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# REPORT BY CONGRESSIONAL ADVISERS TO THE SEVENTH SPECIAL SESSION OF THE UNITED NATIONS

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COMMITTEE ON INTERNATIONAL RELATIONS
U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

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# LETTER OF TRANSMITTAL

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AD HOC COMMITTEE OF CONGRESSIONAL ADVISERS TO
THE SEVENTH SPECIAL SESSION OF THE UNITED NATIONS,
*Washington, D.C., October 9, 1975.*

Hon. THOMAS E. MORGAN,
*Chairman, Committee on International Relations,*

Hon. JOHN SPARKMAN,
*Chairman, Committee on Foreign Relations,*

The interest earlier this year of various Members of the House and Senate in the Seventh Special Session of the United Nations led them to initiate a dialog with the Department of State concerning U.S. policy at the Special Session. The concern shown by the Members convinced the Secretary of State to invite the Congress to appoint a group of Senators and Congressmen to serve as advisers to the Special Session.

The congressional advisers would like to express their appreciation for your having given them the responsibility of serving in that capacity and would like to commend to your attention the attached report on the Special Session.

This experience leaves us with greater hope for successful executive-legislative cooperation in the formulation of foreign policy and in the ability of the industrial and developing nations to structure an international economic system that promotes the interests of both.

Sincerely,

GALE MCGEE,
*Chairman.*
CHARLES C. DIGGS,
*Vice Chairman.*
JACOB K. JAVITS,
*Ranking Minority Member.*

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# REPORT BY CONGRESSIONAL ADVISERS TO THE SEVENTH SPECIAL SESSION OF THE UNITED NATIONS

The consensus resolution of the Seventh Special Session of the United Nations, entitled "Development and International Economic Cooperation," marks a significant turning point in U.S. relations with the developing countries and sets the stage for a new era of economic partnership between rich and poor nations.

While the Seventh Special Session eases a decade of confrontation over how to narrow the widening gap in the distribution and control of global resources, considerable work remains, and our future relations with the poor countries of the world will be contingent upon our willingness to continue the negotiation process.

Secretary of State Henry Kissinger's comprehensive economic program, as outlined in a speech delivered to the Seventh Special Session by U.S. Ambassador Daniel Moynihan, allowed the United States to resume its proper place as a leader in an international effort to introduce greater stability, equality, and justice in the world economy. It is fair to say that the input of members from the House and Senate, who worked with Dr. Kissinger and his State Department team for 4 months prior to the Special Session, was important to achieving this goal. The importance we attach to international economic issues and the Seventh Special Session led to the formation by the congressional advisers to the session of an ad hoc committee to continue our work in this area.

The congressional advisers were: Senate Delegation—Gale W. McGee, Jacob K. Javits, Dick Clark, Hubert H. Humphrey, Robert B. Morgan, Mike Gravel, John H. Glenn, Jr., Charles H. Percy, Bob Dole, Pete V. Domenici, Henry L. Bellmon, and Bob Packwood. House Delegation—Charles C. Diggs, Jr., David R. Obey, William Green, John H. Buchanan, Jr., Charles W. Whalen, Jr., and Edward G. Biester, Jr. Representatives Donald M. Fraser and J. Herbert Burke served as regular members of the U.S. delegation to the U.N. Assembly.

The historical significance of the Seventh Special Session is important for Members of Congress to understand. Third World pressures for a more equitable economic system started in 1964 with the First United Nations Conference on Trade and Development (UNCTAD). They reached an apogee and impasse in 1974 with the Sixth Special Session where the Group of 77 (actually 104 countries) succeeded in pushing through a declaration and program of action for the establishment of a new international economic order.

While Dr. Kissinger's speech early in the session was well received, it was not until late in the Sixth Special Session that the United States responded to the seriousness of the dialog with a program of concrete proposals. By then, it was too late to avoid an embarrassing rejection of the proposals offered by our Government. Confrontation had then been clearly established in our relations with the Group of

77, and the United States rejected the declaration. The United States also voted against the Charter on Economic Rights and Duties of States which passed the 29th General Assembly of the United Nations last winter as a followup to the Sixth Special Session.

Confrontation also dominated the producer-consumer dialog in Paris this spring, which broke up without reaching agreement on an agenda. It was not until later that a compromise was achieved between the U.S. position, advocating a meeting of producers and consumers to discuss the supply and pricing of petroleum alone, and the Third World view that the status of all primary commodities should be examined.

The United States was also among the last of the major Western powers to negotiate major multilateral economic reforms with the developing countries. In March of this year, the European Economic Community agreed to establish a $450 million compensatory financing facility for 46 African, Caribbean, and Pacific countries in the Lomé Convention, which also provided for industrial cooperation and a nonreciprocal system of generalized trade preferences. With this agreement, the United States found even her industrial allies responding to legitimate LDC concerns with substantive proposals.

Frustrated by a decade of inaction on the part of the industrialized nations in responding to the economic concerns of the less developed nations, the Group of 77 capitalized upon the sudden emergence of the OPEC nations who had effectively demonstrated the ability to translate economic power into a political weapon in order to reaffirm economic positions previously advocated. The increasing politicization of various U.N. bodies were the political manifestations of these economic concerns.

It was apparent to the moderates, who dominate the Group of 77, that no major international economic reforms could take place without the consent of the United States, the dominant economic power in the system. It was also apparent to some of us in the Congress that political and economic considerations within the United Nations system were becoming inextricably tied together. Our concern led to a 4-month dialog between Members of Congress and the Secretary of State, which began in May. Meetings were also held throughout the summer at the staff level, aimed at fashioning a positive and effective U.S. participation in the Seventh Special Session.

Late spring and summer of 1975 witnessed a reassessment by the industrialized West and the Group of 77 of their respective positions, and confrontation was gradually transformed into cooperation. The advent of the energy crisis had demonstrated the potential power of producers of critical raw materials. U.S. concern over the security of supply and stability of expenditures for oil had created a better understanding of longstanding efforts by developing countries to obtain greater security of demand and stability of earnings for their raw materials.

Reaching accommodation with developing countries on major economic questions may facilitate enlisting their support on political questions important to the United States. The United States began responding to the economic concerns of the less developed nations through a series of speeches delivered by Secretary Kissinger during the spring and summer months. African nations rejected resolutions calling for the expulsion of Israel from the U.N. at the annual Organization of African Unity Conference this summer. The Lima Confer-

ence of Non-aligned Nations rejected a similar resolution. Thus, the stage was set for a Seventh Special Session which would be characterized by an atmosphere of negotiation and cooperation rather than of hostility and politicization and which would arrive at a consensus on development and international economic cooperation.

If implemented, the proposals embodied in the final resolution of the Seventh U.N. Special Session would begin to bridge the enormous gaps that divide the nations of the world. Although the United States accounts for only 6 percent of the world's population, we consume approximately 35 percent of the globe's nonrenewable resources. In contrast, 900 million of the world's more than 3 billion inhabitants subsist on less than $75 per year and live in conditions that Robert McNamara, President of the World Bank, has described as "so depressed as to be below any rational definition of human decency."

The final product of the Seventh Special Session represents a change in U.S. foreign economic policy. We have recognized that, in spite of our reservations regarding certain principles embodied in U.N. resolutions, adjustments must be made in the international economic system in order to account for the needs of the developing world; and industrial nations have major responsibilities in providing development assistance and in structuring beneficial economic relations with the developing nations.

The U.S. reservations to the resolution at the Seventh Special Session were made in order to state our Government's position accurately. However, we believe these reservations should not represent an inflexible U.S. position, but should be pursued in the same active spirit of negotiation which characterized our participation in the Seventh Special Session.

It is important to note that not all issues of conflict between the Group of 77 and the industrialized West were resolved in the resolution. There are still major disagreements on the specifics of implementation of the resolution. However, the 2 weeks of give-and-take negotiations—a recognition of the validity of the other side's position and needs—has created an atmosphere in which the details of new international relationships can be developed.

The resolution is a statement of general policy goals which should be pursued over the next several years:

*Trade.*—A reduction of the barriers to the exports of developing nations, a stabilization of their export earnings, the promotion of industrialization in developing nations, an examination of the relationship between the prices of raw materials and final consumer prices, a reduction in nontariff barriers to developing nation exports, the formation of international rules on countervailing duties, consideration of commodity agreements.

*Transfer of real resources.*—Expansion of bilateral and multilateral concessional developmental assistance, creation of a trust fund in the IMF, enhancement of the real value and volume of assistance to developing nations, examination of ways to relieve the debt burden on underdeveloped countries, provision for greater access to the capital markets for developing nations, creation of instruments to direct private capital and investment into developing nations, augmentation of the role of SDR's in the international monetary system, enhancement of the role of LDC's in international economic policy decisionmaking.

