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President: Mr. Leopoldo BENITES (Ecuador).

AGENDA ITEM 7

Study of the problems of raw materials and development
(continued)

1. Mr. DE PINIES (Spain) (*interpretation from Spanish*): I should like once again to congratulate you, Sir, as a twofold President. You are still President of the session of the Assembly that has not as yet adjourned and, because of your qualifications and the choice of the Assembly, you are President of this special session. I trust that we will be successful in our work under your guidance.
2. The General Assembly has been convened in special session and thus the United Nations is fulfilling its role of invigorating international co-operation as set forth in the Charter in order better to implement international justice and to give closer and greater impetus to the growth of solidarity among peoples.
3. My country has always defended the high ideals of universalism. We have kept them as the pole-star of our foreign policy. We have constantly advocated mutual understanding and co-operation among nations, and therefore whole-heartedly support the initiative of the President of the People's Democratic Republic of Algeria, Mr. Houari Boumediène, to whom I wish publicly to pay a tribute from this rostrum. We, ourselves, will spare no effort to ensure that the work of this Assembly will channel and lead to the achievement of the aspirations of justice, solidarity and international well-being.
4. In pursuing this line of conduct, my Government wishes to contribute to and to co-operate in the establishment of an international economic, social and political order which, resting on justice, equity and solidarity, will be both beneficial and useful to all the peoples of the world community.
5. It is most encouraging to note that among all delegations the clear feeling is gaining ground that this special

session of the General Assembly can and should be the proper place to solve the present world economic crisis. Because of its implications this crisis is extremely dangerous to the world and calls for urgent decisions. If we do not adopt, or at least lay the groundwork at this special session for adopting, the necessary measures to control the instability and the disorder that obtain in trade and that have such a grave effect on the progress of national economies, we shall run the serious risk of perpetuating a situation fraught with harmful consequences to the welfare of nations and to the due and positive development of relations among States.

6. It is true that in the last few years international relations have been profoundly transformed politically, economically and socially. It is these changes that gave rise to the present situation which, although critical, does not contain only negative elements. On the contrary, this situation might well be the point of departure, the appropriate launching pad, for a new phase that will change structures globally and alter the present system of distribution of the world's wealth.

7. However, this structural transformation or conversion must be carried out in a calm, balanced and evolutionary manner. We should not lose sight of our ultimate goal, which is international solidarity and justice for all States without exception; we should not lose sight of the real interests that must prevail over all political and, more acutely, internationally political, movements. We cannot fall into an inefficient and sterile Utopian hope. It is true that international life should be just, but it is no less true that as a political reality the international world must be made possible and viable through the exercise of the virtue of prudence.

8. If the joint efforts of all lead us to overcome the dangers and obstacles, let us also consider that in setting forth the present situation we find that the conditions are ripe to start a long-range programme of evolution leading to a more just transformation of the international economic system.

9. The community of nations has progressed slowly, but resolutely, through interdependence among States with respect to both economic and social structures as well as at all levels, including cultural and political. International relations, whether bilateral or multilateral, have been greatly enriched.

10. In this crescendo of unavoidable interdependence, the danger inherent in unilateral, egotistical and divisive elements on the part of an international entity is not only prejudicial to the entire membership of the community, but it also damages that international entity with a boomerang

effect. That is why international interdependence is becoming closer and more determining, and it is within that inescapable framework that international life today must develop.

11. A clear understanding of what this basic factor of interdependence means will help us to avoid, on the one hand, unjustifiable egotisms which are ready to accept the iniquitous and shameful fact of States living in precarious conditions incompatible in every respect with the most elementary human dignity and, on the other hand, the simple play of tit for tat that can only lead to economic chaos.

12. Therefore, in the light of what I have said, we believe that the international system to be set up must rest on the pillars of a mutual and just coexistence that will have as its ultimate goal the welfare of all people over and above any individual or self-seeking interests.

13. In the world of today the developing countries have had to bend their efforts in a most unfavourable and cruel environment.

14. Thus far we cannot truly speak of a spirit of international co-operation or of a clear-cut political will on the part of a wide sector of the more favoured nations to understand the joint interests of international solidarity. The laudable efforts made thus far within the United Nations, particularly in the United Nations Conference on Trade and Development [UNCTAD], and in other bodies have still not hit the mark. This was openly proved when the present order suffered the grave upsets caused by the rises in the prices of certain raw materials that had been kept at extremely low levels, the large-scale fluctuations and the contagious effects of generalized inflation on certain sectors of international economic life.

15. Thus, a profound reform must be undertaken, but it must be one that will ensure the international community a new world economic order that will be more just, and it must be one based on the solidarity and co-operation dictated by the present state of interdependence. This new order will redress the older order with all its errors and disadvantages. But we must carefully avoid falling into other traps which might appear to contain compensatory elements because they go to the other extreme, but which would inevitably lead to equally negative results for the international community, for each of its components and particularly for the weaker and more vulnerable countries.

16. On behalf of my Government, I should like to draw the attention of the General Assembly to some aspects of the matters that I consider the most outstanding among those that are to be considered. I shall cite them in the order of priority that we ascribe to them.

17. In view of its obvious urgency, the first question to be considered would be the grave situation confronting the less developed countries, particularly those affected by the present crisis. Obviously I refer not only to those countries that are called the relatively less developed, but also to all the developing countries which, because they lack surpluses or are not self-sufficient in raw materials, energy, fertilizers or food products, or because they have suffered the effects

of natural disasters such as the drought that persists in many regions of the world, especially in the Sahel, find themselves in a position of greater dependency regarding these essential products and have been hardest hit by the rise in prices.

