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**BACKGROUND DOCUMENTS ON THE
NEW INTERNATIONAL ECONOMIC ORDER**

November 1975

BACKGROUND DOCUMENTS ON THE
NEW INTERNATIONAL ECONOMIC ORDER

1. "The Challenge of Change" - a speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, at the Seventh Special Session of the UN General Assembly.
2. Final Canadian Statement in Plenary of Seventh Special Session.
3. Resolutions adopted by Seventh Special Session.
4. A Report and Assessment of the Seventh Special Session prepared by the United Nations Association of the U.S.A.
5. Notes for a speech by the Secretary of State for External Affairs to the 30th Session of the UN General Assembly.
6. Development Research Institutes and the New International Economic Order.
7. "Strategy For International Development -- 1975-80" - a statement to the Diplomatic Corps by the Honourable Allan J. MacEachen, Secretary of State for External Affairs and Minister Responsible for International Development, Ottawa, September 2, 1975.

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Statements and Speeches

No. 75/26

THE CHALLENGE OF CHANGE

A Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, at the Seventh Special Session of the United Nations General Assembly, New York, September 3, 1975.

The sixth special session of this General Assembly posed a grave challenge to the international community. The proposals for a new international economic order involve a far-reaching transformation of the world's economic relations. Let there be no doubt that a challenge of this magnitude demands from all of us a considered and forthcoming reply.

Thirty years ago, against a background of war, misery and economic collapse, a remarkable group of internationally-minded and far-sighted statesmen also faced the challenge of creating a new economic -- and political -- order. We owe the United Nations to their creativity and daring. We also owe to them those economic institutions whose existence and operations have done so much to increase economic growth and human well-being, such as the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade.

It is easy now to lose sight of the magnitude of these achievements. We have grown too familiar, perhaps, with the institutions these men created and, in recent years, we have become increasingly conscious of their shortcomings. But let us not forget that, with scant precedent to guide them, these remarkable statesmen created institutions and arrangements that provided a unique basis for international co-operation and economic growth. Now the challenge of the new international economic order is for us to apply a similarly innovative spirit to the changed circumstances of the present.

As I understand it, the new economic order is based upon two propositions:

- (1) that developing countries do not derive sufficient benefits from the existing system of international trade, investment and finance;
 - (2) that monetary instability, lagging economic growth, inflation and the impact of price increases of petroleum and other essential imports have demonstrated the shortcomings of the world economic system and the need for changes which will benefit
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developing countries.

Canada accepts the validity of these propositions and recognizes the need for changes in international economic relations to reduce disparities that we consider intolerable between rich and poor nations.

International development assistance

One -- indeed the most established -- of the ways of closing this gap between rich and poor, between developed and developing, is development assistance. This conception is one that we owe to the first generation of postwar leaders. Novel in 1945, it has since become firmly established as an instrument of international co-operation through the creation of the International Development Association (IDA), UNDP, the regional development banks, and the extensive network of bilateral development-assistance programs.

But the proposals for a new economic order call for a fresh approach to development assistance. Its purpose, scope and character must be altered to fit the new circumstances of the Seventies.

Canada's response is contained in a new Strategy for International Development Co-operation for 1975-80, which was made public by the Canadian Government yesterday in Ottawa. Allow me to mention the main features of our new Strategy, which is designed to meet these new demands:

- (1) We pledge to continue and to increase our programs of development assistance. This year our disbursements will exceed \$900 million, and they will grow significantly in the years ahead.
 - (2) We are determined to achieve for official development assistance the official UN target of .7 per cent of our GNP and to move toward it by annual increases in proportion to GNP.
 - (3) We intend to place major emphasis on fostering economic growth and the evolution of social systems in such a way that they will produce the widest distribution of benefits among the population of developing countries.
 - (4) We plan to concentrate the bulk of our bilateral assistance on the poorest countries and on the poorest sectors of their economies.
 - (5) We plan to develop new forms of co-operation to meet the needs of middle-income developing countries in order to strengthen
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their potential for more self-reliant development.

- (6) We pledge to maintain a degree of concessionality in our bilateral programs of not less than 90 per cent. The grant component of Canada's development assistance is at present 95 per cent.
- (7) We intend to untie bilateral development loans so that developing countries will be eligible to compete for contracts.
- (8) We reiterate our pledge made at the World Food Conference to provide a minimum of one million tons of grain a year as food aid for each of the current and the next two fiscal years.
- (9) We plan greater emphasis on programs of agricultural and rural development in developing countries.

But aid alone is not the answer. It must be supplemented by measures in the areas of trade, investment and finance from which developing countries can derive greater benefit. Development assistance tends to be concentrated on the poorest countries. Broader measures of international economic co-operation will bring greater benefit to those countries that have advanced further towards self-reliant growth. In this respect we must be ready to consider new ideas and new approaches.

Basic Canadian response

The Government has reached certain broad conclusions on its approach to co-operation with developing countries:

- " (1) We agree that there must be adjustments in the international economic system that will lead to a more rapid reduction in the disparities between developed and developing countries.
- (2) We consider that the transfer of resources that these adjustments would entail can best be achieved in the context of a growing world economy.
- (3) We believe the reform of existing institutions, where possible, is preferable to the establishment of new ones.
- (4) We believe positive co-operation rather than confrontation is required to solve difficulties, particularly in the area of commodities and other raw materials, including energy resources. "

The discussions and negotiations now under way will establish the

framework of world trade and finance in the 1980s. There is much at stake for both developed and developing countries. I wish now to turn to three areas of particular concern to developing countries -- commodities, trade liberalization and industrial co-operation.

Commodities

The area that has been accorded the greatest attention of late is commodities. This attention is undoubtedly justified. As both an importer and an exporter, Canada regards the instability of the international commodities market as a major weakness of the international trading system.

How can we best deal with the "boom or bust" phenomenon in commodity trade?

- (1) We believe commodity arrangements involving both producers and consumers constitute the most practical approach to the problem. Canada was an early supporter of commodity arrangements, including formal agreements on a commodity-by-commodity basis. We are one of the few countries that have adhered to all the major commodity agreements.
 - (2) We are prepared to examine positively the idea of negotiating arrangements for a wide range of products, including, but not limited to, those listed in UNCTAD's Integrated Approach.
 - (3) We recognize that the use of buffer stocks and alternative stock mechanisms may be an appropriate stabilizing technique for a number of commodities.
 - (4) The conception of a common fund for financing such stocks is certainly worth examination. We are prepared to consider this conception sympathetically, along with other potential donors, including both producers and consumers.
 - (5) We recognize that commodity prices cannot be determined without reference to market forces. At the same time, we are well aware that no one's interest is served by commodity prices that are so low as to discourage production.
 - (6) We believe new features in commodity agreements to take account of international inflation and exchange rate changes should be explored.
 - (7) We wish to pursue these issues in the context of UNCTAD's Integrated Approach.
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Trade liberalization

On trade liberalization, we believe that improved access to markets can yield significant benefits to developing countries:

- (1) At present, 75 per cent of Canada's imports from developing countries enter duty free, and we have proposed in the trade negotiations the removal of all duties on tropical products by industrialized countries.
- (2) We are prepared to consider deeper tariff cuts and advance implementation on an MFN basis of other tariff cuts of particular interest to developing countries in the trade negotiations now taking place in Geneva.
- (3) We are also reviewing our generalized system of tariff preferences for developing countries in light of their suggestions for improvements.
- (4) We recognize the importance that developing countries attach to the further processing of their commodities prior to export. Indeed, we share with them a common interest in the removal of tariff escalation and non-tariff barriers that impede the establishment of efficient processing facilities in the resource-exporting countries. In our view, the "sector" approach is the most effective technique for achieving this goal in the multi-lateral trade negotiations.

Industrial co-operation

The further industrialization of developing countries is an essential element in any concerted attack on the disparities between rich and poor. In shaping the world of the 1980s, we must aim to bring about faster and more balanced industrialized growth in the developing countries. We recognize that developed countries must contribute to this process.

Two of the elements essential to more rapid industrial growth -- investment and technology -- are primarily available from the private sector in industrialized countries; accordingly, we believe there is an urgent need to reconcile the legitimate interests of developing countries -- their need for capital, their right to sovereignty over their natural resources, their control over their own economic destinies -- with the role of the private sector in providing capital and technology.

Industrial co-operation on a bilateral basis may be an effective

means of reconciling these interests. It might incorporate a variety of instruments, including investment, technical assistance, management training and counselling, and at the same time provide a legal framework within which the private sector can operate to the benefit of both participating partners.

We believe that a model industrial co-operation agreement might be drawn up internationally as a guide to governments and the private sector.

We favour the provision of information and expertise to developing countries on the means whereby host countries can identify and articulate their national priorities concerning transnational corporations.

We are prepared to put our own experience in the establishment of screening mechanisms, statistical methods, and techniques of taxation at the disposal of developing countries. We support international efforts to enable developing countries to assess their own interests more clearly and to negotiate effectively the terms of the entry of transnational corporations in a manner consistent with their national goals.

The Commonwealth expert group's report

We have stressed the need for concrete measures to assist developing countries in sharing more equitably in the world's wealth and resources. In the past four months we have been involved in productive discussion with our partners in the Commonwealth on practical measures that contribute to closing the gap between developed and developing countries.

The report entitled *Towards a New International Economic Order*, prepared by a Commonwealth group of experts on the instructions of the Commonwealth heads of government, I understand is being made available to members of this Assembly. Last week at the Commonwealth finance ministers' meeting in Georgetown, Commonwealth countries (and I quote from the communiqué) "gave general endorsement to the report and agreed that the early implementation of these proposals would constitute a first step towards achieving the progressive removal of the wide disparities of wealth now existing between different sections of mankind". The report does not represent the full answer to our problems. Certain of its recommendations present a challenge to existing Canadian policy. However, we consider this report a most valuable document because of its practical nature and the high degree of consensus that exists on its provisions, a consensus that extends to countries from all six continents. We believe

the report can provide an aid to the conduct of negotiations and to the national formulation of policy with the ultimate aim of closing the gap in living standards. I commend its practical approach and its emphasis on concrete measures to this Assembly.

Over the course of the past several months, as well as in the debate here, we have heard some important and imaginative proposals both from developed and developing countries. They all deserve careful study. The atmosphere, as I see it, is conducive to progress and change. We must seize this opportunity. During the next ten days, we must work through the *Ad Hoc* Committee and through informal consultations and negotiations, to achieve a result in this session which will launch us in the right direction for dealing with the challenges of the future.

Conclusion

I have outlined in broad terms the position of the Government of Canada on the principal issues confronting this session. I wish to stress again the need for real and not imagined progress, for plans and negotiations, and not paper and rhetoric. We are determined to play a positive role, to invest our resources and our influence, in renewed efforts to bring about constructive change in the international economic system and thereby reduce the glaring disparities between rich and poor nations. It is our hope that this session will be a constructive step in that direction.

FINAL CANADIAN STATEMENT IN PLENARY TO 7TH SPECIAL SESSION

QUOTE MR PRESIDENT,

THE RESULTS OF THIS SPECIAL SESSION REPRESENT A SIGNIFICANT AND PERHAPS AN HISTORIC ACHIEVEMENT. IN THE PAST TWO WEEKS, NEGOTIATIONS HAVE TAKEN PLACE IN AN EXTREMELY COOPERATIVE AND CONSTRUCTIVE ATMOSPHERE ON THE FULL RANGE OF ISSUES RELATING TO INNATL ECONOMIC COOPERATION AND DEVELOPMENT. THE RESULTS TO US ARE MOST HEARTENING. THE ACHIEVEMENT OF SUCH A WISE AREA OF AGREEMENT ON THE RANGE OF COMPLEX ISSUES ON OUR AGENDA WILL SERVE THE INTERESTS OF THE INNATL COMMUNITY AS A WHOLE. THIS SESSION MARKS AN IMPORTANT STEP ON THE ROAD TOWARD LESSENING THE DISPARITIES BETWEEN DEVELOPED AND DEVELOPING COUNTRIES. THE MEANINGFUL AND PRODUCTIVE DIALOGUE ON WHICH WE HAVE ALL EMBARKED IS ALSO A MILESTONE FOR THE CONSENSUS APPROACH IN THE UN, AND FOR THE CENTRAL ROLE THE UN CAN PLAY. THIS WILL BE AN EXAMPLE FOR THE FUTURE WORK OF THIS BODY AND WILL INSPIRE EACH OF OUR GOVTS IN THE FORMULATION OF ITS POLCIES IN THE MONTHS AHEAD.

