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CONTENTS

Page

Agenda item 7	
Study of the problems of raw materials and development (continued) .....	1

President: Mr. Leopoldo BENITES (Ecuador).

AGENDA ITEM 7

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

1. Mr. DE LA FLOR VALLE (Peru) (*interpretation from Spanish*): I should like to express my gratitude to the President of the People's Democratic Republic of Algeria, Mr. Houari Boumediène, for the wise and timely initiative he took in calling for this special session of the General Assembly. From the very beginning, Peru gave its full support to the request made by the President of Algeria that the sixth special session of the General Assembly be held. At this moment nothing could be more timely and appropriate than a frank and full dialogue to consider the serious problems of raw materials and development which should result in long-range political measures to redress an unjust international economic order.

2. Mr. President, allow me also to express my satisfaction at seeing you again presiding over the General Assembly. We are convinced that, as during the twenty-eighth session of the General Assembly, your acknowledged skill and experience will contribute to the orderly progress of our work during this special session.

3. From the decade of the 1960s, the General Assembly and the three sessions of the United Nations Conference on Trade and Development [UNCTAD] have been trying to establish a system of international co-operation for development for the purpose of changing the present inequitable international division of labour, which developed as a result of an historic process of domination over the resources and the productive forces of the countries of the third world. During the past 15 years the United Nations has also witnessed the stubborn determination on the part of the powerful States and of large private interests of a transnational character to maintain an imperialist *status quo* in trade, finance, technology and shipping. That attitude has been described paradoxically and disappointingly as "the lack of political will on the part of the developed countries".

4. The meagre progress made in international co-operation for development was achieved only because it did not really endanger the *status quo* which had allowed a small

privileged segment of mankind to make optimum use of the world's income. International economic co-operation for development has thus been effected throughout by international relations of domination and dependency.

5. That co-operation, within dependency, has so far only allowed a small portion of the economic wealth created by the third world and unjustly appropriated by a minority of industrialized countries to be restored. Inadequate, conditioned, burdensome financial aid and a few measures to improve access to the markets have been the counterpart of an historic transfer of natural resources and capital. By this aid only small margins of growth and development have been permitted to the countries of the third world; something in the nature of a palliative to maintain the vital minimum of activities so that their economies could continue to transfer resources.

6. The concentration and historical accumulation of capital generated by colonialism and imperialism have to a large extent helped to create the opulence and the emergence of industrialized societies with high levels of consumption, characterized by unlimited economic growth through the creation of artificial needs and the production of goods beyond the absorptive capacity of international monetary liquidity. This in turn has generated a counterbalance to this opulence which today is manifested by growing inflation, by the monetary crisis, by the contamination of the environment, by the ever-increasing dependence on supplies of raw materials and in general by the emergence of a world economic crisis.

7. The international economic order which followed the first industrial revolution and which has been characterized most recently by the greed of industrial consumer society, is now crumbling. We have reached a critical stage in a dialectical process which since the post-war era has been characterized by two contradictory positions: on the one hand, by the trend to preserve the *status quo* of domination over the economies and resources of the developing countries; and on the other, at present, by the strengthening of the negotiating power of the countries of the third world to achieve a new international order. It is at this historic cross-roads that this sixth special session of the General Assembly is being called upon to meet.

8. There can be no denial of the fact that the struggle of the third world to achieve a new economic order has been strengthened by its growing awareness of its own political potential. The so-called energy crisis, for the first time in history and in irrefutable terms, proved that the wealth and the unlimited growth of the industrialized societies depend also on the extraction of the natural resources of the developing countries. It has therefore been proved clearly

that the industrial infrastructure of the opulent societies rests to a large extent on the supply of our raw materials.

9. The determined and united policy of the petroleum-producing countries associated in the Organization of Petroleum Exporting Countries [OPEC] has proved that the control over the production and marketing of our natural resources is an effective instrument to alter the terms of dependency, to limit the shortage of financing for our economies and achieve a better distribution of the world's income. The myth of self-sufficiency and of unilateral policies of price fixing and market control is now evaporating, and with it goes the paternalistic concept of international co-operation in development.

10. This special session of the General Assembly thus constitutes a great opportunity to start a true and effective cycle of international co-operation through a realistic and constructive dialogue between the countries of the third world and the industrialized nations. A realistic and constructive dialogue, I say, because we must set aside confrontations; we must set aside paternalistic attitudes, begging, and the false concepts regarding the present world situation in order to see clearly that relations among the countries of the third world and the industrialized nations are now entering the phase of interdependence and thus the problem can no longer be approached as a purely economic phenomenon; it must be considered, rather, as an eminently political-economic phenomenon.

11. Interdependent relationships cannot be another euphemism to disguise the reality of a new domination. We must go further. We must finally discover a point of departure for a qualitative change. Interdependence is a very clear concept which implies an equal and horizontal condition among peers, and not a vertical attitude, since today's evolution of the international situation makes less viable than ever the dependency of the countries which produce and export raw materials.

12. Interdependence today means that we must set aside the old antagonisms because the gravity of the world crisis calls for urgent decisions, such as the commitment and the pledge to live peacefully, once and for all wiping out the unequal relationship that was forged over the centuries between colonials and the colonized, between neo-colonialists and dependent peoples, between imperialists and those under their domination. Thus, our concept of interdependence implies a true equality in the economic and political life of nations, through effective co-operation for development that will respect the sovereignty and the equality of States and the principle of non-intervention in their affairs, and will encourage mutual benefits.

13. The encouragement of mutual advantages flowing from interdependence should primarily be designed in order to achieve a new equitable and just redistribution of world income through a world-wide reform of trade relations, and through the harmonization of the activities of the large transnational companies with the natural interests of the countries of the third world. The Charter of the Economic Rights and Duties of States, proposed by President Echeverría of Mexico, will, I am sure, be an important step towards the legal establishment of the principles that will

strengthen this new and outstanding phase of political and economic development of relations among peoples.

14. From 1951 to 1972, while the developed countries improved their terms of exchange by 14 per cent, the terms for the developing nations worsened by 17 per cent. This gap of 31 per cent has created a global deficit of \$30,000 million and, as such, constitutes a transfer of resources from the third world to the industrialized nations; in other words, we of the third world have become exporters of capital.

15. When referring to unfavourable terms of trade, the President of the Republic of Peru, and the true leader of the Peruvian revolution, General Juan Velasco Alvarado, stated the following at the meeting in Lima of the Intergovernmental Council of Copper Exporting Countries [CIPEC]:

"The buyers' marts set the cold and inhuman machinery of international trade in motion. They set a price on the sweat of people, with no regard for the element of justice. Concerned as they are with the mechanics of profits and excess gain, they buy, at ridiculously low cost, materials they process and sell at prices which are every day more beyond our reach. And here we come to the crux: that point which economists describe in academic terms as a 'deterioration in the terms of trade' is nothing but the cruel and painful contrast between two categories of human beings. It is a ghastly reality, but at the same time it is a heartless structure. Can it be changed? The pessimists will say, No. But you know that it can be changed."

16. We must break the monopolistic and speculative control over the prices of raw materials imposed by the buyers in the industrialized countries. We must achieve fair, equitable and remunerative prices linked to the prices of services and goods paid by the developing countries. The historic experience through which we are living proves to us that we are drawing close to that moment. The new balance of powers today calls for the re-establishment of world trade on a basis of justice; and to achieve that aim it is indispensable, as Peru has advocated and as the Declaration of Lima<sup>1</sup> took up, that the countries producing and exporting raw materials use their new and growing power of negotiation together, and thus set up an association of countries producing and exporting raw materials, and then, combined and strengthened in a single front, they will be able to shift the balance of economic power that is still unfairly tilting against us.

17. We must realize that results that could not be obtained in decades of efforts to achieve that co-operation were achieved quickly when the countries producing raw materials strategically concerted their interests and added their political will to carry out their strategy.

18. The meeting of the Bureau of the Fourth Conference of Heads of State or Government of Non-Aligned Countries, held in Algiers in September 1973, took a decisive

<sup>1</sup> 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 VIII.F.

step in that direction when, on the initiative of Peru, it set up an intergovernmental group to study the situation with respect to raw materials and to encourage the formation of associations of producer countries, such as OPEC, CIPEC and the bauxite-exporting countries; and in addition it has organized the Conference of Developing Countries on Raw Materials that is to take place in Dakar, Senegal, early in 1975.

19. The recent meeting in Algiers is proof of the political maturity of the third world. The vigour of non-alignment has been confirmed in the spirit of solidarity and unity shown there. The creation of an Economic and Social Development Fund for Non-Aligned Countries is a clear demonstration of this, as is the agreement to co-operate in the preparation, on a joint and united front, of all possible measures to assist the developing countries affected by the energy crisis and allow them to solve their immediate problems.

20. To these measures must now be added the important decisions of the 12 members of OPEC to create a special development fund to assist the developing countries affected by the oil crisis by granting soft loans.

21. In the case of copper, we cannot fail to note that in the past very often a speculative, artificially low price was imposed upon us from abroad. Thus it is easy to understand why the members of CIPEC, together with other countries, are now determined to strengthen their policies as producers in order to take whatever action may be necessary gradually to relieve price trends from the effect of outside factors.

22. With regard to the problem of raw materials, the developing countries have also realized that they must work out a policy dealing with the vast resources of the oceans and the sea-bed, such as their living resources and mineral and energy resources which are essential to the development of our countries and the well-being of our people. At the forthcoming Third United Nations Conference on the Law of the Sea the countries of the third world should take a position in defence of the exercise of their sovereignty and jurisdiction over broad areas of their seas. Together with many other countries, Peru considers that that jurisdiction should extend to 200 miles, in order to preserve those areas from the depredations of the great Powers and their private enterprises and thus avoid becoming an impotent witness to the pillaging of their own resources.

23. However, the improvement in the terms of trade will not be sufficient to halt the financial deficit building up in the developing countries if measures of co-operation are not also adopted to prevent the other large outflow of economic resources arising from the concept of the repatriation of profits of foreign enterprises, particularly those of the large transnational corporations, which, according to studies made by the United Nations, account for two thirds of the total deficit in the outflow of foreign exchange from the developing countries.

24. Therefore we must proceed to devise rules governing investment, to regulate the repatriation of the profits of such enterprises, and we must co-ordinate the efforts for development with the operations of these corporations.

Daily experience shows that it is increasingly urgent to establish rules of international conduct to regulate the activities of these corporations. These rules should be designed to prevent such corporations from continuing to be a disturbing element in the political life of countries, including the developed countries, and a disruptive element in the economies of the developing countries, as was the case in their intervention in the international monetary crisis.