18. As far as we are concerned, it is urgent for a whole series of measures to be studied and implemented in order to (a) pinpoint and classify such countries, (b) assess the damage suffered and the particular difficulties which those countries are now facing or will face, and (c) set up promptly an efficient system of assistance on the part of the international community to remedy these problems.

19. We cannot hesitate and we cannot postpone our action. We feel that the list of countries in the circumstances which I have described must be as exhaustive as possible. Special measures that will be adequate to meet these problems, including among them the priority of the transfer of financial resources under the most favourable conditions by the international financial institutions or of the special assistance fund that may be set up in accordance with the ideas lately voiced by a number of countries, must be adopted immediately. This is an undertaking of international solidarity, to which all the other members of the international community must contribute in due proportion to their degree of development.

20. This brings us to another aspect which we consider equally important: the present circumstances of the simplistic division of countries into only two categories—the developed and the developing—is inadequate to meet the needs of the new system to be established.

21. Reality has imposed upon us a new group of countries of relatively less development. We should now carry out a more precise and adequate classification of countries in accordance with their different degrees and stages of development. This is the only way to arrive at effective solutions to many problems, graduating the relative benefits that might be received or be given by each one according to the position it occupies on that scale. Thus the Chairman of the Spanish delegation to the third session of UNCTAD already has outlined the possibility of a differentiated approach to ensure a more equitable distribution of benefits and assistance flowing from international solidarity, which he called a "cascade operation". In other words, some countries would receive the benefits required to complete their development efforts while at the same time they would be giving assistance to countries less advanced than themselves.

22. May I stress that my country, which is still in the middle of the road, which knows in its own history the difficult road leading to development, but which by its own efforts has managed to overcome some of these stages and arrived at a certain point close to development, but not yet development, is in a position to give its views on these matters with knowledge of what we speak. Our intermediate position as a developing country in a highly industrialized and technologically advanced zone, has very particular problems which we have explained on other occasions. The knowledge of these problems has always led my country to support measures adopted for the benefit of the countries of relatively less development. Although it is

true that our situation of a certain greater degree of development among the developing countries has already allowed us—and, we trust, will allow us increasingly in the future—to co-operate in the great objective of solidarity and international progress, it is also because of that same special situation that we occupy that it is even more necessary for us to receive assistance from all those countries or regional groups which are at a higher degree of development than we are because of their investment capacity, because of their industrial development, or because of their own adapted technology. And since my country is also greatly dependent on imports of basic raw materials, we might be adversely affected—as well as other countries in like situations—if mistaken or excessively simplistic solutions were to be adopted in the future.

23. Therefore, Spain advocates realistic and co-ordinated solutions that, by strengthening the actions of the United Nations, will allow the new international order to rest on bases that will be just and objective for all countries.

24. Secondly, I must stress the need to set norms for effective international co-operation in order to guarantee the production of raw materials and basic commodities and to organize marketing, thus assuring access to resources and making it possible for all members of the international community to receive the goods they require and thereby achieving adequate and equitable prices for both producers and consumers. These prices must be at a stable and remunerative level for the developing producing countries, in order to supply them with the financial resources they need for their efforts to develop. At the same time an effort should be made to ensure that the developing countries will be able increasingly to process their raw materials more completely in order to achieve an even fairer remuneration for their exports.

25. We also consider it necessary to establish reference prices and ensure that they are correctly related to the functioning of buffer stocks, which should be set up, as far as possible and promptly, as true institutions of international co-operation.

26. All this can best be established on the basis of a network of agreements on the most traded products. These product-by-product agreements will have to take into account as effectively as possible the peculiarities of the trade in each, and thus a whole complex of regulations with a nucleus of systematized and standard provisions would have to be set up.

27. We also believe that priorities for these agreements should be established. The order should be: food products and staples; energy products in greatest demand; and lastly exports of the greatest importance to the greatest number of developing countries.

28. Another important field in which as soon as possible we should come to agreement on a plan of international co-operation is that of the growing and rapid industrialization of the developing countries. We indicated earlier the need for countries to develop their capacity for processing their natural resources. A more rational international division of labour must be set up, which would correct clear-cut and unjust imbalances from the standpoint of the

objective criteria of feasibility. We have spoken in favour of a study of these problems by the United Nations Industrial Development Organization [*UNIDO*], having supported the establishment of that institution as well as its conference, which is scheduled to take place in Lima next year. Pursuant to this line of reasoning, special attention will have to be given to the consideration of the obvious existing advantages in placing industries where the necessary labour exists instead of importing it with all the problems and difficulties that migratory phenomena and industrial super-concentration, with its attendant social and environmental effects, create.

29. A subject of great importance in the developing nations and an indispensable ingredient of their industrialization is an easier and more accessible transfer of modern technology adapted to the different levels of development. We shall have to set up new rules in this respect, giving special consideration to assistance to research, the creation of indigenous technology and the adaptation of existing practices in the field to the special needs of the developing countries.

30. But nothing we can say here in the vast field of subjects before the General Assembly can be of any effect whatsoever unless there is a careful, well-studied and effective review of the entire monetary and financial system. As the Secretary-General very clearly put it during this session [*2207th meeting*], we shall achieve nothing unless we are able to overcome the results of inflation. We therefore support the initiatives for the urgent consideration of this important item, with the effective and active participation of the developing countries.

31. Practically speaking, we feel that at this moment it would be appropriate to propose that, among the many measures to be adopted to ensure a global solution to the problem, particular stress should be placed on the possibility of creating a committee to sum up all the studies already carried out in the field of international co-operation, in an effort to form an articulate, coherent and practical synthesis of what has been done.

32. Thus too, and as an organization measure, we should also ensure that the entire machinery of the United Nations family should, each within its respective field of competence, undertake studies of urgent and co-ordinated plans of action to implement whatever agreements this Assembly may arrive at.

