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*President: Mr. Leopoldo BENITES (Ecuador).*

*In the absence of the President, Mr. de Piniés (Spain),  
Vice-President, took the Chair.*

**AGENDA ITEM 7**

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

1. Mr. FELDT (Sweden): The Swedish Government responded promptly to President Boumediène's proposal to convene a special session of the General Assembly [A/9541]. We were convinced that the events in the world economy warrant a comprehensive and global review of a kind that could only be undertaken in a forum like the United Nations.

2. This Assembly bears testimony of the growing concern over the structures and institutions of the world economy, which are slow to adapt to changing situations and which fail to achieve a fair distribution of the world's wealth. The problems are not found primarily in the inevitable limits of the world's natural resources, but in the shortcomings of the world's economic structure and political and social organization. It is because of this structure and organization that today 70 per cent of mankind has to subsist on only 30 per cent of world income, as is pointed out in last year's Algiers Declaration.<sup>1</sup>

3. If a just international relationship is to be created, political independence is the obvious and necessary starting-point. Even if most peoples have now reached this point, there are still remnants of colonialism. But the colonial Power of Portugal, as well as the white minority régimes in southern Africa, is fighting a losing battle. Political independence, however, is not enough; it must have as its corollary an economic independence which enables the countries to build their societies according to their own priorities and plans. The international community must now respond positively to the demands of the developing countries for freedom from domination and exploitation.

<sup>1</sup> Economic Declaration adopted by the Fourth Conference of Heads of State or Government of Non-Aligned Countries on 9 September 1973.

4. We must reassess against this principle existing rules, practices and institutions. As has been very well argued by many speakers before me, the case in point is the right of every country to exercise permanent sovereignty over its natural resources and their exploitation.

5. The role and influence of the multinational corporations is a central issue in this context. Through their very size, their wide field of activities and their policy of integrating production and distribution, these corporations have in many instances acquired control over the exploitation and marketing of natural resources. Even when it is not misused this control tends to undermine the efforts of the developing countries to achieve economic independence. The activities of the multinational companies must be brought in line with national and international policy objectives. This is a priority task for the international community and one that is essential not only for developing countries but also for developed countries.

6. In regard to the present situation in the commodity markets we must take into consideration that developing countries, just as developed countries, are consumers as well as producers of commodities. We will best serve the interests of both producers and consumers if we can secure a balance between supply and demand within the framework of sustained growth. We must consequently work for a stabilization of world market commodity prices that are remunerative to producers and equitable to consumers.

7. My Government considers that for many important commodities international agreements or arrangements are the best means to achieve stable markets and provide the producing developing countries with increased export earnings. We are of course aware that the conditions differ from one commodity to another.

8. The few commodity agreements reached so far have often proved disappointing because they have lacked the basic provisions to ensure their effectiveness. There is undoubtedly scope for improvements—for instance through a more forthcoming attitude towards adjustments in prices due to changes in exchange rates and to inflation. The stabilizing elements—in particular quota policies and stock arrangements—should be strengthened in order better to withstand temporary pressures on the market. Greater transparency in national stock policies and a system of early exchange of information would help in the forecasting of supply and demand on the global level. As members will find, we are in much agreement here with the ideas presented by the Foreign Minister of France [2209th meeting].

9. Against the background of past failures in consumer-producer co-operation it is not surprising that commodity

producers have come to think that their interests can best be safeguarded through their own close co-operation. We ought to look with sympathy on such efforts. Co-operation between the producing countries should, however, also take into consideration the legitimate interests of other countries and peoples. In that way it could constitute a constructive step towards global solutions with the participation of both producers and consumers. We see the initiative of President Boumediène and this special session of the General Assembly as an acknowledgement of our common will to resolve the commodity problems on a global basis and within the framework of the United Nations.

10. In this context, the possibilities to widen the markets on a regional level among developing countries should be further explored. We want to support these efforts and plan, *inter alia*, to give financial assistance to an ambitious research project on co-operation among developing countries in the fields of trade, industry and transport which is to be carried out by the group of non-aligned countries in collaboration with the United Nations.

11. To strengthen the competitiveness of manufactures from the developing countries it will be necessary to widen considerably the access for these countries to science and technology.

12. The multilateral trade negotiations under way in the General Agreement on Tariffs and Trade [GATT] must be another important effort by the world community to achieve a substantial improvement in the conditions of access for the products of interest to the developing countries. These negotiations are indeed a test of the will of the developed countries to take special measures to assist the developing countries in their efforts to increase their export earnings and promote their economic development.

13. The financial difficulties of many developing countries have become almost desperate. When appraising their situation it would, of course, be misleading to concentrate on the isolated issue of increased energy costs, however important that is. Instead, we must take into account the combined effect on those countries of the changes in the prices of energy, wheat, fertilizers, and manufacturers in conjunction with such factors as the heavy costs of external debt servicing and the low level of development assistance. The world community would shoulder a heavy responsibility if it continued to shrug off this situation and let the financial gap between the rich, be they industrialized or not, and the poor countries widen further. This challenge, of course, creates a responsibility both for those which have benefited most from recent changes in terms of trade and for the industrialized countries.

14. With this background, it does not seem enough to state a will to maintain present aid levels. We are, through the International Development Strategy, committed to achieving within one year's time a flow of official assistance equal to 0.7 per cent of the gross national product. If all developed countries fulfilled this target, some additional \$8,000 million would be put at the disposal of the poor countries. It goes without saying that this would meet a large part of the immediate requirements of these countries. Several proposals have been put forward as to new forms

and institutions to channel funds to the countries in need. This Assembly will have as an essential task to analyse these proposals and reach agreement on how to move ahead. My Government believes that it is necessary and urgent to increase considerably the flow of financial assistance to the poor countries.

15. It is an obvious part in this process that the financial basis for existing institutions for multilateral co-operation should be strengthened in accordance with international agreements already entered upon. I have noted with appreciation the statement by the United States Secretary of State [2214th meeting] that his country pledges its ongoing support for an early replenishment of the International Development Association [IDA].

16. In this context, I wish to associate myself with President Boumediène [2208th meeting], both when he stressed the need for a larger share of grant assistance and when he asked for an examination of, and the finding of remedies for, the debt situation of the developing countries. The debt problem is not only an overriding one; it is also a field where improvements would act as an almost immediate relief to debt-burdened countries now facing extremely heavy price increases for their imports.

17. Sweden has for several years been working to increase the influence of the developing countries upon the decision-making process in the international organizations. We have not so far had much success. We believe, however, that the situation today is ripe for such changes. But what I have in mind is not only to give new contributors the added weight to which they are entitled in accordance with existing rules. The developing countries, be they contributors or recipients, must be given equitable representation and participation in the competent organs. The case in point is the World Bank and the IDA.

18. A special problem in this connexion is the way in which—again I am sure largely due to the limited influence of the developing countries themselves—factors extraneous to the development objectives of the organizations concerned have influenced their decisions and actions. It is, in our view, not acceptable that the policy of a government, for instance, as regards nationalization—in principle or in a specific case—should influence and determine its eligibility for loans from the international financial institutions. It is essential that these institutions maintain and defend their multilateral character.

19. As to the question of what will come out of this special session, I have already stressed the importance of urgent measures to meet the most immediate financial requirements of the hardest hit developing countries. Furthermore, it is evident that this special session will give both political momentum and practical inputs to the very important conferences under way within the United Nations system. I have in mind particularly three conferences of crucial importance for the work towards a just and fair distribution of the world's resources, namely, the World Population Conference, the Third United Nations Conference on the Law of the Sea and the World Food Conference.

20. Considering the desperate food situation in many parts of the world, it is only natural that the World Conference

has been highlighted in our debate and that expectations are high for concrete results. The World Food Conference should establish guidelines for a world food security system to avoid acute food shortages in the event of widespread crop failures or natural disasters. I recall the proposal of Mr. Jobert [2209th meeting] that the Preparatory Committee of this Conference at its forthcoming session be asked to deal with the capital question of global policies for the stocking and pricing of grains. In this context we should like to stress the importance of co-ordinating the work within the Food and Agriculture Organization of the United Nations [FAO] on a global undertaking on world food security with the preparations for the World Food Conference.

21. As regards the World Population Conference, the Secretary-General in his opening address [2207th meeting] rightly pointed out that the increasing population of the world presents a constantly growing demand on our limited natural resources. That Conference will offer an opportunity to analyse the relationship between the distribution and use of our common scarce resources and future population trends, underlining the special responsibilities of the rich countries.

22. The serious effects throughout the world of the rapid rise in the price of oil and oil products have emphasized the need for an orderly framework for world trade in those products that would benefit producers as well as consumers. That is why my Government has favoured an early world-wide dialogue between all interested producers and consumers on energy and energy-related problems. We are open minded as far as the procedures are concerned. We feel, though, that the many different aspects of the energy problem should be referred to the existent competent international bodies but that the primary responsibility should lie with the United Nations, where the Economic and Social Council would seem to be the most appropriate forum for co-ordination.