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*Science and Technology.*—Establishment of an industrial technological information bank and an international center for the exchange of technological information, expansion of science and technology assistance (especially suitable indigenous technology), development of an international code of conduct for the transfer of technology.

*Industrialization.*—Endorsement of the Lima Declaration and Plan of Action on Industrial Development Cooperation, the redeployment of less competitive industries in developing nations, the formulation of a code of conduct for multinational corporations.

*Food and Agriculture.*—An increase in assistance for agriculture and food production, voluntary pledges of $1.25 billion for the proposed International Fund for Agricultural Development, establishment of a minimum food aid target of 10 million tons of food grains for 1975–76, creation of an international grain reserve system.

While the final agreement represents a composite of positions advocated by the Group of 77, the European Common Market, the United States, and others, more than two dozen of Secretary Kissinger's policy recommendations were incorporated into the resolution. Included among these are:

A new development security facility within the International Monetary Fund (IMF) to lend up to $10 billion at the rate of $2.5 billion a year to help poor countries sustain development programs despite fluctuations in their export earnings. This program would be financed through the sale of some of the IMF's gold reserves.

An international investment trust within the International Finance Corporation to attract new capital to the developing countries.

An International Energy Institute to promote energy development.

Trade preferences accorded to the imports of developing countries beginning January 1, 1976, consistent with the provisions of the Trade Act of 1974.

An increase in U.S. Official Development Assistance (ODA). Currently, U.S. ODA represents about 0.28 percent of GNP, less than one half of the 0.7 percent target recommended for the Second United Nations Development Decade.

Certain of the proposals contained in the final resolution will require congressional action or concurrence. While we are still awaiting final distillation of those items requiring action by the legislative branch, some of the key measures are:

Senate consent to the tin commodity agreement;

Establishment of an International Investment Trust;

Agreement on rules for use of countervailing duties;

Creation of an international grain reserve system;

Congressional appropriation for the replenishment of the International Finance Corporation (IFC), the International Development Association (IDA), and the International Monetary Fund.

Funds for the $10 billion development security facility proposed by Secretary Kissinger do not require congressional approval, but will be made available from existing IMF resources.

In agreeing to meet the developing nations half way, the United States has helped to create an atmosphere in which international economic issues can be discussed and in which the legitimate interests of all parties can be considered. Having assumed the leadership role at the Seventh Special Session in creating this new environment and having laid various proposals on the table, the United States now has the responsibility to carry through with the opportunity to assist in structuring the world economic system in a fashion that will benefit all the participants and will ease the burden of poverty borne by so many millions of the world's people.

It is our hope that the governments of the United States and major oil-exporting countries will develop more substantive proposals dealing with international energy problems. Until a workable global strategy on energy is developed, the developing countries will find it difficult to achieve self-sufficiency in food production.

We who served as congressional advisers to the Seventh Special Session of the United Nations commend the administration for accepting this leadership role and for having wisely developed a more effective and realistic U.S. foreign economic policy. We note, with particular satisfaction, that many of the Secretary's initiatives at the Seventh Special Session are already contained in the International Development and Food Assistance Act of 1975 developed by the House International Relations Committee. These include a $200 million U.S. contribution to the proposed International Fund for Agricultural Development; increased use of U.S. universities in programs of agricultural research and extension in developing countries; U.S. assistance to help developing countries seek new sources of energy to reduce their dependence on expensive imported oil; new approaches to development and dissemination of technology which is suitable to conditions in developing countries; greater support for integrated health/nutrition/family planning programs making greater use of paramedical personnel; and a substantial U.S. contribution to the World Food Conference target of 10 million tons in food aid to developing countries. We note that the House of Representatives passed the bill by a sizable 89-vote margin on September 10 and that the Senate Foreign Relations Committee reported a similar version of the bill by a 13-to-3 vote on October 1.

We recognize our responsibility to engage our colleagues in a discussion of the issues associated with the Seventh Special Session and to move through Congress the authority necessary for the executive branch to implement the new proposals. Therefore, we feel it is vital for the Senate to follow the lead of the House and enact the International Development and Food Assistance Act of 1975.

In conclusion, we urge the following:

1. That the executive branch give the United Nations System the priority in foreign policy considerations it deserves. As Ambassador Moynihan observed on the closing day of the Seventh Special Session:

> Perhaps never before in the history of the U.N. has there been so intensive and so genuine a negotiation between so many nations on so profoundly important a range of issues. We have shown that we can negotiate in good faith and doing so, reach genuine accord. Not the least, we have shown that this can be done in the unique and indispensable setting of the U.N.

2. That the success of the Seventh Special Session, in creating a positive dialog and an atmosphere of negotiation on North/South issues, be carried forward in the United Nations System, Organization of Economic Cooperation and Development (OECD) conferences, UNCTAD, and other forums in which industrialized and less developed nations alike can debate the issues and, hopefully, negotiate just and meaningful solutions to major economic problems both within and among countries.

3. That the executive branch continue to be receptive to congressional advice during the process of foreign policy formulation and participation in international conferences on policy issues.

4. That Congress give prompt and full considerations to the initiatives taken by the executive branch.

Signed by:

Members of the Senate:

GALE W. MCGEE,
JACOB K. JAVITS,
DICK CLARK,
HUBERT H. HUMPHREY,
ROBERT B. MORGAN,
MIKE GRAVEL,
JOHN H. GLENN, JR.,
CHARLES H. PERCY.

Members of the House:

CHARLES C. DIGGS, JR.,
DONALD M. FRASER,
DAVID R. OBEY,
JOHN H. BUCHANAN, JR.,
CHARLES W. WHALEN, JR.,
EDWARD G. BIESTER, JR.

## ADDITIONAL VIEWS OF SENATOR CHARLES H. PERCY

One of the major disappointments of the Seventh Special Session was its insensitivity to the important role that women play in economic development. Just 2 months after the World Conference of the International Women's Year, it is business as usual at the U.N. Although the Conference recommendations were submitted to the Seventh Special Session, at no time in its deliberations and nowhere in its final resolution were women even mentioned. In effect, the Seventh Special Session ignored the economic contributions of women in its program for development and international economic cooperation.

The U.N. and its member states assume that the integration of women into development or into their own systems is just a "women's lib" issue. They still do not understand that it is a major economic issue. Increasing women's economic and decisionmaking power is critical to the achievement of national development. People are one of the few abundant development resources Third World countries have. They can ill afford to ignore or underutilize fully half that resource. Third World countries cannot afford to wait until national development problems are solved before improving the lives of their women, for women's work is part of the solution to their economic problems.

Moreover, women must be a part of the equation in any attempt to achieve a more equitable distribution of global wealth. Just as all nations have claim to a more just share of the benefits of the world economy, so, all citizens, male and female, have claim to the benefits of the development process. Where there are benefits, there are also responsibilities. The critical issue is how all people, men and women, can contribute in a more productive way to reduce poverty and promote national development.

It is a sad commentary that much ballyhooed "new economic order" treats women just like the old order, as if they don't exist.

CHARLES H. PERCY.

## ADDITIONAL VIEWS OF HON. DAVID R. OBEY

Although I agree with the thrust of this report, I have reservations about the possible interpretations of several of the points raised.

DAVID R. OBEY.

# ADDITIONAL VIEWS OF HON. JOHN H. BUCHANAN, JR.

While I agree with much of the substance of this report, I do not fully endorse it because it assigns too much blame to the United States and too much virtue to the developing nations, and in this respect does not describe reality as I understand it.

JOHN H. BUCHANAN, JR.

# APPENDIX

## RESOLUTION OF THE SEVENTH SPECIAL SESSION OF THE UNITED NATIONS

UNITED NATIONS

GENERAL ASSEMBLY

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SEVENTH SPECIAL SESSION
Agenda item 7

DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

Draft proposal submitted by the Chairman in the light of informal meetings and consultations

Development and international economic co-operation

The General Assembly,

Determined to eliminate injustice and inequality which afflict vast sections of humanity and to accelerate the development of developing countries,

Recalling the Declaration and the Programme of Action on the Establishment of a New International Economic Order, 1/ as well as the Charter of Economic Rights and Duties of States, 2/ which lay down the foundations of the new international economic order,

Reaffirming the fundamental purposes of the above-mentioned documents and the rights and duties of all States to seek and participate in the solutions of the problems afflicting the world, in particular the imperative need of redressing the economic imbalance between developed and developing countries,

Recalling further the International Development Strategy for the Second United Nations Development Decade, 3/ which should be reviewed in the light of the Programme of Action on the Establishment of a New International Economic Order, and determined to implement the targets and policy measures contained in the International Development Strategy,

Conscious that the accelerated development of developing countries would be a decisive element for the promotion of world peace and security,

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1/ General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).