33. Retaining, naturally, the decisive role of the General Assembly, we would give special responsibilities to the Economic and Social Council so that, having contacted the executive directors of all the interested specialized agencies, it could at its summer session consider the programme of action with a view to its speedy implementation.

34. Experience shows that it is difficult to bring together the different interests at play without taking into account the complexity and heterogeneity of the factors that must be weighed. But we must overcome this sort of difficulty. The Spanish delegation considers it imperative that the main principles which are to govern the future work for a just reorganization of the world economy be laid down, giving full attention and care to a programme of action for

the United Nations and its family of organizations to implement.

35. I most fervently hope that our work, under your wise guidance, Mr. President, will lead us to the results that we all desire.

36. Mr. MOTEE'A (Democratic Yemen) (*interpretation from Arabic*): In the last few years, the world has witnessed a recurrence of global economic crises, lately culminating in the skyrocketing prices of food materials and manufactured goods and characterized by what is now called the energy crisis. Natural disasters and famine have exacerbated the plight of millions of people in the developing countries, and the instability of the international monetary system, characterized by endemic inflation, has undermined the orderly economic growth of the poor countries.

37. Today, we meet here in a special session of the General Assembly in order to establish the foundations of a new international economic order based on equity. My Government welcomes the initiative of President Houari Boumediène, who requested the convening of the General Assembly to discuss the important question of raw materials and development [A/9541]. The convening of this sixth special session of the General Assembly is both timely and opportune. It is timely because the international economic imbalance has assumed far-reaching proportions, threatening the economic advancement of the developing countries. It is opportune because the United Nations is the most appropriate forum in which to discuss a question of such international significance. Attempts to find suitable solutions for international economic problems by a few economically powerful States are doomed to failure because of their limited scope and interest. The success of this session, however, will be based on the collective co-operation of the international community with a view to tackling the most pressing economic questions first.

38. In terms of priority, this session should focus on the plight of those developing countries hardest hit by their inherent economic weakness and the burdens of rising food and oil prices.

39. The root of the current international economic crisis lies in the inequitable economic relations of the colonial era. Although outright colonialism is mostly a relic of the past, neo-colonialism remains the main obstacle to the economic emancipation and progress of the developing countries. Our international economic order today is a reflection of the political and economic relations which were established at a time when most of the developing countries did not exist as independent States and which, by all its elements, perpetuates inequality.

40. The exploitation and plunder of the natural resources of the developing countries continues unabated. Giant multinational corporations have become the most conspicuous phenomena of neo-colonialism. With their formidable economic and political power, they engage not only in devastating the natural resources of developing countries, but also in undermining their political independence. Their notorious campaign against the revolutionary Government of President Allende in Chile is only one link in a chain of disruptive roles played in many other developing countries.

41. Today, the gap between the developing and the developed countries continues to widen. The developing countries, which constitute 70 per cent of the world's population, account for only 30 per cent of the world's income. While the prices of capital goods and equipment exported by the developed countries have been drastically increasing, the prices of raw materials exported by the developing countries have, for a long time, remained more or less the same. The transfer of financial resources and technology from the developed countries has been hampered by unfavourable conditions imposed on the developing countries. The right of the developing countries to exercise control over their natural resources has been jeopardized by economic blackmail and political manipulation.

42. International political stability cannot be achieved without international economic stability—a stability based on justice and the enjoyment of scientific and economic progress by all nations, not only a few. International economic co-operation is the basis for international political détente. However, the removal of economic injustice and the elimination of the disparity in economic growth among nations is a prerequisite for a new equitable international economic order.

43. This special session of the General Assembly has been convened to lay down new principles of international economic relations aimed at economic progress for all peoples. Such principles should re-emphasize the legitimate right of every country to exercise effective control over its natural resources, including its right of nationalization. The developing countries, whose natural resources and manpower have been exploited by the colonial Powers, should establish a common front to ensure their accelerated economic and social development.

44. The whole international community is in duty bound to extend all active assistance to the developing countries, especially to the least developed countries and to those who have been seriously affected by the increasing prices of food materials, oil and manufactured commodities.

45. When the oil-producing countries justifiably increased the prices of their depletable commodity, the capitalist countries of Western Europe and North America expressed great concern and anxiety. Such an inconvenience is regarded as a serious threat to their economic growth and well-being. But what about the galloping prices of such essential commodities as wheat, sugar and rice, and the serious threat they pose not only to the balance of payments of the developing countries but also to their very survival? What about the increasing prices of the iron, cement and goods exported by the developed countries? If the developed countries have somehow been affected by the new prices of oil, the plight of those unfortunate developing countries which are importers of food-stuffs, oil and manufactured goods is terrible. Their economic growth already hampered by the imbalance in international trade and the instability of the monetary system, some developing countries are in distress because of natural disasters and famine. It is the obligation of the international community to render effective and urgent assistance to those countries, and it is our hope that the new international economic order will create conditions conducive to the urgent development of the poor countries.

46. The relaxation of tension on the international scene cannot be divorced from international economic co-operation. It is alarming that more and more resources of the developed countries are being appropriated for armaments and destructive weapons at a time when their assistance to developing countries remains relatively insignificant. To dispose of the newly acquired wealth of the oil-producing developing countries by huge arms deals may be a remedy for the balance-of-payments deficit of the developed countries, but it will certainly not be for the betterment of the masses in the developing countries. Many of the resources allocated to the arms industry and to arms purchases should be channelled towards economic development and assistance.