23. The main theme of this debate has been the urgent need to establish a new structure of economic relations between developed and developing countries in order to guarantee a just and fair distribution of the world product between nations. This is a most noble goal but it is one that would not have any meaning for the impoverished masses of the world were the endeavours for equality to halt at the national borders.

24. I therefore whole-heartedly agree with President Boumediène when he stresses that the redistribution of excess wealth on the international level would lose all meaning if it were to take place while social inequalities were maintained and if it did not as a first priority serve to improve the fate of the most disinherited masses.

25. The purpose of our endeavours is clear. It is agreed upon by all of us in paragraph (7) of the International Development Strategy for the Second United Nations Development Decade [resolution 2626 (XXV)]:

"The ultimate objective of development must be to bring about sustained improvement in the well-being of the individual and bestow benefits on all. If undue privileges, extremes of wealth and social injustices persist, then development fails in its essential purpose."

26. This special session of the General Assembly may prove to be of historic significance. The nations must then be prepared to work together with mutual respect for each other's vital interest and on the basis of true equality. It is in this spirit that Sweden will make its contribution.

27. Mr. AL-KHALIFA (Bahrain): Mr. President, permit me to join the speakers who have preceded me on this rostrum in extending to you my personal congratulations on your election to the very high office of President of this sixth special session of the United Nations General Assembly.

28. Today the people and nations of the world are focusing their attention on this session of the Assembly, which is devoted to raw materials, development and international economic co-operation.

29. The tremendous developments in the political, economic, social and technological fields brought about an unprecedented change in the relations among peoples. The fact that this session was convoked with such broad support by Member States reflects not only the high degree of interdependence in the world in which we live but also the growth of an awareness that the pressing problems confronting all of us can most successfully be solved in the United Nations. I take this opportunity to express my gratitude to the Algerian President, Mr. Boumediène, for calling this historic gathering.

30. The salient feature of our age has been the movement towards liberation and political independence. Political independence is a reality in most parts of the world, and the last vestiges of colonialism are being rapidly liquidated.

31. The problem of economic independence, however, is more serious. The record of UNCTAD clearly shows that the efforts of the developing countries to attain self-sustained growth have not received adequate support. The pattern of international trade still favours the developed countries, which have so far been reluctant to accept the recommendations of UNCTAD concerning the provision of new outlets for the exports of the developing countries. The industrially advanced countries have not been co-operative in establishing an equitable relationship between the prices of the developing countries' exports of primary goods and raw materials and the prices of the manufactures and other goods on which the developing countries are completely dependent. Moreover, the developed countries have failed to provide 1 per cent of their gross national product in aid to the developing countries. In fact, many of the provisions of the Strategy for the Second Development Decade have not been taken seriously by the developed countries.

32. Since the convergent measures contemplated by the Strategy for the Second Development Decade have not been implemented, the developing countries have no alternative but to rely on their own efforts to create favourable conditions for development.

33. Development is a long and arduous process which requires not only the mobilization of resources and a well thought-out plan, but also a favourable political climate. There is a close link between the work of the Group of 77 and the co-operation which happily exists within the non-aligned group. The non-aligned countries fully realize

that a stable structure of peace and tranquillity is a prerequisite for economic and social development. They are also keenly aware that colonialism, neo-colonialism and *apartheid* are evils which hamper development and divert valuable resources from the crucial task of accelerating the pace of economic and social progress.

34. Even if all present problems are solved and the evils I have alluded to suddenly vanish, we shall still be confronted with the problem of the scarcity of resources. Present world resources are insufficient to provide for the needs of our ever-expanding population. A large percentage of the world's scarce resources is used to produce guns rather than butter. This is really a great waste. My country has always favoured general and complete disarmament, not only because of our dedication to the cause of peace, but also because we would like the valuable resources wasted on the production of arms to be used to feed the hungry, to heal the sick and to provide gainful employment to the growing numbers of people who are involuntarily unemployed.

35. After touching upon resources in general, I should like to dwell on a resource which is of vital importance to my country, namely oil. My country, like many others in the Gulf, is totally dependent on one resource for the reserve currencies and the capital needed for development.

36. It is often the case in science and technology, as well as in economics and in other aspects of human interrelations, that the lack of data and statistics makes it difficult to reach plausible conclusions or make accurate deductions. The oil industry is one of the few exceptions. There is such a wealth of facts and figures that it is extremely difficult to reach any clear conclusion without a tremendous effort of classification and data analysis. However, out of this ocean of figures, there are some facts which are clearly indisputable.

37. Firstly, the irrational exploitation of oil and other hydrocarbons as a source of energy and a raw material could result in the world's depleting this valuable asset in a matter of a few generations. That which took nature many millions of years to make, and an even longer period to preserve, could be squandered in less than a century.

38. Secondly, the oil fields have been tapped and oil has been produced in a manner that is geared to the requirements of the developed countries and at a price that has suited the economies of those countries, with little or no reference to the needs and economies of the producing countries. One must not forget that the posted price of Arab light oil was \$US 2.10 in 1952; and yet by 1971, nearly 20 years later, the price had actually been lowered to approximately \$US 1.80—and this is in spite of a large increase in the cost to the producing countries of the food, commodities, manufactured goods and capital goods which they had to purchase from the developed countries. Accordingly, when at last the producing countries were able to exercise some control over the price of their oil, they were faced with the necessity of making good the neglects and abuses of many years and of restoring to their major national resource a contemporary value. Compensation had to be made for the inflation which had been imported from the developed countries for so long; the increase in the price of oil could only follow the upward movement of the prices of other commodities and manufactures.

39. Thirdly, despite the present level of oil prices, the producing countries receive as revenue just one third of what the consuming countries take by taxes.

40. The final observation is that the price of oil is lower than the cost of producing alternative sources of energy. As a raw material, oil stands unsurpassed, and alternative raw materials can compete neither in flexibility nor in price. Even if oil loses its importance as a source of energy, as a raw material it has its own intrinsic value, which may in time prove even more important than that of energy.

41. These, then, are the facts with which we must live. I do not propose now to discuss the merits of the new price structure of the oil industry, as this has been well explained already. What concerns us at the moment is to establish machinery by which to avoid creating ever-increasing inflation in the world. If the recent price of oil is to lead to abnormal increases in the prices of commodities in the consuming nations, that will lead to the export of inflation to the producing countries and this will force the price of oil upwards, and so on, *ad infinitum*. The producing countries have also been gravely concerned with the floating and devaluation of the consuming countries' currencies, which plays havoc with the real pricing of oil and acts to the detriment of the producing countries.

42. I turn now to the second crucial question related to oil as a raw material, namely the threat of severe imbalances in both the producing and consuming countries' balances of payments. When the third world complained bitterly in the 1950s and 1960s about the decline in the prices of their basic commodities and raw materials and the chronic deficits in their balances of payments, the consuming nations showed extreme indifference and attributed the imbalances to the normal forces of supply and demand. It is only logical for the oil-producing countries to repeat the same arguments and to advise the consuming nations that what is happening now is the normal process of supply and demand, and they should adjust their economies accordingly.

43. From the producing countries' point of view, since oil is an exhaustible raw material, it is logical for those countries to gear oil production to their own development plans and to satisfy their own balance-of-payments requirements. If production were geared in this manner, then the balance-of-payments problem would solve itself. The producing countries would have reduced their surpluses and the consuming countries would have reduced their deficits. But we all know the effect of such a course of action. We have seen recently that even a small curtailment in production percentages created a serious problem for the world.

44. So we Arabs and other producing nations face a serious dilemma. If we produce what we need, we present the world with a serious problem. If we produce what the world needs, then we present ourselves with an even greater problem. And at the same time, we have to worry about the continuous depreciation of the value of our monetary reserves, and we are concerned also with our future prosperity when the imminent post-oil era of history arrives.

45. Following the facts recounted so far and the observations I have made, it is now possible to draw certain conclusions by way of recommendations that deserve your consideration.

46. First, in order to stabilize world trade, oil and all other raw materials, as well as commodities and manufactures from the developed world, should be matched by an index reference, so that all items can have their intrinsic value relative to each other maintained. Prices of particular items of trade, such as oil, coffee, copper or cars, could then be adjusted by reference to the general level of prices and the value of the particular item could thus be maintained.

47. Second, the consuming countries should abolish the heavy domestic taxes they impose on oil. Abolition would substantially reduce the inflationary pressures in the world by lowering a major item of the input costs of much of the world's production. The price of oil would be reasonably priced for the consumer.

48. Third, the consuming nations should themselves learn, and educate their people in, the virtue of economy with raw materials and energy.

49. Fourth, the world should understand and appreciate that oil reserves will one day be exhausted. The Governments of the producing countries today have an obligation to future generations of their people. This is our great historical opportunity to develop our other resources. We also need a large investment of capital to develop an infrastructure of roads, communications, power, agriculture and other mineral resources.