2/ General Assembly resolution 3281 (XXIX).

3/ General Assembly resolution 2626 (XXV).

Recognizing that greater co-operation among States in the fields of trade, industry, science and technology as well as in other fields of economic activities, based on the principles of the Declaration and the Programme of Action on the Establishment of a New International Economic Order and of the Charter of Economic Rights and Duties of States, would also contribute to strengthening peace and security in the world,

Believing that the over-all objective of the new international economic order is to increase the capacity of developing countries, individually and collectively, to pursue their development,

Decides, to this end and in the context of the foregoing, to set in motion the following measures as the basis and framework for the work of the competent bodies and organizations of the United Nations system:

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UNITED NATIONS

GENERAL ASSEMBLY

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# DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

## Draft proposal submitted by the Chairman in the light of informal meetings and consultations

### Addendum

### I. INTERNATIONAL TRADE

1. Concerted efforts should be made in favour of the developing countries towards expanding and diversifying their trade, improving and diversifying their productive capacity, improving their productivity, increasing their export earnings, with a view to counteracting the adverse effects of inflation - thereby sustaining real incomes - and with a view to improving the terms of trade of developing countries and in order to eliminate the economic imbalance between developed and developing countries.

2. Concerted action should be taken to accelerate the growth and diversification of the export trade of developing countries in manufactures and semi-manufactures and in processed and semi-processed products in order to increase their share in world industrial output and world trade within the framework of an expanding world economy.

3. An important aim of the fourth session of the United Nations Conference on Trade and Development, in addition to work in progress elsewhere, should be to reach decisions on the improvement of market structures in the field of raw materials and commodities of export interest to the developing countries, including decisions with respect to an integrated programme and the applicability of elements thereof. In this connexion, taking into account the distinctive features of individual raw materials and commodities, the decisions should bear on the following:

(a) Appropriate international stocking and other forms of market arrangements for securing stable, remunerative and equitable prices for commodities of export interest to developing countries and to promote equilibrium between supply and demand, including, where possible, long-term multilateral commitments;

(b) Adequate international financing facilities for such stocking and market arrangements;

(c) Where possible, promotion of long-term and medium-term contracts;

(d) Substantially improve facilities for compensatory financing of exports revenue fluctuations through the widening and enlarging of the existing facilities. Note has been taken of the various proposals regarding a comprehensive scheme for the stabilization of export earnings of developing countries and for a Development Security Facility as well as specific measures for the benefit of the developing countries most in need;

(e) Promotion of processing of raw materials in producing developing countries and the expansion and diversification of their export, particularly to developed countries;

(f) Effective opportunities to improve the share of developing countries in transport, marketing and distribution of their primary commodities, and to encourage measures of world significance for the evolution of the infrastructure and secondary capacity of developing countries from production of primary commodities to processing, transport and marketing, and to the production of finished manufactured goods, their transport, distribution and exchange, including advanced financial and exchange institutions for the remunerative management of trade transactions;

4. The Secretary-General of UNCTAD should present a report to the fourth session of the United Nations Conference on Trade and Development on the impact of an integrated programme on the imports of developing countries which are net importers of raw materials and commodities including those lacking in natural resources, and recommend any remedial measures as may be necessary.

5. A number of options are open to the international community to preserve the purchasing power of developing countries. These need to be further studied on a priority basis. The Secretary-General of the United Nations Conference on Trade and Development should continue to study direct and indirect indexation schemes and other options with a view to making concrete proposals before the Conference at its fourth session.

6. The Secretary-General of the United Nations Conference on Trade and Development should prepare a preliminary study on the proportion between prices of raw materials and commodities exported by developing countries and the final consumer price, particularly in developed countries, and submit it, if possible, to the Conference at its fourth session.

7. Developed countries should fully implement agreed provisions on the principle of standstill as regards imports from developing countries, and any departure should be subjected to such measures as consultations and multilateral surveillance and compensation, in accordance with internationally agreed criteria and procedures.

8. Developed countries should take effective steps in the framework of multilateral trade negotiations for the reduction or removal, where feasible and appropriate, of non-tariff barriers affecting the products of export interest to developing countries on a differential and more favourable basis for developing countries. The Generalized Scheme of Preferances should not terminate at the end of the period of ten years originally envisaged and should be continuously improved through wider covered, deeper cuts and other appropriate measures with the aim of including all the products of export interest to developing countries, bearing in mind the interest of those developing countries which enjoy special advantages and the need for finding ways and means for protecting their interests.

9. Countervailing duties should be applied only in conformity with internationally agreed obligations. Developed countries should exercise maximum flexibility in the framework of international obligations in the imposition of countervailing duties on the imports of products from developing countries. The multilateral trade negotiations under way should take fully into account the particular interest of developing countries with a view to providing them differential and more favourable treatment in appropriate cases.

10. Restrictive business practices adversely affecting international trade, particularly that of developing countries, should be eliminated and efforts should be made at the national and international levels with the objective of negotiating a set of equitable principles and rules.

11. Special measures should be undertaken by developed countries and developing countries in a position to do so to assist in the structural transformation of the economy of the least developed countries, land-locked and island developing countries.

12. Emergency measures as spelled out in section X of General Assembly resolution 3202 (S-VI) should be undertaken on a temporary basis to meet the specific problems of the most seriously affected countries as defined in Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, without any detriment to the interests of the developing countries as a whole.

13. Further expansion of trade between the socialist countries of Eastern Europe and the developing countries should be intensified as is provided for in resolutions 15 (II) of 25 March 1968 1/ and 53 (III) of 19 May 1972 2/ of the United Nations Conference on Trade and Development. Additional measures and appropriate orientation to achieve this end are necessary.

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1/ Proceedings of the United Nations Conference on Trade and Development, Second Session, vol. I and Corr.1 and 3 and Add.1 and 2, Report and Annexes (United Nations publication, Sales No.: E.68.II.D.14(, p. 32.

2/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No.: E.73.II.D.4), annex I.A.

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# DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

## Draft proposal submitted by the Chairman in the light of informal meetings and consultations

## Addendum

### II. TRANSFER OF REAL RESOURCES FOR FINANCING THE DEVELOPMENT OF DEVELOPING COUNTRIES AND INTERNATIONAL MONETARY REFORMS

1. Concessional financial resources to developing countries need to be increased substantially, their terms and conditions ameliorated and their flow made predictable, continuous and increasingly assured so as to facilitate the implementation by developing countries of long-term programmes for economic and social development. Financial assistance should, as a general rule, be untied.

2. Developed countries confirm their continued commitment in respect of the targets relating to the transfer of resources, in particular the official development assistance target of 0.7 per cent of gross national product, as agreed in the International Development Strategy for the Second United Nations Development Decade, and adopt as their common aim an effective increase in official development assistance with a view to achieving these targets by the end of the decade. Developed countries which have not yet made a commitment in respect of these targets undertake to make their best efforts to reach these targets in the remaining part of this decade.

3. The establishment of a link between the special drawing rights and development assistance should form part of the consideration by the International Monetary Fund of the creation of new special drawing rights as and when they are established according to the needs of international liquidity. Agreement should be reached at an early date on the establishment of a Trust Fund, to be financed partly through the International Monetary Fund gold sales and partly through /voluntary/ contributions and be governed by an appropriate body, the benefit of developing countries. Consideration of other means of transfer of real resources which are predictable, assured and continuous should be expedited in appropriate bodies.

4. Developed countries and international organizations should enhance the real value and volume of assistance to developing countries and ensure that the developing countries obtain the largest possible share in the procurement of equipment, consultants and consultancy services. Such assistance should be on softer terms and, as a general rule, untied.

4(a) In order to enlarge the pool of resources available for financing development, there is an urgent need to increase substantially the capital of the World Bank Group and, in particular, the resources of the International Development Association to enable it to make additional capital available to the poorest countries on highly concessional terms.

The resources of the development institutions of the United Nations system, in particular the United Nations Development Programme, should also be increased. The funds at the disposal of the regional development banks should be augmented.

These increases should be without prejudice to bilateral development assistance flows.

To the extent desirable, the World Bank Group is invited to consider new ways of supplementing its financing with private management, skills, technology and capital and also new approaches to increase financing of development in developing countries, in accordance with their national plans and priorities.

5. The burden of debt on developing countries is increasing to a point where the import capacity as well as reserves have come under serious strain. At its fourth session the United Nations Conference on Trade and Development shall consider the need for a possibility of convening, as soon as possible, a conference of major donor, creditor and debtor countries to devise ways and means to mitigate this burden, taking into account the development needs of developing countries, with special attention to the plight of the most seriously affected countries as defined in General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).