47. Since its independence six years ago, the People's Democratic Republic of Yemen has been confronted with the huge task of the economic and social development of a country whose economy had been almost totally based on services to satisfy the needs of a colonial Power. Notwithstanding the closure of the Suez Canal and its detrimental effects, we have managed to establish a balanced economy geared towards agricultural production and the exploitation of our maritime and other resources. With great endurance and sacrifice, and with the active and conscious participation of our masses, we have succeeded in launching development programmes aimed at self-sufficiency in food and the over-all economic and social progress of our people. We are nevertheless, like other nations, seriously affected by the burden imposed on our financial resources due to higher prices for the import of food-stuffs, oil and manufactured goods. It is our hope that a reformulation of international economic relations based on co-operation and justice could alleviate the living conditions of the millions of people around the world languishing in misery.

48. We have no illusions that a new international order can be achieved without the political will of the affluent to conceive their interests in terms of regional and global progress, and without the determination of the poor countries to struggle against all economic odds for the well-being of the masses.

49. Mr. GIOLITTI (Italy):¹ Before proceeding with my statement, allow me to present to you on behalf of my Government and on my own behalf our warm congratulations on your unanimous election to the presidency of this Assembly. I am confident that under your wise leadership we will proceed speedily with our work and reach the decisions that each and every one of us has at heart.

50. A rapid process of transformation of the world economic and political scene constitutes the framework and basic motive for this special session of the General Assembly. The Italian Government is aware of the dimensions of this process, the scope and breadth of which are such that we have not yet been able to grasp its full significance. The convening of this session reveals a profound and wide-spread conviction that the United Nations is called upon to play an ever-growing role in the establishment of a new world economic order.

¹ Mr. Giolitti spoke in Italian. The English version of his statement was supplied by the delegation.

51. The Italian Government notes the decision to tackle jointly not only the problems arising in the energy sector but also all those problems related to the availability and price of raw materials and to the growth of both the developing and the industrialized countries according to the principles of mutual co-operation. That is a decision that corresponds to the actual reality of the situation we are facing. The statement of the Secretary-General had the great merit of indicating the full range of the problems the international community is today called upon to solve. We cannot evade this range of problems if we wish to find a satisfactory and equitable solution to the difficulties arising in the energy sector.

52. The so-called "oil crisis" must be interpreted as a revealing and dramatic sign of a crisis which had been growing for some time and is of great importance. We are in fact facing the historic crisis of a system of international division of labour and international distribution of income which is no longer acceptable or practicable. Not to have foreseen this crisis and to have believed in, and tried to prolong, the existence of the present system is a responsibility which must encourage us to respond to the present situation with urgent decisions. We cannot yet see clearly what the new system should be. This debate may help us to define it in a spirit of co-operation based on a common and harmonious effort to pass from the old to the new rather than to confront the new with the old in a clash of hostile forces.

53. The spread of inflation makes this task even more urgent. This is to a large extent the result of a race towards the illusory benefits of the consumer society. It has led to increased international imbalances and to a deterioration in the terms of trade to the detriment of the developing countries.

54. The increase in prices of raw materials appears to be an initial response and a means of compensating for the present situation. It is certainly a challenge to the present international division of labour and distribution of income on a world scale. But can it be considered as the advent of a new system? We hardly think so, because the logic of market forces remains the same and the rules of the game remain the same, whereas the real problem is to change them.

55. For the law of the strongest we must substitute the law of international co-operation. Otherwise we risk returning to the law of the jungle. We can already see premonitions of this. We are also threatened by other disorderly factors. These are the different and often contradictory reactions of individual States each of which is compelled by the same unforeseen and inescapable threat of disorder to consider only its own national interests or its regional or group interests in the face of growing monetary and financial instability, the threatening prospect of shortage and the present chronic uncertainty of the world economic cycle.

56. It is not enough to solve the problem of controlling one's own resources at the national level; we must tackle the problem of the international co-ordination of the utilization and allocation of resources—not only raw materials but also financial and technological resources.

57. It is not enough to solve the problem of national independence; we must tackle the problem of the interdependence between the various economies at the world level. Hence the need for multilateralism which has been clearly and unanimously reaffirmed by the European Economic Community, of which Italy is a member. Hence also the need for instruments of international co-operation which will ensure the consistency and co-ordination of policies not only of individual States but also of large-scale national and multinational economic promoters.

58. Never before has the world had to realize how close is the interdependence between national economic events. The economic history of the years between the two World Wars may appear insignificant when compared with the events which we are facing today. If we still nourish the firm hope of not repeating the mistakes we made in tackling a similar crisis during the 1930s, it is because the conscience of all nations has progressed enormously. We may think for example of the impact which a recession in all the industrialized countries would have on the international demand for raw materials and hence on their prices and on the economies of the countries producing them.

59. Raw materials by themselves do not constitute an economic resource. They must be transformed. In saying this, I do not wish to advocate the retention of an international division of labour contrary to the aspirations of the producer countries, which have every right to utilize the resources of their territories for the purposes of their industrialization. But this process would be interrupted by any slump in the trade and economies of the industrialized countries, which remain an essential component of the industrial progress, technological advancement and the well-being of all.

60. The reforms initiated in Tokyo for international trade and in Nairobi for a new monetary system and the coming conferences on population, food, and industrialization are so many examples of a widespread international awareness of the problems and needs which emerge in this Assembly with particular vividness and of the fact that we must face them through organized co-operation and not through economic confrontation.

61. Moreover, a confrontation and a possible "deal" between developed and developing countries would not provide an appropriate solution. This is shown by the fact that the line between countries receiving substantial benefits from the international terms of trade and countries not receiving such benefits no longer has the industrialized countries on one side and the developing countries on the other, but runs across both groups.

62. We may also mention a second difference between the former situation and the new situation which is taking shape: the countries which are self-sufficient in raw materials are few; they all enjoy, however, a certain advantage as compared with countries that are not self-sufficient. This does not alter the fact that both the self-sufficient countries and the countries which depend to a large extent on imports must all face the prospect of a general shortage of raw materials in the long run.

