally, as I have already indicated, special measures should be taken to assist the poorer producers.

241. With these principles in mind we are proposing a series of supplementary actions which make up a single whole in the following fields.

242. As regards measures to limit price fluctuations, I would point out that the Community is already a party to certain international agreements and that in the GATT multilateral negotiations it has proposed the drawing up of agreements for a number of other products. The Community is also prepared to consider the question of which products create problems for the developing countries and which are the most appropriate instruments and means of solving such problems. It is well known that a very wide range of instruments—including commodity agreements, for example—can be used to limit price fluctuations and can, moreover, be combined. A choice can obviously be made only on the basis of specific cases.

243. The implementation of such solutions should also promote the stability of supplies.

244. As regards the stabilization of export earnings, to which we attach prime importance, we are prepared to promote and to participate in international action in order to achieve, for the benefit of all the developing countries which produce raw materials, an improvement in the compensatory financing mechanisms of the IMF which is

⁹ See *Official Records of the Trade and Development Board, Fourteenth Session, First Part, Annexes, agenda item 4 (b)*, document TD/B/498.

¹⁰ ACP-EEC Convention of Lomé, signed on 28 February 1975 at Lomé. The Text was subsequently circulated as document A/AC.176/7.

currently under discussion. Furthermore, we feel that specific measures should be planned to assist the poorest developing countries in the event of a fall in the export earnings they derive from their products. The detailed rules for implementing these measures should take account of the general situation of the countries in question.

245. An attempt should also be made at the international level to establish a favourable climate for co-operation with regard to the production and supply of raw materials and commodities. In this context, I would emphasize the importance of the problem of food. It is also of obvious interest that the exchange of information regarding the supply-and-demand situation for products should be improved.

246. Finally, we set particular store by efforts to improve market access and to promote the exploitation and processing of raw materials *in situ* under economically viable conditions.

247. I should now like to talk about commercial and industrial co-operation, which, however, falls outside the framework of raw materials alone. And this brings me to the second section of our positions relating more generally to development co-operation.

248. In the commercial field, the Community has resolved to make a constructive contribution to international discussions with a view to achieving a substantial improvement in the conditions of market access for primary and processing products of interest to the developing countries.

249. Generalized preferences are a fundamental element of development co-operation. As in the past, the Community expresses its determination to continue its policy of steadily and gradually improving its generalized preferences scheme. It considers, moreover, that a new period of implementation beyond 1980 will be required.

250. The Tokyo Declaration recognizes that one of the fundamental objectives of the multilateral trade negotiations should be to take special account of the interests of the developing countries in the light of their requirements and particular situations. The Community will work resolutely towards the achievement of this objective.

251. The improvement of the generalized system of preferences and the results of the multilateral trade negotiations should lead to decreased protection of added value for products of first-stage processing.

252. Experience has, however, shown that measures relating to market access are not sufficient in themselves to increase exports from developing countries. Such measures must therefore be accompanied by suitable activities with regard to trade promotion.

253. An endeavour should also be made to find equitable solutions to the problem of export restrictions.

254. Another field of action which we deem very important is that of industrial co-operation and the transfer of technology. The aim here should be to enhance the industrial development of third-world countries by improv-

ing the international division of labour through the creation of an expanding production capacity and by taking particular account of the employment problems facing both the developing and the industrialized countries.

255. Here I should like first to dispel any possible misunderstanding as to our position regarding the results of the Second General Conference of the United Nations Industrial Development Organization [*UNIDO*], held at Lima from 12 to 26 March 1975. I confirm the agreement of the Community and its member States to those paragraphs on industry of the Declaration and Plan of Action adopted in Lima [*A/10112, chap. IV*] which an unqualified consensus was reached by all member States.

256. Effective industrial co-operation requires close co-operation between the economic interests concerned. We are therefore prepared to strengthen agreements with the Governments of the developing countries not only in the traditional areas of financial, technical and trade co-operation and with a view to supporting efforts to bring about regional co-operation between the developing countries, but also in order to strike a reasonable balance between the interests of the developing countries and those of business. We trust that the developing countries will co-operate in providing a receptive atmosphere and stable working conditions for foreign partners.

257. With such a generally co-operative attitude, considerable scope should exist for various types of measure, for example, initiatives to promote specific opportunities for industrialization and industrial co-operation by facilitating contacts between economic undertakings and those concerned with industrial development.