6. Developing countries should be granted increased access on favourable terms to the capital markets of developed countries. To this end, the joint development committee of the International Monetary Fund and the International Bank for Reconstruction and Development should progress as rapidly as possible in its work. Appropriate United Nations bodies and other related intergovernmental agencies should be invited to examine the ways and means of increasing the flow of public and private resources to developing countries, including proposals made at this session to provide investment in private and public enterprises in developing countries. Consideration should be given to the examination of an international investment trust and to the expansion of International Finance Corporation capital without prejudice to the increase in resources of other intergovernmental financial and development institutions and bilateral assistance flows.

7. Developed and developing countries should further co-operate through investment of financial resources and supply of technology and equipment to developing countries by developed countries and by developing countries in a position to do so.

8. Developed countries, and developing countries in a position to do so, are urged to make adequate contributions to the United Nations Special Fund with the view to an early implementation of a programme of lending, preferably in 1976.

9. Developed countries should improve terms and conditions of their assistance so as to include a preponderant grant element for least developed, land-locked, and island developing countries.

10. In providing additional resources for assisting the MSAs helping them meet their serious balance-of-payments deficits all developed countries and, developing countries in a position to do so and international organizations such as IBRD and IMF should undertake specific measures in their favour, including those provided in General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).

11. Special attention should be given by the international community to the phenomena of natural disasters which frequently afflict many parts of the world, with far-reaching devastating economic, social and structural consequences, particularly in the least developed countries. To this end, the General Assembly, at its thirtieth session, in considering this problem, should examine and adopt appropriate measures.

12. The role of national reserve currencies should be reduced and the special drawing rights should become the central reserve asset of the international monetary system in order to provide for greater international control over the creation and equitable distribution of liquidity and in order to limit potential losses as a consequence of exchange rate fluctuations. Arrangements for gold should be consistent with the agreed objective of reducing the role of gold in the system and with equitable distribution of new international liquidity and should in particular take into consideration the needs of the developing countries for increased liquidity.

13. The process of decision making should be fair and responsive to change, and should be most specially responsive to the emergence of new economic influence on the part of developing countries. The participation of developing countries in the decision-making process in the competent organs of international finance and development institutions should be adequately increased and made more effective without adversely affecting the broad geographic representation of developing countries and in accordance with the existing and evolving rules.

14. The compensatory financing facility now available through the International Monetary Fund should be expanded and liberalized. In this connexion, early consideration should be given by the Fund and other appropriate United Nations bodies to various proposals made at the current session - including the examination of a new development security facility - which would mitigate export earnings shortfalls of developing countries, and with special regard to the poorest countries, and thus provide greater assistance to their continued economic development. Early consideration should also be given by the International Monetary Fund to proposals to expand and liberalize its coverage of current transactions to include manufactures and services, to ensure that, whenever possible, compensation for export shortfalls takes place at the same time they occur, to take into account, in determining the quantum of compensation, movements in import prices and to lengthen the repayment period.

15. Drawing under the buffer stock financing facility of the International Monetary Fund should be accorded treatment with respect to floating alongside the gold tranche, similar to that under the compensatory financing facility and the Fund should expedite its study of the possibility of an amendment of the Articles of Agreement, to be presented to the Interim Committee, if possible in its next meeting, that would permit the Fund to provide assistance directly to international buffer stocks of primary products.

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DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

Draft proposal submitted by the Chairman in the light of informal meetings and consultations

Addendum

III. SCIENCE AND TECHNOLOGY

1. Developed and developing countries should co-operate in the establishment, strengthening and development of the scientific and technological infrastructure of developing countries. Developed countries should also take appropriate measures, such as contribution to the establishment of an industrial technological information bank and consideration of the possibility of regional and sectoral banks, in order to make available a greater flow to developing countries of information permitting the selection of technologies, in particular advanced technologies. Consideration should also be given to the establishment of an international centre for the exchange of technological information for the sharing of research findings relevant to developing countries. For the above purposes institutional arrangements within the United Nations system should be examined by the General Assembly at its thirtieth session.

2. Developed countries should significantly expand their assistance to developing countries for direct support to their science and technology programmes, as well as increase substantially the proportion of their research and development devoted to specific problems of primary interest to developing countries and in the creation of suitable indigenous technology, in accordance with feasible targets to be agreed upon. The General Assembly invites the Secretary-General to carry out a preliminary study and to report to the Assembly at its thirty-first session on the possibility of establishing, within the framework of the United Nations system, an International Energy Institute to assist all developing countries in energy resources research and development.

3. All States should co-operate in evolving an international code of conduct for the transfer of technology, corresponding, in particular, to the special needs of the developing countries. Work on such a code should therefore be continued

within the United Nations Conference on Trade and Development and concluded in time for decisions to be reached at the fourth session of the Conference, including a decision on the legal character of such a code with the objective of the adoption of a code of conduct prior to the end of 1977. International conventions on patents and trade marks should be reviewed and revised, to meet, in particular, the special needs of the developing countries, in order that these conventions may become more satisfactory instruments for aiding developing countries in the transfer and the development of technology. National patents systems should, without delay, be brought in line with the international patent system in its revised form.

4. Developed countries should facilitate access of developing countries on favourable terms and conditions and on an urgent basis, to informatique, to relevant information on advanced and other technologies suited to their specific needs as well as on new uses of existing technology, new developments, and possibilities of adapting them to local needs. Inasmuch as in market economies advanced technologies with respect to industrial production are most frequently developed by private institutions, developed countries should facilitate and encourage these institutions in providing effective technologies in support of the priorities of developing countries.

5. Developed countries should give developing countries freest and fullest possible access to technologies whose transfer is not subject to private decision.

6. Developed countries should improve the transparency of the industrial property market in order to facilitate the technological choices of developing countries. In this respect, relevant organizations of the United Nations system, with the collaboration of developed countries, should undertake projects in the fields of information, consultancy and training for the benefit of developing countries.

7. A United Nations Conference on Science and Technology for Development should be held in 1978 or 1979 with the main objectives of strengthening the technological capacity of developing countries to enable them to apply science and technology to their own development; adopting effective means for the utilization of scientific and technological potentials in the solution of development problems of regional and global significance, especially for the benefit of developing countries; and providing instruments of co-operation to developing countries in the utilization of science and technology for solving socio-economic problems that cannot be solved by individual action, in accordance with national priorities, taking into account the recommendations made by the Intergovernmental Working Group of the Committee on Science and Technology for Development.

8. The United Nations system should play a major role, with appropriate financing, in achieving the above-stated objectives and in developing the scientific and technological co-operation between all States in order to ensure the application of science and technology to development. The work of the relevant United Nations bodies, in particular that of UNCTAD, UNIDO, the ILO, UNESCO, FAO, WIPO and UNDP, to facilitate the transfer and diffusion of technology should be given urgent priority. The Secretary-General of the United Nations should take steps to ensure

that the technology and experience available within the United Nations system is widely disseminated and readily available to the developing countries in need of it.

9. The World Health Organization and the competent organs of the United Nations system, in particular the United Nations Children's Fund, should intensify the international effort aimed at improving health conditions in developing countries by giving priority to prevention of disease and malnutrition and by providing primary health services to the communities, including maternal and child health and family welfare.

10. Since the outflow of qualified personnel from developing to developed countries seriously hampers the development of the former, there is an urgent need to formulate national and international policies to avoid the "brain drain" and to obviate its adverse effects.

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# DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

## Draft proposal submitted by the Chairman in the light of informal meetings and consultations

### Addendum

### IV. INDUSTRIALIZATION

1. The General Assembly endorses the Lima Declaration and Plan of Action on Industrial Development Co-operation, 1/ and requests all Governments to take individually and/or collectively necessary measures and decisions required to implement effectively their undertakings in terms of the Lima Declaration and Plan of Action.

2. Developed countries should facilitate development of new policies and strengthen existing policies, including labour market policies, which would encourage the redeployment of their industries which are less competitive internationally to developing countries, thus leading to structural adjustments in the former and a higher degree of utilization of natural and human resources in the latter. Such policies may take into account the economic structure and the economic, social and security objectives of the developed countries concerned and the need for such industries to move into more viable lines of production or into other sectors of the economy.

3. A system of consultations as provided for by the Lima Plan of Action should be established at the global, regional, interregional and sectoral levels within the United Nations Industrial Development Organization and within other appropriate international bodies, between developed and developing countries and among developing countries themselves, in order to facilitate the achievement of the goals set forth in the field of industrialization, including the redeployment of certain productive capacities existing in developed countries and the creation of

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1/ A/10217, annex.

new industrial facilities in developing countries. In this context, the United Nations Industrial Development Organization should serve as a forum for negotiation of agreements in the field of industry between developed and developing countries and among developing countries themselves, at the request of the countries concerned.