50. Fifth, the world is facing a shortage of food from both agriculture and pastoral production. There is unlimited potential in the Arab world and in Africa and Asia at large. Through participation and partnership, Arab money should be applied to make this development possible. That would provide a source of revenue for those countries for the future, when their exploitable natural resources are exhausted.

51. Sixth, the consuming countries should be ready to allow the producing countries to invest their monetary reserves freely and with security. It is in the power of the developed countries who control the international monetary institutions to make such provision, and they should do so as a matter of urgency.

52. Seventh, and finally, those monetary reserves should be used with modern technology to produce viable energy alternatives which will be both reasonably priced and pollution-free. The human race must produce such alternative sources of energy if it ever hopes to survive on this planet. The developed countries will benefit from the search, as will the producing countries, whose well-being will be ensured when their oil resources are exhausted.

53. Only on the basis of those recommendations can we see any justification for the producing countries' exploiting their oil reserves beyond the requirements of their own economies to keep the world economy functioning well.

54. The Government of Bahrain views oil, which is a wasting and non-renewable resource, as capital which is

consumed rather than as a source of income. Hence we attach great importance to investing the proceeds of our oil in such a manner as to ensure a steady income for our future generations. That brings me to the existing disorders in the international monetary system and the need for monetary reform.

55. We are all aware that the constituent instruments of the International Monetary Fund [IMF], the World Bank and other related bodies were formulated at the end of the Second World War, when most of the developing countries had little or no say in international affairs. There is an imperative need to revise those instruments so as to make international financial institutions more representative of the political and economic realities which exist in the world today.

56. My Government appreciates the problems of some of the developing countries affected by the increase in the price of oil. Though the increase in the price of oil is not a unique phenomenon, and all developing countries, including my own, have been repeatedly affected by the rise in the prices of other essential commodities, including food products and raw materials, we, as developing countries, believe that we are capable of taking some measures to help other countries that may be adversely affected by recent economic difficulties.

57. In addition to the special fund to be established by the Organization of Petroleum Exporting Countries [OPEC] the League of Arab States has also decided to increase substantially the resources of the Arab Bank for Economic Development in Africa. Many of the previous speakers from developing countries have been giving the Assembly details of their plans for assistance to the developing countries. I should like to take this opportunity to pay a tribute to the OPEC, the Government of Kuwait, the Government of Iran and many others who have announced specific plans for extending aid to the developing countries. That is a significant development, because it will bolster solidarity among the developing countries and open avenues of future co-operation between them. However, we should emphasize that, whatever aid is given by some developing countries to other developing countries, this aid is not meant to shift the burden from the advanced countries, which have already been reluctant to fulfil their obligations. While paying a warm tribute to some developing countries, I should like to remind the industrially advanced countries of their responsibility and urge them to honour their commitments.

58. The delegation of Bahrain has been collaborating very closely with the Group of 77 in drafting the working paper on a programme of action. We take that programme very seriously and hope that it will be adopted by consensus during this session. Our proceedings, after all, may bring about happy results if, instead of confrontation, we engage in constructive dialogue and if our debate lays the foundations of constructive co-operation among all countries, whether developing or developed, so that we may enter a new era of progress, prosperity and the well-being of all mankind.

59. Mr. TEKOA (Israel): Mr. President, it gives me great pleasure to extend to you my delegation's congratulations on your election to your high office.

60. The problems and anxieties of the developing countries continue with little improvement. Poverty, hunger, disease and lack of educational facilities still characterize the conditions of life in many parts of the world.

61. Despite bilateral and multilateral aid programmes, the gap between the developed and the developing nations is growing. If no effective action is taken soon, that gap will inevitably continue to widen.

62. Recent developments, such as the increasing uncertainty in the realms of monetary arrangements, trade and inflation, the debt explosion, the energy crisis, the spectre of famine in a number of developing countries, have further aggravated the situation.

63. My delegation fully shares the widely felt concern over this situation, and supports special measures, priorities and action programmes in favour of the developing countries, in particular in favour of the least developed among them.

64. The world is one, and is too interdependent to tolerate any longer the glaring disparities in the conditions of human life. However, only if the Governments and the peoples of the world become fully aware of this interdependence, common fate and joint responsibility, only if co-operation between nations replaces confrontation, will it be possible to alleviate the suffering of the majority of the world's population still living in intolerable conditions. Only if real brotherhood becomes the guiding principle of international relations will mankind be able to cope with this gravest of problems and greatest of challenges that face it.

65. The constructive concepts of the International Development Strategy provide a proper framework for the advancement of the developing countries. Those concepts could lead to the taking of effective action to achieve minimal development targets. Unfortunately, the various reports on the implementation of the Strategy indicate not only failure to achieve those targets, but even insufficient progress in efforts to cope satisfactorily with the immediate problems of development. It is therefore essential not merely to increase our joint endeavours in this direction, but also to draw appropriate conclusions from past experience.

66. The problem requires a broad view. We cannot concentrate on one particular aspect of development. Just as there is interdependence between nations, there is also interdependence between the various aspects of development.

67. For instance, after many years of borrowing from multilateral institutions and other sources, the burden of repayments and interest charges is absorbing an ever-increasing amount of the capital funds available to the developing countries. On many previous occasions my delegation has emphasized the seriousness of this situation. It has indicated that if the present trend continued, the debt-explosion will soon nullify even the existing low level of capital inflow into developing countries. Clearly, this flow of capital must be increased if the developing nations are to be able to meet their commitments and at the same time to advance toward the fulfilment of their aspirations

including the exploitation of raw materials in those countries in which they are available.

68. The problem of capital inflow requires a greater and more decisive participation of the developing nations in the crucial international decision-making processes in the monetary and trade fields, such as the forthcoming GATT multilateral trade negotiations, the negotiation of commodity agreements and the talks concerning reform of the world monetary system. The participation of developing countries in the endeavours of the Committee on Reform of the International Monetary System and Related Issues is an encouraging example. So also is the progress in the implementation of the intergovernmental agreement to conduct intensive negotiations on commodities. In these there should be full consideration of the vital and special interests of the developing countries. The consultations now being carried on within the framework of UNCTAD in co-operation with FAO should facilitate, among other things, easier access to markets for the products of the developing countries, at remunerative and equitable prices, thus enabling their financial viability. The problems encountered by developing countries both in respect of imports and exports of agricultural raw materials requires particular attention. The principles of non-reciprocity, non-discrimination and preferential treatment for developing countries should be incorporated in the future system of economic relations.

69. Following the formulation of general principles, a conference by UNCTAD to negotiate a general agreement on commodity arrangements would, in our view, be advisable. Only such a general agreement could ensure the translation of principles into action on all commodities of interest to developing countries. In this context we note with satisfaction that the GATT contracting parties have already decided within the framework of the Tokyo Declaration<sup>2</sup> to pay particular attention, during the forthcoming multilateral trade negotiation, to the problems of tropical products. Indeed, consideration could be given to the possibility of completing the negotiations concerning tropical products even before the full round of negotiations has been concluded.

70. It is to be hoped also that the proposed Charter of Economic Rights and Duties of States will include the principle that every State has the right to the supply of raw materials needed for its economy and development.

71. Turning now to the role of the developing countries themselves, emphasis must be placed on the element of self-reliance. There is no doubt, for example, that development depends in large measure on the full mobilization of internal resources, human as well as capital and material resources. Only where this element is present, can external assistance be effectively utilized.

72. Developing countries should not under-estimate their own skills and their indigenous capabilities. We believe that the possibilities of mutual assistance between developing countries and of exchange of experience accumulated by

<sup>2</sup> Declaration of 14 September 1973 approved by the Ministerial Meeting of the Contracting Parties to the General Agreement on Tariffs and Trade held in Tokyo.

them should be carefully examined. It is incumbent upon each developing country to find the methods and path most appropriate to its own historical, cultural and physical conditions, and these are not always to be acquired from the industrialized nations.

73. Two problems dominate the immediate preoccupations of the developing world: the danger of starvation and the grossly inadequate levels of income. These are complex and crucial questions. Their solution can be achieved by a considerable rise of agricultural output and by the accelerated industrialization of the developing countries.

74. The key to an integrated approach to agricultural development and industrialization is the provision of capital and skill and the combination of economic and technological progress. With modern technology, there is no doubt that agricultural production could be spectacularly increased. The "green revolution" holds out great promise to the developing world. It has demonstrated that, with appropriate and dynamic efforts, the productive capacity of land can be multiplied. It would be a misfortune for the developing world if this revolution were to be stifled by the emerging shortages and price rises of oil-based fertilizers. It is absolutely essential that the problem of fertilizers should receive priority treatment in the deliberations of all the appropriate United Nations organs.

75. My delegation attaches great importance to the application of science and technology to development and to the organized transfer of scientific and technological knowledge and experience to developing countries. The International Development Strategy calls upon the world community to rise to the challenge of the present age of unprecedented opportunities offered by science and technology and to ensure that advances in those fields be equitably shared by all nations throughout the world.