IN CONCLUSION, MR PRESIDENT, CDA LOOKS FORWARD TO WORKING IN A CONSTRUCTIVE AND POSIITIVE WAY WITH ALL GOVTS IN ALL INNATL INSTITUTIONS AND CONFERENCES IN THE YEARS AHEAD TOWARDS THE BUILDING OF A NEW INNAL ECONOMIC ORDER UNQUOTE

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AD HOC COMMITTEE OF THE
SEVENTH SPECIAL SESSION

Agenda item 7

DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

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

Development and international economic co-operation

The General Assembly,

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

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

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

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

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

- 1/ General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).
- 2/ General Assembly resolution 3281 (XXIX).
- 3/ General Assembly resolution 2626 (XXV).

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

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

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

1. Requests the Secretary-General to continue to provide technical assistance to developing countries in the field of trade, industry, science and technology, and to report to the Commission on the progress made in this regard;

2. Requests the Secretary-General to continue to provide technical assistance to developing countries in the field of trade, industry, science and technology, and to report to the Commission on the progress made in this regard;

3. Requests the Secretary-General to continue to provide technical assistance to developing countries in the field of trade, industry, science and technology, and to report to the Commission on the progress made in this regard;

4. Requests the Secretary-General to continue to provide technical assistance to developing countries in the field of trade, industry, science and technology, and to report to the Commission on the progress made in this regard;

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7. Requests the Secretary-General to continue to provide technical assistance to developing countries in the field of trade, industry, science and technology, and to report to the Commission on the progress made in this regard;

8. Requests the Secretary-General to continue to provide technical assistance to developing countries in the field of trade, industry, science and technology, and to report to the Commission on the progress made in this regard;

9. Requests the Secretary-General to continue to provide technical assistance to developing countries in the field of trade, industry, science and technology, and to report to the Commission on the progress made in this regard;

10. Requests the Secretary-General to continue to provide technical assistance to developing countries in the field of trade, industry, science and technology, and to report to the Commission on the progress made in this regard;

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

Addendum

I. INTERNATIONAL TRADE

1. Concerted efforts should be made in favour of the developing countries towards expanding and diversifying their trade, improving and diversifying their productive capacity, improving their productivity, increasing their export earnings, with a view to counteracting the adverse effects of inflation - thereby sustaining real incomes - and with a view to improving the terms of trade of developing countries and in order to eliminate the economic imbalance between developed and developing countries.
2. Concerted action should be taken to accelerate the growth and diversification of the export trade of developing countries in manufactures and semi-manufactures and in processed and semi-processed products in order to increase their share in world industrial output and world trade within the framework of an expanding world economy.
3. An important aim of the fourth session of the United Nations Conference on Trade and Development, in addition to work in progress elsewhere, should be to reach decisions on the improvement of market structures in the field of raw materials and commodities of export interest to the developing countries, including decisions with respect to an integrated programme and the applicability of elements thereof. In this connexion, taking into account the distinctive features of individual raw materials and commodities, the decisions should bear on the following:
 - (a) Appropriate international stocking and other forms of market arrangements for securing stable, remunerative and equitable prices for commodities of export interest to developing countries and to promote equilibrium between supply and demand, including, where possible, long-term multilateral commitments;

- (b) Adequate international financing facilities for such stocking and market arrangements;
- (c) Where possible, promotion of long-term and medium-term contracts;
- (d) Substantially improve facilities for compensatory financing of exports revenue fluctuations through the widening and enlarging of the existing facilities. Note has been taken of the various proposals regarding a comprehensive scheme for the stabilization of export earnings of developing countries and for a Development Security Facility as well as specific measures for the benefit of the developing countries most in need;
- (e) Promotion of processing of raw materials in producing developing countries and the expansion and diversification of their export, particularly to developed countries;
- (f) Effective opportunities to improve the share of developing countries in transport, marketing and distribution of their primary commodities, and to encourage measures of world significance for the evolution of the infrastructure and secondary capacity of developing countries from production of primary commodities to processing, transport and marketing, and to the production of finished manufactured goods, their transport, distribution and exchange, including advanced financial and exchange institutions for the remunerative management of trade transactions;
4. The Secretary-General of UNCTAD should present a report to the fourth session of the United Nations Conference on Trade and Development on the impact of an integrated programme on the imports of developing countries which are net importers of raw materials and commodities including those lacking in natural resources, and recommend any remedial measures as may be necessary.
5. A number of options are open to the international community to preserve the purchasing power of developing countries. These need to be further studied on a priority basis. The Secretary-General of the United Nations Conference on Trade and Development should continue to study direct and indirect indexation schemes and other options with a view to making concrete proposals before the Conference at its fourth session.
6. The Secretary-General of the United Nations Conference on Trade and Development should prepare a preliminary study on the proportion between prices of raw materials and commodities exported by developing countries and the final consumer price, particularly in developed countries, and submit it, if possible, to the Conference at its fourth session.
7. Developed countries should fully implement agreed provisions on the principle of standstill as regards imports from developing countries, and any departure should be subjected to such measures as consultations and multilateral surveillance and compensation, in accordance with internationally agreed criteria and procedures.

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

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

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

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

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

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

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

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

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DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

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

Addendum

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

1. Concessional financial resources to developing countries need to be increased substantially, their terms and conditions ameliorated and their flow made predictable, continuous and increasingly assured so as to facilitate the implementation by developing countries of long-term programmes for economic and social development. Financial assistance should, as a general rule, be untied.
2. Developed countries confirm their continued commitment in respect of the targets relating to the transfer of resources, in particular the official development assistance target of 0.7 per cent of gross national product, as agreed in the International Development Strategy for the Second United Nations Development Decade, and adopt as their common aim an effective increase in official development assistance with a view to achieving these targets by the end of the decade. Developed countries which have not yet made a commitment in respect of these targets undertake to make their best efforts to reach these targets in the remaining part of this decade.
3. The establishment of a link between the special drawing rights and development assistance should form part of the consideration by the International Monetary Fund of the creation of new special drawing rights as and when they are established according to the needs of international liquidity. Agreement should be reached at an early date on the establishment of a Trust Fund, to be financed partly through the International Monetary Fund gold sales and partly through /voluntary/ contributions and be governed by an appropriate body, the benefit of developing countries. Consideration of other means of transfer of real resources which are predictable, assured and continuous should be expedited in appropriate bodies.

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

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

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

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

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

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

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

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

8. Developed countries, and developing countries in a position to do so, are urged to make adequate contributions to the United Nations Special Fund with the view to an early implementation of a programme of lending, preferably in 1976.
9. Developed countries should improve terms and conditions of their assistance so as to include a preponderant grant element for least developed, land-locked, and island developing countries.
10. In providing additional resources for assisting the MSAs helping them meet their serious balance-of-payments deficits all developed countries and, developing countries in a position to do so and international organizations such as IBRD and IMF should undertake specific measures in their favour, including those provided in General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).
11. Special attention should be given by the international community to the phenomena of natural disasters which frequently afflict many parts of the world, with far-reaching devastating economic, social and structural consequences, particularly in the least developed countries. To this end, the General Assembly, at its thirtieth session, in considering this problem, should examine and adopt appropriate measures.
12. The role of national reserve currencies should be reduced and the special drawing rights should become the central reserve asset of the international monetary system in order to provide for greater international control over the creation and equitable distribution of liquidity and in order to limit potential losses as a consequence of exchange rate fluctuations. Arrangements for gold should be consistent with the agreed objective of reducing the role of gold in the system and with equitable distribution of new international liquidity and should in particular take into consideration the needs of the developing countries for increased liquidity.
13. The process of decision making should be fair and responsive to change, and should be most specially responsive to the emergence of new economic influence on the part of developing countries. The participation of developing countries in the decision-making process in the competent organs of international finance and development institutions should be adequately increased and made more effective without adversely affecting the broad geographic representation of developing countries and in accordance with the existing and evolving rules.
14. The compensatory financing facility now available through the International Monetary Fund should be expanded and liberalized. In this connexion, early consideration should be given by the Fund and other appropriate United Nations bodies to various proposals made at the current session - including the examination of a new development security facility - which would mitigate export earnings shortfalls of developing countries, and with special regard to the poorest countries, and thus provide greater assistance to their continued economic development. Early consideration should also be given by the International Monetary Fund to proposals to expand and liberalize its coverage of current transactions to include manufactures and services, to ensure that, whenever possible, compensation for export shortfalls takes place at the same time they occur, to take into account, in determining the quantum of compensation, movements in import prices and to lengthen the repayment period.

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



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DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

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

• Addendum

III. SCIENCE AND TECHNOLOGY

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

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

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

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

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

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

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

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

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

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

9. The World Health Organization and the competent organs of the United Nations system, in particular the United Nations Children's Fund, should intensify the international effort aimed at improving health conditions in developing countries by giving priority to prevention of disease and malnutrition and by providing primary health services to the communities, including maternal and child health and family welfare.
10. Since the outflow of qualified personnel from developing to developed countries seriously hampers the development of the former, there is an urgent need to formulate national and international policies to avoid the "brain drain" and to obviate its adverse effects.



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DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

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

Addendum

IV. INDUSTRIALIZATION

1. The General Assembly endorses the Lima Declaration and Plan of Action on Industrial Development Co-operation, 1/ and requests all Governments to take individually and/or collectively necessary measures and decisions required to implement effectively their undertakings in terms of the Lima Declaration and Plan of Action.
2. Developed countries should facilitate development of new policies and strengthen existing policies, including labour market policies, which would encourage the redeployment of their industries which are less competitive internationally to developing countries, thus leading to structural adjustments in the former and a higher degree of utilization of natural and human resources in the latter. Such policies may take into account the economic structure and the economic, social and security objectives of the developed countries concerned and the need for such industries to move into more viable lines of production or into other sectors of the economy.
3. A system of consultations as provided for by the Lima Plan of Action should be established at the global, regional, interregional and sectoral levels within the United Nations Industrial Development Organization and within other appropriate international bodies, between developed and developing countries and among developing countries themselves, in order to facilitate the achievement of the goals set forth in the field of industrialization, including the redeployment of certain productive capacities existing in developed countries and the creation of

1/ A/10217, annex.

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

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

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

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

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

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

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

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

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

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Addendum

V. FOOD AND AGRICULTURE

1. The solution to world food problems lies primarily in increasing rapidly food production in the developing countries. To this end, urgent and necessary changes in the pattern of world food production should be introduced and trade policy measures should be implemented, in order to obtain a notable increase in agricultural production and the export earnings of developing countries.
2. To achieve these objectives, it is essential that developed countries and developing countries in a position to do so should substantially increase the volume of assistance to developing countries for agriculture and food production, and that developed countries should effectively facilitate access to their markets for food and agricultural products of export interest to developing countries, both in raw and processed form, and adopt adjustment measures, where necessary.
3. Developing countries should accord high priority to agricultural and fisheries development, increase investment accordingly and adopt policies which give adequate incentives to agricultural producers. It is a responsibility of each State concerned, in accordance with its sovereign judgement and development plans and policies, to promote interaction between expansion of food production and socio-economic reforms, with a view to achieving an integrated rural development. The further reduction of post-harvest food losses in developing countries should be undertaken as a matter of priority, with a view to reaching at least a 50 per cent reduction by 1985. All countries and competent international organizations should co-operate financially and technically in the effort to achieve this objective. Particular attention should be given to the improvement in the systems of distribution of food-stuffs.

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

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

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

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

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

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

10. Developed countries and developing countries in a position to do so should provide food grains and financial assistance on most favourable terms to the most seriously affected countries, to enable them to meet their food and agricultural development requirements within the constraints of their balance-of-payments position. Donor countries should also provide aid on soft terms, in cash and kind, through bilateral and multilateral channels, to enable the most seriously affected countries to obtain their estimated requirements of about 1 million tons of plant-nutrients during 1975-1976.
11. Developed countries should carry out both their bilateral and multilateral food aid channelling in accordance with the procedures of the Principles of Surplus Disposal of the Food and Agriculture Organization of the United Nations so as to avoid causing undue fluctuations in market prices, or the disruption of commercial markets for exports of interest to exporting developing countries.
12. All countries should subscribe to the International Understanding on World Food Security. They should build up and maintain world food grain reserves, to be held nationally or regionally and strategically located in developed and developing, importing and exporting countries, large enough to cover foreseeable major production shortfalls. Intensive work should be continued on a priority basis in the World Food Council and other appropriate forums in order to determine, inter alia, the size of the required reserve, taking into account among other things the proposal made at the current session, that the components of wheat and rice in the total reserve should be 30 million tons. The World Food Council should report to the General Assembly on the matter at its thirty-first session. Developed countries should assist developing countries in their efforts to build up and maintain their agreed shares of such reserves. Pending the establishment of the world food grain reserve, developed countries and developing countries in a position to do so, should earmark stocks and/or funds to be placed at the disposal of the World Food Programme as an emergency reserve to strengthen the capacity of the Programme to deal with crisis situations in developing countries. The aim should be a target of not less than 500,000 tons.
13. Members of the General Assembly reaffirm their full support for the resolutions of the World Food Conference and call upon the World Food Council to monitor the implementation of the provisions under section V of the present resolution and to report to the General Assembly at its thirty-first session.
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meetings and consultations

Addendum

VI. CO-OPERATION AMONG DEVELOPING COUNTRIES

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

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

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

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

(c) Transfer of technology.