4. The Executive Director of the United Nations Industrial Development Organization should take immediate action to ensure the readiness of the United Nations Industrial Development Organization to serve as a forum for consultations and negotiation of agreements in the field of industry. In reporting to the next session of the Industrial Development Board on actions taken in this respect, the Executive Director should also include proposals for the establishment of a system of consultations. The Industrial Development Board is invited to draw up, at an early date, the rules of procedure according to which this system would operate.

5. To promote co-operation between developed and developing countries, both should endeavour to disseminate appropriate information about their priority areas for industrial co-operation and the form they would like such co-operation to take. The efforts undertaken by the United Nations Conference on Trade and Development on tripartite co-operation between countries having different economic and social systems could lead to constructive proposals for the industrialization of developing countries.

6. Developed countries should, whenever possible, encourage their enterprises to participate in investment projects within the framework of the development plans and programmes of the developing countries which so desire; such participation should be carried out in accordance with the laws and regulations of the developing countries concerned.

7. A joint study should be undertaken by all Governments under the auspices of the United Nations Industrial Development Organization, in consultation with the Secretary-General of the United Nations Conference on Trade and Development, making full use of the knowledge, experience and capacity existing in the United Nations system of methods and mechanisms for diversified financial and technical co-operation which are geared to the special and changing requirements of international industrial co-operation, as well as of a general set of guidelines for bilateral industrial co-operation. A progress report on this study should be submitted to the General Assembly at its thirty-first session.

8. Special attention should be given to the particular problems in the industrialization of the least developed, land-locked and island developing countries - in order to put at their disposal those technical and financial resources as well as critical goods which need to be provided to them to enable them to overcome their specific problems and to play their due role in the world economy, warranted by their human and material resources.

9. The General Assembly endorses the recommendation of the Second General Conference of the United Nations Industrial Development Organization to convert

the organization into a specialized agency and decides to establish an intergovernmental committee of the whole, including States which participated in the Second General Conference, to meet in Vienna to draw up a constitution for the United Nations Industrial Development Organization as a specialized agency, to be submitted to a conference of plenipotentiaries to be convened by the Secretary-General in the last quarter of 1976.

10. In view of the importance of the forthcoming World Employment Conference, Governments should undertake adequate preparations and consultations.

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Addendum

## V. FOOD AND AGRICULTURE

1. The solution to world food problems lies primarily in increasing rapidly food production in the developing countries. To this end, urgent and necessary changes in the pattern of world food production should be introduced and trade policy measures should be implemented, in order to obtain a notable increase in agricultural production and the export earnings of developing countries.

2. To achieve these objectives, it is essential that developed countries and developing countries in a position to do so should substantially increase the volume of assistance to developing countries for agriculture and food production, and that developed countries should effectively facilitate access to their markets for food and agricultural products of export interest to developing countries, both in raw and processed form, and adopt adjustment measures, where necessary.

3. Developing countries should accord high priority to agricultural and fisheries development, increase investment accordingly and adopt policies which give adequate incentives to agricultural producers. It is a responsibility of each State concerned, in accordance with its sovereign judgement and development plans and policies, to promote interaction between expansion of food production and socio-economic reforms, with a view to achieving an integrated rural development. The further reduction of post-harvest food losses in developing countries should be undertaken as a matter of priority, with a view to reaching at least a 50 per cent reduction by 1985. All countries and competent international organizations should co-operate financially and technically in the effort to achieve this objective. Particular attention should be given to the improvement in the systems of distribution of food-stuffs.

4. The Consultative Group on Food Production and Investment in Developing Countries should quickly identify developing countries with potentials for most rapid and efficient increase of food production, as well as the potential for rapid agricultural expansion in other developing countries, especially the countries with food deficits. Such an assessment would assist developed countries and the competent international organizations to concentrate resources for the rapid increase of agricultural production in the developing countries.

5. Developed countries should adopt policies aimed at ensuring a stable supply and sufficient quantity of fertilizers and other production inputs to developing countries at reasonable prices. They should also provide assistance to, and promote investments in, developing countries, to improve the efficiency of their fertilizer and other agricultural input industries. Advantage should be taken of the mechanism provided by the International Fertilizer Supply Scheme.

6. In order to make additional resources available on concessional terms for agricultural development in developing countries, developed countries and developing countries in a position to do so should pledge, on a voluntary basis, substantial contribution to the proposed International Fund for Agricultural Development so as to enable it to come into being by the end of 1975, with initial resources of SDR 1,000 million. Thereafter, additional resources should be provided to the Fund on a continuing basis.

7. In view of the significant impact of basic and applied agricultural research on increasing the quantity and quality of food production, developed countries should support the expansion of the work of the existing International Agricultural Research Centres. Through their bilateral programmes they should strengthen their links with these International Research Centres and with the National Agricultural Research Centres in developing countries. With respect to the improvement of the productivity and competitiveness with synthetics of non-food agricultural and forestry products, research and technological assistance should be co-ordinated and financed through an appropriate mechanism.

8. In view of the importance of food aid as a transitional measure, all countries should accept both the principle of a minimum food aid target and the concept of forward planning of food aid. The target for the 1975-1976 season should be 10 million tons of food grains. They should also accept the principle that food aid should be channelled on the basis of objective assessment of requirements in the recipient countries. In this respect all countries are urged to participate in the Global Information and Early Warning System on Food and Agriculture.

9. Developed countries should increase the grant component of food aid, where food is not at present provided as grants, and should accept multilateral channelling of these resources at an expanding rate. In providing food grains and financing on soft terms to developing countries in need of such assistance, developed countries and the World Food Programme should take due account of the interests of the food-exporting developing countries and should ensure that such assistance include, wherever possible, purchases of food from the food-exporting developing countries.

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10. Developed countries and developing countries in a position to do so should provide food grains and financial assistance on most favourable terms to the most seriously affected countries, to enable them to meet their food and agricultural development requirements within the constraints of their balance-of-payments position. Donor countries should also provide aid on soft terms, in cash and kind, through bilateral and multilateral channels, to enable the most seriously affected countries to obtain their estimated requirements of about 1 million tons of plant-nutrients during 1975-1976.

11. Developed countries should carry out both their bilateral and multilateral food aid channelling in accordance with the procedures of the Principles of Surplus Disposal of the Food and Agriculture Organization of the United Nations so as to avoid causing undue fluctuations in market prices, or the disruption of commercial markets for exports of interest to exporting developing countries.

12. All countries should subscribe to the International Understanding on World Food Security. They should build up and maintain world food grain reserves, to be held nationally or regionally and strategically located in developed and developing, importing and exporting countries, large enough to cover foreseeable major production shortfalls. Intensive work should be continued on a priority basis in the World Food Council and other appropriate forums in order to determine, inter alia, the size of the required reserve, taking into account among other things the proposal made at the current session, that the components of wheat and rice in the total reserve should be 30 million tons. The World Food Council should report to the General Assembly on the matter at its thirty-first session. Developed countries should assist developing countries in their efforts to build up and maintain their agreed shares of such reserves. Pending the establishment of the world food grain reserve, developed countries and developing countries in a position to do so, should earmark stocks and/or funds to be placed at the disposal of the World Food Programme as an emergency reserve to strengthen the capacity of the Programme to deal with crisis situations in developing countries. The aim should be a target of not less than 500,000 tons.

13. Members of the General Assembly reaffirm their full support for the resolutions of the World Food Conference and call upon the World Food Council to monitor the implementation of the provisions under section V of the present resolution and to report to the General Assembly at its thirty-first session.

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# DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

## Draft proposal submitted by the Chairman in the light of informal meetings and consultations

### Addendum

## VI. CO-OPERATION AMONG DEVELOPING COUNTRIES

1. Developed countries and the United Nations system are urged to provide, as and when requested, support and assistance to developing countries in strengthening and enlarging their mutual co-operation at subregional, regional and interregional levels. In this regard, appropriate institutional arrangements within the United Nations development system should be made and when appropriate, strengthened, such as those within the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization and the United Nations Development Programme.

2. The Secretary-General, together with the relevant organizations of the United Nations system, is requested to continue to provide support to ongoing projects and activities, and to commission further studies through institutions in developing countries, which would take into account the material already available within the United Nations system, including in particular, the regional commissions and the United Nations Conference on Trade and Development and in accordance with existing subregional and regional arrangements. These further studies, which should be submitted to the General Assembly at its thirty-first session, should, as a first step, cover:

(a) Utilization of know-how, skills, natural resources, technology and funds available within developing countries for promotion of investments in industry, agriculture, transport and communications;

(b) Trade liberalization measures including payments and clearing arrangements, covering primary commodities, manufactured goods and services, such as banking, shipping, insurance and reinsurance;

(c) Transfer of technology.