258. We also believe that an effort should be made to improve systems for exchanging information on industrial trends and, in particular, on supply-and-demand forecasts.

259. Every act of industrial co-operation strengthens the technological infrastructure. However, specific measures should also be planned in this complex and important field. The Community is prepared to participate within the UNCTAD framework in the discussions on an international code of conduct on transfers of technology, taking due account of the needs of the developing countries. Provision should also be made for information, guidance and training projects to bring about more transparency in the industrial property market and to facilitate the technological choices of the developing countries.

260. The last section of our positions related to the transfer of financial resources, which we recognize as being of extreme importance, particularly for the poorest developing countries, which do not produce raw materials.

261. As far as the volume of aid is concerned, the Community has confirmed its determination to achieve the target of 0.7 per cent of gross national product for public aid set in the International Development Strategy for the Second United Nations Development Decade, and to adopt as the common aim of its members an effective increase in official development assistance, taking into account their respective economic capacities to contribute. In this connexion, I wish to stress the considerable increase which has

recently taken place in Community aid—leaving aside the bilateral aid granted by each of the member States—despite the fact that economic and budgetary conditions have been far from easy.

262. I shall confine myself here to mentioning the financial provisions of the Lomé Convention, our food-aid effort, the recently implemented programme of technical assistance for trade promotion and regional integration, our contribution to the United Nations emergency action, and the resolution adopted by the council on 16 July 1974 which confirms the principle of Community financial and technical aid to non-associated developing countries. The conditions for implementing that resolution in the near future are currently being examined by the Community authorities.

263. Certain oil-exporting developing countries now have considerable excess financial resources at their disposal. We note with satisfaction that a part of those resources has already been mobilized to assist the development of the third world and we hope that this process will continue. In this connexion the arrangement for three-way co-operation already developed among certain countries, are particularly noteworthy. Structures enabling this co-operation to be placed on a more systematic basis should be devised.

264. We also recognize the importance of transferring financial resources on favourable terms, especially for the poorest developing countries. We are prepared to undertake a careful examination of the debt problems arising in each case for developing countries, and to seek suitable ways of resolving them.

265. As regards the granting of priority aid, the World Food Conference stressed the importance of increasing food production in the developing countries, since such an increase is, in the long term, the only way of dealing efficiently with the problem of hunger. In view of the urgency of current needs the Community will, however, continue to grant food aid, taking into account the objectives agreed to at the Rome Conference.

266. Before leaving the question of the financing of development, I wish to say that we are in favour of the ideas put forward by the World Bank regarding the establishment of a financing mechanism somewhere between the loans made by the Bank and the credits granted by IDA. We are also willing, on the basis of a reasonable distribution of costs and together with the other countries possessing adequate financial resources, to contribute to the special IMF account set up to reduce the interest burden payable under the oil facility by the hardest-hit countries.

267. Finally, we believe that it is necessary to speed up current discussions on improving the operation of the international monetary system, and that due account should be taken in these discussions of the interests of the developing countries.

268. Concluding my address on behalf of the Community, I wish to stress that our proposals cover a wide range of measures and that we see them as a single entity with a number of complementary, interrelated elements. A docu-

ment setting out these proposals will be submitted today.¹¹ We are convinced that they can offer a logical and effective reply to a considerable number of fundamental and pressing problems. If we wish to make progress, we obviously cannot expect to resolve at one and the same time all the problems we face.

269. It is doubtless also true that on certain subjects our views do not coincide totally with those of the developing countries. As I pointed out earlier, we are willing to engage in discussions and, for our part, we shall be guided by a spirit of dialogue and conciliation with the aim of arriving at a real consensus through negotiation of mutually acceptable compromises. I am sure everyone realizes that this is the only way of establishing a new and lasting economic system.

270. We believe that the time has come, and can be delayed no longer, to make a concerted endeavour to achieve concrete solutions to a number of problems. The interdependence of our economies is such that neither the industrialized nor the developing countries stand to benefit from a continuation of the present crisis. The Community is convinced that the proceedings of this special session of the General Assembly will provide a suitable opportunity for making decisive progress towards the objectives common to us all.

271. Having expressed the position of the European Economic Community, I should like now to conclude my statement with a few final remarks.