76. It has perhaps been unavoidable that, despite the wide range of subjects discussed at this special session of the General Assembly, one particular theme has appeared, again and again, in the addresses of representatives, from developing and developed nations alike, namely the energy crisis and its repercussions on world economy. This has been so for two main reasons: the magnitude of the problem—overshadowing as it does most other issues in terms of money and volume—and its urgency, considering that not a few of the States Members of the United Nations, largely those in the developing category, are facing immediate and grave financial difficulties as a result of their increased expenditures on oil.

77. The developing world cannot hope to diminish appreciably the impact of this burden by the comparatively simple means of economizing on oil consumption, as a number of industrialized countries have tried to do. In developing countries, oil imports have always been limited to the bare minimum and to the most essential needs. Any future reduction of these imports would be detrimental and further lower the already low living standards and paralyze development efforts. As indicated by one of the representatives to a recent session of the Economic Commission for Asia and the Far East [ECAFE], convened in Bangkok to discuss the energy crisis:

"A shortage of 1 million tons of oil in the agricultural sector would prevent the irrigation of some 10 million acres of land and cause a decrease in grain production of 5 million tons. A shortage of 1 million tons in the fertilizer industry would decrease grain production by 8 million tons. One million tons of kerosene represented lighting for nearly 50 million households."

78. It is against this background that we must consider the urgency of devising ways and means to avert, or at least mitigate, the grave energy problems now threatening the developing world. My delegation fully supports the need for international financial institutions such as the IMF, the World Bank, the IDA and similar bodies to address themselves without delay to the task of aiding the developing countries in meeting the challenge of their soaring oil bills, and for all the better-off members of the world community to provide those institutions with the necessary financial means to enable them to fulfil this task. It is gratifying to note that one of the oil-exporting countries has already made a public and definite pledge to assist in such a course of action.

79. Another course of action open to the United Nations and its organs in helping developing countries to cope with the oil problem may well lie in the direction of an intensive and large-scale effort to substitute oil to the greatest possible extent by alternative energy resources.

80. Obviously this can be done, not by means of the so-called "exotic" sources of energy, the technological and economic feasibility of which has yet to be studied and established, but by turning to the more conventional sources that have not received sufficient attention in the past owing to the reliance on low-cost oil; for example, coal and hydroelectric power, which happen to be abundant in certain developing countries that are deficient in oil.

81. Furthermore, solar energy, even in the comparatively simple uses to which it can already be harnessed through present-day methods and techniques, may offer some relief to the numerous developing countries situated in tropical and subtropical regions. My country has had considerable experience in putting solar energy to practical everyday uses and we are, of course, prepared to extend our co-operation to a United Nations effort in this direction.

82. Some might feel disheartened by the fact that, after so many years of United Nations preoccupation with problems of the developing countries, after so many international conferences that have attempted to prescribe cures for the evils afflicting the poorer nations, we still remain so distant from the target of bridging the gap between the poor and rich countries of the world.

83. It would, however, be objectively unjustified to assume that this state of affairs cannot be greatly changed by earnestly applying ourselves to a critical examination of our past record and trying to identify the causes of failure; the areas of incomplete success and the promises open for future action.

84. One of the conclusions that such an examination may well lead to is that in the past real progress has too often been hampered by a tendency to substitute slogans for



serious plans of action, and by concentration on political differences instead of an international co-operation. The developing countries of the world have too much to lose to allow themselves to be slowed down in the pursuit of their development targets by diversionary or divisive political tendencies. It is only through the fullest co-operation between all Members of the United Nations that we can hope to achieve real progress in the course of this Second Development Decade.

85. Meeting the world's pressing economic and social problems will require new dimensions of international co-operation, a true and effective dialogue among nations, a genuine international understanding. These are the pre-requisites of social and economic development; these are the fundamental pre-conditions if any goal or purpose of the United Nations Charter, and of the relevant declarations and resolutions, is to be achieved. The fate, the very lives, of many will depend on our ability and readiness to adopt this philosophy of universality, a one-world approach, a broad human solidarity, a feeling that welfare is indivisible and a consciousness that the gap between the advanced and the developing countries is contrary to the basic concept of humanity and human equality.

86. Mr. HUNLEDE (Togo) (*interpretation from French*): Before expressing the points of view of my Government on the urgent problems which confront the international community before the Assembly and problems which in various degrees dangerously threaten international peace and security, may I address to you, Mr. President, the warm congratulations of the delegation of Togo on your election to the presidency of the present special session of the General Assembly. No one doubts that your intellectual qualities, your vast experiences of international questions, your well-known and greatly appreciated tact, together with your perfect sense of impartiality, are a certain guarantee that the deliberations of this historic session will be successful and will enable our community to seek realistic solutions to our problems.

87. I would be remiss in referring to the agenda of our special session without paying a particular well-deserved tribute to Mr. Houari Boumediène, the President of the Revolutionary Council and of the Council of Ministers of the People's Democratic Republic of Algeria, and President of the Group of Non-Aligned Countries, for his courage, his devotion to the cause of peace and his excellent initiative. In requesting that such a session be convened, he gives us an opportunity to consider the present world economic situation within the context of the persistent economic crisis—which becomes more serious daily—so that as soon as possible we may arrive at an arrangement that will take into account the vital interests of the poor countries.

88. I also wish to congratulate the Secretary-General, Mr. Kurt Waldheim, most warmly for his tireless efforts in seeking more adequate solutions to the international problems which are so numerous, so complex and often so disturbing. I am aware that he faces many difficulties and I also know that he gives the best of himself in confronting them.

89. For some time the world has been stumbling in an economic disorder characterized by an imbalance in trade

and aggravated by currency erosion. In clearly bringing out the growing interdependence of the developed and the developing countries the vulnerability of the poor countries to even minor changes in the economies of the rich countries has been proved. The permanent disparity between the progress achieved by the industrialized countries and the progress of the developing countries is a sign of the contemporary economic imbalance. The impact of recent events on the economies of the developing countries has made the poorest aware of how difficult it is to protect their interests.

90. The painful and anguishing question of petroleum, which has been described generally as "the energy crisis", while aggravating the situation has also given a new dimension to problems of inflation, deficits in the balance of payments and a rise in the cost of living.

91. Faced with this situation, the under-developed countries have realized that it is in their interest to take a more active part in international economic affairs by essentially seeking to find measures to maintain the unity of the under-developed countries and by creating more egalitarian relations between the rich and the poor countries.

92. Indeed the developing world, which includes 70 per cent of mankind, subsists, as was so rightly emphasized by my predecessors, on only 30 per cent of world income. Out of a population of 2,600 million, 800 million are illiterate, almost 1,000 million suffer from malnutrition or hunger and 900 million have a daily income of less than \$US 0.30. Estimates for 1980 are pessimistic. While recognizing that the target set for the Second Development Decade may be obtained—although it is not certain to be—we would point out that the gross national income of the under-developed countries will rise by only \$US 85, compared with \$US 1,200 for the industrialized countries. That is not fair.

93. The failure observed during the first review of the International Development Strategy is explained, on the one hand, by the lack of political will on the part of the "have" countries to take urgent measures and, on the other hand, by the inadequacy of the growth target compared with the real concerns of the under-developed countries. The necessary international co-operation is missing. The positions of certain developing countries, as well as the conduct of the multinational corporations which amass wealth at the expense of the developing countries, have not contributed to creating an external economic situation in accord with the objectives of the Strategy. To all this we must add the pressures exerted on the balance of payments, the constantly rising external debt and the aggravating effects of the monetary crisis. These problems are not new, but since time is not on our side it is clear that the under-developed countries should not wait indefinitely for help from the developed countries.

94. There can be no doubt, therefore, that this sixth special session of the General Assembly must—at least this is our wish—enable the international community to translate its economic interdependence into concrete terms and give development a new impetus in accord with the new situation. Having become more aware of this interdependence, the international community should also analyse its features, consider all the repercussions and establish a



doctrine which can give international economic co-operation a realistic content which will ensure prosperity for all.

95. The energy crisis that has staggered our world for some months has merely brought out into the daylight the real ills which threaten international peace and security. Ultimately, it is all international economic relations—namely, problems of raw materials, world trade and the international monetary system—that are in a state of crisis exactly as is energy.

96. It is fitting to emphasize that present world trade is dominated by the developed countries, which control the major movements of international trade and, arbitrarily and to their advantage, set the prices for raw materials and for manufactures. Now the only incomes the developing countries have are precisely the export earnings of their commodities. The developed countries being the main consumers of most raw materials, and since there is a lack of sufficient capacity for processing raw materials in the under-developed countries, the developed countries have for a long time remained the only possible markets for these raw materials and still constitute important outlets. Furthermore, they continue to be the suppliers of capital goods. These accumulated advantages have had as their consequence the creation of an unfair situation, where the same centres of decision are all-powerful both as regards the manufactured goods that they export and the raw materials that they import.