25. The international monetary crisis is only one contributing factor in the world economic crisis brought about by the growth of the industrialized countries, which has had an arbitrary effect on the third world by forcing it to lose its monetary reserves, despite the fact that the third world with its reserves contributed to the formation of the world reserves of the international monetary system. After two years of intensive labour and efforts to form the system within the Committee on Reform of the International Monetary System and Related Issues, our demands are now on the verge of being shelved. The experience of the petroleum crisis has again shown that any increase in the monetary reserves of the developing countries depends not so much on sophisticated technical reforms as on attitudes aimed at restructuring prices of raw materials and slowing down the outflow of capital. However, if no agreement is reached on such a reform by the end of this year, a world monetary conference will have to be convened in 1975, as the Group of 77 developing countries proposed at their ministerial meeting in Lima.

26. One of the most significant results that could flow from the creation of a new international order would be the inclusion in such a system, as one of its fundamental features, of the idea of collective economic security. This means a renunciation of the use of force in economic relations as well as positive collective action to deal with certain emergency situations which cannot be resolved by the internal efforts of a developing country. One way of achieving this collective economic security would be to set up a solidarity fund to assist the developing countries in the event of natural disasters, a decline in the prices of the raw materials that they export or a rise in the prices of critical commodities that they import.

27. Experience has shown that it is impossible to create a new world order unless genuine internal economic and social changes are made that will enable the countries of the third world to emerge from their state of under-development. Any system of international economic co-operation that fails to accept and encourage socio-economic structural changes will serve only to strengthen the structure of internal and external domination and thus intensify under-development. Therefore, a new economic order must be based on ideological pluralism, peaceful coexistence and solidarity among all States and it must put an end to economic blockades and the problems they create, such as those that at present beset the sister republic of Latin America, Cuba.

28. I should like to refer to the experience of Peru. It is well known that Peru embarked five and a half years ago on a revolutionary process which was intended to change the country's archaic and obsolete economic, social and political structures and to break the system of dependence and

domination which had had such a fatal effect on the evolution of our society.

29. The reforms introduced in agriculture, mining, industry, fishing, credit and education, as well as the establishment of the priority economic sector of social ownership, through the forthcoming enactment of the relevant law, are not only bringing about in Peru a recovery of our natural resources and ensuring an equitable distribution of the national income but also have resulted in the full participation of the people in the creation and management of the socio-economic productive process in the country.

30. But the national effort, regardless of the model of development we may choose, must also call for a maximum use of the domestic resources of the developing countries. Thus the head of the Revolutionary Government of the Armed Forces of Peru, General Juan Velasco Alvarado, has proposed that Latin America declare a moratorium on the purchase of armaments for a period of 10 years. This proposal, which is based on Peru's traditional peace-loving policy as part of our effort to create a more equitable and humanitarian society, directly attacks one problem confronting the developing countries that calls for immediate solution, that is, the diversion of our limited financial resources to the purchase of armaments which, far from serving the cause of peace and economic integration, creates an atmosphere that counteracts the permanent search for solidarity and postpones the achievement of our targets in development programmes.

31. Military expenditures are therefore part and parcel of domestic resources and the policies we apply in the use of our natural resources, as was so aptly pointed out by President Houari Boumediène [2208th meeting] and by the Secretary-General [2207th meeting] in the statements they made to this Assembly this week.

32. In this statement I have endeavoured to sum up the fundamental problems of domination and dependence that afflict the third world. Furthermore, I have attempted to suggest ways in which I believe these problems can be overcome. Thus, we consider that the examination and appraisal of the present international economic situation during this sixth special session of the General Assembly should be broad in scope, so that we can achieve political compromises which will foster the building of an entire new international economic order. We cannot and should not limit ourselves to considering the so-called "energy crisis" since it is only a part and the consequence of the world economic crisis which is threatening to shatter the old economic order.

33. The crucial problem is to achieve a better distribution of the world's economy by creating a new system of interdependent economic relations between developing and developed countries. It is the developing countries which have constantly suffered an age-long deficit because of the transfer of resources, unilateral measures setting the prices for their raw materials, setting the terms for the payment of their external debts, determining the conditions on which aid is granted, and even violating the principles of co-operation which are now being raised little by little by countries which have in the past turned a deaf ear to the clamour for a better distribution of the world's income.

34. A reassessment of the prices of raw materials is basic in view of the unleashing of a chain reaction following the export of inflation to the developing economies and the rise in the prices of capital goods, technology and food. The new price policy for raw materials must be linked to the prices of goods that the developing countries import and thus a better distribution of world income can be achieved.

35. The present international situation is a great challenge to the setting up of the new world economic order. If the industrialized nations are not seriously committed to set up that order—an order which will respect the legitimacy of the domestic efforts to achieve economic emancipation and social justice for our peoples and in which co-operation and solidarity will prevail—the road to a confrontation may be opened in a world that paradoxically is increasingly interdependent. But that would spell a danger whose consequences are difficult to foresee since both the industrialized and the developing nations would be gravely and equally affected. That is why my country considers that, despite the unfortunate historical experience we have gathered, we should still seek true and effective co-operation through a wide-ranging, frank and honest dialogue.

36. We are on the threshold of a historic qualitative change, at the dawn of an era in which there must inevitably be a change in economic and political relations among nations and whose beginning proves that the third world is no longer a congeries of irremediably weak countries at the mercy of the powerful, regardless of the yardstick used—be it ideological, ethical, economic or political. We are aware that the future will to a large extent depend on who make up the majority of mankind if we make of unity an unshakable principle and of solidarity an invariable strategy. What is important, what is decisive, is to achieve our economic liberation, which is already under way.

37. In conclusion, on this day of profound significance to Christianity, may I express the hope that the sacrifice of Christ for the weak and the meek of the world will be also a source of inspiration in the vast and complex work of this sixth special session of the General Assembly.

38. The PRESIDENT (*interpretation from Spanish*): I thank the Minister of Foreign Affairs of Peru for his kind words.

39. Mr. PUJA (Hungary) (*translation from Russian*): Mr. President, permit me to welcome you on behalf of the delegation of the Hungarian People's Republic and to express the hope that under your presidency the special session will prove successful.

40. I should like to take this opportunity to express my Government's gratitude to the initiator of the special session, the Government of the People's Democratic Republic of Algeria and its President, Mr. Houari Boumediène.

41. The items on the agenda of the special session relate to the burning issues of our day whose satisfactory resolution would have a favourable influence on the economic development of many countries. The Government of my country agrees that it is necessary to examine the questions of economic development and trade in raw materials as well

as the questions which have arisen within the system of international economic and financial relations. It was, indeed, with that in mind that it agreed to the convening of this special session. The Hungarian delegation is ready to play a constructive part in the debate and to contribute to the adoption of the most effective possible decisions.

42. We agree that all these questions are of particular significance for the developing countries. The leaders of those countries are complaining about the slow development of their economies and calling for increased assistance to reduce the gap between their own and the more developed countries.

43. In our opinion, the positive changes in the international situation in recent years have created conditions favourable to the solution of the problems on the agenda. As a result of the policy of peaceful coexistence, *détente* has become universal except in a few spheres. The talks between the great Powers—and particularly those between the Soviet Union and the United States of America—the signing and implementation of major multilateral treaties, the settlement of problems in Europe, the preparations for the Conference on Security and Co-operation in Europe, the armistice in Viet-Nam, and the steps taken to settle the Middle East problem—all this inspires the world's peoples with hope. In studying the possible ways of solving the problems of raw materials and economic development, we cannot for one moment overlook the fact that the only possible basis for their solution is to consolidate *détente* and to make it irreversible.

44. Discussion has centred more than once in the forum of this world Organization on the promotion of the economic development of the developing countries. We have drawn up a programme for the Second United Nations Development Decade. The Hungarian People's Republic, together with other socialist countries, gave a detailed account of its position on this programme and its implementation in a special document at the twenty-fifth session<sup>2</sup> and, more recently, in another at the twenty-eighth session of the General Assembly.<sup>3</sup>

45. It is entirely true that the relative backwardness of the developing countries has not diminished but has increased in recent years. It is shocking that there is no growth in the *per capita* agricultural output of the developing countries, that hunger is a daily problem for millions of people, that epidemics are rife and diseases are spreading and that there is large-scale cultural deprivation.

46. The Hungarian people understand those problems well for they know of them from their own experience. I am bound to say that not so long ago Hungary was also a backward country. Some 30 to 35 years ago Hungary was known as a country of 3 million beggars, a reference to the fact that, of its population of 9 million, 3 million had no means of subsistence, but led a hand-to-mouth existence and lived in poverty. Recently, on 4 April, we reached the twenty-ninth anniversary of the day on which our people, having been freed by the Soviet Army from the yoke of

Hitlerite despotism, began to move forward along their own course. They freed themselves from the influence of foreign monopolies and wrested power from the hands of those who were acting in the interests of imperialist circles. Popular power has brought about far-reaching economic and social reforms; the people have taken over the factories, the mines and the banks. There has been extensive industrialization and the peasants have been led along the path of co-operatives. Material wealth has been fairly distributed, thereby encouraging all strata of society to make energetic efforts further to accelerate economic development.

*Mr. Šmid (Czechoslovakia), Vice-President, took the Chair.*

47. Previously Hungary was a plaything of the imperialist Powers, the exclusive preserve of the imperialist monopolies. We have put an end to this once and for all. We were able to do this, to repulse the interference and subversive activities of the imperialist Powers, only by relying on the socialist countries and above all on our great friend and ally, the Soviet Union. In the economic field we are also co-operating closely with the other socialist countries. Within the framework of the Council for Mutual Economic Assistance (CMEA), which was founded 25 years ago as an international organization of sovereign socialist States, the socialist countries co-ordinate their short-term and long-term plans, regulate their foreign trade and financial systems, and also co-operate widely and fruitfully in the sphere of production. This co-operation is marked by complete equality of rights, mutual advantage and mutual assistance.

48. All this ensures the crisis-free functioning of our country's economy. Our economy is stable; industrial and agricultural production are growing dynamically; there is no unemployment; there is no inflation; and the standard of living of the working people is constantly rising. Our country has none of the production and financial crises which are typical these days of the economies of a whole series of capitalist countries.

49. On the other hand, this progress has made it possible to develop economic and trade relations between the Hungarian People's Republic and the developed capitalist countries on the basis of equality and mutual advantage. I should like to emphasize that we are in favour of the uninterrupted and substantial expansion of such relations, for, in addition to their mutual economic benefits, they contribute to the strengthening of mutual understanding and, indirectly, to the further consolidation of international peace and security.

50. The present situation with regard to relations between the developing countries and the developed capitalist countries is not, in my view, fortuitous. It is linked with historical development and is intimately connected with the general crisis of the capitalist system, with its internal contradictions and the profound changes occurring within the capitalist world.

51. Of the historical factors involved I shall mention but two.

<sup>2</sup> See *Official Records of the General Assembly, Twenty-fifth Session, Annexes*, agenda item 42, document A/8074.

<sup>3</sup> See document A/9389.