272. The statistics and technical details that arise when discussing economic problems are dry and complex; but this should not prevent us from remembering that technical jargon, however, rarefied, is a reflection of a very real human condition. Rates of development, volume of trade, levels of consumption and monetary phenomena have in fact precise meaning: they represent different possibilities, or rather differences in the quality of life.

273. The dominant characteristic of contemporary world history is interdependence. We are interdependent in every respect: world-wide spiritual and human solidarity, exchanges between different cultures, links between nations, interaction of political and social realities in the international community and within national societies. International economic equilibrium thus also means domestic equilibrium, without which all societies would be deprived of the very premises of social expansion that guarantee the free and harmonious development of the human personality.

274. However determining strategic equilibria may be, these economic and social equilibria are more stable and lasting. They cannot be achieved by cohesion, but only by means of general consensus. They also require the innovative contribution of nations and cultures that have so far remained on the side-lines but whose participation is now essential if we are to create a world in keeping with the spiritual dimensions of mankind today.

¹¹ Subsequently distributed as document A/AC.176/2.

275. We are perhaps insufficiently aware of the fact that the very survival of the United Nations and its ability to work for peace also depend to a large extent on the results of the discussions which are being conducted in this and in other forums on this subject so crucial for humanity. International instruments cannot be reformed without a political revitalization of the United Nations. World balances are changing. However, existing political divisions and the conflicts which still persist should not be allowed to dominate our discussion. Otherwise we may miss the major opportunity for economic co-operation which we now have. If instead we succeed in finding a common, objective basis for analysing our present ills, co-operating in drawing up development policies and clearly pinpointing the instruments for these policies, the United Nations will find new life and a new role.

276. The 51 countries that signed the United Nations Charter in San Francisco joined in an alliance which, as is solemnly stated in the Charter, was intended "to save succeeding generations from the scourge of war".

277. We hope that the 138 countries which today constitute the world Organization, and the other nations which must join it if it is to be truly universal, will subscribe to a new pact against misery and hunger, disease and ignorance, injustice and oppression, and the degradation of mankind.

278. We are firmly convinced that joint action, supported by a firm political will and by a commitment from each and every Member of the United Nations, founded on a solid basis of realism and moderation and guided by noble and honourable intentions, could afford a unique opportunity for transforming the present atmosphere of uncertainty and crisis into an unprecedented opportunity for mankind to take a huge step forward towards a more prosperous, a freer and a fairer society.

279. Mr. PEREZ GUERRERO (Venezuela) (*interpretation from Spanish*): Mr. President, on behalf of the delegation of Venezuela, I should like to say how pleased we are to see that it is you who are presiding over our important deliberations.

280. The work of this special session of the General Assembly which is beginning today must be undertaken within the framework which the international community laid down in May 1974, when, meeting in this same Assembly, it adopted the Declaration and the Programme of Action on the establishment of a New International Economic Order [*resolutions 3201 (S-VI) and 3202 (S-VI)*]. More than a year has passed; it has been a transitional period in which we have asserted our conviction that these principles are still valid and that the sixth special session of the General Assembly provided the ideal opportunity to set out on the road that would lead us through the critical period which we are now experiencing.

281. We understand the doubts and reluctance that some have shown, but at the same time we are pleased to see that sectors in certain countries have endorsed our ideas, when they have realized that the third world is not trying to force things unduly, but that it is trying to expand and broaden the consensus in order to bring about sufficiently rapid progress and to lay down the bases for the new international economic order.

282. Change is inevitable and everybody understands this. We cannot continue to drift, nor can we go backwards. The circumstances are now right for us to embark on a course of achieving the goals that we have set ourselves.

283. This task requires the responsibility of one and all. But those which have the greatest responsibility are the developed countries, which have accumulated wealth and which are therefore most able to take action. Within the third world, the members of OPEC are keenly aware of the part that we must play in accordance with the solemn Declaration of Algiers.¹² Although it may be hardest for the developed countries to so modify their privileges that they cease in fact to be privileges, they are the ones which should be as interested as any in the establishment of a new international economic order which will translate into reality the Declaration and the Programme of Action, as well as the Charter of Economic Rights and Duties of States [*resolution 3281 (XXIX)*] and which will ensure benefits for everyone on a lasting basis. That is a gigantic undertaking; it should be a source of inspiration for future generations and should encourage everyone to do his part to see to it that a world emerges in which mankind can achieve its true stature.