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



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Addendum

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

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

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

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

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

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



THE SEVENTH SPECIAL SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY SEPTEMBER 1-16, 1975

A Report and Assessment
Published as a Supplement to
ISSUES BEFORE THE GENERAL ASSEMBLY OF THE UNITED NATIONS IN 1975

South Africa and the Maldives sent no delegations to S-VII.

A/Res. 3362 (S-VII)

For more detailed background, see Chapter II of Issues Before the United Nations General Assembly in 1975 (UNA-USA, September 1975)

A/PV. 2349, Sept. 16

At 4 a.m. on Tuesday, September 16 -- four days behind schedule -- 136 exhausted delegates to the Seventh Special Session (S-VII) of the General Assembly straggled out of a basement conference room at the United Nations in New York, their task finished. After 16 days of almost round-the-clock negotiation, they had agreed unanimously -- albeit with some carefully stated reservations -- on a 6,000-word resolution entitled "Development and International Economic Cooperation."

To an outsider, this masterpiece of economic jargon and diplomatic patchwork would be close to unreadable. But its mosaic of ideas, intentions and proposals -- and its promises of further negotiation and action -- were laden with historical possibility. For the subject in hand involved key issues of trade and development which, for two years past, had formed a sinister amalgam with the 1973 oil troubles, and the political passions of the Middle East and Africa, to generate a crisis of bitter recrimination and even threats of conflict between the developed countries (DCs) of the world's North and the increasingly assertive less developed countries (LDCs) of the South.

Later that morning, after a few hours' sleep, the heads of delegations filed into the main UN assembly hall for formal adoption of Resolution 3362 and a short round of speeches. Said US Ambassador Daniel P. Moynihan: "We have shown that we can negotiate in good faith....The system works." Said Abdelaziz Bouteflika of Algeria, the session's president and a leading exponent of Non-Aligned militancy: "Another decisive gain for the community of peoples in their struggle for more progress and justice."

As much as the hard-won compromise resolution itself, such benedictions from opposite political corners gave promise that the

dramatic two-year chapter of North-South confrontation was now at an end. The North had tacitly acknowledged the South's new oil-based power and, in cautious and measured terms, accorded new priority to some of the South's main economic claims. The South, in turn, had rejected the all-or-nothing counsel of its militant faction, accepted some significant ideas put forward by the North, and agreed to compromise or defer some of its own cherished objectives. Not once in the session had the LDCs used their overwhelming voting strength: there had been no voting. Not once had the US or any other Northern power renewed old threats to pick up its money and walk out. Nobody had surrendered, been humiliated, or done a victory dance. All had been done by negotiation, compromise and consensus.

What seemed in the making, still in fuzzy outline, was no less than an economic pact of peace between North and South, a peace of mutual advantage and mutual forbearance. But before such a peace could be realized, both sides must start a new chapter -- perhaps less dramatic but no less difficult. The patchwork generalities of Resolution 3362 must be sorted out, assigned priorities, and spelled out in a dozen negotiating forums. Only then would it be possible to know whether September 1975 had marked a mere truce or the beginning of a genuine peace.

The Background

The South's complaints against the North* are of long standing. They reflect ironies and misapprehensions on both sides. On an increasing scale all through the UN years, there have flowed to the LDCs from the industrial North -- through UN channels and otherwise, motivated by a mixture of political prudence, good business and simple good will -- varying kinds and amounts of development assistance. In addition there have been more massive, but more unevenly distributed, private investments whose net benefits are a subject of much disagreement.

Despite all these transactions, in most developing countries the pace of development soon fell visibly behind the bright expectations that had been aroused. Frustration mounted during the 1960s over the widening gap in per capita income between rich nations and poor. Many LDC leaders resented their inability to gain better control over their own countries' economic destinies, which they sometimes perceived as being decided mainly in the board rooms and government ministries of the North. LDCs began to reject the idea of aid as a mere act of benevolence and to insist on new trading opportunities, as well as financial aid, as a matter of right.

*This paper omits discussion of the "East" -- the Soviet bloc and China -- whose role in these UN controversies has been limited mainly to adding verbal and voting support to the already crushing LDC majorities. On a world scale, their role as traders with, or sources of development assistance to, the LDCs remains minor.

A/RES. 2626 (XXV)

The General Assembly, with its growing LDC majority, responded to this impatient mood. In 1964 it called the first UN Conference on Trade and Development (UNCTAD) and soon after established it as a permanent institution. In 1966 it created the UN Industrial Development Organization (UNIDO). In 1970 it proclaimed a detailed -- and in key respects controversial -- International Development Strategy (IDS) to guide both DCs and LDCs in the Second Development Decade. But these and other institutional actions, far from closing the North-South policy gap, only seemed to shed a harsher light on it. Major trade-and-aid targets of the IDS remained unmet. Both the Assembly and UNCTAD became pressure points for LDC claims and, on occasion, for one-sided voting victories over the North. Such numerical victories, far from conferring any real power of action on the victors, seemed merely to sharpen DC resentment -- especially in the United States -- and thus further erode public support for development aid. To make matters worse, as these storm clouds gathered in the Southern sky, the United States was increasingly distracted by war in Indochina and political-economic troubles at home.

The storm broke in 1973 when the 12 nations of the Organization of Petroleum Exporting Countries (OPEC) acted in unison to quintuple the export prices of their crude oil -- effecting what soon appeared as a permanent shift of economic, and hence political, power.

Moreover, the diplomatic power of oil was supplemented by a working alliance between OPEC and the poor majority in the General Assembly. Thereby the oil exporters could deflect to the DCs some of the anguished appeals of the oil-importing LDCs, hardest hit of all by high oil prices. This they sought to achieve by enlisting the LDC majority in a campaign not just to benefit OPEC, but to promote a general shift of world economic power toward the developing South.

A/RES. 3172 (XXVIII)

In this context the first call was sounded for what would become the Seventh Special Session of the General Assembly. It came in September 1973, just as the oil crisis was coming to a head, from the Algiers summit meeting of the Conference of Non-Aligned Countries -- a 75-nation grouping all of whose members are LDCs and among which, as members or observers, are almost all the members of OPEC. The proposal was for a special Assembly session in 1975 "at a high political level devoted exclusively to the problems of development." Couched in non-prejudicial language, it won the backing of the DCs at the General Assembly that fall and was adopted unanimously in December. The special session was set for early September 1975. With 20 months available for preparation, even the US saw possibilities of useful negotiation on troublesome development and organizational issues.

But the road to September 1975 proved singularly rough. On January 31, 1974 Algeria, reacting angrily to a US call for a strategy meeting of major oil consumers, seized the initiative with an urgent request for a special Assembly session that very spring. The agenda -- "raw materials and development" -- was designed to further cement the new OPEC-LDC alliance. With Washington in a crisis of leadership, the hastily prepared Sixth Special Session (S-VI) met in New York in April. On May 1, 1974 it adopted, without a vote but only after vain DC resistance, a crusading manifesto entitled "Declaration and Program of

A/Res. 3201 and
3202 (S-VI)

Action of the New International Economic Order" (NIEO). This new document went beyond the IDS of 1970 on such tough questions as nationalization, commodity producer cartels, "indexation" of LDC export prices to the rising prices of DC exports, and even "restitution" for past "alien and colonial" exploitation. Thenceforward the NIEO became a central document in the position of the UN majority on economic issues. Last fall the same themes were included in the Mexican-sponsored Charter of Economic Rights and Duties of States (CERDS) which the Assembly adopted on a bitterly divided vote.

Annexed to A/Res.
3281 (XXIX)

Yet the negotiating spirit was not dead. Rather, each side, aware of the other's power, seemed to be jockeying for position. For a time the US concentrated on attempts to reduce OPEC's grip on Northern energy markets and its influence among the poorer LDCs. This approach scored no early success. In April OPEC, true to its grand alliance, refused to parley with the major oil-consuming countries' new International Energy Agency (IEA) over oil prices and supplies unless other raw materials were also on the agenda. After much soul-searching Washington joined its IEA partners in accepting the essence of this OPEC position.

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Especially to OECD,
Paris, May 28
(State Department
press release 302)

Meanwhile, in a similarly conciliatory mood, the US decided early in 1975 to prepare much more thoroughly and constructively for S-VII than it had for S-VI of painful memory. Undaunted by the still militant posture of the LDCs (at UNIDO's general conference in Lima in March still another LDC manifesto had been pushed through against a lonesome "no" from the US), Washington kept a high-level interdepartmental policy committee at work all spring and summer preparing positions for S-VII and for related economic conferences elsewhere. In a series of speeches from May to August, Secretary of State Kissinger -- even while bluntly disputing some cherished LDC concepts -- began to unveil a new and more forthcoming US policy on such key issues as commodity trade. A similar evolution had been under way among the nine nations of the European Community. Meanwhile the LDCs, through their caucus known as the Group of 77 (an obsolete name; it now includes 105 nations), were formulating their own proposals. By July, when the Economic and Social Council (ECOSOC) held its annual Geneva session, North and South were able to agree on a list of six topics: (1) trade, (2) monetary reform and development finance, (3) science and technology, (4) industrialization, (5) food and agriculture, and (6) restructuring of the UN system.

E/Res. 1980
(LIX), July 31

First embodied in
E/AC.62/L.4 and
annexes, Aug. 11

Beyond the bare bones of these topics, detailed papers appeared during July and August -- first from the 77, then from the European Community, the Commonwealth and others -- proposing actual language for the decisions of S-VII. Of the major participants in the preparatory committee, only the US delegation remained mute. US diplomats, themselves largely in the dark, dutifully fended off inquiries with one answer: "Wait for the Kissinger speech."

The Special Session: Ingredients for Negotiation

As foreign ministers and delegates gathered on September 1, despite the new hope in the air experienced hands knew full well that the North-South economic gulf was still wide, and that two weeks would

not close it. The most that S-VII could achieve would be a compromise resolution setting broad guidelines for further negotiation.

Annex I of
A/10003/Add.1
(Part I),
Aug. 29

On the opening day, only one formal proposal lay before the Assembly, that of the Group of 77. Conspicuous in it were favorite NIEO proposals known to be unwelcome, or downright unacceptable, to the US and other DCs; for example:

- an "integrated" approach to price supports for an entire group of LDC commodity exports;
- "indexation" of LDC export prices to tie them to rising prices of DC manufactured exports;
- DC official development assistance (ODA) to reach the IDS target of 0.7 percent of GNP -- over twice the present level -- by 1978;
- creation by the International Monetary Fund (IMF) of extra amounts of special drawing rights (SDRs) as an "automatic" source of financial resource transfers to LDCs -- the so-called "SDR link";

- negotiated "redeployment" of some DC industries to LDCs.

A/AC.176/2,
Sept. 4

Next the European Community produced a paper with comments on, and some revision of, the Group of 77 draft. But the main response must be from the United States. Dr. Kissinger, busy completing the Sinai disengagement pact, kept his place on the first-day speakers' list and instructed Ambassador Moynihan to deliver his speech.

The Kissinger Proposals

The speech was of monstrous length -- nearly 10,000 words, an hour and 40 minutes in delivery. Among the proposals crowding its pages were these:

-- Commodities. Rejecting price-fixing arrangements as a cure for the gyrations of commodity export prices, Kissinger proposed to replace the IMF's inadequate "compensatory financing" program with a Development Security Facility which would lend up to \$10 billion in four years -- presumably at less than commercial interest -- to compensate LDCs for shortfalls in their export earnings. For the poorest nations the loans could be converted into grants. In addition, the US would sign a new international tin agreement, negotiate for further agreements on coffee, cocoa and sugar, back liberalized IMF financing for commodity buffer stocks, and support new "consumer-producer forums" to deal with supply and demand problems in copper and other key commodities.

-- Trade barriers. To favor LDC manufactured exports, Kissinger announced that the US would implement its somewhat flawed generalized system of preferences next January 1. In the current multilateral trade negotiations he called for relaxation of non-tariff barriers in favor of LDCs; offered to accept some LDC export subsidies for limited periods without countervailing duties; stressed priority for reducing tariffs on tropical products; and offered to reduce "escalation" of tariffs according to value added by processing. For such benefits he asked something in return: security of supply through "supply-access commitments as part of the reciprocal exchange of concessions" in the MTN.

-- Development finance. Kissinger ignored the controversies over targets for official development aid and "automatic" aid through SDRs. He promised new US money for the regional development banks, for the UN Natural Resources

Revolving Fund, and, if "others" would do their part, to replenish the World Bank's soft-loan International Development Association. But above all he stressed private enterprise. He called for quadrupling (to \$400 million) the capital of the International Finance Corporation (IFC), the World Bank group's lending arm for LDC business enterprise; proposed an international investment trust under the IFC to mobilize capital for LDC enterprises; urged a new World Bank group effort to raise \$2 billion a year for LDC raw materials development. And he urged new negotiations for "balanced standards of conduct" to improve relations between transnational corporations (TNCs) and LDC hosts.