3. These studies on co-operation among developing countries, together with other initiatives, would contribute to the evolution towards a System for the Economic Development of Developing Countries.

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Addendum

## VII. RESTRUCTURING OF THE ECONOMIC AND SOCIAL SECTORS OF THE UNITED NATIONS SYSTEM

1. With a view to initiating the process of restructuring the United Nations system so as to make it more fully capable of dealing with problems of international economic co-operation and development in a comprehensive and effective manner, in pursuance of General Assembly resolutions 3172 (XXVIII) of 17 December 1973 and 3343 (XXIX) of 17 December 1974, and to make it more responsive to the requirements of the provisions of the Declaration and Programme of Action on the Establishment of a New International Economic Order as well as those of the Charter of Economic Rights and Duties of States, an Ad Hoc Committee on the Restructuring of the Economic and Social Sectors of the United Nations System, which shall be a committee of the whole of the General Assembly open to the participation of all States, 1/ is hereby established to prepare detailed action proposals. The Ad Hoc Committee should start its work immediately and inform the General Assembly at its thirtieth session on the progress made, and submit its report to the General Assembly at its thirty-first session through the Economic and Social Council at its resumed session. The Ad Hoc Committee should take into account in its work, inter alia, the relevant proposals and documentation submitted in preparation for the seventh special session of the General Assembly pursuant to General Assembly resolution 3343 (XXIX) and other relevant decisions, including the report of the Group of Experts on the structure of the United Nations system, 2/ the records of the relevant deliberations of the Economic and Social Council, the Trade and Development Board, the Governing Council of the United Nations

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1/ It is the understanding of the General Assembly that the "all States" formula will be applied in accordance with the established practice of the General Assembly.

2/ A New United Nations Structure for Global Economic Co-operation (United Nations publication, Sales No. E.75.II.A.7).

75-18399

Development Programme, the seventh special session of the General Assembly, as well as the results of the forthcoming deliberations on institutional arrangements of the United Nations Conference on Trade and Development at its fourth session and of the Governing Council of the United Nations Environment Programme at its fourth session. All United Nations organs, including the regional commissions, as well as the specialized agencies and the International Atomic Energy Agency are invited to participate at the executive level in the work of the Ad Hoc Committee and to respond to requests that the Committee may make to them for information, data or views.

2. The Economic and Social Council should meanwhile continue the process of rationalization and reform which it has undertaken in accordance with Council resolution 1768 (LIV) of 18 May 1973 and General Assembly resolution 3341 (XXIX) of 17 December 1974, and should take into full consideration those recommendations of the Committee that fall within the scope of these resolutions at the latest at its resumed sixty-first session.

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Draft decision submitted by the Chairman in the light of informal meetings and consultations

The General Assembly at its seventh special session decides to recommend to its thirtieth session to consider the report of the Secretary-General on special measures related to the particular needs of the land-locked developing countries contained in document A/10203 with a view to establishing immediately a special fund for subsidizing the additional transport costs of land-locked developing countries.

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Draft decision submitted by the Chairman in the light of informal meetings and consultations

The General Assembly at its seventh special session takes note with satisfaction of the note submitted by the Secretary-General in document A/10211, summarizing the genesis and main results of the World Conference of the International Women's Year whose recommendations and conclusions shall be duly considered by the General Assembly at its thirtieth session under item 77 of its provisional agenda.

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75-18431

# GLOBAL CONSENSUS AND ECONOMIC DEVELOPMENT

(Address by Hon. Henry A. Kissinger, Secretary of State Before The Seventh Special Session of the United Nations General Assembly, New York, New York, September 1, 1975)

Mr. President, Mr. Secretary-General, distinguished colleagues, ladies and gentlemen:

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.

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 program of practical steps, responding to the expressed concerns of 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.

For some time the technical capacity has existed to provide a tolerable standard of life for the world's four 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 proverty -- 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.

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 relationships and expanding world trade, for these are important to the well-being of their own societies.

These economic issues have already become the subject of mounting confrontations -- embargoes, cartels, seizures, countermeasures, 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 cooperation, the erosion of international institutions -- and failed development.

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

We profoundly believe that neither the poor nor the rich 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 sources of capital and markets essential to their own progress.

The reality is that ample incentives exist for cooperation 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, truely 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 reality.

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, gluts and scarcities of products and materials, the growth of transnational enterprises -- these 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.

It is also ironic that a philosophy of nonalignment, 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.

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 capitial investment of the industrial countries.

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.

-- There must be consensus, first and foremost, on the principle that our common development goals can be achieved only by cooperation, 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 voice in the international system, especially in decisions that affect them. But those nations who are asked to provide resources and effort to carry out the decisions must be accorded a commensurate voice.

We have learned from experience that the methods of development assistance of the 1950s and 60s are no longer adequate. Not only did the technical accomplishments of many programs 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.

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

-- First, we must apply international cooperation to the problem of ensuring basic economic security. The United States proposes steps to safeguard against the economic shocks to which developing countries

are particulary vulnerable: sharp declines in their export earnings from the cycle of world supply and demand, food shortages and natural disasters.

-- 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.

-- 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.

-- 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.

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

The determination of the developing nations to mobilize their own effort is indispensible. 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.

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 me in developing our approach. Treasury Secretary Simon, with whom I have worked closely on our program, will discuss it tomorrow in relation to the world economy. The large Congressional delegation that will attend the session, and the seriousness with which they 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.

ENSURING ECONOMIC SECURITY

Our first task is to ensure basic economic security.

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, abundance and famine, does vast damage to lives and economies. Unemployment, falling standards of living, and the ravages of inflations, fuel social and political discontent. We have recently seen the corrosive effects in many countries.

Developing economies are by far the most vulnerable to natural and man-made disasters, 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.

Thus economic security is the minimum requirement of an effective strategy for development. Without this foundation, sound development programs cannot proceed and the great efforts that development requires from poor and rich alike cannot be sustained.

And because economic security is a global problem, it is a global challenge:

-- 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.

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.

In a new departure this past year, the leaders of the United States and its major trading partners have begun closer coordination 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 intensity consultations of this kind. The successful recovery of the industrial economies will be the engine of international stability and growth.

Global economic security depends, secondly, on the actions of suppliers of vital products.

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 nations. 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.

But this dialogue is based on an approach of negotiation and consensus, not 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 worldwide. 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.

The forthcoming dialogue among consumers and producers is a test. For its part, the United States is prepared for cooperation. 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.

The third basic factor in economic security is the stability of export earnings. The development programs -- indeed the basic survival -- of many countries rest heavily on earnings from exports of primary products which are highly vulnerable to fluctuations in worldwide 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 against sharp declines in earnings, and they cannot quickly increase the exports of other products. Facing such economic problems, most cannot borrow to offset the loss, or can only do so 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.

The question of stabilization of income from primary products has become central in the dialogue on international economic concerns. Price stabilization is not 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 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 earning also depend on the exports of manufactured goods.

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.

Let me set forth our proposal: The United States proposes creation -- in the International Monetary Fund -- of a new development security

facility to stabilize overall export earnings.

-- The facility would give loans to sustain development programs in the face of export fluctuations -- up to $2.5 billion, and possibly more, in a single year, and a potential total of $10 billion in outstanding loans.

-- Assistance would be available to all developing countries which need to finance shortfalls in export earnings, unless the shortfalls are 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 channeled 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 helps countries protect their development plans.

-- This facility would replace the IMF's compensatory finance facility; it would not be available for industrial countries.

The United States will present its detailed proposals to the Board of Directors of the International Monetary Fund this month.

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 will cover nearly all the earnings shortfall.

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 is vitiated. For industrialized countries, it means a more steady export market. For developing countries, it helps assure 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.

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

ACCELERATING ECONOMIC GROWTH

It is not enough to ensure the minimal economic security of the developing countries. Development is a process of growth, of acceleration, of 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.

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 in outside capital by 1980. The requirement for technological innovation, though impossible to quantify, is similarly great.

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

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 realistically, we cannot 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.

The oil exporters have only begun to meet their responsibility for assistance to the poorer countries. Last year their concessionary aid disbursements were roughly $2 billion; it could -- and must -- rise substantially this year.

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 sources. 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:

-- First, developing countries must have better access to capital markets;

-- second, we must promote the transfer of technology;

-- third, it is time to reach an international consensus on the principles to guide the beneficial operation of transnational enterprises.

First, 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 programs. We are gratified that advanced countries outside of 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.

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.

We must now 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.

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 -- the investment banker with the broadest experience in supporting private enterprise in developing countries. We propose a large increase in the IFC's capital, from the present $100 million to at least $400 million.

Secondly, the United States proposes 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 International Finance Corporation 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.

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 borrowing 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.