284. For its part Venezuela is making an increasing effort to see to it that the new international economic order in our country becomes a reality; we are still aware of the fact, though, that a great deal remains to be done in our struggle for social justice and to correct situations which have been distorted by the imposition of a life style that disregards humanitarian concerns.

285. We are committed to the recovery by the Venezuelan State of oil and mining concessions, which thus far have been in the hands of transnational enterprises, and we thus wish to exert complete control, not for the benefit of a minority, but for the benefit of one and all.

286. Last year we took action designed permanently to recover Venezuelan sovereignty over iron-ore operations, and that led last December to a decree reserving for the Venezuelan State the iron-ore industry.

287. We are taking decisive and important steps to take over the activities of the oil industry; only three days ago the President of the Republic, Carlos Andrés Pérez, enacted a law reserving for the Venezuelan State that industry and the trade in hydrocarbons. Both these acts have undeniable historical implications for Venezuela; they have been enacted responsibly in accordance with our national laws.

288. In Latin America we are trying to strengthen our ties of co-operation and integration within a regional and subregional framework. All the countries of the Andean Pact¹³ are pursuing these objectives with great determination. We have demonstrated the renewed vitality of this group by adopting an industrial programme in the important sectors of petrochemicals and in the automobile industries. Within the framework of an expanded market for six Latin American countries, more than \$3.5 billion

¹² See document E/AC.62/5.

¹³ Agreement for Subregional Integration (Cartagena Agreement), done at Bogotá on 26 May 1969.

will be invested in industrial development in both sectors, in accordance with the same rules governing the transfer of technology and in collaboration with foreign investors who possess the technology we will require, thus providing direct employment for at least 120,000 persons. But we are not limiting our efforts at integration in Latin America to plans which already exist. Just a few weeks ago in Panama the countries of our area initiated the establishment of the Latin American Economic System. This is machinery designed to co-ordinate and to promote concrete programmes and projects of common interest, which will be an ideal basis for strengthening co-operation and integration in the Latin American region.

289. I have referred to these matters because in our judgement they have helped to promote closer and more fruitful co-operation among the developing countries; and that brings out the fact that we have confidence in our own efforts. We are pleased that, to the many mechanisms that have been functioning with greater or less success, has now been added the group of western African countries,¹⁴ which we hope will yield the best possible results.

290. Venezuela, and Latin America as a whole, feels that it is ever closer to the rest of the third world and, although every region has its own identity, we must strengthen our bonds because the solidarity of the countries of the third world is the *sine qua non* for solidarity among all the countries of the world.

291. The meeting of the heads of State of the countries of OPEC¹⁵ was an excellent demonstration of this sense of new international solidarity. The intention there was not to defend the limited objectives of the particular interests of a single group of nations or merely to consider the problems of the third world. In the solemn Declaration of Algiers the oil policy of the OPEC countries was enunciated, together with the role that oil could play with regard to the claims of developing countries. Measures of co-operation designed to reconcile the interests of the industrialized countries and those of the third world and to promote development and world stability on just and rational bases were also considered in that document.

292. It had been my intention to confine myself in this statement to that reference to the OPEC. A great deal has already been said about that organization, to which it is our honour to belong and which encompasses the three continents of the third world. But some of the observations of the Secretary of State of the United States which were read out a few moments ago by Mr. Moynihan and which are not in accordance with a serious approach to the problem compel me to make a few brief comments on behalf of the Venezuelan delegation.

293. The analysis should start on the basis of the question, What circumstances led to the creation of OPEC? The answer is, The manipulation of prices of raw materials, in this case oil, by transnational corporations and their

Governments. For that reason, I do not feel called upon to defend those transnational corporations, although they are a fact of today's economy, a fact that must be firmly faced.

294. By means of the low, deliberately depressed, prices of petroleum, not only was extortion practised against the producer countries but also the economies of the wealthy countries and the entire world economy were distorted, resulting in great turmoil and a painful imbalance particularly in the weaker countries.