-- Technology. Kissinger proposed an international energy institute to help LDCs develop new energy sources; an international industrialization institute; technical aid for non-food farm and forest products exported by LDCs -- jute, cotton, rubber, etc., all hard pressed by synthetic substitutes; increased health, nutrition and family planning services to LDCs at the community level; and an international center for exchange of technological data.

-- Food and agriculture. Kissinger called anew for establishment of world food reserves including 30 million tons of wheat and rice. To help LDCs grow more food, he said Congress would be asked for \$200 million, on a matching basis, toward the proposed \$1 billion agricultural development fund. He renewed the US pledge of 6 million tons of emergency food aid toward the 10-million-ton world target for 1975. Finally, he suggested a massive effort to reduce post-harvest waste of food through better storage and preservation.

-- UN restructuring. Kissinger called for "widely shared" decision-making power in "areas basic to the welfare of others" -- pointedly mentioning oil along with trade and finance. He called for decisions by consensus in the General Assembly but by vote in the World Bank group "where voting power is related to responsibility." He endorsed a restructuring of UN economic institutions along the lines of the "group of 25" experts' report, and urged the Assembly to act on this matter in 1976.

E/AC.62/9,
June 1975

It was a remarkable document -- addressed to, yet looking beyond, the immediate occasion. Its lofty auspices were made explicit by references to President Ford, Treasury Secretary Simon, and a special Congressional advisers' group.* It was ingenious in moving the US toward some key LDC concerns without banking too much on a third-world-weary Congress. It was blunt in rejecting commodity price-fixing -- and even blunter in warning lest new oil price rises erode the DCs' will to aid the LDCs. Unwilling to write off oil-importing LDCs as vassals of OPEC, it offered the "poorest" countries new benefits on food, energy and health. It boldly championed private investment -- not a fashionable theme in the Group of 77 -- and equally boldly upheld the commodity consumer's interest in security of supply. Some proposals might be diplomatic non-starters, at best seeds planted for the future. But the immediate message -- clearly understood by the UN delegates -- was that the US intended to negotiate.

*Congressional advisers on the US delegation were: Senators Javits, McGee, Percy, Bellmon, Dole, Packwood, Humphrey, Clark, Domenici, Glenn and Morgan; and Representatives Diggs, W.J. Green, Buchanan, Biester, Whalen and Obey. On Sept. 11 Messrs. McGee, Javits and Diggs urged Congress and the public "to view favorably the Administration's constructive efforts to join in an international undertaking to improve economic prospects of mankind."

The Making of Resolution 3362

Clearly, the Kissinger ideas now had to be translated into resolution form and married by ingenious drafting with those already circulated by the Group of 77 and the Europeans. But the US delegation, lacking instructions, marked time until Kissinger -- home at last from the Sinai negotiation -- met with them in New York on Friday, September 5, and made clear his aim was to emerge from S-VII with a consensus document. Moynihan and his staff thereupon spent the weekend revising the Group of 77 text: deleting or softening unwanted provisions, borrowing useful language from the European paper, and splicing in as many of the Kissinger ideas as the traffic would bear. The result, circulated on Monday, signaled the start of serious talks.

Ad Hoc Com-
mittee Working
Paper No. 10

All through the second week bargaining proceeded in working groups. Many tradeoffs were arranged, but on September 12, the date set for adjournment, key issues of trade and aid remained deadlocked. At this point there arrived from Washington Thomas O. Enders, Assistant Secretary of State for economic affairs and a reputed hardliner. In a tense "summit" negotiation lasting all weekend, he and Ambassador Moynihan faced a top-level delegation from the Group of 77, headed by Manuel Perez Guerrero of Venezuela. In this phase the US began to draw back from some of its apparent concessions in Working Paper 10. Hardliners among the 77, led by Algeria and Iraq and egged on by the Soviet Union, were all for using the Americans' backward step as an excuse to retaliate by withdrawing all concessions and reverting to the original 77 text. To prevent this disaster, the 77's moderate leaders must have some visible concessions from the North on key LDC points in dispute -- all of them high on Washington's anathema list. As Monday dawned one issue, price indexation, had been compromised; but on commodity integration, the 0.7 percent aid target and the "SDR link," neither side would budge. Only after learning that night of discreet soundings in Congress, which showed no hope of acceptance for the LDC demands, did Perez Guerrero and his colleagues opt for consolidating their gains in a consensus document. In the wee hours before dawn Tuesday, the deal was made. Some points dear to the 77 would remain in the text in words not accepted by the US and other Northern members; the objectors would state their reservations in the record of S-VII, but not in plenary session; and the resolution would be adopted by consensus.

In the patchwork of Resolution 3362, each side had its gains and losses. The 77 could point to one more endorsement of the NIEO and the Lima declaration, and to such ideas as price indexation, the 0.7 percent aid target, the "SDR link," easing of debt burdens, activation of the languishing UN special fund for the hardest-hit LDCs, a "code of conduct" for transfer of technology, revision of patent conventions, "redeployment" of industry to LDCs, and making UNIDO into a specialized agency. Most of these points were much attenuated by compromise and by the detailed reservations of the US and other Northern delegations. But their survival in the text had symbolic value and possibly more than that.

US reserva-
tions in
USUN press
release 93,
Sept. 16

On their side the Americans could point to inclusion, in one form or another, of no less than 15 proposals from the Kissinger speech -- among them the development security facility, promotion of private investment in LDCs through the World Bank and IFC, the technological information center, special aid to LDCs in food, health, post-harvest food preservation, agricultural research and food security. Equally significant was the watering down of the most unwelcome LDC proposals.

However, microscopic study of Resolution 3362 can be misleading. Like all Assembly resolutions, it is legally non-binding, all the more so in view of the accompanying reservations in the record. Much of its language is purposely ambiguous. In its treatment of specific issues it is at best a snapshot of the negotiating situation at a particular moment. What gives it its rare importance is less the detailed picture than the moment of history which it records, when two major world forces chose to turn toward reconciliation.

The Outlook

S-VII could not have hoped to end North-South tensions. But it palpably moderated them by its strong emphasis on interdependence and the need to negotiate stable economic relationships. The consequences will crowd the negotiating calendar for years to come. Even the current 30th General Assembly will receive an interim report on efforts to restructure the UN system (a final report is due a year hence) and will debate a new item, likely to be an annual fixture, on "Implementation" of Resolution 3362.

More substantive work will proceed elsewhere: in the multilateral trade negotiations; in further wide-ranging negotiations in the World Bank group; in preparations for UNCTAD-IV next May; in talks next year on a constitution for the proposed UNIDO specialized agency; and in the World Food Council. Also, and crucial to the whole enterprise, two lines of negotiation will proceed outside the UN. The energy-and-raw-materials talks, involving OPEC, the IEA and other LDCs, will start in Paris in December. And the leading economies of the North will discuss coordinated policies to spur their still lagging growth, on which LDC export markets will vitally depend.

The coming complex of negotiations will test the readiness of both North and South to follow through on Resolution 3362 -- and, indeed, to meet each other's main concerns even beyond the scope of that document. For the North, secure access to raw materials is likely to weigh most heavily. For the South, trade, capital, technology, and a bigger share in decision-making will be the priority issues. In addition, both sides may try again for ground rules on the place of TNCs in development.

On most such matters a key question will be the attitude of Congress, more than ever claiming parity with the executive in foreign affairs. As Enders told a UN press conference just after S-VII, many of the Kissinger proposals will require "Congressional action or concurrence." The action of Congress will ultimately reflect its predominant attitude on a basic question: Does a prudent calculation of the national interest call for a substantial American effort toward more constructive North-South relations? In recent years the Third World, especially in its actions in the Assembly, has often been perceived as menacing American well-being and offending American pride. But the nations composing it are half the human race. Their interests demand constructive collaboration by the developed countries on terms both sides can accept. Failing such collaboration, they have shown themselves capable of actions harmful to the interests of all. The destinies of North and South are thus interlocked. The working out of terms on which to pursue a common destiny will require many countries, including the US, to think anew.

USUN press
release 96,
Sept. 16

STATEMENT DISCOURS



NOTES FOR A SPEECH BY THE
SECRETARY OF STATE FOR
EXTERNAL AFFAIRS OF
CANADA, THE HONOURABLE
ALLAN J. MACEachEN,
AT THE 30TH SESSION OF
THE UNITED NATIONS
GENERAL ASSEMBLY,
NEW YORK, MONDAY,
SEPTEMBER 22, 1975

Mr. President,

Let me express, at the outset of my remarks, the pleasure and confidence that the Government of Canada derives from the fact that you, Sir, have been elected to preside over this session of the General Assembly. It marks the thirtieth anniversary of the founding of the United Nations, and the proceedings of this most important session could not be in more capable hands. We know that you will bring to the deliberations of this global organization the judgement and wisdom of which the councils of Europe have been, for so long, the beneficiaries.

We are pleased to welcome among us the delegations from Cape Verde, Sao Tome and Principe, and from Mozambique following accession of these states to the United Nations. Their presence represents a further important step by this Organization on the road towards universality of membership.

SEVENTH SPECIAL SESSION

You are, Mr. President, taking office at a time when our organization is at a decisive juncture in international affairs. Increasingly, our preoccupations are with global economic and social disparities and opportunities. These are also political questions of grave concern, comparable and indeed related in scope and importance to those of international peace and security.

Last week, at our Seventh Special Session on these very issues, we at last made some headway toward the reduction of these disparities. We agreed on steps necessary to move towards a new international economic order. We were able to agree because the time was ripe--indeed overripe--to move forward in a creative way on these complex issues.

We must now commit our attention and energies to sustaining this will, and to implementing the decisions that we have taken to reform our world economic system to reflect our interdependence. We must recognize too our respective peoples' need to be brought into these efforts. We have given undertakings on their behalf; undertakings to provide those of the world's peoples who constitute a majority--those who are in want--their full measure of social and economic justice.

I think that we all appreciate the urgency of this fundamental task, Mr. President. Otherwise we would not have achieved the remarkable degree of cooperation which characterized our intense, and most serious effort during the Special Session. It is important that we pursue our objective--and we have only just begun--in the same spirit of cooperation and mutual respect. This is the most effective way for our organization to work. This is also the most effective way to ensure that our peoples retain their confidence in our Organization's ability to solve our urgent and overriding problems.

We know clearly that there is a need to enhance the role and capacity of the UN in the economic and social fields and thus bring them into a better and more balanced relationship with the political objectives and functions of the Organization.

At its recent special session the General Assembly established an Ad Hoc Committee to initiate a restructuring process of this very kind. One of the main documents before it will be the report of experts entitled "A New United Nations Structure for Global Economic Cooperation". The experts have correctly identified the main weaknesses of the UN system and have made a number of recommendations and suggestions which would improve the balance between the functional or sectoral and the political elements in the system.

I should like to commend to the new intergovernmental committee as well the report of a group of experts convened by the member states of the Commonwealth which is entitled "Towards a New International Economic Order" and which has been circulated as a UN document.

Convinced as we are that the UN must be made more responsive to the needs and concerns of its members, my Government intends to play an active and constructive part in the Ad Hoc Committee to strengthen the UN system so that it may carry forward its programs in working towards a new economic order.

The construction of a new international economic order is but one of the many important pre-occupations of the international community at the present time. Population, food, human settlements, and Law of the Sea are other global problems that demand the attention of the United Nations.

Of these many global problems, I would like now to speak about Law of the Sea in which Canada plays a particular role.

LAW OF THE SEA

One of the most important but least recognized functions of the United Nations is the regular and persistent efforts it makes to contribute to a stable world order through the progressive development of international law. The Law of the Sea is a dynamic example.

We are developing new rules which reflect the growing awareness of the interdependence of nations and the need for preservation of the marine environment and the conservation of its resources. I have no hesitation in affirming the view of the Canadian Government that the viability of an increasingly interdependent

world order rests on the creation of an international economic system which provides a more equitable distribution of resources and opportunities to all people. This principle must be reflected in the new Law of the Sea.

The role of the United Nations is central to the process of developing new international law which will reflect broad recognition that the oceans of the world, which cover seventy percent of the earth's surface, are vital to man's survival. Binding legal rules must be established. The Law of the Sea Conference has already achieved broad agreement on revolutionary new legal concepts such as the economic zone and the common heritage of mankind, concepts which must form the basis of the constitution of the seas. The new law must lay down duties to go hand in hand with every new right recognized. It must be based on principles of equity rather than power.

The task is a formidable one and may prove to be beyond the reach of the United Nations. I think not. What is clear, however, is that without the United Nations the task would be impossible and the world would be involved in a series of conflicting claims and counter claims which could produce serious threats to the peace.