97. But what is most serious is that at the same time when the industrialized countries agree regularly and substantially to raise the prices of manufactured goods—a rise which they consider to be perfectly natural—they strive to maintain the prices of the raw materials they import at the lowest levels. At the same time the share of the under-developed countries in world trade declined from 21.3 per cent in 1960 to 17.6 per cent in 1970. On the other hand, the generalized system of preferences for the products of the under-developed countries has not received proper attention from the industrialized countries, which continue to maintain or even to set up barriers to the importation of these products, which are considered of great importance by our countries.

98. At present most consumer markets for commodities and the quasi-monopoly for the production of manufactured and capital goods are in the hands of the developed countries, which also have a monopoly of capital and services, so that they can at their whim decide the prices of the goods and services they supply to the poor countries. Thus, the rich countries are in a position where they can, to their profit, drain by several means the resources of the third world.

99. This situation, which is to say the least paradoxical, has as a consequence a widening of the gap that divides the rich from the poor countries.

100. The world economic order under which we now live is thus an unjust and obsolete order in the sense that it continues unceasingly to make the poor poorer and the rich richer. In this connexion, this economic situation constitutes the major obstacle to any opportunity for development and progress for all the countries of the third world.

101. The recent increase in the prices of certain raw materials did not benefit the under-developed countries, because the prices of imports have risen so much that it is still the multinational corporations which reap the greatest profits. That is why recent events affecting the markets for certain commodities have not caused us to overlook the fact that our countries have always given special attention to the existing distortion between the prices of these products and those manufactured goods and capital goods imported from the developed countries, which so far have chosen not to live up to their responsibilities by showing a preference for recommendations of a vague nature. In this context, it is not surprising that the constant deterioration in the terms of trade in our countries is one of the backward aspects in trade relations between the rich and the poor countries. We must also emphasize the need for the international community to seek to raise and stabilize the export earnings of the under-developed countries within the framework of a global plan.

102. The delegation of Togo supports and endorses the proposal made by President Boumediène for the establishment of just and equitable relations between the prices of raw materials, primary products and manufactured and semi-manufactured goods exported by the under-developed countries, on the one hand, and the prices of raw materials, primary products, manufactured goods and capital goods and material imported by them, on the other hand, so as to improve the terms of trade which have continued to deteriorate.

103. My country notes with regret that the transfer of resources from the developed countries to the developing countries has continued to decline, whereas the volume of the external debt of the latter has quadrupled in the course of the last decade, exceeding the sum of \$80,000 million. So far economic power has been used in trade negotiations to counter the aspirations of the developing countries. What is more, the conditions of financing development have not improved in any way at all. Finally, one notes that no positive measure has been envisaged to establish moral standards for international trade. On the contrary, the present international situation rather leads to the supposition that the "have" countries make it a systematic policy to maintain all countries in a constant state of under-development. This situation becomes alarming bearing in mind the great gap that exists between these two categories of members of the same international community.

104. The disappointing results registered during the first two years of the review of the International Development Strategy, particularly with regard to trade relations, certainly move us away from the great possibilities for action that were defined in 1964, 1968 and 1972 by UNCTAD and which gave rise to such great and legitimate hopes in our countries. This situation creates enormous and difficult problems for the underdeveloped countries. Thus, we must recognize that, in the absence of an international policy which can on a long-term basis improve our export earnings, these countries have had only negative results with respect to the expansion of their exports.

105. The delegation of Togo, while justly appreciating the assistance given by developed countries to the under-developed countries to promote the economic expansion of

the latter, considers that it is illogical to provide assistance of this kind while obstinately maintaining barriers to economic expansion.

106. For its part, the Government of Togo attaches special importance to General Assembly resolution 3178 (XXVIII), which reaffirms that "in the perspective of the mid-term review and appraisal every effort should be made by all concerned to achieve the goals and objectives of the International Development Strategy," and hopes that the appeals made by the international community to the rich countries would this time lead them to take into account the just claims of the poor countries. There is therefore no doubt that the accelerated implementation of the obligations and commitments of the international community within the framework of the strategy, and in particular with regard to the imperative need for the development of the countries of the third world, will substantially contribute to the introduction of new elements in international economic relations based on equality and the common interest of all the countries. That would avoid any upheaval which might expose the entire international community to the risks of recession, impoverishment and other unforeseeable dangers that might result from failure to act.

107. With respect to the international monetary system, the perspectives of the reform under way should not let us forget the realities of today. The spectacular recovery registered in the economies of most of the industrialized countries during the last few years, with a high level of industrial activity and a high growth rate, has been accompanied in our countries by a general rise in prices which the uncertainty of the international monetary situation has aggravated. The obligation of our countries to acquire the quasi-totality of our capital goods is well known. This means that the countries of the third world, more particularly those that have been struck by natural catastrophes, must constantly face frightening rises in prices, which are intensified by rises in freight rates and insurance rates.

108. The delegation of Togo, like the delegations that have spoken before, considers that we must stabilize and lower freight rates which are constantly rising, so as to lower the cost of the transportation of the goods that we import and export. Furthermore, everything must be done to ensure the immediate application by all countries of the Convention on a Code of Conduct for Liner Conferences.<sup>3</sup>

109. The impossibility for countries such as ours to escape the paralyzing effects of monetary fluctuations is even more obvious in their consequences on our external debt. The periodic changes in parity and the disordered variations in exchange rates following on the system of the generalized floating of currencies have aggravated this situation. Thus, the present functioning of the system has aroused serious apprehensions. Nevertheless, the delegation of Togo still hopes that the reform of the international monetary system, if it is achieved one day, will enable the developing countries to place their economies on a sound and stable basis. Since co-operation implies that the interests of all are constantly looked after in a spirit of equity and that reciprocal concessions will be granted, if necessary, the

delegation of Togo considers that the new international monetary order should establish—and this is crucial for the developing countries—a link between the special drawing rights and development financing. The creation for the under-developed countries of additional liquidity in the form of additional allocations of special drawing rights is now more desirable than ever if the rise in the demand for their products in the industrialized countries is not to be unduly hampered by balance-of-payments considerations.

110. The Government of Togo, for its part, has noted with satisfaction the statement of the Managing Director of the IMF before the Economic and Social Council on 16 October 1973,<sup>4</sup> in which he recognized that the system that was established at Bretton Woods has since 1973 vanished with the general floating of currencies and that it was therefore necessary to proceed to a complete revision of the system by setting up, on the one hand, a mechanism for the adjustment of balances of payments, and, on the other, a system for the regulation of payments imbalances.

111. In accordance with the Declaration of Algiers of the non-aligned countries and with the provisions of General Assembly resolution 3084 (XXVIII), the delegation of Togo considers also: first, that the system of exchange rates should continue to be based on stable but adjustable parities; second, that the reformed monetary system should include a method which will make it possible to increase the transfer of real resources from the developed countries and, third, that we must see to it that there will be a full and effective participation of the developing countries on a footing of equality and at every stage in taking decisions which will lead to the setting up of a new monetary system and in all the organs which will be entrusted with the introduction of this reform.

112. Given the gravity and the urgency of the problems which we face, the developing countries feel more than ever the need to devote their utmost efforts to the consolidation of their economic independence. Togo reaffirms its inalienable right to exercise its national sovereignty over its natural resources and to exploit them for the best interests of its population.

113. While it is true that our countries need foreign capital to develop their natural resources, the contribution of this capital by foreign companies cannot justify the appropriation by them of every advantage which flows from exploitation. For its part, the new Togo, with its leader, General Etienne Eyadema, has resolutely embarked on an economic struggle to improve the living conditions of its people and intends to carry it to its proper conclusion, for it is not fair that foreign companies should exploit the natural resources of the developing countries for their profit alone.

114. Given these observations, one cannot fail to affirm, as was so rightly emphasized more than one year ago at Stockholm by Mr. Carrillo Flores, that:

"The perspective of the year 2000 compels us to recognize the crucial nature of the interactions which will

<sup>3</sup> See United Nations publication, Sales No. E.75.II.D.12, annex I.

<sup>4</sup> See *Official Records of the Economic and Social Council, Resumed Fifty-fifth Session, 1883rd meeting.*

increasingly govern the evolution of the planet. These interactions require from the community of which we are part a solidarity which has not yet been fully expressed. If we look at the future, it is an invitation to rid ourselves of habits of thinking and action which are already largely anachronistic and to embark resolutely on reforms of the world economic order which are obviously called for because of the rapid transformations of the contemporary world."

115. While it is true that the developing countries must rely mainly on themselves in seeking material progress and a rise in the standard of living, it is equally true that, as was emphasized quite rightly by President Houari Boumediène,

"... all the efforts of the countries of the third world, however considerable and worth-while, would not suffice in the face of the immense requirements of development without the support and assistance which the international community and, in particular, the developed countries must provide them." [2208th meeting, para. 116.]

116. Today more than ever we are bound to recognize that it is a question not so much of a confrontation between socialist and capitalist countries as of a genuine tension between developed and under-developed countries, between producer and consumer countries of raw materials.

117. Togo for its part is prepared to co-operate in any endeavour which will lead to the elimination of the danger which this tension represents. Every nation, large and small, rich and poor, should set everything in motion to establish international co-operation by concerted action and this, if effectively carried out, will doubtless contribute to the consolidation of international peace and to the coming into being of a new economic order.