63. These recent developments obviously do not imply any immediate need to review the characteristics and

qualifications whereby States are classified as industrialized or developing.

64. The problem of development at the United Nations remains always and above all the problem of the relations between the present developing countries and the present industrialized countries, as they are now. However, the economies of the various countries, whether industrialized or not, must be reviewed more carefully and in a manner more consonant with the complex and diversified situation we are now facing. That review must assess the need for aid and the capacity to contribute.

65. Naturally, this argument in no way seeks to ignore the typical characteristics and needs of every individual country. The first principle enunciated in the International Development Strategy for the Second United Nations Development Decade [*resolution 2626 (XXV)*] is that each State bears the primary responsibility for its own economic and social progress.

66. It seems therefore essential for each country to take stock of the consequences of this particular situation for which we have convened here and to make a constant effort to improve its economic structures. This appears to us to be an absolute imperative so that those countries called upon to assist others either with material resources or with the complex and essential assets of technology can operate with greater efficiency and so that the recipient countries can make the best possible use of such assistance.

67. We cannot possibly claim that the review of such vast and complex problems can be completed during the course of this special session. The Italian Government hopes that the Assembly, having taken note of the exceptional state of the present international economic situation, will entrust to the existing United Nations organs the task of studying all the subjects that have been brought before us at this session. For the elaboration of a global strategy of international economic co-operation the Italian Government shares the views put forward by the President of the Council of the European Community [*2209th meeting*] and also supports the proposal for a "council of wise men".

68. The Italian Government formally proposes, at this session, as a short-term measure, that the Economic and Social Council should begin to consider at an early session the key factors of this situation, which is changing day by day. The Council should identify those factors and take due account of them in elaborating the methodology for its mid-term review and appraisal of the Strategy for the Second Development Decade.

69. The priority sectors appear to be those of energy and food and, more specifically, petroleum and cereals. In other bodies, parallel and co-ordinated action should be taken to deal with monetary and finance matters. Above all, in these sectors we must show our wish and ability to substitute a spirit of solidarity for a spirit of confrontation. Very close attention should be paid to the proposal made by President Boumediène for a large-scale mobilization, in favour of the developing countries, of the financial resources and production capacity of those countries which have such resources and capacity.

70. That proposal could be implemented in the form of a 10-year plan of emergency assistance to the developing countries. The industrialized countries and those which have substantial financial surpluses could take part in the financing of this project.
71. Such a plan should have a number of objectives covering the main interests at stake. First, we must ensure that the changes now taking place in international economic relations are effectively transformed into a great opportunity for the developing countries to make progress and not to sustain further losses. Second, we must ensure that the productive capacity of the industrialized countries is channelled in this direction, and not be allowed to worsen the ever-growing inflationary pressures. It must not be nullified by a serious recession. Third, we must ensure a substantial flow of investment for increasing the production of raw materials and products in short supply, reserving a growing proportion of such production for the needs of the least developed of the developing countries. Fourth, we must guarantee that the countries which now have substantial financial surpluses will be able to use them for remunerative investment which will favour world progress and will not increase international monetary disorder. The burden of this emergency provision of financial means could be partially borne by the industrialized countries in proportion to their capacity to pay. Fifth, we must enable those industrialized countries whose balances of payments are today most affected by the increases in the prices of imported raw materials to provide free, semi-free or deferred-payment exports to developing countries and especially to the least developed among them.
72. The above-mentioned exporting countries, because of their balance of payments difficulties, should be granted international credits at conditions to be determined, taking into due account, *inter alia*, the aid provided by them and also their present economic situation and the prospects of rebalancing their balance of payments.
73. The course of the Second Development Decade has been planned on the basis of assumptions which today have become to a large extent upset. The transfer of resources and financial aid from the industrialized countries to the developing countries has up to now been far from reaching the objectives of the Second Development Decade. For many industrialized countries, an effort such as that required by the Strategy for the Second Development Decade has been made still more difficult, as in the case of Italy, because of internal structural obstacles.
74. The countries of the international community are now witnessing an unprecedented redistribution of the means of payment. Almost all the industrial countries are now facing serious difficulties in their balance of payments. These difficulties, again in the case of Italy as well, can find a true and lasting solution only within the context of close and renewed international co-operation. It would in fact be illusory to think that the survival of international economic balance, and hence the existence of any international strategy for development, can depend solely on the response of the industrialized countries to the crucial and difficult questions involved in the world's redistribution of income.
75. Even if the industrialized countries under present conditions provide a great volume of assistance, and a flow of resources greater than the present one, the needs of many developing countries would be far from being satisfied. However, the Economic and Social Council could start by considering a solution that has so far been disregarded because of objective difficulties caused by competition among industrial economies. I allude here to the mobilization of financial resources through the use of other financial resources designed to provide the necessary incentives in the form of a subsidy to the rate of interest.
76. Enormous monetary resources are piling up in countries with limited absorption capacity. These resources may lead to the accumulation of dangerously large amounts of money seeking speculative investment on the international financial market. These same resources should rather be channelled towards the developing countries, which are in a less favourable financial situation. A multilateral agency capable of ensuring investments on sufficiently remunerative terms could be used for this purpose.
77. I do not intend to illustrate this proposal in greater detail here. I limit myself, however, to recommending that a study of it be made. There is, I think, a fundamental coincidence of interests among the countries represented here regardless of their level of industrialization and availability of raw-material resources. Therefore, after making the two proposals on a short-term basis that I have put forward, I should like to conclude by emphasizing the long-term objective that this General Assembly should begin to envisage.
78. This objective could be described as a world-wide survey of available resources and the planning of their use, with the view of ensuring a better balanced international distribution of income and a world-wide control of the consumption of main primary commodities. Some may say that this is Utopian. But everything leads us to believe that mankind is, with incredible speed, approaching the day when it will have to decide to forgo the anarchy caused by competition and selfishness and to choose the policy of doing its utmost in a spirit of solidarity to bring about an achievement which may appear Utopian today, namely a harmonious and closely united international community.
79. Mr. GULDBERG (Denmark): Our generation has witnessed a growing interdependence of the economies of countries in all parts of the world and in all stages of development. Nations must seek solutions to their economic and social problems in a global framework. No country can isolate itself from this trend, which has changed the scope and the character of the work of the United Nations.
80. In 1972 the United Nations Conference on the Human Environment took place with the motto "Only one earth". This year the World Population Conference and the World Food Conference will demonstrate that the nations of the world are tied to each other by a common destiny. So does this special session of the General Assembly on the problems of raw materials and development.
81. For many years the world saw a steady decline in the real value of a number of raw materials. This caused a