My Government is preparing now for the crucial fourth round of negotiations of the Third Law of the Sea Conference beginning here in New York next March. We do so knowing that to reach final agreement all participants must act responsibly, flexibly and above all, with a sense of real urgency.

No government is more committed than my own to achieving agreement on a viable and balanced global regime for the seas. But I would be less than candid if I did not state clearly that the Canadian Government, like many other governments, cannot be expected to wait indefinitely for agreement. I hope our actions have demonstrated that the Canadian Government is conscious of its responsibilities to the international community. But the Canadian Government is also conscious of its responsibilities to the Canadian people. The economic and social survival of whole communities in certain costal areas of Canada depend on the successful outcome of the Law of the Sea Conference or, failing such success, some alternative course of action. It is because of these national and international responsibilities that my Government is now engaged, as a matter of the utmost priority in a series of talks with countries who fish off our coasts to pave the way for an extension of our fisheries jurisdiction based upon the consensus emerging at the Third Law of the Sea Conference.

I wish to reiterate the faith of the Canadian Government in the United Nations and the opportunity it offers to negotiate multilateral solutions to the complex problems of the Law of the Sea. A multilateral agreement would be of lasting benefit to this and to future generations. Only if the multilateral approach fails--and at a certain point further delay or procrastination is failure--will my Government,

and I assume others, resort to other solutions to protect fundamental national interests. The Governments and people of the world are not prepared to wait much longer for the results of the Conference. We must act quickly and in concert. If we do--and I am convinced we can--we will achieve what the Secretary General has rightly called "one of the most important conventions ever devised by the International Community".

In 1945, Mr. President, the founders of the United Nations, profoundly influenced by the holocaust of war, were determined that the central task of the international organization would be the maintenance of international peace and security. They devised--so they believed--a system for the settlement of disputes between nations without recourse to the use of force.

Thirty years later, this fundamental problem still faces the United Nations. Two crucial aspects of this problem are disarmament and peacekeeping. They were the principal themes of my address to the Assembly last year, but, such is their importance, that I make no apology for reverting to them.

DISARMAMENT

Few issues before this Assembly give rise to aspirations so great or frustrations so deep as the question of disarmament.

We aspire to agreements that will check the use of force; reduce tensions; and free resources for productive social and economic purposes. But our hopes are frustrated by the relentless drive towards new heights of destructive power.

Nuclear weapons exist in the tens of thousands and we are faced with the frightening possibility that they will spread to more countries. The advanced countries continue to spend enormous amounts of money on armaments of all kinds, and the military expenditures of some developing countries are rapidly increasing.

Is it any wonder that ordinary people everywhere, with deep unease and impatience, await real progress towards disarmament?

The SALT talks have been of major importance in promoting a climate of strategic stability and political détente. But they have not halted the competition in nuclear armaments. Nor have they achieved steps of actual nuclear disarmament.

The problems involved are infinitely complex, but the need for solutions is pressing. We urge the United States and the Soviet Union to conclude their present negotiations and to proceed without delay to achieving steps of nuclear disarmament. We also urge the nuclear weapons powers to re-examine the technical and political obstacles to an agreement to end nuclear weapons testing.

Efforts to curb the proliferation of nuclear weapons must be accompanied by efforts to ensure that the further dissemination of nuclear technology is devoted solely to peaceful purposes. The Conference to Review the Non-Proliferation Treaty re-affirmed the Treaty's vital role as the basic instrument of the non-proliferation system. It made it clear that all parties, both nuclear-weapons states and non-nuclear weapon states, must meet their obligations fully under the Treaty. This is essential if the dangers of proliferation are to be averted.

The Review Conference also reaffirmed the role of the Treaty as the basis for wider co-operation in the peaceful uses of nuclear energy. Canada will fulfill its obligations under the Treaty to facilitate, to the extent it is able, international co-operation in the exchange of nuclear technology and materials for peaceful purposes, particularly between the advanced and developing countries. The need for such co-operation has clearly been increased by the change in world energy costs.

However, I would, at the same time, stress that we have an obligation to ensure that the cooperation we enter into does not contribute to the proliferation of nuclear weapons or to the manufacture of nuclear explosive devices for whatever purpose.

Pre-occupation with the dangers of nuclear weapons must not blind us to the growing threat from use of conventional force. Urgent and closer attention must now be given to the search for arms control and the reduction of forces in order to promote regional stability and mutual security. Now that the Conference on Security and Cooperation in Europe has been concluded, we look for substantial progress from the negotiations in Vienna on the reduction of forces in Central Europe.

The basic responsibility for reducing the dangers and burdens of armaments rests primarily with the major military powers. But we must recognize the various constraints under which they operate if we wish effective arms limitation and disarmament agreements. Advances in military technology often complicate efforts to find the technical and military basis for agreement and satisfactory means of verifying commitments. Agreements must promote or be compatible with the security interests of participating states. Disarmament negotiations are unlikely to succeed unless political conditions are conducive to progress.

But this is no argument for inaction in this Assembly. It is no argument for accepting the present and totally unsatisfactory rate of progress in achieving disarmament measures. The General Assembly must continue as the forum of international concern and as a spur to action in the field of disarmament.

PEACEKEEPING AND THE MIDDLE EAST

If our anxiety about the prospects for progress in disarmament continues unrelieved, we can draw some comfort from the recent movement towards peaceful settlement in the Middle East.

No one who has the interests of world security at heart can fail to be encouraged by the statesmanlike conduct of the leaders of Egypt and Israel, which produced the new interim agreement on the Sinai. We also recognize the dedication of the American Secretary of State whose tireless efforts have once again contributed towards a positive result. It is a fragile beginning to be sure. By itself, it does little to settle the underlying issues; and they must be resolved if peace and security are to come to the Middle East. But we see in the agreement grounds for hope. We see it as the first stage in a series of inter-locking negotiations and agreements which would involve all the parties to the dispute and embrace all the fundamental issues, difficult though this will be. The end would be a just settlement which would enable the destructive passions of the past to be overcome and permit all peoples in the area to live as neighbours in peace and security.

For all those concerned about United Nations peacekeeping there is another reason for drawing satisfaction from the Sinai agreement.

Peacekeeping is one of the few useful instruments that the international community has developed to help promote peaceful solutions to disputes. It is designed to assist the parties to a dispute to draw back from conflict when they recognize that this is in their best interests and to help create circumstances in which their differences can be settled by negotiation.

But all too often peacekeeping reduces the incentive of the disputants to move beyond the mere cessation of hostilities to a serious search for a political settlement. Consequently sceptics charge that United Nations peacekeeping does little more than perpetuate an uneasy status quo.

If peacekeeping is to be truly effective it must be accompanied by a parallel effort on the political level, especially by the parties most directly concerned, to convert the temporary peace that a peacekeeping force is asked to maintain into something more durable.

Since the initial cease-fire agreement in the fall of 1973, UNEF has fulfilled its task of providing a buffer between the disputants and of helping to produce a period of relative calm in which negotiations could be pursued. The parties concerned took full advantage of the peacekeeping operation: they negotiated and reached a new interim agreement. The significance of this for peacekeeping is that UNEF has not merely perpetuated the status quo; it will now go on to make the new agreement effective and to provide the basis for further steps in peacemaking. In short, UNEF is doing

the job for which it is intended, that is, helping to create the circumstances for a search, at the political level, for a solution to the Middle East problem.

The United Nations Disengagement Observer Force (UNDOF) has also played its part in helping to create an atmosphere in which further negotiations can take place.

The question of Cyprus is once again before us at the Thirtieth Session. The problems are complex and will engage the attention of all delegations. But here again the effectiveness of the peacekeeping force which has been carrying on its task on the ground in conditions of great difficulty will depend essentially on the co-operation and will of the parties directly concerned.

Peacekeeping can only continue, of course, if it has the full support of all member states including practical support in the form of prompt payment of peacekeeping assessments, and contributions. Without the necessary financial resources neither the United Nations nor individual force contributors can be expected for long to carry the responsibilities they have been asked to assume.

STRUCTURAL REFORM: Political Issues and Technical Problems

Mr. President, I would like to comment on one particular problem affecting the management of the affairs of our evolving organization. Efforts have been made over the years to treat technical problems and political issues separately. The specialized agencies and technical conferences have been mainly devoted to their own immediate concerns, while political issues have been discussed primarily in those organs with the competence to deal with such matters, the Security Council and the General Assembly.

We well recognize that, even in technical conferences, member states must take account of political realities, and that in some cases the line of separation between the political and technical cannot always be too rigidly drawn. But we shall do a serious disservice to our system of cooperation within the UN System if we fail to distinguish in a clear and unmistakable manner, between, on the one hand, the authority and competence of the Security Council and the General Assembly in those political fields prescribed by the Charter, and, on the other, the competence and authority of technical conferences in their respective fields.

In the meantime, it is the hope of my Government that in the spirit of cooperation that has so happily characterized the deliberations of the Seventh Special

Session, we shall all voluntarily refrain from the introduction of unrelated political considerations into the proceedings of the specialized agencies as well as the organs that have been assigned specific responsibilities for implementing the decisions of the Special Session. We should allow these bodies to get on with their technical work. This would surely be in the best interests of each UN member and of the organization as a whole.

Mr. President, the celebration of the thirtieth anniversary of the United Nations prompts all of us to reflect upon the place of this Organization in the life of the international community. Its critics have been many and persistent; its supporters sometimes wavering. But, whatever its shortcomings over the years, we must recognize the simple fact that, in our quest for peace and security and our search for solutions to the great economic and social issues of our time, this universal forum is irreplaceable and essential to each of the governments and peoples we represent.

DEVELOPMENT RESEARCH INSTITUTES AND
THE NEW INTERNATIONAL ECONOMIC ORDER

Report of a meeting of representatives of
development research institutes, held at the
Palais des Nations, Geneva, 10-12 July 1975

Further inquiries may be addressed to:

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INTRODUCTION

A group of academics, scholars and other professional economists met informally in Geneva from 10 to 12 July 1975 to consider the role of development research institutions in the preparations for the fourth session of the United Nations Conference on Trade and Development, due to be held in Nairobi in May 1976. The meeting was organized by UNCTAD and financed by the International Development Research Centre. The participants represented institutions in 21 countries with different socio-economic systems and at different stages of economic development.

The meeting was designed to provide an overview of ongoing work in UNCTAD and present an opportunity for an exchange of ideas on some of the substantive issues which have relevance for the fourth session of the Conference. It also provided an occasion for participants to examine how the institutions they represented could involve themselves in activities concerned with UNCTAD IV, and what programmes they could organize and sponsor in their own countries with this end in view. Finally, an important objective of the meeting was to enable participants to consider the long-term possibilities for collaboration and interaction between research institutes and UNCTAD.

The agenda of the meeting contained two main parts, the first being devoted to a presentation of UNCTAD programmes and a brief discussion of a number of substantive issues. The second part concentrated on the contribution which research institutes could make to the activities of UNCTAD, in relation both to the fourth session of the Conference and to long-term research needs in the field of trade and development.

The Secretary-General, in his opening address, briefly surveyed the main initiatives that had been taken by UNCTAD within its area of competence and provided a broad framework within which discussions at the meeting were organized. The presentations made by members of the UNCTAD secretariat at each of the sessions further elaborated on the Secretary-General's introductory remarks and outlined the latest developments in UNCTAD programmes dealing with six major issues in international economic relations.

The Secretary-General also drew attention to some of the procedural changes that had been introduced to make the fourth session of the Conference an effective forum for negotiations and decision-making. The duration of the Conference itself has been limited to four weeks to enable high-ranking representatives to be present for a substantial part of the deliberations. The Conference will be preceded by a special session of the Trade and Development Board open to the full membership of UNCTAD. This meeting would be in the nature of a pre-Conference negotiating session which it is hoped will prepare the ground for intergovernmental decisions. Another significant innovation that has been suggested is the adoption of a selective agenda which will concentrate on issues of fundamental importance in trade and development.

The focus on negotiation and decision-making at the Conference highlights the importance of the preparatory phase. It is in this context that non-governmental organizations, research institutes and the intellectual communities generally could play a critical role in helping to create within their own countries the framework within which constructive thinking could take place on the major development issues.

In the limited time that was available for the substantive discussions, participants confined themselves to commenting on selected aspects of the programmes which they found significant. Although the discussion was not expected to provide any comprehensive critique or in-depth analysis of the programmes outlined, it represented a valuable and interesting cross section of the views of researchers and scholars who had worked in the fields concerned. The account of the discussion which follows summarizes the perceptions and insights which are of particular relevance to a critical evaluation of UNCTAD programmes, as well as for research and further inquiry.