295. What is the cause of this backwardness among the developing countries, including the OPEC countries? The answer to that question is well known. We do not wish to take away any credit from the statement by the United States, nor do we wish to question the motivation of that statement, but the question is, Why has there been this change of attitude on the part of the developed countries, and in this particular case on the part of the United States? My answer is, Without any doubt it is due to their renewed sense of solidarity with the international community and their humanitarian feelings towards the weaker countries of the world, feelings which were made manifest in Mr. Kissinger's statement. But that change is also due, I would make bold to say, to the firm positions taken by the countries of the third world, supported by the existence and the actions of the OPEC countries, and to other factors. It is also due to the fact that the third-world countries have spoken out vigorously and in unison on a basis of militant solidarity, although they have shown no hostility to any country in the international community.

296. Now, no country, no matter how powerful it may be, can any longer, as it could in the past, decide unilaterally what should be done. Today any proposal showing goodwill is well received and deserving of careful consideration on the part of the international community in the light of the goals that community has set for itself. For that reason we want a dialogue. We do not believe in confrontations.

297. Within the general pattern of problems confronting the international community, the problem of raw materials is of special significance, for it constitutes the central problem for the third world, the solution to which depends largely on the success of our efforts to diversify our economies. On many aspects of this problem of undoubted complexity there remain considerable differences of opinion.

298. The countries of the third world are taking their own initiatives, but in the final analysis what is desirable and logical is that we should all, developed and developing countries, producers and consumers, work together, regardless of our economic and social régimes, at this task of global dimensions. Within UNCTAD, the integrated programme for commodities has taken definite form and, even though certain adjustments may still have to be made, we are very hopeful that decisions will soon be taken with a view to its implementation.

299. Another problem is the disorder and uncertainty which exist in the monetary field, made more acute by lack of agreement among the developed countries on certain basic issues. Moreover, a solution to this problem cannot be found in an agreement solely among those countries. It

¹⁴ Economic Community of West African States, established at Lagos on 28 May 1975.

¹⁵ Conference of Sovereigns and Heads of State of the Member Countries of the Organization of Petroleum Exporting Countries, held at Algiers from 4 to 6 March 1975.

must necessarily consider the interests of the developing countries through their active participation in the search for a plan satisfactory to all. In implementing this plan we must all abide by the rules of the game with a sense of discipline and a sense of responsibility, which for a number of years have been lacking on the part of those who have wielded the greatest power, and that has had a harmful effect on the entire world. We must be determined to achieve international objectives, to set aside egotistical interests and to overcome the lack of vision which is behind the present international monetary crisis. If that continues it could undermine our common efforts and create a crisis which will be even more profound and more prolonged than the present one, with unpredictable consequences.

300. The solution of the world food crisis, while it requires the adoption of urgent measures, such as contributions of food made on a strictly humanitarian basis, lies, in our opinion, essentially in an increased productive capacity in all areas of the world, and particularly in countries of the third world. The establishment of the International Fund for Agricultural Development is intended to deal with this problem. My country, together with a good many others, has given the Fund its fullest support. This was an initiative taken principally by the members of the OPEC, and I am gratified that the United States has expressed its support of it. We hope that such support will be eventually forthcoming from the entire international community.

301. All these critical matters to which I have referred are part of a broad over-all crisis of a structural nature, the solution to which requires profound structural reforms. Only in that way can we resolve situations which seem contradictory, such as the inflation and unemployment which beset a major portion of mankind but which have struck with the greatest severity the most indigent, and hence those who are most deserving of our special attention. Those who hold power know very well that this is a fact but in most cases they do not act accordingly.

302. I should like now briefly to refer to the report of the Group of Experts on the Structure of the United Nations System in the economic and social field. We all agree that a profound restructuring of the system as soon as possible is required. What we wish is to see to it that it will function as well as possible and be as flexible as possible. Venezuela, as a third-world country, attributes primary importance to instruments for effective action to help the developing countries that would pay due attention to those in greatest need. I am referring particularly to UNCTAD, which has enjoyed the full support of Venezuela and will continue to do so in the future. Any reform in this area must be designed to strengthen and perfect the instruments which are needed to respond more effectively to the requirements of the new international economic order. It is only in this way that there can be real balance among all the interests at stake. This is the approach that should be taken to the report of the Group of Experts, which constitutes a useful and timely basis for an exchange of ideas. Such an exchange will make it possible for us to set in motion the structural reform and to give it the direction the General Assembly wishes to impart to it.