52. Historically speaking, it is not so long ago that the developing countries were part of the colonial system of imperialism. The prevention of industrialization, the one-sided single-crop development of agriculture, the merciless exploitation of the people—all this has led to the decline or stagnation of the economies of the colonial countries. Consequently, the lag in the development of those countries must basically be laid at the door of colonialism.

53. Although the peoples of the developing countries have won their political independence, economically those countries are still bound to a significant degree to the former colonial Powers and other capitalist States. Imperialism frequently interferes in the internal affairs of the developing countries and attempts to prevent the implementation of progressive social and economic reforms.

54. The leading capitalist countries attempt to shift the burden of the crisis in the capitalist system on to other and, as one might expect, weaker countries, including the developing countries. The current international financial system makes possible the widespread manipulations by the giant capitalist monopolies which are so harmful to the developing countries. Through their close economic ties, capitalist businesses are literally exporting inflation to the developing countries. It follows from all this that the responsibility for the present situation lies with the capitalist countries.

55. My Government understands the aspirations of the developing countries. We are giving them help and support in establishing their independent national economies and in their efforts to free themselves from the influence of neo-colonialism. We are particularly close to those developing countries whose Governments are striving to bring about the progressive reform of their social structures and national economies.

56. We support the efforts to reform the current system of international economic relations, the basic aim of which is to eliminate the anomalies in the sphere of economic relations between the developing countries and the developed capitalist countries. We do so all the more readily as the present system of economic relations is, in many respects, detrimental to the socialist countries too. Consequently, the Hungarian People's Republic, like the other socialist countries, hopes that these problems will be resolved.

57. My Government shares the view that every country has a sovereign and inalienable right freely to dispose of its own natural resources. We consider it inadmissible that certain capitalist circles should seek to limit the rights of the peoples of other countries in this respect and to impose sanctions against them in response to measures aimed at enabling those countries to dispose of their own natural resources.

58. We see the efforts of the developing countries freely to dispose of their own natural resources as one of the forms of the struggle for the complete elimination of the vestiges of the colonial era. It is essential to put an end once and for all to the practice of looking on the developing countries as a source of cheap raw materials. But that is not enough. In our experience, such a situation can be terminated only

through the nationalization of natural resources and the means of production, through extensive industrialization and the introduction of a planned economy.

59. There are many unsolved problems in international trade. The system of closed trade groups and the practice of various forms of discrimination are extremely harmful. All kinds of discrimination must be eliminated.

60. It would be of the greatest benefit to the developing countries if the current international financial system could be changed, and financial instability, inflationary trends and the damage resulting from inequitable economic relations could be eliminated. That is why we agree with the view that all countries should have the chance to participate more fully in the solution of international financial problems and, through them, of the problems of international trade.

61. The power and influence of the giant international monopolies must be limited and particularly strict control exercised over their role in international trade. The so-called oil crisis has shown that the international oil monopolies are guided solely and exclusively by their own interests. They have taken advantage of the embargo on oil deliveries and the cutback in production to introduce significantly higher prices and to make extra profits amounting to many thousands of millions of dollars. It is essential to put an end to such manoeuvres.

62. I should like to emphasize once again that the problems on the agenda can be solved only in an atmosphere of international détente. The strengthening of international peace and security and the halting of the arms race would release substantial sums which could be employed in the economies of the developing countries, to solve their social problems. In this connexion, I should like to recall that my Government, as before, firmly supports the Soviet proposal for a 10 per cent reduction in the amounts spent on armaments by the permanent members of the Security Council and for the utilization of part of the funds thus saved to provide assistance to developing countries.<sup>4</sup>

63. I should like to make a few more remarks concerning the range of questions under discussion.

64. Observance of the principles of mutual advantage and equal rights, most-favoured-nation treatment and the absence of discrimination constitute a solid basis for economic relations between countries. We agree that in the system of international economic relations it is essential to take into account the interests of raw-material-exporting countries, but the interests of the raw-material-importing countries must not be overlooked either.

65. I agree that adjustment of the prices of some types of raw materials may be justified and legitimate, particularly as there have recently been substantial increases in the prices of goods produced by the developed capitalist countries. However, such problems cannot be solved by extraordinary increases in the prices of raw materials. In the capitalist countries, the rise in the prices of raw materials is

<sup>4</sup> See *Official Records of the General Assembly, Twenty-eighth Session, Annexes*, agenda item 102, document A/9191.

passed on to the consumer, thereby reducing the living standard of the working masses. Attempts are made to turn the resultant dissatisfaction against the developing countries, as has been the case in connexion with the so-called oil crisis. A constant and substantial rise in prices also provokes a negative reaction in those developing countries which have few raw materials. This may cause contradictions within the developing world itself. It should also be borne in mind that capitalist businesses transfer the difference in the price of raw materials which have cost them more to the industrial goods they produce and export, and that these goods are needed by the developing countries. Moreover, high prices for raw materials stimulate the use of substitutes and this can lead to a decline in the demand for raw materials. All this can lead to instability in the world economy which has repercussions on the development of the countries which produce raw materials, too.

66. My Government, as the Government of a socialist country, can under no circumstances accept the theory that the countries of the world, whatever their social system, are divided into rich and poor countries, allegedly opposed to one another. Such an approach has nothing to do with science or with an approach to such matters from the viewpoint of progress and serves only to spread confusion in the ranks of the forces which are struggling against imperialism and for their national independence and progress. The socialist countries cannot be lumped together with the capitalist countries, whether or not they are considered rich or poor. The socialist countries do not exploit the developing countries; on the contrary, as far as possible they provide the developing countries with every assistance. The crux of the matter is not how "poor" or "rich" a particular country may be, but what social system it has. Not so long ago the socialist countries were considered poor, but their just social system and the efforts of their peoples have brought about rapid development. Such a course is open to every nation.

67. The expansion of the ties between the socialist and the developing countries can make a great contribution towards overcoming the problems I have mentioned. It provides the developing countries with a certain measure of protection in the fight to overcome the effects of such negative tendencies imported from the developed capitalist countries as the crisis of over-production, inflation, speculation by international monopolies, and the instability of raw-materials markets.

68. We have also seen isolated attempts to drive a wedge between the countries of the socialist community and the "third world" countries here, at this session of the General Assembly. Slander is being spread against the Soviet Union and the other socialist countries with a zeal worthy of a nobler cause and efforts are being made to discredit the policy of these countries. But it must be clearly understood that not only the unsolved political problems of international life but also the economic problems cannot be settled without the active participation of the socialist community, that without the political and economic assistance of the socialist countries the developing countries will inevitably fall prey to the ambitions of international imperialism and the giant international monopolies. Consequently, those who slander the socialist community are not furthering, but are hindering, the solution of the problems on the agenda.

69. The intensive expansion of the economic ties between the Hungarian People's Republic and the developing countries began in the 1960s. The volume of foreign trade grew particularly rapidly. In the period from 1960 to 1971 it increased 3.8 times.

70. In its co-operation with the developing countries in the economic and trade fields, the Hungarian People's Republic consistently upholds the provisions of the resolution on the principles of international relations and trade policy adopted by UNCTAD in 1964.<sup>5</sup>

71. The expansion of our economic relations with the developing countries has also been furthered by my Government's trade policy.

72. Long-term trade and payments agreements are of particular importance for our trade with the developing countries. Our country has concluded such agreements with many developing countries.

73. The expansion of our trade relations with the developing countries has also been fostered by the decision of the Government of the Hungarian People's Republic under which preferential tariffs were introduced from 1 January 1972 on goods imported from the developing countries.

74. A characteristic feature of the economic relations between Hungary and the developing countries is the introduction of new forms of co-operation. One of these is scientific and technical co-operation, in the context of which we are providing developing countries with technical assistance and documentation and designs for various industrial installations. The number of Hungarian experts (doctors, engineers, teachers, hydrologists, etc.) working in developing countries is increasing steadily. Our experts are also participating in the United Nations programme for the provision of technical assistance to the developing countries. We are also assisting the developing countries by training specialists for them.

75. The further expansion of economic relations between the Hungarian People's Republic and the developing countries is promoted by bilateral intergovernmental commissions on economic co-operation, which regularly consider questions relating to our economic relations and adopt decisions aimed at expanding them.

76. The Hungarian delegation is aware that the multiplicity and complexity of the problems referred to in the agenda make it impossible to find speedy solutions. We shall have to work hard to reach a satisfactory settlement.

77. The most important thing at this time would be, on the one hand, for the United Nations organs to receive clear instructions as to their future activities based on the discussion and decisions adopted at this session, and, on the other, for the Governments of States Members of the United Nations actively to promote the implementation of the decisions adopted at this session.

<sup>5</sup> See *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No. 64.II.B.11), third part, annex A.I.3.



78. In all probability, one of the greatest merits of this session will be that it will reveal the great opportunities which lie in international economic co-operation and will direct attention to the problems that need to be solved. The United Nations can count on the understanding and support of the socialist countries, including the Hungarian People's Republic, in efforts directed towards that end.

79. Mr. MLADENOV (Bulgaria) (*translation from Russian*): We are gathered in this hall in response to an appeal from the People's Democratic Republic of Algeria to discuss together a pressing problem of universal significance, the problem of raw materials and development.

80. The Government of the People's Republic of Bulgaria welcomes this initiative for it understands that it is connected with questions of vital importance for the millions of people who have recently freed themselves from colonialism as well as with important problems of international economic and political co-operation. We also consider this initiative to be of value because it provides for the discussion of these problems in a forum in which almost all the countries of the world are represented. Any other approach would be inconsistent with the times in which we live.

81. The problems of development and international economic co-operation confront us today at a time when the struggle of the peoples of Asia, Africa and Latin America for economic independence and social progress is taking on a new dimension.

82. Recent developments in international life have hastened the process of the recognition by those peoples of their own national interests, and have bolstered their confidence in their strength and in their ability successfully to uphold their own lawful rights. Their struggle is becoming ever more fruitful thanks to the unreserved support of the countries of the socialist community and of all the progressive and democratic forces in the world. It is also being made easier by the new political climate in the world. In a world free from conflicts and tension, there are emerging substantially improved conditions for and prospects of settling the great and complex problems facing the peoples and Governments of the "third world"—the elimination of economic backwardness, unemployment, poverty, hunger and illiteracy. Now that the transition from the "cold war" and confrontation to détente and fruitful co-operation among States with different social systems is under way, it is not only possible, but essential, for the international community to take steps further to improve relations between States in the economic field as well. We have always maintained that the establishment of equitable and mutually beneficial co-operation in economic matters, trade, and science and technology between all countries irrespective of their social system and level of development represents a firm basis for the consolidation of peace and security throughout the world, which is the main and constant task and concern of our Organization.