CHAPTER I

Major issues in trade and development - Summary of discussions

A. Commodities

The first session was devoted to the proposed integrated programme for commodities. The Secretary-General, in his opening remarks, and the representatives of the UNCTAD secretariat in their presentation, emphasized that the problems of trade in primary commodities were foremost among UNCTAD's concerns. In most developing economies the commodity sector still remains the main source of external resources which are vitally needed for development, and to the extent that this sector remains weak all other efforts of the international community at helping the development process are likely to be undermined and frustrated. Past efforts in this field have been limited to approaches which deal with single commodities and have proved ineffective in attacking the inherent instability and weakness of the commodity sector as a whole. The new initiative taken by UNCTAD involves an integrated approach to the commodity problem. It seeks to create a set of instruments and mechanisms at the international level which will be available to the main commodities in the export trade of developing countries for the stabilization of prices and the effective management of the markets.

The integrated programme contains five inter-related components: arrangements for the operation of international buffer stocks; the creation of a common fund for the acquisition of stocks; a scheme of multilateral commitments on purchases and supplies; an expanded system of compensatory finance; and effective measures for increasing the share of developing countries in the processing of raw materials.

It was generally conceded that although failure had attended most past efforts to deal with the problems of individual commodities, recent developments in the international economy, including unprecedented inflation in developed market economies, the crisis following upon the rise in energy prices, and the associated need felt by developed countries to obtain assurances of supplies of essential raw materials - together with a new awareness of their bargaining power on the part of developing countries - had contributed to a more propitious international climate for dealing with the commodity problem in an integrated manner. An approach relying essentially on schemes of compensatory finance and direct transfer of resources to deal with problems of "weak" commodities, and favouring the continuance of the prevailing market system, was seriously questioned during the discussion and the need to effect more fundamental changes in the structure of commodity markets found general acceptance.

One participant emphasized the need to underpin any programme for price stabilization with a scheme for commodity price indexation. He pointed out that indexation was an accepted practice in many spheres - wage fixation, agricultural price supports in developed countries - and that it could not be dismissed as impractical in the case of primary commodities. More serious efforts should be made by research institutions to demonstrate its technical feasibility.

Several participants pointed to the need to elaborate on the criteria for the selection of commodities in the integrated programme and to evaluate its impact on the least developed countries. In this connexion, it was emphasized that the International Development Strategy, in its focus on the eradication of world poverty, accorded very high priority to raising the living standards of the poorest countries and that the integrated programme needed to be evaluated within this framework as well.

Participants agreed that there were many areas in the commodity field in which research institutions could be active. These included the system of marketing and distribution of commodities; the structure and methods of pricing; the vertical distribution of profit, value added, and the distribution of the benefits of productivity increases in the commodity sector; and the role of transnational corporations in commodity trade.

B. Transfer of Technology

The UNCTAD effort in this area has been concentrated on a few specific programmes: the development of an international code of conduct for the transfer of technology, which takes into account the restrictive practices of enterprises owning and supplying the technology and the special position of the developing countries as the weak and dependent partners in trade in technology; the revision of the international convention and the national legal structures relating to patents; and the creation of an institutional infrastructure which would promote technological self-reliance among developing countries. The last component, which envisages the establishment of appropriate regional transfer of technology centres, is in its formative stages. Another aspect of the work of UNCTAD in this field relates to the brain drain, which can be viewed as a reverse flow of technology from the third world to developed countries. The possibility of recognizing and including this flow in national accounting systems, and devising ways of compensating for it, is also being explored.

In the research of UNCTAD into juridical structures and trading practices in the field of technology, participants recognized a major area in which developing countries could strengthen their negotiating capability and promote their technological independence. They also emphasized the importance of factors bearing on the acquisition of appropriate technologies by the countries of the third world, and the linkages between technology transfer, national scientific research and technological collaboration among third world countries in the process of developing self-reliance in technology. Participants also stressed the need for measures to promote the exchange of appropriate technology among developing countries. Further research could be directed at the unpackaging and re-combination of different components in the technology "package" that would help developing countries to acquire technology in the most economical and appropriate combinations. Further comparative analysis of relevant case studies would throw more light on the process of transfer. There was also a need to gain more knowledge of the structure of the markets for capital goods, the degree of concentration in them, and their effects on the terms of trade. In regard to the reverse flow of technology, research institutes could address themselves to the complex methodological problems of evaluating costs and benefits and accounting for the relevant flows.

C. Manufactures

Both the Secretary-General's opening comments and the presentation by the UNCTAD secretariat at the session on this topic emphasized that, while a strong commodity sector is needed as a stable base for development, it is the manufacturing sector that acts as the dynamic element in the transformation of the economies of developing countries. Therefore, the trade implications of the industrialization of developing countries are necessarily central to the concern of UNCTAD. The focus of the activities of UNCTAD in the past has been to reduce or eliminate barriers to the export trade of developing countries in manufactured goods. This has included the generalized system of preferences; efforts aimed at the removal of non-tariff barriers affecting manufactured exports from developing countries; technical assistance to developing countries to improve their negotiating capability in the multilateral trade negotiations; and initiatives to widen the scope of industrial adjustment policies in developed countries. A brief account of the growth of quantitative restrictions in the textile sector was given by the secretariat, highlighting the manner in which attempts made by developing countries to expand their share in world trade in manufactures were being thwarted in a field in which these countries enjoyed definite comparative advantages. Any future programme in the field of manufactures would undoubtedly need to enlarge the scope and improve the effectiveness of the measures already taken.

There has, however, been a growing recognition in UNCTAD that the framework of past policies does not provide an adequate basis for a significant breakthrough in the manufacturing sectors of developing countries. In the recent studies undertaken by the secretariat, there is a search for a more comprehensive approach in which access to markets, the thrust for greater technological self-reliance in developing countries, more forward-looking policies of industrial adjustment in developed countries, and the expansion of intra-regional trade in the third world would be mutually reinforcing elements in a composite strategy for world trade in manufactures and the industrialization of developing countries. In this connexion, mention was made of industrial adjustment policies based on more conscious and positive links between the industrial development objectives of developing countries and patterns of change in the developed countries. In regard to the expansion of trade among developing countries, consideration was now being given to the feasibility of a generalized system of preferences which could be operative in the third world as a whole.

In the discussion, the point was made that, despite apparent initiatives to improve access to developed country markets for the manufactured exports of developing countries, there had been in fact an increase in restrictions and barriers to such trade. One participant pointed out, however, that in certain developed countries large sectors of the market that were suitable for the manufactures of developing countries were not subject to import barriers. He argued that more emphasis, therefore, needed to be placed on a study of supply constraints operative in developing countries and on the internal policies and other factors contributing to them.

Attention was also drawn to the fact that there are wide differences among developed countries in regard to the share of developing country products in their total imports. It was suggested that UNCTAD could appropriately examine this aspect in its search for principles and policies in this field. Participants also

commented on the Lima Declaration and Plan of Action on Industrial Development and Co-operation, and recognized the need for research institutions to address themselves to the wide ranging implications of the target of 25 per cent for the share of developing countries in world industrial production by the turn of the century.

It was noted that there was scope for further systematic research on industrial adjustment in developed countries, which could include criteria for the selection of industries for industrial adjustment and the relevant national policies. The feasibility of long-term commitments in regard to industrial adjustment in developed countries was cited as another area for inquiry. Participants stressed the need for more empirical studies on the impact of the activities of transnational corporations on the industrialization of developing countries and on their trade in manufactures. They also emphasized the importance of collaboration among developing countries in gathering more reliable comparative data and acquiring more detailed knowledge of the policies, methods, and transactions of transnational corporations so as to provide a stronger basis for national policies and negotiations.

D. Money and finance

In his opening remarks, on the topic of money and finance and the implications for trade and development, the Secretary-General underlined three issues which were of special significance. The presentation by members of the secretariat further developed these themes. The first area is the question of the reform of the international monetary system. The international community has still to identify and agree on the essential elements of a reformed system which is consistent with the needs of development. A related aspect is the feasibility and desirability of integrating the socialist countries into the world financial system and the modalities for achieving such an integration. The second area relates to flows of long-term capital to developing countries, including both official development assistance and access to international private capital markets. The relative failure of the traditional forms of development assistance, and the various political and other constraints within which they operate, underscore the need for transfer mechanisms that are more automatic and more responsive to development criteria. A third area in which there is a possibility of concrete decisions at the fourth session of the Conference concerns the problem of the external debt of developing countries. The projections that are now being made for developing countries by the International Monetary Fund and the World Bank point to an exceptionally critical debt situation arising in the immediate future. In this context, the framework for debt relief, the identification of debt problems, the criteria and principles which should guide relief operations and the institutional measures and modalities that should be adopted are issues to which the Conference may have to address itself.

In the discussion which ensued, one participant expressed the view that the distinctive role of UNCTAD in the field of money and finance had to be defined more clearly. There was agreement that research institutes could work on many of the problems which were engaging the attention of UNCTAD. It was noted that there was need for further research on the ingredients of a reformed international monetary system which would take full account of development needs.

Various mechanisms being proposed to impart greater automaticity to development assistance, such as forms of international taxation (e.g. a tax on non-renewable resources, or income from common property such as the mineral resources of the sea-bed) required further research and critical study before they could be given operational meaning. The factors restricting the access of developing countries to private capital markets constituted another subject for investigation. The situation in which the surplus funds of oil-exporting countries had transformed international capital markets and made the third world as a whole a net lender to developed countries, called for new approaches. New institutional mechanisms had to be found to create conditions which were conducive to the flow of a considerable proportion of these surplus funds to developing countries. Among other possible mechanisms, international assistance for credit guarantees and interest subsidy funds to augment the capital flows to less credit-worthy developing countries deserved further study and elaboration.

E. Least developed countries

The introductory presentation on this topic set out and discussed the criteria used in identifying this group of countries, and outlined the approaches being evolved in UNCTAD to deal with the deep-seated problems of structural under-development in these countries. The main emphasis in the work of UNCTAD is two-fold. On the one hand, there are general measures such as the integrated programme for commodities, the generalized system of preferences and the initiatives taken in the field of technology, which have to be assessed in relation to the needs of the least developed countries. As far as possible, modalities have to be found to bring the benefits of these schemes within the reach of these countries. On the other hand, these countries are in need of special measures over and above those envisaged in the generalized schemes. Such special measures need to cover a wide range of inter-related fields including trade, development finance and technical assistance. Possible approaches include a scheme of trade preferences providing greater preferential margins for the hard-core, least developed countries.

In the discussion, there was agreement that the category of least developed needed further disaggregation. There was scope for extensive research on the different characteristics of under-development in these countries and the different types of structural constraints on development which they confront. Reference was made to the acute short supply of managerial skills and the special problems of shipment and transportation faced by land-locked countries. The work already done by UNCTAD on the constraints affecting the absorptive capacity of the least developed countries could also be taken further by research institutes.

F. Economic co-operation among developing countries

The presentation on this topic briefly outlined the new approaches being considered in UNCTAD to strengthen economic co-operation among developing countries. In the past, attempts to promote economic co-operation among developing countries were essentially regional and subregional in character, and while these had been relatively successful within their restricted compass, their economic

impact was limited. The share of intra-trade among developing countries in the total external trade of these countries - both globally and on a regional basis - has been declining. The response of developing countries to recent changes in the world economy has given increasing emphasis to the concept of collective self-reliance, a concept within which economic co-operation among developing countries can be conceived in a more comprehensive manner. The emerging strategies seek to deal more fundamentally with the structural dependence of developing economies and go beyond sub-regional and regional boundaries to consider the third world as a whole.

Work in UNCTAD in this area is initially directed at identifying a range of feasible instruments and mechanisms that could give new impetus to economic co-operation among developing countries and impart operational content and significance to the concept of collective self-reliance. Among the possibilities being explored are fiscal harmonization schemes; a system of generalized preferences for developing countries supported by a payments system to promote their mutual trade; planning on a multinational basis; the organization of producers' associations; and mechanisms to facilitate the flow of financial resources from capital-surplus to capital-deficient developing countries.

In the discussion, participants agreed that in all these areas research institutions could provide valuable research contributions. The concept of collective self-reliance had to be defined in relation to the development perspective of the third world over the next quarter of a century. The task of giving substance and meaning to the concept therefore opened up a wide field of study and research.

CHAPTER II

Contribution of development research institutes to the activities of UNCTAD

During the second part of the meeting, participants discussed the initiatives taken by UNCTAD to involve research institutes in the preparations for UNCTAD IV and reviewed the activities being planned by institutes which have relevance to this programme. While recognizing the value of the short-term programme relating to the fourth session of the Conference, participants emphasized the importance of long-term research in the fields in which UNCTAD is active. A working group was set up by the meeting to make concrete proposals for participation in the short-term programme and to prepare an indicative list of research topics which would provide the relevant orientation and direction to long-term research collaboration between the institutes and UNCTAD. The present Chapter contains an account of the conclusions of the working group after these were discussed and endorsed by the plenary meeting.