Finally, we believe that all industrial countries should systematically review the conditions for developing-country access to their national markets, to assure 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.

Developing countries need not only new funds but also new technology. Yet the mechanisms for the transfer of technology and for its local

development are limited, and are 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.

For technology to spur development, it must spur growth in priority areas: energy, food, other resources strategic to their economies, and industrialization itself.

First, 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 balance of payments and has mortgaged their future by forcing them into 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.

-- 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.

-- 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.

-- The United States believes the topic of energy cooperation should be high on the agenda for the forthcoming dialogue between consumers and producers. We will propose, in this dialogue, 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 this Institute.

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

-- During the past decade, a number of international agricultural research centers have been established to adapt techniques to local needs and conditions. In 1971 the Consultative Group for International Agricultural Research was formed to coordinate these efforts. The United States is prepared to expand the capacity of these institutes. In collaboration with national research organizations with more skilled manpower and funds, they could grow into a worldwide research network for development of agricultural technology.

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

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 these products and to diversify their economies.

-- The United States therefore proposes creation of an organization to coordinate 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.

But developing countries' need for technology is not only for development of strategic sectors, but for the broad promotion of industrialization itself. This requires the broadest application of skills, resources, and information.

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

-- To this end the United States supports 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 creation of an International Center 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.

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

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 marshall capital, management, skills, technology and initiative. Thus the controversy over their role and conduct is itself an obstacle to economic development.

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.

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 full account of their public policy. 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.

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 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.

Specifically, the United States believes that:

-- Transnational enterprises are obliged to obey local law and 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 qualify local people through training.

-- 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 them with reasonable consistency.

-- Governments and enterprises must both respect the contractual obligations that they freely undertake. Contracts should be negotiated openly, fairly, and with full knowledge of their implications. Greater assurance that contracts will be honored will improve the international commercial environment, increase the flow of investment, and expand economic transactions. Destructive and politically explosive investment disuputes, which spoil the climate for large commitments and investment, will occur less frequently.

-- 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.

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:

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

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

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

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

-- And there must be more effective bilateral consultation among governments to identify and resolve investment disputes before they become irritants in 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 whether the search for solutions or the clash of ideologies will dominate our economic future. The implications for economic development are profound.

TRADE AND DEVELOPMENT

The third basic area for our attention is trade. Improving the world trading system will magnify our success in every other sphere of the development effort.

Trade has been a driving force in the unprecedented expansion of the world economy over the last thirty 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.

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

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 1930's 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 all our countries depends.

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 toward a cooperative and prosperous world.

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 open up new markets. In revising rules to govern trade we must take account of their particular needs. In this connection, regional trading associations can help many small countries by providing the economies of scale which result from larger markets.

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 trade system and share in the benefits of trade, the rules will be subject to increasing challenge, the stability of the system undermined and the benefits for all nations jeopardized.

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.

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, favorable concessions 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.

Second, 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.

I am pleased to announce today that the United States program will be put into effect on January 1, 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.

Third, in keeping with the Tokyo Declaration, we should adapt rules of 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 basis that under prescribed conditions, certain subsidies may be permitted without triggering countervailing duties for a period geared to achieving particular development objectives.

Fourth, 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.

Finally, we are ready to join with other participants in Geneva to negotiate changes in the system of protection in the industrialized countries that favors the import of raw materials over other goods. Many countries impose low or no duties 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 will give high priority in the Geneva negotiations to reducing these barriers.

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.

But commodities can be addressed only in part in the context of the trade negotiations. For some serious commodity problems, special arrangements and different institutional structures are required. Let me now turn to that subject.

COMMODITY TRADE AND PRODUCTION

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 programs for development. The history of the United States -- and many other countries -- confirms the importance of commodities.

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 industrial countries. Agricultural commodities, particularly, are vulnerable to the whims of weather and swings of worldwide 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.

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.

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 most minerals. Gyrating prices complicate economic decisions in industrial countries. And consumers in industrial countries have painfully learned that high commodity prices leave their inflationary impact long after the commodity market has turned around.

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

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.

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 food a model for realistic and cooperative approaches to other international economic issues.

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 cooperative 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.

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. Its fluctuations 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.

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 cooperatively, 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 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, buffer stocks may be the best approach to achieving greater security for both consumers and producers.

At the World Food Conference last November, which was convened at our initiative, the United States proposed a comprehensive international cooperative 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.

Specifically, we propose:

-- to meet virtually all potential shortfalls in food grains production, total world reserves must reach at least 30 million tons of wheat and rice. We should consider whether a similar reserve is needed in coarse grains.

-- Responsibility for holding reserves should be allocated fairly, taking into account wealth, production and trade. The United States is prepared to hold a major share.

-- Acquisition and release of reserves should be governed by quantitative standards such as anticipated surpluses and shortfalls in production.

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

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

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

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

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.

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 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 investment in domestic substitutes, ultimately eroding the market power of the traditional producers.

Accordingly, the United States proposes the following approach to commodity arrangements:

-- We recommend that a consumer-producer forum 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.

-- The first new formal international agreement being concluded is 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 its 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 program.

-- We are participating actively in negotiations on coffee. We hope they will result in a satisfactory new agreement that reduces the large fluctuations in prices and supplies entering the market.

-- We will also join in the forthcoming cocoa and sugar negotiations. Their objective will be to reduce the risks of investment and moderate the swings in prices and supplies.

-- We will support liberalization of the International Monetary Fund's financing of buffer stocks, to assure that this facility is available without reducing other drawing rights.

I have already announced my government's broad proposal of a development security facility -- a more fundamental approach to stabilizing the overall earnings of countries dependent on commodities trade. My government also believes that an effective approach to the commodities problem requires a comprehensive program 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.

There are presently 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 material 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.

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

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 importantly, they can use their technical, managerial and financial expertise to bring together funds from private and public sources. They can act as 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 the International Finance Corporation could join private enterprise in providing loans and equity capital. The World Bank group should aim to mobilize $2 billion in private and public capital annually.

In addition, the United States will contribute to and actively support the new United Nations revolving fund for natural resources. This Fund will encourage the worldwide exploration and exploitation of minerals, and thus promote one of the most promising endeavors of economic development.

THE POOREST NATIONS

Any strategy for development must devote special attention to the needs of the poorest countries.

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

For the last four years, per capita income in the poorest countries -- already below minimal standards for development -- has declined. Their exports are most 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.

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.

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

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.

First, security means balance of payments support for the poorest countries during periods of adversity. For them global recessions and wide swings in 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.

To provide greater balance of payments support at more acceptable rates of interest for the poor nations, the United States last November proposed a trust in the International Monetary Fund 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 underway. If others meet us in this same spirit, we could reach a consensus on the Trust Fund by the next meeting in January.

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.

Thirdly, security means having enough to eat. There must be determined international cooperation on food.

-- 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 food-grains -- sixty percent of the world target, and a twenty percent increase over last year. Other producers must also provide their share.

-- Another priority in the poorest countries must be to reduce the tragic waste of losses after harvest from inadequate storage, transport, and pest control. There are often simple and inexpensive techniques to resolve these problems. Investment in such areas 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 Agricultural Organization, in conjunction with the UN Development Program and the World Bank, set a goal of cutting in half these post-harvest losses by 1985, and develop a comprehensive program to this end.

Finally, security means good health and easing 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 underway, including those in cooperation with the World Health Organization, to develop and apply these methods. We strongly urge the help of all concerned nations.

Programs to achieve minimum economic security, however essential, solve only part of the problem. We must help the poorest nations break out of their present stagnation and move toward 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 direst need for financing, but they have no access to capital markets and little ability to carry greater debt.

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 seventy percent of our development assistance goes to low-income countries. More than sixty percent of this year's proposed programs is devoted to food and nutrition, which are of particular importance to the poorest.

The special financial needs of the poorest countries can be met, particularly by expanded, low-interest loans of the international financial institutions. The International Development Association of the World

Bank group is a principal instrument whose great potential has not been fully realized. After Congressional consultations, the United States will join others in a substantial fifth replenishment of the resources of the International Development Association; provided that the oil exporting countries also make a significant contribution.

An effective strategy for sustained 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 produce themselves 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 of the world to periodic shortages and higher prices.

Traditional bilateral aid programs 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.

Clearly a massive program of international cooperation 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.

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 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 one billion dollars.

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.

THE POLITICAL DIMENSION

In every area of endeavor 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.

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:

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.

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.

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.

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 universal 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 decisons are best handled in large, specialized bodies such as the IMF and World Bank, where voting power is related to responsibility; and sometimes most effective action can be taken in regional bodies.