decrease in the terms of trade of many countries of the third world and hampered their development efforts.

82. Today the problem of commodity prices has become even more complex than before. Natural resources are exhaustible. Growing demands mean that for some commodities—and above all energy resources—supplies are now running scarce. Only a minor part of the world population is today benefiting from consumption of such products. A number of developing countries are eager to become consumers as part of their development process.

83. New techniques must be developed in order to create the basis for an increase in volume and a more equal distribution of resources among the peoples of the world. Changes in relative prices are, in the view of the Danish Government, not only acceptable but also necessary if technological and, in turn, economic progress in all parts of the world is to continue. However, substantial increases in prices over a short span of time constitute a danger to international economic development. The problems we are facing can only be solved without serious difficulties if industries are given sufficient time to adapt techniques to changed circumstances.

84. The recent economic developments are felt most acutely by a number of countries of the third world—those without oil or other commodities subject to fast increases in prices. In such countries the new situation may mean more suffering and despair for millions of people.

85. Also many developed countries, among them Denmark, are at present in an unfortunate situation. I do say this not in order to complain but because it is essential to understand that economic deterioration in highly developed countries with an even distribution of incomes and with a democratic political system could create difficulties, which might have unwanted repercussions.

86. A continuation of the economic growth in the industrialized countries is a prerequisite for an increase in the necessary export earnings of the developing countries.

87. A positive attitude on the part of the population in a democratic and industrialized country is a "must" in order to generate what President Boumediène asked for in his speech in this Assembly [2208th meeting], namely, the support and assistance which the international community, and especially the developed countries, must furnish the countries of the third world. An economic crisis is not conducive to the successful outcome of delicate negotiations on trade and monetary questions such as those we are now undertaking.

88. As a representative of a small country, I find it necessary to point to a further problem common to small nations. I refer to the threat which a serious international economic crisis could present to the exercise of national sovereignty. A polarization of economic power cannot but increase the dependence of small countries and limit their freedom of action. The drastic economic changes which we are witnessing might change the political balance which has been built up in Western Europe after the Second World War. If the present economic difficulties are not solved, the result may be an unstable world in which Europe will not

be in a position to carry out the co-operation with other nations that we are hoping for.

89. The Danish Government welcomes this special session of the General Assembly as an opportunity for the nations of the world to have a frank and unbiased discussion of the problems we are facing and to identify ways and means of relieving the world community of the unbalanced situation in which it finds itself at the present time.

90. The maintenance and further expansion of international trade are indispensable for continued economic growth. As world trade has developed, the growth of the trade of developing countries as a whole has been less than that of industrialized countries. In order to change this trend Denmark, among other industrialized countries, has introduced a generalized scheme of preferences in favour of developing countries.

91. In the Tokyo Declaration,² which marked the opening of the trade negotiations now under way in the General Agreement on Tariffs and Trade [GATT], the industrialized countries committed themselves to seeking solutions designed to secure additional benefits for the international trade of developing countries.

92. The new situation we face in international economic relations has not changed my Government's desire to achieve a result of the GATT negotiations that would make it possible for the developing countries to expand their trade at a faster rate. I believe that improved conditions for the trade of developing countries are more essential than ever.

93. The current upsets in the world economy could make it more difficult than anticipated to negotiate the removal of obstacles to trade to which we are committed. The present situation might lead to pressures on individual Governments to resort to restrictive trade measures. It should be generally recognized, however, that such measures would be self-defeating and that the world community would stand to lose by such a development.

94. As for trade in commodities, the last couple of years, and especially the last few months, have seen price increases for some products which have had a severe effect on the economic stability of almost all nations. The steep rise in the price of oil has not only direct repercussions; the price of a number of petrochemical products has risen even more than oil itself. This has been the case with fertilizers. The price of that product, aggravated by short supply, has already created very serious problems for agriculture in developing countries. At a time when famine is not a threat but a daily companion for millions of people it is unacceptable that a lack of fertilizers should nullify the recent improvements in food production in the developing world.

95. A coherent and co-ordinated solution to the commodity problems is in the interest of all. Trading nations have the same interests in achieving stability in prices and

² Declaration adopted on 14 September 1973 by the Ministerial Meeting of the Contracting Parties to the General Agreement on Tariffs and Trade held in Tokyo.

supplies to make economic, commercial and development planning possible.

96. The importance of commodities in world economy and the interdependence of developed and developing countries impose obligations on all contributors to world trade. Our common goal must be to arrive at prices which are remunerative to producers and equitable to consumers. We have to recognize that over time changes in the market situation, caused *inter alia* by advances in technology, will be reflected in prices. We must, however, take vigorous measures to supplement the normal market mechanism in order to prevent damages arising from fluctuations in commodity prices. We must give increased attention to the establishment, on a selective basis, of new commodity agreements and to possible improvements of existing ones. We must examine the feasibility of buffer stocks in appropriate cases.