A. Short-term activities in connexion with UNCTAD IV

The meeting was informed about the programme of the UNCTAD secretariat designed to ensure the participation of development research institutes in the preparations for UNCTAD IV. This programme includes seminars, conferences, publications and research-oriented activities at the national, regional and international levels, which have the following inter-related purposes:

- (a) To help in the elaboration and refinement of the conceptual framework of the various UNCTAD proposals in the context of international efforts to move towards a new international economic order, including the identification of possible policy packages and mechanisms which would make the proposals practicable;
- (b) To promote enlightened public opinion on trade and development problems, especially among responsible persons at the national level;
- (c) To contribute towards the formulation of country positions on UNCTAD issues by promoting interchanges between policy-makers and professional economists.

About 40 development research institutes in developed market economy countries, socialist countries and developing countries have been invited to act as "focal points" or centres within their own countries for the organization of activities which would focus national attention on the issues likely to come up at UNCTAD IV. It is expected that institutes will initiate activities involving intellectuals and researchers within their countries in the preparation of papers, journal articles and other publications on issues concerning the new international economic order and UNCTAD IV, and will organize national-level seminars or symposia involving policy-makers and professional economists. Institutes have been asked,

as a minimum programme, to sponsor one national seminar, while, in addition, institutes which publish regular journals have been asked to consider devoting one future issue to UNCTAD themes. The question of what activities would be appropriate to particular conditions in each country, and how exactly such activities would be structured, is to be left to the institutes concerned to decide.

These activities at the national level will be followed by, or lead on to, regional-level seminars or symposia and publications. Associations of research institutes and other related regional bodies in Asia, Africa and Latin America have been requested to sponsor regional level activities. The regional organizations which have agreed to co-operate in the programme include the Asian Association of Development Research and Training Institutes, the Conference of Directors of Economic and Social Research Institutes in Africa (CODESRIA) and the Latin American Social Science Council. In the case of Europe, the European Association of Development Research Institutes, which had already planned to devote its meeting in September 1975 to discussion of various elements of the new international economic order, has agreed to give specific focus to issues which have relevance for UNCTAD IV. It is anticipated that the regional activities will elaborate on and clarify the implications for the various regions of the new global strategies for development. Aside from the papers and publications which might be prepared in connexion with each set of regional activities, it is planned to bring out a publication which would distil the different approaches to and orientations of international development policies in the various regions.

A programme of activities is also being planned which would involve interaction among researchers from the three regions of the developing world (Asia, Africa and Latin America). These activities, including a Third World Seminar, would help to elaborate more concretely such concepts as "collective self-reliance" and elucidate other issues related to the changing prospects of third world development and to new international strategies for development. The Third World Forum has been invited and has agreed, in principle, to assist in launching these activities for the developing countries.

The various activities at the national, regional and inter-regional levels will culminate in a set of activities organized from the global or international perspective, including an international seminar and a publication based on the interchange and dialogue at the seminar. It is envisaged that this seminar would be organized by the Society for International Development. It is anticipated that, against the background and positions emerging from the discussion of issues at the national and regional levels, the activities and dialogue at the international level would be able to stimulate new thinking on global strategies for international development in the next quarter of a century.

With respect to documentation, the UNCTAD secretariat is able to provide institutes on request with relevant documents concerning UNCTAD issues and programmes. In regard to financial assistance, UNCTAD anticipates that research institutions, especially those in the developed countries, will be able to provide, or arrange for, their own financing to cover the expenses of these activities. In the case of those research institutes of developing countries which have difficulties in raising funds to support their planned activities, UNCTAD would arrange for finances which would help to defray their expenses. In regard to regional and international activities, UNCTAD would arrange for finances to cover

the expenses entailed.

Following the explanatory presentation of the foregoing UNCTAD programme, there was an exchange of views with the participants. The group of development researchers expressed general endorsement and support for the programme. The participants welcomed the opportunity of collaborating with the UNCTAD secretariat both in the preparations for UNCTAD IV and in a long-term programme of research activities.

The group observed that applied research involved a number of dimensions, inter alia:

- (a) Carrying out long-term research and studies on various problem areas;
- (b) Commenting on policy proposals with the aid of specialist knowledge and analytical experience;
- (c) Seeing that the results of applied research are known to policy-makers;
- (d) Ensuring that there is interaction between researchers and policy-makers so that their contributions to understanding and solving problems are integrated and complementary.

In this context, the participants felt that in the limited time available before UNCTAD IV, no new research effort could be launched within their own institutes that would go beyond the studies already under way in UNCTAD and elsewhere. The group thought, therefore, that the contributions which research institutes could make to the short-term task of preparing for the fourth session of the Conference would lie in analytical comments and the evaluation of new policy proposals, and in the elucidation of the problems and issues involved. Recognizing that the need for additional discussion, information, debate and understanding of trade and development problems is general to almost all countries, the group felt that the most important immediate contribution which research institutes could make would be those listed under (c) and (d) above.

In this respect, the group recommended that research institutes and academic groups initiate activities which would promote an interchange of views between policy-makers and professional economists. Among the activities they suggested were:

- (a) Discussion and dialogue with politicians, businessmen and labour leaders, journalists and others active in the field of mass communication, civil servants and non-governmental organizations, within the framework of seminars, workshops and less formal small group meetings;
- (b) Special issues of institute bulletins and journals focusing on development issues;

- (c) Articles in professional and more widely circulated publications.

The group felt that the appropriate objectives of these endeavours were to promote a better understanding of issues, costs, benefits and technical considerations, and a more realistic and informed set of policy positions on the part of Governments.

The group recommended that the UNCTAD secretariat could assist research institutes in carrying out the above activities by:

- (a) Assuring prompt dissemination to research institutes of its documents containing new studies and policy proposals;
- (b) Providing more semi-technical papers on trade and development issues which would be readable and accessible to the intelligent layman;
- (c) Disseminating information regarding conferences and publications related to UNCTAD issues in the context of moving towards the establishment of a new international economic order.

B. Relationship of research institutes with the UNCTAD secretariat on longer-term research issues

The other general subject on which there was an exchange of views was long-term collaboration and interaction between research institutes and the UNCTAD secretariat. Several points for consideration were mentioned: first, how research could relate to applied policy in the short run, that is, how to increase the application of research results in the formulation of policies; secondly, how to reorient research programmes so that they are likely to provide more effective results for use in policy decisions; and thirdly, how to further ongoing interaction between research institutes and international agencies, such as UNCTAD, which operate in the field of trade and development; between research institutes and public opinion; between research institutes in different countries; and particularly, between research institutes in the less developed and the more developed countries.

With this perspective, focusing on the longer term challenges, the group stressed the importance of, and need for, identification of research priorities and the elaboration of practical modes of collaboration between institutes and UNCTAD. In order to further an international research network on trade and development problems, the researchers called for an exchange of information on current and planned research programmes and on publications containing the results of research. As a mechanism for realizing this exchange, the group suggested that the UNCTAD secretariat could serve as a clearing house for research under way or being planned by development research institutes around the world. In this connexion it was proposed that UNCTAD might issue periodically a newsletter or checklist on research activities, including its own research and studies, which could be circulated to all interested institutes. The participants pointed out several benefits which would arise from a newsletter or checklist of this kind. First, it would help to avoid duplication of research efforts, for researchers would have information on the topics on which others were working. Secondly, it would make it easier for researchers to contact their counterparts in other countries, with whom they could collaborate in research on

particular topics. And thirdly, such a list would be useful not only to UNCTAD but also to other organizations in locating intellectual expertise around the world on topics in the trade and development field.

On the question of research priorities, the group felt that the exchange of views with Directors of Divisions of the UNCTAD secretariat on the wide range of major trade and development issues had been very helpful in identifying gaps in current knowledge and understanding of trade and development problems, and hence, areas which needed more research attention. On the basis of this, the group thought it would be of value to produce a list of topics which would offer some guidance to research institutes on issues which merit particular research attention. It was also suggested that the list might be used by research institutes to report on their research activities and also to identify such research work as could be carried out before UNCTAD IV. The list which is reproduced in Annex II to the present report was drafted by a small working party and was amended and approved by the group of researchers. The group recommended that the list be made public with the following disclaimers: first, that the list did not pretend to be exhaustive, nor was there any claim that work was not currently being done on some of the topics; secondly, that no priority ordering had been given to the topics within the list; and lastly, that the list included both subjects which warranted research in the conventional sense, and subjects which required extending the concept of research to devising and formulating practicable new strategies, policies and institutions as well as analyzing and proposing modifications of existing ones.

Regarding other modes of promoting long-term research collaboration between the UNCTAD secretariat and research institutes, the group proposed, inter alia:

- (a) That the secretariat identify and establish contact with research institutes which would benefit from receiving all UNCTAD documents as soon as they are published, and place them on its mailing list;
- (b) That the secretariat assist in developing collaboration on the basis of equality between research institutes in developed and developing countries by commissioning studies to be undertaken jointly by research institutes from different parts of the world; and
- (c) That, after UNCTAD IV, a similar meeting of researchers be convened by the secretariat in order to identify new directions in the trade and development field in which applied research might be particularly fruitful.

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ANNEX I

AGENDA

1. Opening address by Mr. Gamani Corea, Secretary-General of UNCTAD
2. Review of major trade and development problems and identification of new approaches to their solution
 - (a) Primary and processed commodities
 - (b) Transfer of technology
 - (c) Trade in manufactured goods
 - (d) Development finance and international monetary issues
 - (e) Least developed and land-locked developing countries
 - (f) Economic co-operation among developing countries
3. Discussion: Organization of activities at the national level by research institutes and other academic groups to promote enlightened public understanding of issues likely to come up at UNCTAD IV.

ANNEX II

SELECTED LIST OF TOPICS IN THE TRADE AND DEVELOPMENT FIELD REQUIRING FURTHER STUDY
AND RESEARCH

I. COLLECTIVE SELF-RELIANCE

- A. New avenues for economic co-operation among developing countries
1. Clarification and elaboration of the meaning of "collective self-reliance"
 2. Catalogue of concrete possibilities for economic co-operation
 3. Detailed case studies of co-operation ventures - success and failure of recent schemes - with a view to developing institutional models for co-operation
- B. Intra - third world trade
1. Constraints on the development of intra-third world trade and ways to overcome them
 2. Feasibility study of payments arrangements embracing the third world as a whole designed to promote the mutual trade of developing countries
- C. Monetary and financial co-operation
1. Assessment of regional monetary agreements and payment schemes:
 - (a) Problems facing these agreements
 - (b) Ways of strengthening their impact and efficiency
 2. Feasibility study of new financial intermediation schemes among less developed countries for intra - third world capital flows

D. Regional integration

1. Study of dynamics of integration processes, e.g. problems associated with transition from one kind of integration to another
2. Feasibility study of integrated multi-country planning of the industrial sector on a regional or sub-regional basis
3. Distribution of benefits and costs from integration and co-operative schemes both (a) among members, and (b) between members collectively and others (also, development of techniques of measurement)
4. Regional integration and transnational corporations:
 - (a) Study of the role of transnational corporations in regional integration arrangements and implications of that role
 - (b) Transfer pricing and its implications in integration schemes

E. Other forms of co-operation in trade policy

1. Case studies of producers' associations: factors affecting viability; techniques for supply management; impact on transnational corporations; benefits and costs
2. Feasibility of purchasers' associations, particularly for poor countries in the purchasing of goods and technology, on a regional and/or sub-regional basis

F. Co-operation in scientific research and technological development

Study of potential for transfers and co-operative build-up in science and technology among developing countries.