83. We fully support the conclusion contained in the Economic Declaration approved by the Heads of State of the non-aligned countries at Algiers in September 1973 to the effect that:

"...imperialism is still the greatest obstacle to the emancipation and progress of the developing countries which are struggling to achieve standards of living compatible with the most basic standards of well-being and human dignity. Imperialism not only hampers the economic and social progress of developing countries but also adopts an aggressive attitude towards those who oppose its plans, trying to impose upon them political, social and economic structures which encourage alien domination, dependence and neo-colonialism."<sup>6</sup>

84. Events daily demonstrate beyond doubt that the developing countries are bearing the brunt of the consequences of the growing instability in the capitalist economic system, the sharp currency fluctuations and the ever stronger inflationary trends.

85. A further serious obstacle to the conquest of economic backwardness is the constant deterioration in the developing countries' terms of trade as a result of the non-equivalence of the trading mechanisms. In this way the monopolies reap fabulous profits and so reduce to a minimum the results of the efforts of the peoples of those countries to accelerate their economic development.

"That is the tragedy of under-development and the tragedy of our countries, which have not yet been able to claim our rights and, through vigorous concerted action, protect the prices of raw materials and commodities and withstand the threats and aggressions of neo-imperialism."<sup>7</sup>

Those are not my words. They are the words of the President of Chile, Mr. Salvador Allende, when he spoke at the twenty-seventh session of the United Nations General Assembly. We all remember the brilliant indictment in which he demonstrated with facts and figures the sinister role of the multinational corporations in Chile, firms with whose assistance the lawful Government of that country was later overthrown, its President murdered and a military junta brought to power.

86. It is clear that the role of the multinational corporations is not limited solely to the pillage of the developing countries. They have become one of the main tools for covert and overt economic and political aggression against those countries. The example of Chile is not the only one.

87. In our view, the United Nations, all of us, can and must promote the adoption of effective measures to compel the multinational corporations to respect the sovereignty of the developing countries and to co-ordinate their activities with the national economic development plans of such countries and, in the event of interference in the internal affairs of such countries, to provide for collective resistance.

88. The People's Republic of Bulgaria has been and is assisting the peoples struggling for political liberation. We are also giving our full support to the current struggle of

<sup>6</sup> See document A/9330 and Corr.1, p. 58.

<sup>7</sup> See *Official Records of the General Assembly, Twenty-seventh Session, Plenary Meetings*, 2096th meeting, para. 69.



those peoples for independent and accelerated economic development.

89. The position of the People's Republic of Bulgaria with respect to the principles on which contemporary international economic relations should be based has been expressed in a number of statements on this subject by the socialist countries.

90. We have repeatedly declared from this rostrum that the sovereign right of every people to choose its own course of economic and social development must be respected. This means providing opportunities for the elimination of all forms of foreign domination and exploitation and for the carrying through of profound social and economic reforms.

91. We have always resolutely defended the principle of full sovereignty over natural resources and the right of every State and people to take any measures it may wish in the economic and social fields, including the nationalization of such resources where they are under foreign ownership. Similarly, the right of every country and people to control the activities of foreign companies, the distribution of their profits, and the outflow and inflow of foreign capital must be recognized and confirmed.

92. It is our understanding that an important prerequisite for the accelerated development of the countries of Asia, Africa and Latin America is the institution of extensive co-operation among all peoples and the establishment of a just international division of labour, based on the principles of equality, mutual advantage and non-interference in the internal affairs of others. This presupposes equal participation by all countries in the discussion and solution of universal economic problems, with due account being taken of the interests of all peoples.

93. In order to bring about the conditions required if all countries and peoples are to become full and active members of the international economic community, the discrimination and barriers which currently hamper normal economic and trade relations must be removed as soon as possible.

94. It is our deep conviction that the application of these principles will make it possible to establish a firm basis for a harmonious international division of labour and for the consolidation of the national independence of the developing countries, that is, for the achievement of the goals which we are setting ourselves by convening this special session.

95. At the same time, the application of these principles will make international economic co-operation a powerful factor in the strengthening of trust between States and thus in the strengthening of international peace and security.

96. There can be no doubt that the United Nations can and must play a leading role in this respect.

97. To us in the People's Republic of Bulgaria, the problems which now concern millions of people in the developing countries are very close and familiar, for over the course of the last 30 years our nation has had to

overcome many of the difficulties which those countries are now encountering. For the last three decades we have devoted our attention solely to solving the problems of accelerated economic and social development. To this end, radical structural reforms were made in the economy: nationalization, agrarian reform, co-operativization and the mechanization of agriculture, and the training of skilled personnel in all walks of life. Today, socialist Bulgaria produces a national income seven times higher than that of 30 years ago. The living standard of the people has risen by several orders of magnitude and illiteracy and unemployment have vanished for all time. These successes of ours in economic and social development were achieved thanks to our socialist system, to the diligent labour of the entire people, and to the complete mobilization of all our resources.

98. Of overwhelming importance for Bulgaria's accelerated development was and still is our co-operation with the socialist countries which are members of CMEA, and above all with the Soviet Union.

99. For 25 years, CMEA has given a powerful impetus to the economic development of the socialist countries. Co-operation among us is based on new principles without precedent in the history of international economic relations. These relations are marked above all by respect for State sovereignty, independence and national interests, non-interference in internal affairs, full equality of rights, mutual advantage and mutual assistance.

100. Trade at stable and mutually advantageous prices and on the basis of long-term contracts for the delivery of fixed quantities of goods, the transfer of technology and scientific experience on favourable terms, the establishment of branches of industry and factories with the interests and requirements of both individual countries and the entire socialist community in mind, and the training of highly qualified personnel—these are but a few of the aspects of multilateral co-operation within the framework of the CMEA which have been and are of fundamental importance for the development of the People's Republic of Bulgaria and the other socialist countries.

101. Several years ago the socialist countries members of CMEA undertook a comprehensive programme of socialist economic integration. This programme helps to increase the opportunities for further expansion of the co-operation with the developing countries, which represents a substantial contribution towards the shaping of the progressive structure of the international division of labour and is an important factor in the establishment of a new kind of international economic relations.

102. The People's Republic of Bulgaria is co-operating as far as possible with many developing countries and is assisting them in overcoming the severe consequences of colonial domination.

103. Our country remains ready to expand such co-operation on a stable and long-term basis and to support the efforts of the countries of Asia, Africa and Latin America to establish their national economies, to enhance the well-being of their peoples and to occupy their due place in international economic relations.

104. Recently there have become apparent important and favourable changes in the direction of détente and the improvement of relations between States on the basis of the principles of peaceful coexistence. The affirmation of those principles in international life is the result of the consistent and unrelenting efforts of the countries of the socialist community and above all of the Soviet Union. The successes achieved in this respect are in the interests of all countries and peoples without exception. This situation restricts the opportunities open to reactionary forces for action which threatens the sovereignty and independence of the developing countries. It facilitates the struggle of the peoples of those countries to defend their vital interests and to overcome their backwardness. It is for this very reason that efforts to consolidate the emerging trend towards improvement in the international political climate must be redoubled. And that can be done only through the united efforts and the constructive approach of the democratic forces in the world, of all who cherish peace and social progress.

105. Hence, we are puzzled, to put it mildly, by the statement of one delegation which is known for its skill in irresponsibly distorting facts, in slander and in concealing behind high-flown revolutionary phraseology the true, grasping designs of its Government's policy.

106. Being devoid of any constructive proposals for the solution of the problems we are now discussing, such statements can only harm the developing countries and their just cause. They may be of assistance to those who are striving to alienate, to separate the developing countries from their true friends, the socialist States, in order to perpetuate their own domination over them.

107. The delegation of the People's Republic of Bulgaria is deeply convinced that the current special session of the General Assembly must confirm through its work the resolutions of the United Nations relating to the strengthening of international peace and the adoption of effective measures in the field of disarmament.

108. On the initiative of the Soviet Union, the General Assembly at its twenty-eighth session adopted a resolution concerning the reduction by 10 per cent of the military budgets of the five permanent members of the Security Council and the utilization of part of the funds thus saved to provide assistance to the economies of the developing countries [*resolution 3093 A (XXVIII)*]. The implementation of that resolution will, without a doubt, represent not only an important step towards halting the arms race but also a substantial contribution towards solving some of the most serious of those countries' development problems.

109. The problems of international economic co-operation and development cannot be discussed and settled separately and in isolation from the general state of international political relations. Indeed, equitable and fruitful co-operation among peoples in the economic field can be instituted only in an atmosphere of trust in the relations between States, in a situation in which there prevails a sincere political will to follow the path of peaceful development rather than confrontation and conflict. Similarly, the major and complex problems facing the peoples of many of the States of

Asia, Africa and Latin America today can be successfully solved only in conditions of lasting peace.

110. The Bulgarian delegation is deeply convinced that the current special session of the General Assembly, inspired by the aspirations and efforts of the peoples of the world, will be able to reach decisions which will make a substantial contribution to the strengthening of peace and security and will open the way to the establishment of just and fruitful economic relations between all countries and peoples—in a word, to the building of a world in keeping with the noble aims and principles of our Organization.

111. Mr. MACOVESCU (Romania) (*interpretation from French*): May I at the very outset tender Mr. Leopoldo Benites, a worthy representative of a Latin American country with which Romania enjoys cordial relations of friendship and co-operation, our sincere congratulations on his unanimous re-election to preside over the present special session of the General Assembly of the United Nations.

112. I also take this opportunity to reiterate to the Secretary-General, Mr. Kurt Waldheim, our high appreciation of the indefatigable work he does to fulfil the purposes and principles of the United Nations.

113. When the 135 Members agreed to follow the initiative of Mr. Houari Boumediène, the President of the Revolutionary Council and President of the Council of Ministers of the People's Democratic Republic of Algeria, and call a special session of the highest plenary forum of the United Nations, they did so as sovereign and equal States and thereby expressed their determination to embark without delay on joint efforts to examine and solve world issues on raw materials and development.

114. Fully confident in the capacity of peoples' thinking and acting collectively and in their capacity to determine the course of events, the Romanian Government is fully convinced that by steady and strenuous efforts, the international community will be able to find and give life to valid solutions to problems of development, raw materials and energy which confront the peoples of all the world today.

115. We are living at a time of profound economic, social and political change, at a time when peoples, with increasing vigour, are asserting their will and their aspiration to build a more just and better world. Relations among States tend to rest on new principles which assert themselves with increasing strength all the time. The changes that have taken place over the last few years at the world level show the outline of a new trend towards détente and co-operation in international life.

*Mr. Benites (Ecuador) resumed the Chair.*

116. This profoundly positive evolution that is gaining ground in the world must also leave its impress on the present session, on its proceedings and its results.

117. It is true that the assertion of current trends within international relations is only the beginning and is not necessarily irreversible. But this is precisely why the General Assembly at its special session, while accomplishing

its mission of high political responsibility towards the peoples of the United Nations, is called upon to make a substantial contribution to strengthening the course towards détente and international co-operation.

118. The approach to problems of development must start from present-day realities and take into account the causes, more precisely, the existence, apart from the developed States, of a large number of countries which lag far behind in the economic and social fields as a consequence of imperialist, colonialist and neo-colonialist policies.