97. The intergovernmental consultations taking place within UNCTAD could provide a suitable ground for new thinking. It would also be useful to examine the existing financial arrangements for ensuring the stability of the export earnings of developing countries with a view to their improvement.

98. My delegation will give its support to efforts by this General Assembly to formulate principles on which a stable and equitable commodity policy can be built and to request the competent organs to translate these principles into practice.

99. Adjustments in the revenue of commodity producers can only partly meet the development needs of these countries and will have no influence—or could even have adverse effects—on other developing countries which do not possess raw materials. All developing nations need access to know-how and technology. For this they will for some time to come still have to rely on the industrialized countries. Trade on a fair basis is necessary for development growth, but trade must still be supplemented by aid. My country, for one, is prepared to make available the kind of know-how and technology that we possess.

100. Over the years Denmark has steadily improved its assistance programmes in terms of both quality and quantity, bilaterally as well as through the international institutions. In 1973 Denmark reached approximately 0.5 per cent of the gross national product in official developing assistance, and is now among the major donors to multilateral development organizations like the United Nations Development Programme and the World Food Programme. It is our aim to achieve the 0.7 per cent target before the end of this decade.

101. It cannot be completely ruled out that it might not be possible for Denmark, in a brief period of adaptation to the new conditions, to maintain its official development assistance at the planned level. We know, however, what assistance means to many nations, and we will do our utmost to fulfil our planned aid programmes.

102. As I have already indicated, recent economic trends have altered the traditional division of countries into "haves" and "have-nots". It is the sincere hope of my

Government that developing countries which have substantially improved their economic potential will find it possible to take part in the efforts to assist financially the less fortunate developing countries to continue their development without setbacks. My country will continue, to the best of its ability, to pursue its general policy of rendering assistance where it is most needed in accordance with the wishes of the recipient countries.

103. In conclusion, let me stress once more the seriousness of the situation and the magnitude of the problems confronting us. This is a challenge which can only be met by common action. Only if we succeed to solve the present economic crisis will it be possible for all countries to exercise full national sovereignty.

104. Let us therefore during this session decide to intensify our efforts to make further progress towards establishing better and more stable economic conditions for all members of the world community on the basis of mutual respect and advantage. Let us fulfil the moral obligation which is placed upon all nations in an interdependent world to strengthen the bonds of trade. Let us in our assistance policies give special attention to those nations which are in the greatest need of help. Let us prove that by working together in a truly creative and co-operative spirit we shall be able to overcome the problems of our time.

105. Mr. NAFFAH (Lebanon) (*interpretation from French*): It is naturally with the greatest attention that I followed the statements of the speakers who have preceded me at this rostrum. And I believe I can state that thanks to them certain misunderstandings which had been widespread and which had been entertained hitherto may now be dissipated today. It is thanks to them too that the true facts of the major problems confronting us can now be understood more clearly and in a climate of greater tranquillity.

106. It is becoming difficult to maintain, for example, that the increase in the price of oil is the underlying source of the economic cataclysm threatening the world. This price increase was in itself, as a matter of fact, not the cause but one of the many consequences of international monetary inflation and the intemperate increase in the prices of other primary commodities and manufactured products.

107. It is also becoming difficult to maintain that the energy problem can be settled in an isolated manner. Nationally speaking, within each country it falls within a much wider framework which is that of economic and social development policy. Internationally speaking, the problem of energy depends on a whole set of complicated factors from which it cannot be dissociated and which affect such broad and variegated fields as, for example, the technical and commercial organization of markets and distribution networks, price indexing in the light of those of capital goods and means of exploitation and transport, and reform of the international monetary system and so on.

108. Thus the Government of the Algerian Republic, and President Houari Boumediène himself, to whom I should like here to pay a particularly warm tribute for his initiatives, so rightly proposed that the United Nations should not arbitrarily fragment these problems and that it

should deal with the study of primary commodities in their totality. Hence this special session of the General Assembly will inevitably find itself confronted by the very nature of things with the need to examine the international economic order from all its different standpoints.

109. We should like to hope that the general circumstances which have today become more favourable than in the past will now allow us to debate usefully these major problems. If this is the case, the energy crisis will have fortunately served not as something which detonates crisis so much as something which reveals it. It will have called general attention, both in governmental circles and in public opinion circles, to the need for all countries to come to an understanding among themselves and to seek common ground where the rights and the essential interests of all sides can be harmoniously safeguarded.

110. The debate which has been going on for a week has highlighted the whole scope of the problem at present confronting this session of the General Assembly.

111. It is no longer just a problem of energy. It is no longer just the problem of primary commodities and natural resources. The United Nations today has to consider the whole of the problem of development with a view to reducing the ever-growing inequalities between the various human families. The new order we seek should lead to a new more just and more equitable distribution of the wealth of the world and also to the establishment of a new international division of labour such as to promote the harmonious development of the whole of mankind.

112. The economic and social crisis at present affecting the countries of the whole world in varying degrees—which is illustrated by the energy crisis, galloping and unconfined inflation, shortages of certain foodstuffs and the intemperate price rises of primary commodities and even more so of manufactured products—makes it necessary to seek solutions on a world scale in a spirit of interdependence and human solidarity.

113. May I be permitted to submit to the General Assembly the following thoughts.

114. First, several representatives have drawn attention to the tragic plight of certain countries which are without any resources and for which the present crisis poses a very serious threat. Our Assembly should advocate before the end of the session immediate action to come to the assistance of these countries.

115. Second, other countries, which are without adequate natural resources but which have already embarked on a process of development without however having achieved the stage of adequate industrialization, are facing growing difficulties because of the general rise in prices. Their development plans are liable to be irremediably jeopardized in consequence. Here again, urgent measures are necessary to avoid wasting all these years of effort and sacrifice. These measures should include particularly the indexing of the prices of primary commodities and manufactured products, as well as the transfer of advanced technology.