303. Nevertheless, we must bear in mind that a good structure would serve little purpose if there is no determina-

tion to use it with boldness and realism so as to make it possible within the United Nations system to promote significant negotiations leading to concrete results within a definite time period. We do not believe in any overwhelming majority, but neither do we believe in any automatic assent to the requirements of a minority, regardless of how powerful that minority may be. That era is over. The third world is now aware of that. There is no intention of overwhelming anyone, nor would it be possible to do so. We desire co-operation and, if at all possible, consensus—but not consensus for the sake of consensus alone; we wish to see consensus for the sake of action.

304. The problems which exist in all these areas must be solved in a coherent manner and on new bases within the framework of the United Nations. But in the present circumstances it has seemed to us wise to use the initiative of the President of the French Republic, to encourage solutions through a dialogue which is conceptually focused on the problem of energy, but which, at the request of the developing countries, has been extended to include also the problems of raw materials and other problems of development, including its monetary and financial aspects.

305. The developing countries, invited to participate in the preparation of that dialogue, have acted in close co-operation and this has facilitated agreement with the developed countries on the nature and scope of the envisaged conference. We have not been motivated by a desire for confrontation. Rather, we seek the bases of an understanding that will take into account the interests of all the parties—the developing countries and the industrialized countries.

306. We have been in favour of an increase in the number of participants so that the future conference may be as representative as possible, although agreements cannot be reached which would commit the entire international community except within the framework of the United Nations. On that basis we believe that a question such as raw materials should, in the final analysis, be the subject of operational agreements in UNCTAD. In that respect, it is obviously necessary and fitting that in the General Assembly there should be stress on concepts and, so far as possible, instrumentalities that will serve as guidelines for the work of the envisaged conference, whose results should be considered by our Organization.

307. Accordingly, at this seventh special session the General Assembly has an invaluable opportunity.

308. Indeed, it is for this General Assembly to give a significant impetus to the work begun at the sixth special session. A good deal of hard work has been done within the United Nations system and, the difficulties notwithstanding, some progress has been made in setting in motion the new international economic order. We must draw up a preliminary balance-sheet—although some may feel that that is premature—on this question of instrumentation.

309. We should not be confused by the fact that there has not been unanimity on the International Development Strategy nor on the establishment of new international economic order, because on all those subjects ideas are being developed during this critical transitional period.

310. Areas of agreement have emerged on the approach to structural change to which we are all irreversibly committed, for the simple reason that we cannot turn back or live for long with the painful uncertainties which surround us.

311. There can be no doubt that during the past 18 months the international community has shown its increasing awareness of the dangers involved in the inexorable collapse of the old international economic order, and of the extraordinary opportunity now before us to build a new international economic order. There is evident also an increasing determination to encourage work towards that end. What remains to be done is to assert the unshakable will to take decisive steps on this difficult path, the only path that can lead to the achievement of our common aspirations.

312. Mr. MALDONADO AGUIRRE (Guatemala) (*interpretation from Spanish*): My delegation would like to join those who have expressed good wishes for the success of the debates in this Assembly, particularly during this special session, in which items of deep human concern are at the centre of the attention of this supreme organ of the United Nations. I think that you, Mr. President, and we alike hope that, within the spirit of agreement and democratic pluralism that should prevail here, it will be possible to achieve substantial agreements, in terms both of their realism and of the will to make them viable.

313. You told us, Mr. President, last year that “often . . . it is more difficult to begin a dialogue than to finish it.”¹⁶ My delegation shares this view, because our most important achievement has been that we have taken the first step to discuss difficult problems on the understanding that these are subjects of common concern.

314. At the sixth special session we were warned by Mr. Benites that we should not aspire to definitive results in such a short period of time,¹⁷ but we believe that it has been possible to establish a state of awareness, a mobilization of public opinion, with regard to the irreversible nature of a restructuring of the world economic order which would help us to achieve more equal and just conditions.

315. My delegation has viewed with great sympathy the efforts which have been made to arrive at substantial agreements on the improvement of the terms of trade and co-operation among the existing economic systems, so as to achieve concrete and positive results in an economic upsurge, the primary purpose of which should, of course, be just remuneration for the developing countries for the tremendous sacrifices that they have made. But this does not mean that these gains should not be of benefit to all, because wealth shared is wealth that grows.