119. Owing to the fact that these obsolete policies and practices anachronistically subsist in international life, the gaps between the industrialized and the developing countries, instead of being narrowed down, ceaselessly become wider and thus give rise to the legitimate anxiety of peoples.

120. The arms race and military expenditures, which swallow up a large portion of the world's human and material resources, deflect substantial resources which could serve to assist the developing countries to grow, foster the economic and social progress of all nations, help to solve problems of raw materials and development and, in one word, enhance the well-being of all peoples.

121. It is against that background that we note a constant increase in the consumption of raw materials and energy. This in turn leads to a widening discrepancy between the growth rate of what is necessary and what is available in those resources. The consequences of the crisis in energy and raw materials are particularly felt by the developing countries. These countries are insufficiently provided with such resources and do not have the financial means that would enable them to withstand the disturbances and speculations concocted by some multinational corporations which have obtained huge revenues at the expense of the developing countries. It was precisely this that occurred recently in the course of the oil crisis.

122. The atmosphere of uncertainty and instability surrounding the field of trade in raw materials and manufactured goods, the wide price fluctuation, the phenomena of crisis in the financial and monetary fields, make even more difficult the precarious situation of the developing countries.

123. The energy crisis, which today is of concern to all mankind, was differently felt in different countries. This crisis gave rise to many difficulties in several States, and unless appropriate redress is devised, it will assuredly give rise to even greater difficulties in the future. These consequences were all the more painfully felt when added to the inequities and discriminations of all kinds which plague relations between the developing and the industrialized countries and which thus contribute further to widening existing gaps.

124. The reduction and, ultimately, the elimination of those economic, technological, scientific and other gaps, have today become an imperative for preserving international peace and security and promoting the general advancement of mankind.

125. The settlement of the pressing problem of raw materials and development calls, first and foremost, for the formulation of a set of principles and guidelines which should underlie all the activity and co-operation of States in this field.

126. Therefore, in the opinion of the Romanian Government, this special session of the General Assembly should give pride of place to the formulation, adoption and implementation of a wholly new set of universally acceptable principles in order to ensure the full equality of rights, respect for national independence and sovereignty, non-interference in domestic affairs, mutual advantages, non-resort to the use or threat of force in the endeavours of States to settle problems flowing from the use of raw materials and development, and, in a word, in the economic and financial relations among all nations of the world.

127. Once these principles have been agreed upon, they must be scrupulously observed by all States or groups of States and by the international community as a whole.

128. Today, more than ever, it is imperative that all progressive and anti-imperialist forces join together to establish these new principles that will regulate relations among States and will deepen and consolidate the positive trend towards détente and co-operation and ensure that every people and every nation will have the right to decide its own destiny.

129. It is the sacred right of each people to be the master of its own wealth, raw materials and sources of energy, so that they may be used for the benefit of that nation's economic and social development, to consolidate its national independence and sovereignty and to ensure its full participation in international economic co-operation. By the same token, we hold that States lacking such resources have the right to benefit, without discrimination and on the basis of mutually advantageous agreements, from the raw materials necessary for their economic and social development.

130. My country takes the firm stand that the situation prevailing in the field of raw materials, sources of energy, development and, generally speaking, in international economic relations should in no way be used as a means of pressure or interference in the internal affairs of other States.

131. Today, the problems related to raw materials and development are of concern to the entire international community. Therefore, we consider it appropriate to stress our conviction that each country must make strenuous efforts to utilize fully all the material and human resources at its disposal, in accordance with the vital needs of the people concerned and to ensure their progress.

132. There is no doubt that the possession of natural resources is a particularly important prerequisite to the planning of the development of any country, but this in itself cannot be the propelling factor of the development process.

133. Labour has always been and will continue to be the prime mover in determining the development of material

production and of economic and social progress; and, when all is said and done, the decisive factor is the way in which a people through its own sustained efforts manages to develop the natural resources and the raw materials of its country. Therefore it is essential, particularly in the case of the developing countries, for each nation to direct its efforts and resources to the development of industry and agriculture as well as of other branches of its economy, to ensure the training of cadres and the wise utilization of labour, in order to create all the necessary conditions for the growth of the production capacity which underlies economic and social progress.

134. The experience of the Romanian people shows that the solution of the problems connected with the development of economy and culture and the raising of the standard of living of an entire nation requires the constant efforts of all the people and the involvement of all their forces and energies.

135. Over the past 30 years the Romanian people has carried on extensive and constant activity in order to eradicate backwardness, to achieve a revolutionary change of its entire economic and social life and to build a new society.

136. The good results already obtained have turned Romania into a country with a flourishing industry and a growing agriculture, and this has enabled us to raise the standards of the material and spiritual life of our people and to surpass the stage of a poorly developed country. Nevertheless, Romania is still a developing country. That fact calls for further efforts, which the Romanian people is firmly determined to make in order to speed up its material, scientific and cultural progress, so that we may catch up with the developed nations of the world. We shall achieve that goal by our constant efforts.

137. The achievements of my country in recent years are further proof of the fact that when a nation is free and master of its own destinies it can, over a short historical period of time, make considerable progress in economic and social development.

138. Another fundamental prerequisite for bridging the gap between the developing and the industrialized nations is the securing of free access by all peoples to the achievements of modern science and technology. In this respect, the Romanian delegation is of the opinion that our Organization and its organs are called upon to be more active and efficient in stimulating international co-operation in the field of science and technology.

139. Thus we believe it is high time for us to move now without delay to the point of identifying the practical ways and means of ensuring unhindered access for the developing countries and indeed for all States to the scientific discoveries and technological progress in the field of new sources of energy and raw materials and to the full utilization of those already known.

140. Furthermore, the convening in 1978-1979, under the aegis of the United Nations, of a world conference on science and technology for development, an initiative which my country has consistently encouraged, should represent a

turning-point in that it will ensure unhindered access by all countries, especially the developing ones, to science and to technology, which are such important levers for economic and social progress.

141. Yet another prerequisite to development is the training and improvement of the qualifications of personnel and the wise use of labour, for the establishment of the conditions necessary for increasing the capacity of raw materials production.

142. Romania deems it to be the duty of developed countries and of the United Nations specialized agencies and bodies to assist developing countries in their efforts at training personnel so that the respective people may become wholly and effectively involved in the full utilization of their country's raw materials and the development of its economy.

143. While the national efforts on the part of each people to develop fully its natural and human resources is in fact the keystone of development, international co-operation... and here we have in mind genuine and equitable co-operation among equal partners and under mutually advantageous terms—can in turn facilitate and assist the development efforts of all nations.

144. Each State has the right, nay the duty, to participate, in accordance with its own needs and possibilities, in an ever-wider international co-operation aimed at discovering new sources of raw materials and utilizing them rationally.

145. We should point out that agreements on bilateral co-operation founded on new, democratic principles governing the relations among States are essential for the mutually advantageous use of raw materials and for the social and economic advancement of countries participating in such agreements.

146. The Romanian Government is making its own contribution to the establishment of wide and equitable co-operation among States.

147. Romania, while consistently placing first the continuous development of multilateral co-operation with all socialist countries, also expands its relations with countries which have stepped up their efforts to achieve independent development. In the spirit of peaceful coexistence, Romania is trying to widen mutually advantageous relations with all countries of the world without distinction as to their social systems.

148. The treaties of friendship and co-operation, the solemn declarations and the other agreements concluded by the President of the Socialist Republic of Romania, Nicolae Ceaușescu, with the heads of several States of Asia, Africa, Latin America, North America and Europe have all laid a solid and lasting foundation for multifarious and mutually advantageous co-operation; they have also opened wide prospects for the development of relations of friendship and co-operation between the Romanian and other peoples.

149. Romania is confident that the agreements concluded and the expansion of its relations of co-operation with those countries will serve both the interests of the

respective peoples and the general cause of international co-operation and understanding and of the anti-imperialist struggle.

150. Referring to those documents in the solemn statement made recently before the Grand National Assembly on his election as the first President of the Socialist Republic of Romania, Mr. Nicolae Ceaușescu stated:

"Now, at this very moment, I would like once again to assure our friends abroad and all nations of the world that the Romanian people will scrupulously observe its commitments by acting tirelessly so as to consolidate the new principles in the relations among States and so as to promote the policy of friendship and co-operation among all States and nations of the world."

151. With regard to the search for solutions to the perennial problems of development, a highly effective lever is the very machinery of prices of raw materials and their relationship to the prices of manufactured goods. Ensuring an equitable ratio between the prices of raw materials and the prices of manufactured goods could help to narrow the existing gaps between the developed and the developing countries.

152. But when setting such an equitable relationship one must bear in mind the fact that the prices of raw materials are, when all is said and done, reflected in the prices of manufactured goods. Therefore, while taking into account the real cost of production and the maintenance of profits within reasonable limits, it is necessary to adopt follow-up steps in order to avoid speculative operations and to halt the daily increasing race for higher prices for both manufactured products and raw materials.

153. Such phenomena can only seriously affect the developing countries and, generally speaking, the large masses of the population, including those in the developed countries; for it is the masses of the population, including those of the developed countries, that have to bear the heavy burden of price increases.

154. I should also like to point to the need to act firmly against any artificial restrictions or barriers, the need to remove any obstacles and discrimination impeding international economic relations that are *ipso facto* prejudicial to the cause of international co-operation, peace and security.

155. In approaching the complex problems of raw materials and development the special session must also, in the view of my delegation, deal with the problems of food and agricultural products. Measures must be adopted that will ensure the speedy development of agricultural production and of the food industry in all countries, more particularly in the developing nations which have the necessary conditions for that purpose.

156. At the same time we have in mind certain forms of mutually advantageous co-operation which are conducive to the speedy growth of food production at the world level and in the developing countries and the free and efficient development of trade in such products.

157. As part of the concern that must be expressed to encourage practical solutions of the problems of raw materials and development, particular attention should be paid to financial and monetary problems, and to the intensification of efforts at the national and international levels to ensure the security and stability of trade exchanges and of co-operation among States in the economic field.

158. In the light of the position of principle taken by Romania with regard to the establishment of the premises to enable the States concerned to participate in the settlement of international issues, we are consistently of the opinion that all the interested States should be granted the possibility of taking part in the process of identifying and reaching agreements on the best solutions to the problems facing them in the financial and monetary fields, at the stages both of negotiation and policy-making and of adopting decisions.

159. In the spirit of the consistent stand of the Socialist Republic of Romania regarding the establishment of relations among States on the basis of the fundamental rules of international lawfulness, the Romanian delegation considers that the solution of the major problems concerning raw materials and development, as well as of any other international issues, at the present session should be carried out with the participation of all States and in keeping with the legitimate rights and interests of each.

160. The solution of problems of this nature obviously presupposes Governments' agreeing on certain rules of conduct that will guarantee a more reasonable utilization of raw materials and also that the interests of producers and consumers, in fact of the entire international community, will be taken into account so as to achieve a democratization of economic relations among States and of relationships among States as a whole.