118. As I said from this very rostrum on 2 October 1972:

"This new economic order is but an element in the new order that all countries... call for with all their strength. For this dream to become a reality, all that is needed is the will and the spirit of solidarity, whose virtues everyone is so prone to acknowledge, of States in our community, particularly those whose wealth and power impose upon them special responsibilities for the maintenance of peace. But it is not necessary to succeed to persevere, according to a famous adage. But to persevere we must first begin. In other words, we must want change in order to achieve a more just and prosperous world for all."<sup>5</sup>

119. Mr. AL-THANI (Qatar): Mr. President, allow me first to extend to you my sincere congratulations on your unanimous election to the presidency of this sixth special session of the General Assembly. I am confident that your competence, your experience and your wisdom will ensure your success in your high function and the success of our deliberations under your guidance in this extremely important session.

120. The question which we are meeting to consider in this special session of the General Assembly is the problems

of raw materials and development. Our aim in this meeting is to lay down general rules for a policy that will ensure the establishment of a new international economic and social order based on the solid foundations of respect for the principles of justice, the sovereign equality of all States, the right of each State to full and permanent sovereignty over its natural wealth and economic resources, the close interdependence of the interests of peoples and the promotion of these interests in a manner that is equitable to all of them.

121. Since this is the first time this Assembly holds a special session to consider such important international economic and social problems, with the aim of attaining that noble goal, I am quite certain that all of us feel with great satisfaction that at this special session we have begun a new historical phase that will lead in the right and positive direction towards the achievement of the final and lofty aim which lies behind the establishment of our international Organization: to achieve the highest possible level of prosperity and a free and honourable life for all peoples and for every individual human being wherever he may live and, consequently, to ensure the just peace for which mankind has striven for too long but has so far been unable to achieve because of the unjust and inequitable differences that exist among the levels of its members, politically, economically and socially—differences that the time has finally come for us to devise a constructive and comprehensive plan to bring to an end.

122. The Charter of the United Nations, to which our countries—big or small, rich or poor, developed or developing—are all committed, provides, in Article 1, that the third of the main four purposes of this Organization is "to achieve international co-operation in solving international problems of an economic, social, cultural or humanitarian character...". This ranks alongside the first two purposes: the maintenance of international peace and security, and the development of friendly relations among nations based on the principle of equal rights and self-determination of peoples. It is, however, self-evident that none of these three purposes can be attained as long as the international order continues to be founded on its present bases, which prevent an integrated international co-operation with equal regard for the interests of both developed and developing countries. There is no doubt that the establishment of a co-operative international order that strikes an equitable balance between all these interests is the way to rid the developing nations of their feeling of grave injustice which is the result of the absence of that balance without which it will not be possible to attain the desired international peace coupled with the hoped-for friendly international relations.

123. The Charter provides at the same time, and in the same Article 1, that the fourth purpose of the international Organization is to be a centre for harmonizing the actions of nations in the attainment of the three other purposes. Hence, the initiative taken by the President of the People's Democratic Republic of Algeria, Mr. Houari Boumediène, in requesting the convening of this special session to discuss the major international questions which we are considering, in order to agree on the best solutions to settle them in an equitable manner, is one that commands our profound praise and appreciation. In fact, this initiative aims at the attainment of one of the essential goals of the United

<sup>5</sup> See *Official Records of the General Assembly, Twenty-seventh Session, Plenary Meetings*, 2048th meeting, para. 97.

Nations Charter and, at the same time, at the adoption of the right way to enable all States to participate on an equal footing in the discussion of these very important questions which are of common interest to all of them, for the purpose of devising the best means to deal with them in an objective manner for the good of all mankind.

124. It is an established fact that there is an imbalance between the economic interests of the developing and of the developed countries, and that this imbalance has implications which would certainly hinder the realization of our common aspirations to world peace, security and progress. It is also an established fact that the cause of this imbalance is the present international economic order, which serves the interests of the developed countries at the expense of those of the developing countries and enhances the economic groupings of the former and establishes co-operation among them without regard for the vital interests, the great need for economic development, and the definite right to social progress of the latter.

125. One of the most poignant of these factors is the one under discussion at this special session of the General Assembly, namely, the transfer of raw materials from developing to developed countries at very low prices, and these earnings are paid back to the developed countries in return for manufactured consumer goods, food-stuffs and other essential and vital materials, primary commodities and services imported by the developing countries. The prices of such imports are rapidly and constantly increasing at the will of the developed countries, which dominate world economic forces and use their domination to exploit the riches of the third world for their own benefit.

126. In view of the evils embodied in this inequitable international order, the international community ought to have taken collective and common action to improve the terms of trade. Such an improvement would have been a decisive factor in organizing international economic relations in an equitable manner which would take account of the legitimate interests of the developing countries. Not a single voice, however, has been raised in this regard. The exploitation of the wealth and capital of the third-world countries continued to increase without any effort being made to warn of the consequences of the continuation of such arbitrary situations or to point out the need to remedy them.

127. In this atmosphere of domination, it seemed to some developing countries, namely the members of the OPEC, that in legitimate self-defence and in order to fulfil their sacred duty to their peoples, to rely on their main, if not their only, natural wealth, and to intensify their efforts to develop for their own benefit and the benefit of the whole world, they should take the initiative and exercise their natural right to readjust the prices of their oil and obtain an equitable return from it.

128. The members of the OPEC took their well-known decision in this regard, by which they meant to narrow the gap between the price of oil and its true value, as established by the objective studies they had carried out. It was really strange, especially in the international economic circumstances which I have just mentioned, that such a legitimate decision should cause such a big hue and cry

aimed at distorting the facts, although the prices which have been readjusted are the same prices which had in the past been fixed unilaterally and without discussion by monopolistic companies incorporated in the industrially advanced countries. In so doing, as is well known, the said companies used to rely on the dominant power which they enjoyed under arrangements that produced the most unfair and abnormal situations. As an example of such arrangements, out of every dollar paid for oil by the consumer in the major oil-importing countries, the oil-producing countries used to get less than \$0.10, with the rest going to the oil companies and to their Governments by way of taxes.

129. I do not intend to present arguments showing definitively that the readjustment of oil prices is justified, not only by the legitimate rights of oil-exporting countries, and the urgent requirements of their interests, but also and equally, in the interest of the world economy. Nor do I have to show that the level of oil prices remains, even after the increase, far below what it should be in relation to oil's true value. Some of my colleagues, the representatives of members of OPEC, have already done so. But I would like, nevertheless, by way of explanation, to draw attention to three main considerations.

130. First, a correct evaluation of oil must take into account the fact that oil is an exhaustible material. Unless new fields are discovered, oil resources will be exhausted in 30 or 40 years; whereas coal reserves, for example, will last for 300 or 400 years.

131. Second, oil is not so much an ordinary industrial fuel as it is a primary material for the production of chemicals and petrochemicals, which are bound to acquire increased importance as the world economy's need for them grows.

132. Third, all the members of OPEC are developing countries, which believe that their first and foremost duty is to raise the standards of living of their peoples in all spheres, in order that they may keep pace with world progress, from which they had been excluded during the era of foreign domination, and make an effective contribution to international development in general.

133. It is evident that the fulfilment of this sacred duty requires vast sums of money, a fact which impels those countries to safeguard the purchasing power of their main sources of income and to counter the effects of economic crises in the industrially developed countries to which oil is exported. These crises, which appeared several years ago, have gravely affected the third-world countries because of the inflation and the disorders in the international monetary system that accompanied them.

134. It is a grave error to try, at any time, to regulate certain materials and commodities produced by certain countries, leaving aside materials and commodities produced or manufactured in other countries. Such an attempt is doomed to failure and in any event it can never solve the international problems which we face. On the contrary, it would increase the gap between the developing and the developed countries. It militates against the aspirations of the international community for the establishment of economic relations among all peoples based on mutual and equal co-operation that would ensure to them equal

benefits from world progress as well as balanced development. It is also in total contradiction with the evolution of our contemporary world following the ending of colonial domination over most of its peoples. All peoples now categorically refuse to allow their natural wealth and economic resources to be plundered. They insist firmly and forcefully on their full right to exercise permanent sovereignty over this wealth and resources, and to develop and utilize them in the manner that suits their vital interests and leads to the achievement of their prosperity and progress.

135. My Government firmly believes that the most ideal place to examine any international economic questions, such as the ones we are discussing, is the United Nations General Assembly. This Assembly is the democratic organ of our Organization, where no one party carries more weight than any other. It is the organ charged by the Charter with the responsibility for formulating long-term measures to ensure international peace and security, a responsibility that is no less important than that of the Security Council, the principal organ in charge of the maintenance of international peace and security. Arrangements for international peace and security are undoubtedly no less important than those for their maintenance. One cannot envisage either of those two important functions without the other. The General Assembly can rightly be considered the most important organ of the Organization by the number of States represented in it. It is the most representative organ, for it includes all Member States, and in it is found the fullest expression of world public opinion, for it is there that it is most widely represented.