Most relevant to our discussion here is the improvement of the United Nations system, so that it can fulfill its charter mandate "to employ international machinery for the promotion of the economic and social advancement of all peoples." We welcome the thoughtful report by the Secretary-General's group of 25 experts on structural reform in the UN system. We will seriously consider its recommendations. In our view, an improved UN organization must include:

-- rationalization of the UN's fragmented assistance programs;

-- strengthened leadership within the central Secretariat and the entire UN system for development and economic cooperation;

-- 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 programs.

The United States proposes that 1976 be dedicated as a year of review and reform of the entire UN 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 in its 1976 session. We consider this a priority in any strategy for development.

CONCLUSION

Mr. President, Mr. Secretary-General, colleagues, ladies and gentlemen:

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.

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, buried in the archives of oblivion.

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 program of action. We are prepared to contribute, if we are met in a spirit of common endeavor.

-- 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.

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

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

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

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

My Government does not offer these proposals as an act of charity, nor should they be received as if 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.

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.

# SUMMARY OF U.S. PROPOSALS AT THE 7TH SPECIAL SESSION

## I. INTERNATIONAL TRADE

PROPOSALS

1. That a Development Security Facility be established within the International Monetary Fund to stabilize overall export earnings of developing countries from commodities and manufactured goods.

2. That a Consumer-Producer Forum be established for every key commodity to promote efficiency, growth, and stability of markets. Copper should be given priority.

3. That in keeping with the Tokyo declaration, rules on non-tariff barriers should be adapted to provide special consideration for developing countries.

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Statements of Policy

The United States intends to sign the Tin Agreement.

The United States is participating actively in negotiations on coffee.

The United States will join in the cocoa and sugar negotiations.

The United States will support liberalization of IMF Financing of buffer stocks to assure that this facility is available without encumbering other drawing rights.

The United States will put into effect its generalized tariff preferences on January 1, 1976.

The United States will undertake in the Multilateral Trade Negotiations to lower tariffs on manufactured and processed goods of developing countries.

The United States will seek early agreement in the Multilateral Trade Negotiations to reduce tariffs on tropical products.

The United States will join with others in negotiating supply access commitments as part of the reciprocal exchange of concessions.

## II. TRANSFER OF REAL RESOURCES FOR FINANCING THE DEVELOPMENT OF DEVELOPING COUNTRIES AND INTERNATIONAL MONETARY REFORMS

PROPOSALS

1. That an International Investment Trust be created to increase the flow of private resources to developing countries.

2. That the capital of the International Finance Corporation be at least quadrupled to increase the flow of private resources to developing countries.

3. That a major new international effort to expand raw material resources in developing countries be undertaken and that the World Bank and affiliates play a fundamental role in bringing together public and private investors with host governments in developing countries.

4. That developed countries provide technical assistance and expertise to developing countries ready to enter long-term capital markets.

5. That bilateral support for training and technical assistance be increased to help developing countries find and exploit new sources of fossil fuel and other forms of energy.

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Statements of Policy

The United States will seek authority to join the African Development Fund.

The United States will join in increasing the resources of the Inter-American Bank to $6 billion.

The United States will join in a large replenishment of the resources of the International Development Association.

The United States will participate in negotiations for replenishment of the Asian Development Bank.

The United States will contribute to the UN Revolving Fund for Natural Resources Exploration.

## III. SCIENCE AND TECHNOLOGY

PROPOSALS

1. That an International Energy Institute be created to assist developing countries in energy development.

2. That an International Center for Exchange of Technological Information be established for the sharing of research findings relevant to developing countries.

3. That there be a major expansion of multilateral support for community health service delivery in developing countries, using para-medical personnel.

4. That an organization be created to coordinate and finance assistance to improve the productivity, and competitiveness with synthetics, of non-foor, agricultural, and forestry products.

## IV. INDUSTRIALIZATION

PROPOSALS

1. That an International Industrialization Institute be established to accelerate industrialization in developing countries.

2. That international standards of conduct be defined to establish reciprocal

rights and obligations on the part of enterprises and of host governments.

3. That the productive role of transnational enterprises be facilitated by the adoption of agreed standards including the prohibition of restrictive business practices, harmonization of tax treatment, promotion of arbitral procedures to settle investment disputes, and investment insurance programs.

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Statement of Policy

The United States will participate in bilateral consultations to identify and resolve potential investment disputes concerning transnational enterprises.

## V. FOOD AND AGRICULTURE

PROPOSALS

1. That a World Food Reserve system be created, as a matter of urgency, with the United States holding a major share.

2. That post-harvest food losses be cut in half by 1985 through a comprehensive program in developing countries.

3. That the capacity of the Consultative Group for International Agricultural Research and the International Agricultural Research Centers be expanded.

4. That a new international fund for agricultural development be established at an early date.

* * * *

Statements of Policy

The United States will increase university based technical assistance and research in agriculture of developing countries.

The United States will seek $200 million from Congress as a contribution to the International Fund for Agriculture Development provided that others will add their support for a combined goal of at least $1 billion.

The United States is asking Congress for authorization to double our bilateral agricultural assistance this year to $582 million and urges other affluent nations to increase their contributions as well.

## VI. RESTRUCTURING OF THE ECONOMIC AND SOCIAL SECTORS OF THE UNITED NATIONS SYSTEM

PROPOSAL

That 1976 be dedicated as a year of review and reform of the entire UN development system, with an inter-governmental committee formed at this Session to begin work immediately.

UNITED STATES MISSION TO THE UNITED NATIONS

799 UNITED NATIONS PLAZA
NEW YORK, N. Y. 10017

**PRESS RELEASE**

FOR IMMEDIATE RELEASE

Press Release USUN-93(75)
September 16, 1975

Statement by Ambassador Jacob M. Myerson, United States Representative, in the Ad Hoc Committee of the Seventh Special Session of the United Nations General Assembly, September 16, 1975.

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I have a few brief comments, Mr. Chairman, and I would request that they be inscribed in the record verbatim.

The United States joins in most of the specific undertakings of this resolution and we warmly associate ourselves with its larger objectives. However, the United States cannot and does not accept any implication that the world is now embarked on establishment of something called "the New International Economic Order." Further, sir, while we have joined in the consensus on this report and we are very pleased to have done so, I wish to make it clear that the United States maintains its position on the resolutions of the Sixth Special Session and on certain provisions of the Charter of Economic Rights and Duties of States and on the Lima Declaration.

With regard to trade, I would like to make some short comments. We joined others in pledging a series of actions of benefit to developing countries. Specific actions are left to each country.

It is our expectation that these actions will substantially increase the growth of developing countries, thus counteracting inflation, and thereby sustaining real incomes. But our purpose is not to set world prices or to manipulate the terms of trade.

It was proposed that commodity prices be "indexed" -- that is, fixed by agreement and augmented as prices for industrial goods rise. We have agreed to join others in the study of such a proposal. However, the United States has to make clear it does not support such a proposal. The commitments we have made are to assist developing countries' exports within the market, rather than supplanting market mechanisms.

With regard to transfer of resources, the United States recognizes the need of developing countries for transfer of real resources and it recognizes the importance of a smoothly functioning, stable international monetary system. There are, however, several specific paragraphs in this section with which the United States is unable to concur.

First, the United States fully supports the objective of an effective increase in official development assistance and intends to increase the level of its own assistance. It does not, however, consider the establishment of specific targets as likely to achieve the intended result. The United States does not subscribe to the paragraph dealing with the link between special drawing rights and development assistance. The United States position is that it does not support an SDR-aid link. This position is unchanged, sir.

We differ with the paragraph dealing with the reform of the international monetary system. We share the general objective of placing the SDR in the center of the international monetary system, but we believe that, in the absence of agreement on all the inter-related components of a fully reformed international monetary system, it is inappropriate to specify selected aims or elements.

Finally, the United States is not fully in accord with the paragraph dealing with decision-making in international financial institutions. We support an evolving role for developing nations. We believe, however, that participation in decision making must be equitable for all members and take due account of relative economic positions and contributions of resources to the institutions as well as the need for efficient operational decision making.

With regard to science and technology, Mr. Chairman, just one brief comment for the record. We support work on international guidelines for the transfer of technology, including most especially the progress being achieved at UNCTAD. We do not believe that adoption of a legally binding code of conduct is the path to pursue, and we do not read the resolution as so indicating.

With regard to the section on industrialization, sir, we believe that redeployment of industries should be a matter of the evolution of economies rather than a question of international policy or negotiation. While government policy can facilitate such an evolutionary approach, we believe it must take into account the economic structures of the countries concerned as well as the economic, social and security goals, including especially protection of working men's rights.

The United States does not support those paragraphs dealing with the UNIDO system of consultations.

Food and agriculture, one very brief remark. With regard to the statement in the second paragraph about market access and adjustment measures, we understand developing countries' interests, but we cannot concur in the sentence as formulated since it is inconsistent with United States policy.

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