161. The Romanian delegation considers that every effort should be exerted to ensure that the present special session can in fact, through the conduct of its work and its results, stand as a model of the active participation of all countries in debating, working out and adopting decisions to settle the major issues facing mankind.

162. The Romanian Government considers that this special session of the General Assembly has a task of the highest responsibility to perform. It must take the first steps towards formulating principles and guidelines for the solution of problems related to raw materials and development by adopting through the consensus of Member States appropriate documents to sanction them.

163. At the same time, the special session is called upon to set down for the future the action that will open a new era of co-operation among States in the field of raw materials, energy and development. It can do so through the promotion of programmes of co-operation in the exploitation, exploration, utilization and transport of the existing resources as well as through the discovery of new resources on the basis of the free participation of all interested States.

164. But this first step must be consolidated and followed up through the implementation of the decisions and recommendations that this Assembly may adopt.

165. In order to ensure consistency in the actions undertaken, we believe that the United Nations is the appropriate forum for debating and seeking solutions for the complex problems related to raw materials and development.

166. My Government believes that an appropriate way in which we could achieve these goals would be by holding a general conference on raw materials and development under the aegis of the United Nations and with the participation of all States.

167. It is imperative that the United Nations system and its specialized agencies be fully and effectively utilized in order to solve the problems related to raw materials and development. It is in this spirit that the Romanian delegation speaks out in favour of the preparation of a concrete programme of activities for the United Nations bodies and the specialized agencies in the field of international co-operation, in order to contribute to a just settlement of the problems which are now under consideration by this session of the General Assembly.

168. We in the Romanian Government are firmly convinced that the United Nations is perfectly capable of carrying out this task and fulfilling this mission.

169. Great importance must be attached to the present concern expressed by many that our Organization be made stronger and turned into an efficient instrument for the fulfilment of the tasks entrusted to it by the peoples of the world. These preoccupations are outlined in General Assembly resolution 3073 (XXVIII), adopted on the initiative of Romania, joined by 40 other Member States. The development of international events and the very convening of this special session of the General Assembly once again emphasize the objective need to redouble efforts to strengthen the role of the United Nations through the active participation of all Member States.

170. The Romanian Government has instructed me to declare from this rostrum its firm determination to make an active contribution to the efforts of the international community to settle international problems related to raw materials, energy and development. Acting thus, we feel that we shall be serving the interests of today and of the future of the Romanian people and of all peoples to participate in the building of a more just and better world, to the achievement of which we should all bend our efforts.

171. Mr. BAAH (Ghana): Mr. President, six months ago I conveyed to you from this rostrum, on behalf of the Government and people of Ghana, sincere congratulations on your election as President of the twenty-eighth session of the General Assembly. The hopes that the Government and people of Ghana entertained then, in your election, were realized, as was evidenced by the success that characterized the deliberations of the twenty-eighth session. That success was made possible, thanks to your wisdom and your demonstrated qualities as a statesman and a diplomat. I have no doubt that under your guidance this special session will be no less successful.

172. In the statement that I have referred to, I made the following observations:

"In the view of my delegation, all issues, whether economic, scientific or political, have international repercussions; their solution therefore demands international consultations. These problems cannot be effectively considered for the entire world community by a group of countries however affluent or powerful they may be. Their consideration must not exclude any country, however poor or rich, strong or weak."

My observations continued:

"The degree of interdependence reached by our present world has internationalized almost every issue to a smaller or larger extent. Until we have recognized this reality, solutions to the many problems which face the world community today will continue to elude us. If we seize the opportunity now, we may yet usher in the world of plenty which we all seek."<sup>8</sup>

173. Recent world events have brought my analysis into a sharper focus and added more meaning to it. It was for this reason that the Government of Ghana readily and without any hesitation supported the commendable initiative taken by Mr. Houari Boumediène, the President of the Revolutionary Government of Algeria, on behalf of the non-aligned countries, to summon this special session of the United Nations to consider the item entitled "Study of the problems of raw materials and development".

174. We in Ghana have always recognized that no country, however rich or poor, strong or weak, can afford to live in political or economic isolation and that modern scientific and technological accomplishments have long since overcome the drift of the continents. It is our hope that others, as a matter of urgency, will not only come to accept this reality, but also act in recognition of it.

175. International co-operation, transcending all fields of human endeavour, best flourishes where common ideals are shared. It is true that the realization of economic rights had not been one of the concerns of the founders of the League of Nations—and this for reasons which now appear to us evident. It was in the Charter of the United Nations that for the first time the international community pledged itself to promote, *inter alia* and through joint and separate action, "social progress and better standards of life in larger freedom".

176. I need hardly restate what has often been said by various people at various times, that the objective of development is to bring about a sustained improvement in the well-being of the individual and to bestow benefits on all. If undue privileges, coupled with extremes of wealth and social injustices prevail, then, of course, development has failed in its prime objective. This seems to be the case 28 years after the adoption of our Charter. The situation has persisted because—and here I speak as the representative of a developing country—our efforts at developing have been hindered and frustrated in large measure by a wholly unfair international economic relationship and inequitable and injurious financial systems.

<sup>8</sup> *Ibid.*, Twenty-eighth Session, Plenary Meetings, 2148th meeting.

177. This system totally ignores and does serious injustice to the toil and hard work of the poor peasant farmer of my country and of the peasant farmer in the other countries of the third world. In other words, the old colonial system of shameless domination and exploitation has persisted--this time in more subtle forms. Africa, Asia and Latin America are in consequence being forced to pay too high a price for their independence--a development of far-reaching and historical significance by virtue of which we have sought to bring to an end the fabulous profits to Western capitalism from the slave trade and then from colonialism and its twin sister, exploitation. For it is no secret that under colonialism foreign monopolies tied up our entire economy to suit their interests. Cocoa, for instance, which is the mainstay of Ghana's economy received shoddy treatment. Although our output of this crop is the highest in the world, there was not so much as a single processing industry in Ghana for that crop during the whole period when we remained under colonial rule.

178. Colonized countries provided raw materials and cheap labour for the benefit of certain parasites called middlemen. In many cases, less than half of the amount paid for our products reached the pockets of our people. The rest went into European pockets in the form of so-called processing expenses, commission fees, shipping, insurance and marketing costs. At the same time, manufactured goods were sold to us at higher and higher prices. A look at Ghana's earnings from cocoa over the period 1954 to 1964 illustrates a trend which, but for its serious repercussions on our economic well-being, would have been ludicrous.

179. In 1954, with our production at 210,000 tons, our earnings were £85.5 million. Ten years later, with an increased production of 590,000 tons, our earnings dropped to some £77 million. For the same 10-year period the cost of a five-ton lorry truck in Ghana had increased almost tenfold. Thus we have a situation where one part of the world has been enriched out of the exploitation of the other and, worse, a situation where the economy of the despoiled has been left without the means or the support to grow.

180. Africa is still an uncharted continent. When in economic terms we speak of it as being a paradox, we should be understood as illustrating the scope and operation of capitalism. Africa is rich; yet the wealth beneath and above its soil has enriched, and continues to enrich, not the peoples of that continent but groups and individuals outside it. How else can one explain away the fact, for instance, that, although Africa possesses about 53 of the world's most important basic industrial minerals and metals, it trails behind all others in industrial development? How else can one explain the fact that the majority of our people are underemployed, underprivileged and humiliated when Africa's coal reserves are estimated to be enough to last 300 years; when Africa has 40 per cent of the world's potential water power, a greater share than any other continent? Only those blinded by self-interest will fail to realize that the present situation is ridiculous and far from healthy. At the time when Europe entered the era of the industrial revolution there was a considerably narrower gap in development between the continents. But with every step in the evolution of productive methods and the

manipulation of the world economic system the gap has widened and continues to widen by leaps and bounds.

181. In 1951 the President of the United States of America, Mr. Harry Truman, stated that the only kind of war that the United States sought was "the good old fight against man's ancient enemies--poverty, disease, hunger and illiteracy". Those were noble sentiments, and sentiments which have since been echoed by other world leaders. It was a statement which recognized the fact that the answer to the widening gap between the developed and the developing countries lay in a serious international co-operative endeavour. The truth, however, remains that if any wars have been won since 1951 they do not include the wars against poverty, or disease, or hunger or illiteracy. The reality is that the objectives of the First United Nations Development Decade were not realized; the objectives of the Second Development Decade do not appear to be within reach of our grasp; the structure of present-day world trade and the monetary system continues to work to the detriment and disadvantage of the third world.

182. The interests of the third-world countries were not considered at Bretton Woods. Their interests were ignored at the outset of the monetary crisis of August 1971, until we shouted to compel the rich countries to recognize our existence. I mention this fact not to suggest that in the process we obtained anything concrete. The devaluation of the dollar resulted in a gain of thousands of millions of dollars in gold reserves for the developed market economies alone. All the countries of Africa put together gained only an estimated \$42 million. Members of the sterling area suffered an average decline of 2.8 per cent in the purchasing power of their reserves while those of the franc zone obtained an increase of 0.7 per cent.

183. In contrast, the purchasing power of Africa's reserves declined by 2.3 per cent. Meanwhile the real burden of amortization of external debts increased, and primary commodities like cocoa and coffee, which are quoted in dollars and sterling, earned less foreign exchange for us in real terms.

184. It is not my intention to dramatize the situation by cataloguing the woes of the developing countries. If I appear to have done so, it is because these are facts, not fiction. Our efforts to meet the situation by establishing sovereignty over our natural resources have invariably been met with subtle reprisals aimed either at our economic structure or our political system, and sometimes even with overt threats.

185. Ghana has subscribed fully to the purposes and objectives of the Organization of African Unity (OAU) and we have sought to make our membership in that organization a cardinal factor of our foreign policy. We have done this, not because we are unmindful of the interdependence of the interests of all the peoples of our one small earth, but because, faced with the frustrations occasioned by the selfish monopolistic interests demonstrated by the developed countries, we see in the unity of the African continent a formidable bedrock to the stability, dynamism and prosperity of the third world.

186. Our membership in the Group of 77 developing countries is no less an important factor in our foreign



policy. Countries of the third world have not selected themselves of their own volition. This may sound like a contradiction, set against our genuine desire to see a united world, seeking the well-being of mankind as a whole. Unfortunately, the economic, financial and social structures of our present world, to which I have tried to direct attention, do not seem, at least for the present, to make us part of one world. Rather than helping us to achieve economic emancipation, they impose poverty and misery on us; rather than assisting us to acquire human dignity, they hold out to us nothing but frustrations and humiliation.

187. If the so-called third world has often sought a united front, it is because we live in a sick world; it is because we believe that by our united efforts we could help to cure this malady and make our world a happier place, not for one section of its population, but for the whole of it.