136. By what I have said I do not mean to imply that the General Assembly should undertake to find detailed operational solutions to the complex, intricate and multisided problems posed by the question of the establishment of a new international economic and social order. In fact, many such problems require the contribution of special technical expertise and the help of the specialized agencies. What I mean is that, as the Secretary-General said in his remarkable statement at the opening of this special session [2207th meeting], the General Assembly should formulate general guiding principles and draw up the general outlines of a programme of action to put those principles into effect. That is in fact what the General Assembly aims to do in its work at the current special session.

137. The proposals put before the General Assembly to formulate such principles and to draw up such a programme are undoubtedly rich in sound views. The common feeling concerning the interdependence of the interests of the developing and the developed countries, and the great need each party has for the other, making it impossible for either party to do without the other, will undoubtedly bring about the desired agreement in the Assembly on the best way to set about establishing the new international order advocated by the third-world countries, which have put forward useful proposals in that regard. In fact, there is unanimous agreement that a start should be made in building a new international economic order.

138. If the question we are meeting to discuss is one of international economic co-operation, and if it seems that it is predominantly economic, it is an obvious fact that there can be no co-operation of any kind among the nations of the world unless the political atmosphere facilitates such

co-operation. It is also evident that such an atmosphere will not prevail if the world continues to be the scene of disputes where the principles of peace and the inadmissibility of the acquisition of territory by violent means, the prohibition of racial discrimination and the right of peoples to self-determination are opposed by naked aggression, which is being committed in several parts of our world, especially in the form of the expulsion of a whole people, the Palestinian Arab people, from their homeland and the occupation of the territories of three other Arab States. I do not need to remind this Assembly of its own resolutions and of the resolutions adopted in this regard by the Security Council and other competent United Nations organs. Those resolutions have so far remained a dead letter, and the aggressor State remains a Member of this Organization and continues to defy its Charter and its resolutions. I do not, however, doubt for a moment that, having participated in the adoption of those resolutions, we are all convinced that a universal, true, just and lasting peace such as we all aspire to and on which hinges the success we all desire for international co-operation cannot be attained unless the aggressor forces withdraw from all occupied Arab territories and the legitimate rights of Arab Palestinian people to their land and country are restored. Can one ensure international peace in the absence of the rule of law? International peace and the rule of law are inseparable.

139. I cannot find a better way to conclude this statement than to express my conviction that none of us in this Assembly wants international co-operation to remain a principle and a slogan; we want it practised and applied on the best possible basis for the largest benefit of all mankind. In that connexion, it gives me great pleasure to state that my country, as an Arab country and a Member of both the United Nations and the group of non-aligned nations, in accordance with the principles of the Charter of the United Nations and the principles of the group, and pursuant to the resolutions of the Fourth Conference of Heads of State or Government of Non-Aligned Countries and the resolutions of the sixth Arab Summit Conference in November 1973—both of which were held in Algiers—is happy to participate fully, so far as its financial means permit, in giving all possible aid and co-operation to developing nations for whom current economic world economic circumstances have caused additional damage and increased difficulties. We in Qatar have already taken an important step towards the fulfilment of that goal. We will continue, so far as we are able, to make that contribution in the future.

140. It is my country's earnest hope that, as members of the United Nations family, we shall all, in particular those who directly shoulder the greatest duties, develop an awareness of the responsibility we have towards the present and future of our world and, in view of the trust the human community has put in our Organization as representative of its conscience, its hopes and its aspirations, that we shall all do our utmost to make this Organization, in reality and in practice, the noblest instrument yet devised to achieve the noblest of goals in the service of all mankind.

141. Mr. BANDARANAIKE (Sri Lanka): I have the privilege today of addressing this historic session of the General Assembly after a lapse of 13 years, and I am very

glad to be doing so under the presidency of such an eminent representative of his country and of Latin America as you, Mr. President.

142. I bring to you, Mr. President, and to my fellow delegates the greetings and sincere good wishes of my Prime Minister, Mrs. Sirimavo Bandaranaike.

143. At the same time, I should like to take this opportunity to express on behalf of the Government of Sri Lanka our appreciation of the qualities of devotion and industry which the Secretary-General, Mr. Kurt Waldheim, has shown in the brief period in which he has held his high office.

144. We are all deeply indebted to President Boumediène of Algeria for the initiative he has taken in calling for this special session on raw materials and development. The massive support which his request has received is a tribute to his leadership of the non-aligned movement, on whose behalf he has acted. It is also a clear expression of the anxiety and bewilderment that has gripped some of the nations of the international community at this time of economic turbulence. This is hardly surprising, since for well over a quarter of a century the world has been moving recklessly and remorselessly to this crisis. If the action taken by the oil-producing countries in demanding a fair price for their product has been responsible for directing international attention to the steadily deteriorating economic order, we must not seek to blame them. We should instead honestly examine the causes of the deteriorating situation and resolve to face the problems that arise from it, in a spirit of mutual understanding and goodwill, in order to find lasting solutions.

145. Many of us, not the least my own country, are enduring intolerable hardships and privations in the present situation. Let me make it clear that we in Sri Lanka do not regard those difficulties as the result solely or even mainly of the increase in the price of petroleum products. We regard them as the climax of a process of leaving developing countries at the mercy of the laws of supply and demand and of market forces. It is regrettable that the collective action taken by the oil-exporting countries to raise their prices should have been described as "blackmail" or as an "irresponsible abuse of monopoly." Judged even by the criterion of the economic laws and philosophy of the free enterprise system, the action of the oil-exporting countries in demanding a price that they had been denied for years owing to the concentration of economic and financial power in a few countries and in their monolithic multinational corporations, is perfectly legitimate and was inevitable. Petroleum has a unique strategic value and as an essential and non-renewable raw material it is in a position to dictate its price. The drama of oil-price increases has been heightened by the suddenness and violence of its impact as well as by the tragedy of the Middle East situation. It has a political significance as well as an economic meaning.

146. No purpose would be served, however, by arguments for or against the present level of petroleum prices. What is necessary is that there must be undertaken a sober and dispassionate analysis of the existing international economic order, to determine what its flaws and deficiencies

are, to decide what should be the objectives of the international pricing system and the international monetary system, which together constitute the foundations of the international economic order, and on the basis of that analysis to design and build a new structure. We should not look back in despair but should move forward with equanimity and hope, in a spirit of mutual trust and international brotherhood. We must resolve to apply in the international community those policies that enlightened Governments adopt in their own domestic affairs to reduce economic and social inequalities, to ensure a more equitable distribution of incomes and thereby to move progressively towards a society with equality of treatment and opportunity for all and with unwavering adherence to international social justice.

147. The solutions we seek must be consistent with the principles that have been enunciated and incorporated in several declarations, such as the International Development Strategy for the Second Development Decade [*resolution 2626 (XXV)*], the resolutions of the third session of UNCTAD and many other proclamations, such as the Declarations of Georgetown<sup>6</sup> and Lima<sup>7</sup> and the Declaration of the Fourth Conference of Heads of State or Government of Non-Aligned Countries held in Algiers in September 1973.<sup>8</sup> Our political aim must be the progressive reduction of the wide disparity in living standards between the developed and the developing sections of the world, between the affluent and the needy.

148. What is required is the establishment of a permanent international arrangement or mechanism which would ensure a proper equilibrium between the prices obtained by developing countries for the raw materials, primary products and manufactures exported by them on the one hand and the prices paid by them for the commodities, manufactures and technology they import from developed countries on the other, while at the same time securing an assured supply of all essential items in the world market. Such a permanent mechanism would enable the developing countries to maintain a sound balance-of-payments position and stable terms of trade, which will help to promote their economic growth process free from uncertainties, fluctuations, sudden disruptions and distortions. It is only by such means that the purchasing power of the developing countries could be increased, with consequent improvement in their living standards. This is not exactly a new idea. A comprehensive scheme for the international regulation of primary products to be administered by a general council for commodity controls was first presented to the international community on the initiative of Lord Keynes 30 years ago. That proposal might, if pursued, have led to the stabilization of prices of raw materials and primary products at reasonable levels, coupled with an assurance of steady supplies. All those efforts were frustrated, however, because they were considered inconsistent with the principles of free enterprise and the laws of the market economy. Unless that fundamental proposition, namely, the stabilization of commodity prices, together with the

<sup>6</sup> Declaration adopted by the Conference of Foreign Ministers of Non-Aligned Countries at Georgetown, Guyana, on 12 August 1972.

<sup>7</sup> Declaration adopted by the Group of 77 developing countries at Lima on 7 November 1971.