316. The wealth of a few only will always be vulnerable if there is no desire to help to train others, since economic decline is the first sign of systems which arbitrarily and absurdly do not permit the broad and egalitarian participation of all those involved in production. At the special

session of the Assembly last year we heard prophetic voices calling for a readjustment of the terms of trade. The third-world countries made their position very clear. For example, the head of the delegation of the United Republic of Tanzania, Mr. Malecela, told us:

“To this day the economics of the developing countries continue to be sensitive to external conditions and, therefore, remain at the mercy of the policies and actions of these developed countries. Several primary commodities still face restrictive access to external markets, while their prices continue to be determined by the developed countries under the most discriminatory policies without regard to their real value.”¹⁸

317. I believe that the problems have been stated with total clarity. Here as in subsidiary bodies and everywhere that we can hear the voices of States there has been a sufficient display of the X-rays of poverty and dependence, and there has been an unequivocal indication of the minimum goals which should be aspired to in order that the peoples of the world may begin to enjoy dignified conditions of life.

318. In the light of this objective diagnosis of the quantitative and qualitative inadequacy of the elements essential for the maintenance of life, and in the light of the aspirations of the countries of the third world, to justice and right as an irreducible minimum, my delegation will make every effort in its power to contribute to the unity and firmness of the positions taken by the Group of 77 in its position paper [*A/10003/Add.1, annex I*], which contains the indispensable elements to facilitate development and to bring about effective, real and honest international economic co-operation—which are the two objectives of this universal gathering—under the terms of General Assembly resolution 3172 (XXVIII).

319. The subject of development has been the focus of attention of the international community in its various organizations and agencies, but it has been approached with a technical rather than a political emphasis, and there has not been sufficient motivation to persuade nations not to think of under-development in terms of predestination, or to consider it as an isolated problem whose solution falls outside the concern and participation of all States. This explains the importance of this session.

320. It also explains the interest that exists in achieving substantive definitions and in bringing about concrete agreements. We know that the desire for unanimity often weakens the content of words, because ambiguous concepts result in everyone interpreting them according to his own exclusive convenience. However, in spite of such difficulties, the process now under way is irreversible and irresistible; it cannot be halted by pressure or by complacency; it will inevitably find its true direction and proper rhythm.

321. Development must be judged according to national characteristics and cannot be subjected to alien criteria. Each country will determine the standard of living to which

¹⁶ See *Official Records of the General Assembly, Sixth Special Session, Plenary Meetings*, 2230th meeting, para. 187.

¹⁷ *Ibid.*, 2207th meeting, para. 20.

¹⁸ *Ibid.*, 2220th meeting, para. 32.

it aspires, because the satisfaction of essential needs should not be confused with unbridled consumption, which destroys resources and the future environment; nor should it be confused with economic growth pure and simple, if its purpose is not to establish a broad base of distribution of the options available for redressing past injustices. In our judgement, development should not be viewed as an alternative to personal liberty and political independence. On the contrary, these, too, are the appropriate conditions for improving the degree of progress.

322. The models of development that we prefer are those which have qualitative goals and which are not measured by mere monetary indicators and statistical interpretations which indicate only relative truths. We believe that we have passed the stage of identifying economic growth with development, because the former may be purely fortuitous and a matter of chance, while the latter should be sustained, progressive and innovative. Economic upsurge may continually depend on external factors, while true development should try to respond to an internal dynamic, naturally engendered by conditions of international economic justice.

323. The development model that we want to promote will be based on the formation of our own human resources, the rational use of natural resources, the adoption of indigenous technology and equal participation in international trade. Intensified governmental and private programmes have been proposed for the purpose of coming to grips with the problems of the critical poverty which still prevails among some sectors of the population, which need a complete education of a high quality, essential nutrition and full health services, remunerative employment, housing, recreation and social welfare programmes. But in order to achieve objectives which will be even partially satisfactory, it is necessary that the terms of trade be revised and reorganized to the point where the principle of equal pay for equal work is applied universally.

324. The issues before this Assembly indicate that development and international co-operation are integrated concepts. My delegation, as I said before, will spare no effort to support vigorously the position of the Group of 77, the nobility of whose aspirations lends it unity and force. In particular, we support the proposals to be made with regard to international trade that will give fair remuneration to developing countries for their primary commodities.