188. All I have tried to say is that the answer to the problems of raw materials and of development, of the widening gap between the developed and the developing countries, lies in a serious and honest dedication to determined international co-operative action. The world has a potential which should enable us all to live in reasonable comfort if its resources are wisely exploited for the benefit of all. Our present age, blessed with unprecedented opportunities offered by science and technology, should enable us, the oppressed and exploited of humanity, to share these benefits. If poverty and misery are to be erased from the world in our lifetime—which we believe is possible—then the developed countries should fulfil the targets and implement the strategy set forth for the First and Second Development Decades, and outlined in other agreements reached in negotiations within the United Nations Development Programme [UNDP] and the General Agreement on Tariffs and Trade [GATT]. In addition, my delegation proposes the following measures. First, urgent and immediate steps should be taken to transfer technology from developed countries to the developing countries in a form and manner relevant to their economies; secondly, the operations of multinational companies should be regulated to ensure that they are not geared exclusively towards amassing quick profits, but that they respond in an urgent manner to the needs and the specific circumstances of the countries in which they operate; thirdly, multinational companies, particularly those involved in the oil industry and other extractive industries, should establish in the appropriate developing countries processing industries to produce, partially or fully, processed goods in co-operation with countries producing those raw materials; fourthly, machinery should be created which would keep under constant review the prices of commodities covered by international agreements or arrangements, or appropriate United Nations organs should be charged with that responsibility and commodities not yet so covered should be given urgent attention so that excessive price fluctuations of raw materials would be eliminated; and, fifthly, measures should be evolved to regulate and control factors which give rise to inflationary spirals within the international economy. To that end a study of the operation of the present international currency system should be made, and a new system, catering for the interest of the international community as whole, should be evolved.

189. My delegation, while making these proposals, is fully aware that this special session cannot be expected to produce in three weeks or so a cure for all the ills of our present world. It is, however, capable of indicating areas in which urgent international action is required and of creating the appropriate machinery for initiating such action. It is with this understanding that my delegation's proposals have been made. We trust that they will be given the attention they deserve.

190. It was Pope Paul VI who said recently that the new name for peace was development. Peace, in other words, and as seen by the Pontiff, does not simply mean the absence of war. The statement highlights the danger to peace inherent in the present world of extreme disparities in the economic well-being of the world community. In these days of hypocrisy and double-talk, we judge adherence to peace and human values not by words alone but by a willingness to act in the direction of peace.

191. The recent oil crisis should serve to bring home to us, perhaps more forcefully than ever before, the interdependent nature of this world community. If the lessons learned from it will lead us to that realization, the hardships suffered as a result of it will not have been in vain. What is true of oil is also true of other raw materials. Although it may be easier to find alternatives for some of those raw materials, that does not change the basic element of global interdependence.

192. I should now like to refer briefly to the outcry against the increase in the price of oil, to which some of us attribute all the economic ills of our world community. Undoubtedly, the present high price of crude oil has in a way worsened the economic plight of non-oil-producing countries, particularly that of developing countries. For Ghana, it is reckoned that as a result of these increases our oil bill will quadruple.

193. In the view of my delegation, however, that is only part of the story. My delegation listened with interest to the statement made here on 10 April by the Foreign Minister of Iran. We took particular note of the very revealing fact that in 1947 the price of Iranian crude oil was fixed at \$US 2.17 per barrel by the oil companies which at the time controlled the exploitation of oil. By 1960, 13 years later, the price had dropped to \$US 1.79. By 1970, the Minister told us, the real market price of crude oil had "declined to the level of . . . \$1.30 a barrel" (2209th meeting, para. 236). That tells a familiar story—a story which is generally true with regard to raw materials.

194. The question my delegation wishes to ask is this: Who profited by this low price of oil? As we see it, those who profited were the exploiting companies and their countries of origin. The recent congressional investigation of United States oil companies seems to confirm that conclusion.

195. In the circumstances, could it not be that what we regard as an increase in the price of oil is in fact an adjustment of the profits of the oil companies? Could it not be that we are facing a major crisis merely because those companies refuse to accept a cut-back in their profits by absorbing the increases in oil prices? In the view of my

delegation, until we have been able to ascertain the extent of profits made in both the past and the present by those companies we shall not be in a position to apportion blame one way or the other.

196. Since we consider energy to be a strategic raw material on which the economic prosperity of the international community largely depends, my delegation proposes that an investigation into the operation of oil companies, including the level of their profits past and present, be conducted by this Organization as a matter of urgency. This, we suggest, can be done by a special expert committee established by this Organization or by an appropriate organ of the United Nations. While making this proposal we are at the same time fully conscious of the fact that such an investigation cannot be conducted successfully without the co-operation of the major energy-consuming countries, whose companies are also engaged in oil exploration and exploitation. To those countries my delegation wishes to address a special appeal for co-operation.

197. As an interim measure to lighten the burden imposed particularly on developing countries as a result of the high price of oil, this Organization should be very grateful to the Shah of Iran for the proposal outlined by his Foreign Minister to this special session on 10 April [2209th meeting]—not primarily because it holds out hope to the distressed countries of the world but, even more important, because it introduces a new principle into assistance aid, a principle which recognizes the sovereignty of States while assisting them along the path of economic prosperity. It is the hope of my delegation that this praiseworthy principle will become a cardinal element in any future aid-giving system, whether on a bilateral or a multilateral basis.

198. I wish this special session every success. I entertain the hope that the international community will at this session, and perhaps for the first time, address itself seriously to the problems which are now well known to us in the knowledge that the well-being of all is the well-being of each.

199. The PRESIDENT (*interpretation from Spanish*): I thank the Commissioner for Foreign Affairs of Ghana for his kind words.

200. Mr. PEREZ GUERRERO (Venezuela) (*interpretation from Spanish*): Mr. President, on behalf of the delegation of Venezuela I should like to congratulate you and to express my happiness over your confirmation as President of the special session of the General Assembly. I am sure that under your enlightened leadership we shall be able to achieve the results expected of our meeting. I listened very closely to your stimulating opening statement [2207th meeting] as well as that of the Secretary-General, Mr. Kurt Waldheim [2207th meeting].

201. At this crucial moment in history the world is offered the opportunity of creating a new international economic order on a more just and more rational basis. This chance cannot be allowed to escape us. We would be remiss in fulfilling with clear responsibility a duty incumbent upon us, and very rightly we would be severely judged by future generations starting with the youth of today. This opportunity is given us because of the crisis being felt by what

was once a system of trade and payment set up after the Second World War, a system which has crumbled and fallen because the countries that were its greatest beneficiaries have not complied with the rules of the game and because it was not transformed and adapted to meet the requirements of our day, particularly those of the developing nations. The latter have seen their legitimate interests ignored and are more than ever determined to take their destinies into their own hands.

202. Some dreamers still believe that the old system can be repaired. But that system has ceased to exist. We must turn the page. The experience has been harsh but enlightening, and we must take advantage of those lessons to create a new system. There are certain elements of the past that could still be utilized. We can never carry out the necessary transformation overnight. We shall have to bend many efforts, all of us composing the international community, in order to achieve that change within a set time-limit. That is why the Venezuelan delegation shares the conviction that it is within the framework of the United Nations that this new international economic order must be forged.

203. It is up to this special session of the General Assembly to put in motion the process that should culminate in the other special session planned for the second half of 1975.

204. In the interim, we will review and revise the International Development Strategy for the Second United Nations Development Decade.

205. This Assembly is called upon to lay down the blueprint for achieving that task, which today has a significance that could not be foreseen when the Strategy was first proclaimed in 1970 [resolution 2626 (XXV)].

206. We share the opinion that it will be up to a number of the bodies of the United Nations system to carry out this task in its different aspects, with the guiding impetus being given by the special session.

207. As some have pointed out, the Economic and Social Council will have to play a primary role as the co-ordinating organ in economic and social affairs, as will UNCTAD, because of its function and experience in the field of trade and in other aspects related to the central problem of development, such as financial transfers and the transmission of technology.

208. We believe it would be a mistake to try to place equal emphasis on all the aspects of the creation of a new international economic order. We must identify, and naturally we must project, each and every one within an over-all coherent framework. But if we expect this Assembly to set in motion a task of transforming the relations between the different groups of countries composing the international community, our attention should primarily be focused on the solution of the problems of raw materials in their relationship with development. That was the guiding idea of the very timely initiative of President Boumediène of Algeria as he reiterated it in his lucid and very enlightening statement at the beginning of this debate [2208th meeting].

209. It is in fact the problem of raw materials that has shaken the very foundations of the world economic order, although there are other aspects that are of concern to us all and that, to a large extent, caused that problem. In fact, we cannot overlook the fact that the monetary uncertainty created by the accelerated inflation and the floating of currencies is very closely related to the present situation surrounding raw materials.

210. Consequently, it is virtually impossible to project the future with any degree of security as far as raw materials are concerned if we do not base the new international monetary system on solid bases.

211. The Assembly, I am sure, will give its opinion on these matters in order to encourage the process of restructuration; but its greatest contribution, we believe, must lie in the setting down of guidelines to establish new foundations for trade in raw materials and achieve more rational and equitable terms of trade for the developing countries. This would have a positive and encouraging effect on the entire system of trade and payments and should lead to more and better balanced benefits for all sectors of the international community within the framework of the monetary and trade negotiations whose path they should endeavour to clear.

212. We believe that the new policy governing raw materials should include the following elements: first, adequate guarantees for the terms of trade of the developing countries which, starting from equitable levels, would set up an appropriate relationship between the prices for raw materials and the prices for a certain number of manufactured goods imported by the countries of the third world for their development; secondly, the establishment of a network of buffer reserves and other mechanisms for the regulation of the market based on consistent reference prices; thirdly, a mechanism for financial compensation to avoid a down-trend in purchasing power when the reference or base prices are not achieved; fourthly, the establishment of a similar modality to that of supplementary financing to counteract the down-curve in foreign purchasing power due to the reduction in the volume of exports of raw materials; fifthly, adequate supply to the importers of raw materials produced by the developing countries and access for the developing countries to the markets of the developed nations. This could all be articulated through a system of long-range contracts.

213. We should also provide a solid and wide financial base to ensure the setting under way and the effective functioning and operation of this stabilizing mechanism for which each country would contribute according to its means; in this manner the advantages accruing to a better organized system of trade would be shared by all. Special attention would be given to the less advanced countries, the land-locked nations and the developing island countries.

214. Periodic reviews of the different modalities such as reference prices, in particular, would be carried out, in order to adjust them to any new circumstances that may arise.

215. This mechanism should tend to stem the inflation that is causing such damage in the countries that have

created it, and also upsets and damages the economies of those importing it. It should also lead to a more stable relationship in currency exchanges, putting an end to the floating of such currency which, in an unhealthy way and without the participation of the international monetary authorities, creates additional liquidity which remains in the hands of the main trading partners.