<sup>8</sup> See document A/9330 and Corr.1.



suggested mechanism to make the proposition operative in practice, were to be accepted, all other measures such as those hitherto taken can only serve as palliatives. The commodity-by-commodity approach to price stabilization cannot, in my view, yield satisfactory results as no single commodity exists in isolation. The stand-by facilities of the IMF and its compensatory financing scheme have their merits and their usefulness, but they are too limited in scope; those facilities need to be supplemented by financing facilities of a longer-term nature which would provide a form of international insurance against declines in the earning capacity of the poorer countries as well as against unforeseen catastrophes. Facilities for finance, however well conceived, cannot in our view offer a permanent solution in the absence of a more comprehensive scheme for a frontal assault on the commodity problem.

149. The increase in the price of petroleum has resulted in a dramatic movement of a large portion of the world's monetary reserves from the industrial countries to the oil-exporting countries and has placed the latter in a unique position where the privilege of affluence entails the responsibility of constructive action, which they have readily accepted. The solution does not, however, rest with them alone. It would require the co-operation of the industrial countries to ensure that out of this present crisis a new order will be born which will be founded on equity and justice.

150. In the meantime some developing countries, including my own, have been brought to the brink of a disaster which could not merely imperil economic development programmes but which could even threaten the very foundations of their social and political order. This is why I make a special plea that some measures of urgent and immediate relief must be found while the ultimate solution is being sought and the permanent arrangement or mechanism to which I referred earlier is in the process of being created.

151. I should now like to turn to the immediate problem as we experience it in my own country. Before doing so, I wish to state how grateful we are to the Secretary-General and his staff for the excellent material that they have supplied and to the international financial institutions for the efforts they are making to provide relief to those seriously affected by the present price situation. I have in mind particularly the President of the World Bank and the Managing Director of the IMF.

152. Much has been made of the increase in the price of petroleum between the beginning of 1973 and the beginning of 1974. It would have been perhaps more fair and objective to have examined the volume of the profits earned by the industrial countries through their exports of manufactured goods, plant and equipment and by exporters of other essential commodities, especially food, over a long period rather than to concentrate on the most recent phenomenon of raw-material price increases, namely, that of petroleum.

153. I hope members will bear with me if I compare the prices paid by my country for essential food items, by which I mean rice, flour and sugar and a commodity vital to agricultural production, namely, chemical fertilizer, and

their effect on our trade position, I shall give the figures in Sri Lanka rupees. In 1973 the price of rice was SRs.926 per ton. It has risen in 1974 to SRs.2,484 per ton, an increase of 169 per cent. In 1973 the price of flour was SRs.1,258 per ton. It has risen in 1974 to SRs.3,393 per ton, an increase of 170 per cent. In 1973 the price of sugar was SRs.1,700 per ton. It has risen in 1974 to SRs.3,506 per ton, an increase of 106 per cent. In 1973 the price of fertilizer was SRs.435 per ton. It has risen in 1974 to SRs.1,141 per ton, an increase of 162 per cent. In 1973 the price of crude oil was SRs.154 per metric ton. In 1974 it has risen to SRs.608 per metric ton, an increase of approximately 300 per cent. That, however, is not the end of the story. With 1967 as the base year, the index of freight rates paid by Sri Lanka rose to 188 in 1973.

154. In 1973 we purchased 703,000 tons of rice and flour at a cost of SRs.772 million. For 1974 our imports of rice and flour are being reduced to 671,000 tons, but it still is going to cost us SRs.2,104 million. You will observe that a reduction of 5 per cent in volume is accompanied by a 200 per cent increase in outlay. For 1974 we have to reduce sugar consumption to 77,000 tons, but at a cost of SRs.270 million. The volume of imports in sugar has been reduced then by 60 per cent to achieve a reduction in expenditures of only 15 per cent. In 1973 we purchased 345,000 tons of fertilizer at a cost of SRs.150 million. It would be counter-productive for us to reduce fertilizer use in an agricultural country such as ours, and for 1974 our estimated requirement has to be maintained somehow or other at 400,000 tons, but this is going to cost us an estimated SRs.447 million. A mere increase of 12 per cent in volume in fertilizer is accompanied by an increase of 200 per cent in foreign-exchange outlays.

155. The alacrity and zeal with which relief operations designed to ease the problems created for the developed countries have been proposed are in striking contrast to the perhaps passive indifference and intellectual immobility of the international community in coming to the rescue of developing countries like ours when affected by equally steep and persistent increases in the price of their other imports.

156. Our interest, therefore, in a mechanism which would achieve stability in our terms of trade should be quite readily and easily understandable.

157. I should now like to refer to the imaginative proposal presented to this special session by Mr. Jamshid Amouzegar, Minister of Finance, on behalf of His Imperial Majesty the Shahanshah of Iran [2209th meeting]. We welcome this proposal to the extent that it offers the prospect of immediate assistance to those like us who are in urgent need of it. We also welcome other proposals, whether bilateral or multilateral, which would serve the same purpose. We applaud the gesture of the Government of Kuwait in increasing the capital of the Kuwait Fund for Arab Economic Development from \$600 million to \$3,000 million and for expanding its scope to benefit all developing countries.

158. We trust that the proposal which President Boumediène of Algeria had in mind to present to this Assembly will help both to meet the immediate problems and also to



contribute to a solution of the long-term problem. It is only fair that, much as we would wish to see generous contributions being made to such special funds to help those of us in distress, a distinction must be drawn between oil-exporting countries which can afford to share their new wealth and those not so fortunately placed for the reason that their own *per capita* incomes are still in the lowest bracket. Until such countries can use their new revenues to raise their own standards of living, it is surely unreasonable to expect them to come to the aid of others.

159. As for increasing the world's supplies of food, the most serious problem of all is the danger of a sharp decline in the productivity of primary commodities, such as rice, sugar and natural rubber, owing to the shortage of fertilizers or their excessive price, which would deprive the developing countries of the opportunity of benefiting fully by the commodity price boom.

160. I should like to commend for the consideration of this Assembly the proposal made by the Prime Minister of Sri Lanka, Mrs. Sirimavo Bandaranaike, in her inaugural address to the thirtieth session of the ECAFE which was held in Colombo last month.<sup>9</sup> Mrs. Bandaranaike there stated that we had been experiencing a food crisis of phenomenal dimensions during the last two years, largely due to sharp increases in the prices of food and the resulting shortages. While acknowledging that certain measures could be taken in the long term, Mrs. Bandaranaike stressed the importance of short-term devices which were at our command for the purposes of increasing the volume of food supplies the world over.

161. The proposal Mrs. Bandaranaike presented to ECAFE was the creation of a world fertilizer fund to be financed by the countries which have benefited to a great extent from the rise in the prices of their major exports. She pointed out that any shortfall in the use of fertilizer would lead to a further decline in the levels of the production of food and other agricultural commodities and that immediate action was therefore necessary on a substantial scale to reduce the impact of rising fertilizer prices. She urged the adoption of a set of measures which would remove constraints on fertilizer use and, for the next few months or maybe over the next year or two, stabilize world fertilizer prices at reasonable levels as well as ensure supplies to developing countries. This is a proposal that deserves the immediate and earnest attention of the entire international community, and I was gratified to note that it was welcomed by many speakers here during this special session, and if I may without offence mention two, I would refer to the Minister

of Overseas Trade and Associate Minister of Foreign Affairs of New Zealand, Mr. J. A. Walding [2211th meeting], and Mr. Mikio Mizuta, the chairman of the delegation of Japan to the special session [*ibid.*]. I was equally gratified to read the statement made on 15 April—a day before I arrived—by the Secretary of State of the United States, Mr. Henry Kissinger [2214th meeting], in which he proposed the establishment of an international fertilizer institute, which, after all, is essentially complementary to the proposal already made by my Prime Minister.

162. We must not lose sight of the main objective of the First United Nations Development Decade, which was to generate a process of integrated economic and social development. Such a process calls for policies which would consciously avoid the division or fragmentation of the world into economic groupings whose internal processes of growth may very well take place at the expense of the countries that lie outside them. Customs unions, to take but one example of such groupings, are to be commended, but only if special steps are taken to ensure that their benefits are not limited in scope and design exclusively or mainly to their members.

163. As the review and appraisal of the first few years of the Second Development Decade shows, the results have been indeed disappointing. There must be a break with the past and its anachronistic economic principles and theories. The new international economic order must be established on the basis of a soundly conceived international monetary system.

164. The prevailing uncertainty in exchange markets has contributed to the erratic behaviour of commodity prices. We hope that the necessary stability would be created by basing the system on a reformed special drawing right. This would permit the creation of a link between special drawing rights and development financing, which in our view is an indispensable feature of the interim package of reform measures which the Committee on Reform of the International Monetary System and Related Issues has been called upon to devise by the middle of June this year.

165. There is universal agreement that what is required is a new international economic order which would promote the realization of the aspirations of the developing world. It is almost axiomatic to say that the creation of such an order calls for a determined political will. We hope that at the end of the session there will be a clear and unmistakable demonstration of a determination on the part of the entire international community to discharge its responsibility in this regard.

<sup>9</sup> See *Official Records of the Economic and Social Council, Fifty-seventh Session, Supplement No. 5*, para. 178.

*The meeting rose at 5.40 p.m.*