116. Third, the oil-exporting countries have suddenly found their earnings increasing to a considerable extent.

They are worried, however, when they see the danger of the rapid exhaustion of their own resources and would like to acquire advanced technology to enable them to continue their development. They are also worried about the constant increase in the prices of manufactured products which they have to import, as well as the constant inflation and devaluation of currencies. Here again, concerted action should be undertaken in order to ensure the preservation of natural resources as far as possible and to accelerate a reform in the international monetary system and to bring about price indexing. We should stress, however, that most of the oil-producing countries, aware of the repercussions of the increase in the cost of energy on the third world countries, have already proclaimed their intention to make their contribution to reduce as far as possible the effects of this crisis on these countries.

117. Fourth, the industrialized countries, which depend for energy on their oil imports, have been seriously affected by the increase in the price of hydrocarbons. They may hope, for their part, to be able to overcome their difficulties by increasing, for example, the over-all volume of their exports and by increasing the prices of their manufactured products. But such a measure could only lead to an acceleration of the price escalation and an aggravation of inflation, and perhaps even to the actual ruin of most of the developing countries.

118. It would seem that the best way of overcoming these difficulties would be the establishment of close co-operation between the industrialized countries, on the one hand, and the countries of the third world, on the other, particularly those which supply sources of energy. Such co-operation should have as its basis and objective the assisting of the developing countries in their industrialization efforts, not only by providing them with the equipment they need, but also by transferring technology to them and by helping them to train specialists of their own. It is particularly encouraging, in this regard, that many highly industrialized countries, such as the United States, Japan and the nine members of the European Community, have declared themselves willing to undertake such co-operation.

119. Fifth, there remain the oil-producing countries, which have achieved a very advanced level of industrialization. Those countries, which have been the least affected by the international economic crisis, and which have even benefited from it at times, must, we hope, be aware of their particular responsibilities in re-establishing a new international economic balance based on equity, justice and human solidarity.

120. The international economic order calls for a fundamental revision, because it no longer meets the conditions of the day. Changing concepts, the profound mutations that have occurred in the political, economic and social spheres throughout the world, and the emergence of new needs and aspirations have all led to the realization that the system which has certainly made possible major achievements in the past nevertheless seems outmoded and unjust today. This system contains inequalities and disparities which are so shocking that it is no longer conceivable that they should continue to exist.

121. It is no offence to the industrialized countries to state that this international order, as it functions at present, operates solely to their benefit and ensures their preponderance, if not their actual domination. They have struggled to acquire this; they have conceived it, fashioned it and adjusted it according to their own convenience and needs, and in conformity with their own interests. But the fact remains that the rights, the needs and essential interests of the developing countries must now and henceforth be given more attention so that the system can become better balanced.

122. How and when can this historic restructuring, this profound reform of the current international order, without which political independence is nothing but a deception—how and when can this all come about? Of course, no one can say today, and certainly no one expects any miracles from this session. But what we can do right now is to proclaim the need for reform, study its underlying principles, as well as its criteria and orientations, and codify them in a single document likely to win universal support.

123. In this regard, the non-aligned countries have proposed a declaration and an action programme,³ supplementing the proposal which President Echeverría had submitted to the third session of UNCTAD, which was to adopt a "Charter of Economic Rights and Duties of States". These three documents stem from the same spirit which inspired the United Nations Charter, and fall within the same context as the Universal Declaration of Human Rights.

124. It is to be hoped that our General Assembly will not conclude its work without having examined the documents proposed by the non-aligned countries, or without having recommended that the next regular session of the General Assembly consider the final text of the "Charter of Economic Rights and Duties of States". It is to be hoped in particular—and I should like to lay especial stress on this—that our Assembly will instruct the relevant organs of the United Nations to continue, in a constructive and business-like spirit, the examination of all questions affecting the developing countries, particularly questions of primary commodities, trade, generalized preferences, industrialization, transport, the international monetary system, etc., on the condition, of course, that the developing countries be constantly associated with the examina-

³ Subsequently circulated as documents A/AC.166/L.47 and A/AC.166/L.48.

tion of these problems, with a view to associating them ultimately in the decision-making process.

125. This is not the first time that questions on our agenda have been submitted to the consideration of the international community: how often, indeed, have they been debated in the past in the General Assembly, in the Economic and Social Council, UNCTAD, the International Monetary Fund and other bodies. But, unfortunately, we must recognize that no true progress has thus far been achieved. Let us hope that this special session of the General Assembly will mark a turning point in the development of international relations, for the benefit of all countries and for the well-being of all people.

AGENDA ITEM 5

Organization of the session (*concluded*)*

REPORT OF THE GENERAL COMMITTEE (A/9549)

126. The PRESIDENT (*interpretation from Spanish*): The Assembly will now take up the report of the General Committee which deals with the organization of the sixth special session of the General Assembly [A/9549]. In paragraph 2 of the report, the General Committee recommends that the General Assembly set Monday, 29 April 1974, as the closing date for this session. The General Committee also recommends that "... if necessary, additional meetings should be held outside the normal working schedule". If I hear no objection, I shall take it that the General Assembly approves the recommendations of the General Committee.

It was so decided.

127. The PRESIDENT (*interpretation from Spanish*): I wish to remind members that the general debate in the plenary Assembly will conclude on Tuesday, 23 April, and that we do not foresee the holding of plenary meetings after that date until a report is submitted to the Assembly by the *Ad Hoc* Committee. We are all fully aware of the difficulty of the task that was entrusted to the *Ad Hoc* Committee, but we trust that it will successfully conclude its work under the competent leadership of its Chairman.

The meeting rose at 12.30 p.m.

* Resumed from the 2207th meeting.