216. In a word, a greater discipline and monetary balance should be encouraged.

217. Furthermore, the creation of liquidity as a consequence of the floating of currencies is not in keeping with the decision to use the special drawing rights to that end and as the main reserve instrument of the new international monetary system; this scheme is also intended to channel the additional liquidity required by the developing countries.

218. The task of putting into force a blueprint based on these factors—which must be viable and politically acceptable—is, I grant you, difficult and complex. But we agree that the present situation cannot and must not be allowed to persist, since it would benefit no one and if it is not dealt with in time it may have a disastrous effect on the economy of the entire international community, and consequently the international community would then share not the benefits of the system, but the extensive and intense damage caused precisely by the lack of system.

219. With regard to the question of raw materials, another option might be to speed up and expand the efforts of the producing countries to defend their own interests. But, what would be natural is that those efforts be concerted with other converging efforts on the part of the consumer countries.

220. However, both by instinct and by experience we know that we cannot count on an indefinitely prolonged boom in raw materials.

221. I shall venture to stress the matter of primary products. They are termed “primary” not only because they come from nature itself, but also because they are the basis for the economy of the great majority of the developing countries and, in adequate quantities and in foreseeable terms, they are indispensable for the normal activities of the developed countries themselves.

222. In fact, the present time of boom in basic materials is tantamount to a recovery of the depressed prices that prevailed during the decade of the 1960s and this is also applicable to the case of petroleum, to which I shall refer later.

223. Furthermore, the increase in the prices of the majority of raw materials reflects a down-turn in the value of the dollar, a currency that has suffered a number of devaluations and, like others, has lost an enormous amount of its purchasing power due to inflation.

224. It also reflects the scarcity brought about by natural calamities and—in the case of many of these as well as others—a relative insufficiency in the face of an increased demand brought forth by the expansionist phase of the

economic cycle and the consequent need to purchase those products as protection against monetary uncertainty.

225. To this must be added the phenomenon of waste that has shown structural flaws and that is a function of the affluence of the wealthy countries and of the wealthy sectors of the poor countries and which complicates further the problem of the pollution of the environment. In point of fact, it is well known that those countries use very little of the world production, considering the magnitude of the consumption of the rich countries.

226. The so-called energy crisis has had one advantage. It has stressed the distortion to which the present consumption criteria have led us and it has forced us to take measures that would ensure more reasonable use of the raw material. We hope it will point to a lasting effort to avoid waste.

227. The erratic form in which prices have responded, as far as raw materials are concerned, in the present phase, has also caused severe imbalances in the economies of many countries and particularly of the developing countries, which are the most vulnerable.

228. Thus, we have to stress that those countries which have not achieved a real increase in the prices paid for their raw materials have seen the trend of deterioration in their terms of trade aggravated. This specifically, for example, is the case of producers of tea, bananas, jute, citrus fruits, manganese and tungsten, and, to a certain degree, iron ore.

229. We can foresee that the prices of some of these products, on whose supply and demand certain structural factors have had an effect and that are subject to a certain discipline in the supply, will continue to rise, particularly if the inflation is allowed to continue unchecked.

230. From all the foregoing it is obvious that some system of prices must be established that will, as systematically as possible and in an integral fashion, link the value of raw materials with that of manufactured goods.

231. I must point out that the major portion of products, apart from those I have already mentioned, particularly agricultural products, may be subject to strong downward pressures when the present circumstances disappear or are modified.

232. But there is a latent structural scarcity which should lead to measures designed to encourage production and regulate trade in order to face the needs of the great ill-fed masses of the countries of the third world.

233. The international community is aware of its responsibility to meet these needs, and perhaps this may well be the basic reason for the World Food Conference to be held at the end of this year.

234. To fulfil this purpose it will be necessary to bring together a number of factors. First of all, speedy encouragement must be given to the industrialization of the countries of the third world, particularly by upgrading their raw materials to the fullest possible extent.

235. As we have already stressed, for this to take place, a new policy of decentralization of productive capacity to the countries of the third world will be required, particularly in those industrial sectors where they possess a comparative advantage. This policy must go hand-in-hand with the effort to increase production, particularly of food, both for their domestic consumption and for export according to the circumstances.

236. Another important factor is financial assistance, under concessional terms, and in far greater quantities than given so far, since international financial co-operation in the last few years had suffered a painful process of erosion in purchasing power despite some countries' praiseworthy efforts to counteract this erosion.

237. The members of the OPEC are aware of their responsibility to help the other developing countries to face the difficulties of their balances of payments, aggravated as they are by the new prices for oil, although to this effect the generalized inflation of the market-economy developed countries, together with the increase in the price of other raw materials, has contributed in a larger measure.

238. Venezuela has started to place at the disposal of these countries, particularly the most needy, through existing or new financial institutions, a good part of its additional income.

239. Regionally speaking, on the initiative of Venezuela, a trust fund in the Inter-American Development Bank is to be established to which my country is contributing the amount of \$500 million. On the world-wide level, Venezuela will participate in the Assistance Fund of OPEC that was created at the last special conference held on 7 April in Geneva.

240. The delegation of Venezuela approves of the fundamental guidelines defined in a constructive spirit by Minister Amouzegar of Iran in his recent statement, and therefore I need not speak on this matter at any greater length.

241. I should, however, like to stress two aspects which we deem fundamental and which we believe to be of utmost importance. The first refers to the determination of Venezuela to continue with renewed vigour to exercise its full sovereignty over oil. The second touches upon the nature of the oil income, which derives from non-renewable resources, and therefore must be given a productive use so as to lay the groundwork for a diversified, self-sustained, dynamic economy.

242. It is for this reason that, together with the implementation of a conservationist policy when producing this natural resource, we are committed to ensure that most of the petroleum income from it will be invested in capital goods that will produce adequate profit and preserve its actual value.

243. The Government of Venezuela is aware of the fact that the process of development in our own country must be accelerated towards a better distribution of wealth since we still have a segment of our population that has been left

aside. But, apart from this, Venezuela realizes that part of these resources must be channelled towards the developing countries, which, *inter alia*, should also help in maintaining a normal rhythm in the economic activity of the developed countries that will still have to provide the majority of the resources required for the development of the third world. This is important not only for the developed countries, but also for the developing countries and for the international community as a whole.

244. In this respect in his first statement to the nation only a month ago, the President of Venezuela, Mr. Carlos Andrés Pérez, announced the creation of a special, diversified fund of investments that will take the largest portion of the new income and channel it to specific and concrete ends, both inside and outside Venezuela's territory.

245. This position as adopted by my country is consistent with our aspiration that a new world order be structured in which the benefits derived from the new international economic order be shared equitably and in a balanced way by all the countries composing the international community.

246. We are gratified to see that true efforts are being made to overcome pending conflicts, including those among the countries of the third world, sometimes with success which I trust will become more widespread and lasting. We are also gratified at the establishment of economic relations among countries of different economic and social systems, always on the understanding that they will especially take into account and effectively serve the interests of the developing nations.

247. Moreover, we cannot conceive of a lasting peace without the establishment of a just and equitable economic system, as we cannot conceive of such a system if peace does not prevail.

248. We have managed to get under way a certain limited number of undertakings to assist the countries of the third world. Such is the case of the generalized system of preferences, the sugar and the cocoa agreements, and other initiatives, such as the recent code of conduct for liner conferences. We can foresee that other codes of conduct relating to the transfer of technology and the multinational corporations will also be arrived at, and these are areas where urgent international regulation is required.

249. This is but a first step, for much has been left undone. We have missed opportunities such as the third session of UNCTAD in Santiago in 1972, where very little was done in the key field of basic commodities. The international community, despite the arguments put forward by the developing countries, did not have the foresight to adjust its structures to meet the crisis that was on the horizon. Had we acted then, we would not now be confronting the present situation.

250. However, as it has been said before, this circumstance now gives us an unprecedented opportunity, which may never appear again, for each and every one of us to join together in the international community, regardless of our degree of development or the nature of our economic and social systems, in a new world economic order which will truly establish a rational and just international division of

labour. The earlier system, and today's lack of system, have been most detrimental to the developing countries. The moment of truth, the moment of change, has come. All the developing countries must participate in the establishment of this new system, and they are determined to do so, since it affects them directly. The acceptance of this fundamental principle of participation has perhaps been the most positive aspect of the third session of UNCTAD, although there have been attempts to go back to more restrictive forums to adopt economic decisions of international scope. The debate in this General Assembly, which represents the international community as a whole, is proof that we now see the irreversible trend of this principle.

251. However, the greatest responsibility to ensure that these efforts will lead to satisfactory results for all rests on the developed nations, for it is they that possess the greatest resources. Together with other developing countries which have seen their possibilities of action grow, Venezuela is fully ready to assume its responsibility in this new and important enterprise and to support the legitimate claims of the third world of which we are a part. Venezuela is ready to contribute to the solution of the problems of an urgent nature that have risen because of the latest economic events.

252. Prosperity must be shared if it is to last. Ground is being gained by the concept of the solidarity of all countries—a solidarity which underlies the very destiny of mankind. But the solidarity of the international community must necessarily presuppose the solidarity of the developing countries. We cannot conceive of a united international community unless the countries of the third world effectively prove that they, too, are united.

253. From the statements we have heard we can already sense the political will that in the past was missing, a will to act coherently in the monetary, trade and financial fields, particularly with regard to the ultimate objective of development—fields which are so closely interrelated.

254. The world had now become aware, particularly because of the latest economic events in the international sphere, of its interdependence and its community of interests. This is in no way in contradiction with the guiding idea of the third world, that is, namely, that it will forge its own destiny based on self-reliance.

255. Immediately, without delay, we must undertake a dynamic adaptation of the International Development Strategy, so that the new international economic order will emerge, but this must be coupled with important international instruments, such as the Charter of the Economic Rights and Duties of States, which should be concluded this year and which was based on the timely initiative taken by President Echeverría of Mexico during the third session of UNCTAD.

256. The Venezuelan delegation shares the view that it is necessary to avoid sterile confrontations and that we should begin a constructive dialogue in order to give true significance, for the benefit of all, to the concept of interdependence. The moment when this Assembly is called upon to act is a crucial one. I am sure that it will not deceive the hopes that all peoples of the world have placed in it.

257. Let me conclude on a somewhat personal note. Until a few days ago I had the honour of being Secretary-General of UNCTAD, following in the footsteps of my predecessor and friend, Mr. Raúl Prebisch, and I have handed over my duties to another friend, Mr. Gamani Corea, who, I am sure, will receive even more support and confidence from all Governments than the support and confidence which we, his predecessors, had had the honour and privilege of receiving from them in the fulfilment of the vital duties of UNCTAD at this time. Now I speak on behalf of my own

country, but, in whatever position we may find ourselves, we shall all be committed to this struggle, which is not a battle against anyone but a battle to achieve the objectives that the international community has set for itself.

258. The PRESIDENT (*interpretation from Spanish*): I thank the Minister of State for International Economic Affairs of Venezuela for his very kind words.

*The meeting rose at 6.25 p.m.*