325. We also support the demand for a genuine transfer of resources to the developing countries, confident that a minimum amount of 1 per cent of the gross national product will not come, as Mr. Galindo Pohl put it last year: "... too little and too late, when the problems that it was supposed to remedy had increased and become more acute."¹⁹

326. The transfer of real resources should take two forms. In the positive sense, it should promote the provision of capital and the optimum utilization of labour in the processing of raw materials. In the other sense, it should seek to avoid under-capitalization because of the outflow of foreign exchange, royalties and excessive dividends.

327. Guatemala observes the principle of sovereignty over its resources, having pursued a consistent policy of progressive nationalization of public-service undertakings which had been in foreign hands, such as railways, ports, electricity, and cable communications. Perhaps this policy passed unnoticed, both because it was done without boasting and because we wanted to protect the public credit of the country. For the exploitation of some natural resources it was necessary to obtain considerable amounts of capital which were not within the immediate scope of our own economy, but this was done on a contractual basis that protected national interests on conditions equal to or better than those provided for in the legislation and practice of some other nations with greater resources and more experience in this matter.

328. With regard to the establishment of a system of royalties on the mining activities in the international zone of the sea-bed, my delegation took a consistent position at the Third United Nations Conference on the Law of the Sea, stressing the need to rationalize such exploitation so that those resources would be used for peaceful purposes and would not be a disturbing factor in trade to the detriment of the developing countries that are land-based producers.

329. At that Conference my delegation asked that careful attention be given to the just claims of the land-locked countries, since their disadvantageous geographical situation should be considered sympathetically by all nations of the world. We continue to think that today, when the value of international co-operation is becoming ever more apparent, nothing is more likely to make it a reality than facilitating easy access by States to international trade by sea routes.

330. The measures recommended by the Group of 77 in science and technology constitute valuable elements for the promotion of development and the effective implementation of international economic co-operation, particularly when one understands that the scientific and technological factors—which, in the words of the Secretary of State of the United States, Mr. Kissinger, are "the least national that exist"—can accelerate the process of development, particularly for the benefit of those countries that depend exclusively on the resources with which they have been endowed by nature.

331. With regard to the section on industrialization, we support the Lima Declaration and Plan of Action [see *A/10112, chap. IV*] and we believe that it is necessary to make them tangible realities.

332. With regard to the section on food and agriculture, we believe that the Group of 77 has highlighted some essential aspects. In this field, it is possible to demonstrate the importance of international co-operation, particularly with regard to the formation and transfer of technology and the provision of financing for work on the preservation of soil and water, a task which in any case is very urgent and cannot be much delayed without running the risk of mankind suffering incalculable damage and irreparable harm, especially in areas affected by drought and erosion.

333. With regard to the need to restructure the economic and social sectors of the United Nations system, we have no

¹⁹ *Ibid.*, 2221st meeting, para. 246.

objection at all to the position of the Group of 77, which proposes the creation of a committee of the whole in this Assembly to deal particularly with this problem.

334. The subjects of development and international economic co-operation are linked, as neither can be understood alone or in isolation. They are interdependent and are essential elements in the maintenance of peace and security. They are the expression of human nature, which has found a historic rationale only in terms of social and cultural goals.

335. Therefore, my country has always been warmly sympathetic to all efforts aimed at guaranteeing the continuity and solidarity of mankind. We have demonstrated this by always keeping alive the hope of a revival of Central American political unity—broken and disrupted by the colonialist oppressors of the last century and by the individualist jealousy of narrow nationalisms—and also by participating in the great undertaking of Central American economic integration, which will permit all our States to form part of a large-scale economy in a territory without

frontiers with more than 16 million inhabitants. This integration, based on social and historical factors, is one of the forms of international co-operation which merits the attention and support of the developed countries. Central American integration is a model of reciprocal confidence, common advantages and shared destiny brought about by the belief that economies begin their march towards development when they are based on breadth, flexibility and fair terms of trade. We believe that these mechanisms will gradually be improved and that the inevitable difficulties that will arise will gradually be overcome by good will and understanding.

336. Guatemala has pursued a consistent policy of supporting the functioning of integrated economies as part of a comprehensive awareness that the destiny of peoples and their best interests and values constitute the common goals of mankind. Therefore we reiterate our willingness to contribute to making this seventh special session of the General Assembly of the United Nations one which will achieve concrete results of benefit to all.

The meeting rose at 7.10 p.m.