II. TRANSFER OF TECHNOLOGY

A. Technological dependence

1. Study of problems surrounding the creation of technological capability, including creation of new alternative technologies distinct from existing intermediate types
2. Study of the cultural impact of technological transfers, including effect on domestic R and D capacity

B. Factors affecting the transfer of technology to developing countries

1. Further study of the patent system
2. Further study of the trade mark system and its implications
3. Catalogue of restrictive practices in industrial countries with respect to transfer of technology, including legislation restricting transfer
4. Study of the role, biases and effects of international financial institutions in technology transfer
5. Study of the role of consultancy (both third world and foreign-based) in technology transfers

C. Reverse transfer of technology

1. Assessment of the nature of the market for highly trained personnel, including data collection on total human capital flows between developed and less developed countries
2. Study of possible compensation schemes for net transfer of human capital (i.e. brain drain)

D. Transnational corporations and transfer of technology

1. Study of intra-firm trade in technology within transnational corporations
2. Study of transfer pricing arrangements within the field of technology
3. Case studies of the possibility of unpackaging investment packages containing technology, capital and management
4. Case studies of possible unpackaging of technological packages themselves

E. International policies for transfer of technology

1. Further study of the code of conduct on the transfer of technology; implications for developing countries; and potential for special preferential arrangements in such a code

2. Systematic comparative studies of contents of existing registers of technology transfer contracts; possibilities of internationalization of registers
3. Study of issues surrounding creation of documentation centres for technological information

III. COMMODITIES

A. Stabilization of commodity prices

1. Further study of stabilization schemes and the implications of the selection of various minimum and maximum prices, i.e. floor and ceiling prices
2. Stocking arrangements - management, size, rules, costs and other issues surrounding the running of buffer stocks
3. Further study or reconsideration of Kaldor - Hart commodity reserve proposals
4. Assessments of benefits and costs of shifting from a case-by-case approach to an integrated commodity programme
5. Criteria for selection of commodities to be covered by an integrated commodity programme
6. Further study of issues surrounding indexation, its meaning, feasibility, desirability
7. Detail study of Stabex (Lomé Convention) and alternative commodity income stabilization schemes
8. Study of transport systems and freight rates, and their implications for commodity arrangements

B. Processing of raw materials

1. Further study of issues surrounding processing of raw materials by developing countries
2. Ways of reducing effective protection in advanced countries affecting the processed products of developing countries

C. Diversification

1. Assessment of diversification schemes and their possible link with proposed commodity arrangements
2. Study of State trading arrangements and their relation to diversification possibilities

D. Supply constraints

1. Assessment of constraints on supply of commodities in developing countries
2. Access to supply: study of supply guarantee schemes

E. Study of issues surrounding commodity trade between countries having different economic and social systems

IV. INDUSTRIALIZATION AND TRADE IN MANUFACTURED GOODS

A. Global strategies for accelerated industrial development

1. Further study of the implications and feasibility of meeting the targets set in the Lima Declaration (i.e. increasing the share of developing countries in world industrial production from 7 to 25 per cent), both for developing and developed countries
2. Assessment of industrial adjustment policies of developed countries and how they could be strengthened

B. Access to developed country markets

1. Study of issues surrounding access to markets, country-by-country, product-by-product
2. Assessment of role of transnational firms in market access

C. Export promotion

1. Assessment of internal policies affecting export capabilities, including export duties, exchange rates, etc.
2. Case studies of export promotion schemes, including tax-and tariff-free zones
3. Assessment of impact of trade credits in manufactured goods trade
4. Feasibility studies of vertically integrated industries on national or regional basis - i.e. industries using primarily local resources as inputs and producing goods for local or regional, third world, and industrial countries' markets.

D. Other factors connected with manufactured goods trade

1. Further study of transport systems and their role in trade in manufactured goods
2. Study of international distribution of gains from manufactured goods trade, including market structure aspects

V. MONEY AND FINANCE

A. External debt problems

1. Criteria for assessing debt burden
2. Criteria for debt relief assistance; principles for debt moratoria and their implications

B. Development finance - net capital flows

1. Further study of issues surrounding the restructuring of the present aid system: distribution criteria, automatic versus discretionary official development assistance
2. Further study of petro-dollars: volume, direction and conditions associated with their flows; and possibilities of more effective mobilization for development
3. Further study of capital flows in all directions: between developing and developed countries, and among developing countries

C. Access to private capital markets

1. Assessment of obstacles preventing effective access of developing countries to private capital markets in developed countries; including criteria employed by financial institutions in their lending decisions
2. Assessment of relative advantages of equity as compared with loan capital, including more information and better measurements of private portfolio capital flows

D. International monetary reform

1. Study of alternative institutional mechanisms for increasing the participation of developing countries in the decision-making process of international monetary and financial institutions
2. Assessment of the possibilities and implications of participation of socialist countries in international financial institutions

VI. LEAST DEVELOPED COUNTRIES

- A. Criteria for classifying countries into least developed category and assessment of the desirability of so doing
- B. Constraints on development
 - 1. Further study of factors affecting absorptive capacity for different kinds of aid
 - 2. Further study of intra-country income distributions and their social and economic impact
- C. Special measures in favour of least developed countries

Assessment of the feasibility of super-preferences for least developed countries in all spheres: finance, trade, aid, etc.

ANNEX III

SOME FORTHCOMING MEETINGS AND CONFERENCES RELATED TO THE
NEW INTERNATIONAL ECONOMIC ORDER AND UNCTAD IV

<u>Activity</u>	<u>Organizers</u>	<u>Date</u>	<u>Place</u>
Pre-UNCTAD IV Seminar (involving U.K. politicians, business-men and labour groups and professional economists)	Institute of Development Studies, Sussex	25 - 26 July 1975	Brighton United Kingdom
Couchiching Conference on the new international economic order	Canadian Institute of Public Affairs	10 - 15 Aug. 1975	Lake Couch- iching Conference Centre, Ontario Canada
Bi-annual General Meeting	Asian Association of Development Research and Training Institutes	17 - 23 Aug. 1975	Australian National University, Canberra Australia
Halifax Conference: Canada and the new international economic order (participants from business, government and the academic community)	St. Mary's University Halifax, N.S.	27 - 29 Aug. 1975	St. Mary's University Nova Scotia Canada
Annual Conference 1975: The New International Economic Order - economic, social and political implications	European Association of Development Research and Training Institutes	11 - 13 Sep. 1975	Linz Austria
Annual European Regional Conference 1975: World structures and development - strategies for change	Society for International Development	15 - 17 Sep. 1975	Linz Austria
Seminar on UNCTAD IV issues	Institute of Statistical, Social and Economic Research - University of Ghana, P.O. Box 74 Legon, Ghana	September 1975	Ghana

<u>Activity</u>	<u>Organizers</u>	<u>Date</u>	<u>Place</u>
Symposium: Raw materials and the future	Austrian Ministry of Trade, Commerce and Industry and Ministry of Science and Research	24 - 25 Oct. 1975	Vienna Austria
Seminar on the new international economic order and UNCTAD IV	Bangladesh Institute of Development Economics	October 1975	Dacca Bangladesh
Seminar on the new international economic order and UNCTAD IV	Institute of Economic Growth	October 1975	New Delhi India
Seminar on the new international economic order and UNCTAD IV	National Institute of Economic and Social Research and Institute for Economic and Social Research, Education and Information	October 1975	Djakarta Indonesia
Seminar on the new international economic order and UNCTAD IV	Malaysian Economic Association and Malaysian Centre of Development	October 1975	Kuala Lumpur Malaysia
Seminar on the new international economic order and UNCTAD IV	Pakistan Institute of Development Studies	October 1975	Islamabad Pakistan
Seminar on the new international economic order and UNCTAD IV	Economic Faculty of the Ateneo de Manila University	October 1975	Manila Philippines
Seminar on the new international economic order and UNCTAD IV	Marga Institute	October 1975	Colombo Sri Lanka
Seminar on the new international economic order and UNCTAD IV	Economics faculty of Thammasat University and Chulalongkorn University	October 1975	Bangkok Thailand
National Information Campaign: "Third World Weeks"	Vienna Institute for Development	9 - 21 Nov. 1975	throughout Austria
Regional Seminar for Asia on issues related to UNCTAD IV	Asian Association of Development Research and Training Institutes	November 1975	Singapore

<u>Activity</u>	<u>Organizers</u>	<u>Date</u>	<u>Place</u>
Regional Seminar for Latin America on issues related to UNCTAD IV	Latin American Social Science Council (CLAUSO)	27 - 29 Nov. 1975	Quito Ecuador
Seminar in Yugoslavia on trade and development issues related to UNCTAD IV	Foreign Trade Research Institute, Institute of International Politics and Economics, Institute for Developing Countries of Zagreb and the Centre for Developing Countries Studies at the Faculty of Political Sciences of Ljubljana	November 1975	Belgrade Yugoslavia
Seminar on energy, raw materials and the place of the developing countries in the international division of labour	Polish Institute of International Affairs	Autumn 1975	Warsaw Poland
Conference: New Economic Order	Association Française des Sciences Economiques	18 Dec. 1975	Paris France
Symposium: Trade adjustment policies	OECD Development Centre	December 1975	Paris France
Seminar on transfer of technology and the new economic order	UNCTAD IV Group (formed by the Seminar on Development Problems University of Ghent, in co-operation with the Belgian Association for the United Nations "Third World Shop" and others	before end 1975	Ghent Belgium
Seminar on issues related to UNCTAD IV	Institut de recherches en économie de la production and Institut d'étude du développement économique et social	late 1975	Paris France

<u>Activity</u>	<u>Organizers</u>	<u>Date</u>	<u>Place</u>
Series of seminars (to which United States Government officials and Members of Congress are always invited)	Overseas Development Council	ongoing	Washington D.C. United States
Seminar on issues related to the new international economic order and UNCTAD IV	Kuwait Economic Society, Arab Planning Institute and the Faculty of Economics of Kuwait University	February 1976	Kuwait
Third World Forum Seminar on "Collective Self-Reliance"	Third World Forum	February 1976	Lima Peru
Seminar: The positions of Group B countries	Vienna Institute for Development	mid-February 1976	Austria
Seminar on issues related to the new international economic order and UNCTAD IV	Institute for World Economics	(*)	Budapest Hungary
Seminar on issues related to the new international economic order and UNCTAD IV	Centro de Estudios del Desarrollo, Universidad Central, Caracas	(*)	Caracas Venezuela
Seminar on issues related to the new international economic order and UNCTAD IV	Nigerian Institute of Social and Economic Research	(*)	Ibadan Nigeria
Seminar on issues related to the new international economic order and UNCTAD IV	Institute of Social and Economic Research University of West Indies	(*)	Kingston Jamaica

(*) Date not yet determined

ANNEX IV

SELECTED LIST OF UNCTAD DOCUMENTS

<u>General</u>	<u>Date</u>	<u>Document symbol</u>
New directions in international trade and development policies: Report by the Secretary-General of UNCTAD	January 1975	TD/B/530
Trends and policies in the first four years of the Second Development Decade: The recent economic experience of developing countries in relation to the goals and objectives of the International Development Strategy	February 1975	TD/B/530/Add.1 (Part I)
Review of the implementation of policy measures envisaged in the International Development Strategy	February 1975	TD/B/530/Add. (Part II)
Statistical annex: Tables relating to financial flows and to the least developed and land-locked developing countries	February 1975	TD/B/530/Add.1 (Part II) Annex
<u>Commodities</u>		
An integrated programme for commodities	December 1974	TD/B/C.1/66
The role of international commodity stocks	December 1974	TD/B/C.1/166/Supp.1
A common fund for the financing of commodity stocks	December 1974	TD/B/C.1/166/Supp.2
The role of multilateral commitments in commodity trade	December 1974	TD/B/C.1/166/Supp.3
Compensatory financing of export fluctuations in commodity trade	December 1974	TD/B/C.1/166/Supp.4
Trade measures to expand processing of primary commodities in developing countries	December 1974	TD/B/C.1/166/Supp.5
A common fund for the financing of commodity stocks: amounts, terms and prospective sources of finance	June 1975	TD/B/C.1/184

	<u>Date</u>	<u>Document symbol</u>
Recent developments in international commodity arrangements relevant to the elaboration of an integrated programme for commodities	June 1975	TD/B/C.1/185
The role of multilateral commitments in international commodity trade	June 1975	TD/B/C.1/186
Progress report on storage costs and warehouse facilities	June 1975	TD/B/C.1/187
An integrated programme for commodities: The impact on imports, particularly of developing countries	June 1975	TD/B/C.1/189
International arrangements for individual commodities within an integrated programme	July 1975	TD/B/C.1/188
Indexation	July 1975	TD/B/563

Transfer of technology

UNCTAD and the transfer of technology: a background note	8 July 1975	
Major issues arising from the transfer of technology to developing countries	March 1975	United Nations publication, Sales No. E.75.II.D.2
The reverse transfer of technology: Economic effects of the outflow of trained personnel from developing countries (brain drain)	May 1975	United Nations publication, Sales No. E.75.II.D.1
The role of the patent system in the transfer of technology to developing countries	May 1975	United Nations publication, Sales No.: E.75.II.D.6
The possibility and feasibility of an international code of conduct on the transfer of technology	June 1974	TD/B/C.6/AC.1/22

	<u>Date</u>	<u>Document symbol</u>
<u>Trade in manufactured goods</u>		
Statement by the Secretary-General of UNCTAD at the 109th meeting of the Committee on Manufactures on 2 July 1975	3 August 1975	
A comprehensive policy for strengthening and diversifying the exports of developing countries in manufactures and semi-manufactures	June 1975	TD/B/C.2/153
Review of major developments in the area of restrictive business practices	April 1975	TD/B/C.2/159
Operations and effects of the generalized system of preferences (GSP)	Sept. 1974	TD/B/C.5/15
Second general report on the implementation of the GSP	April 1974	TD/B/C.5/22 and Corr. 1
Report on the experience of developing countries under the GSP	March 1974	TD/B/C.5/24
<u>Development finance and international monetary issues</u>		
Present institutional arrangements for debt renegotiations	February 1975	TD/B/C.3/AC.8/13
Report on the <u>Ad Hoc</u> Group of Governmental Experts on the debt problems of developing countries on its third session	March 1975	UN Publications Sales No. E.75.II.D.14
The concepts of the present aid flow targets	May 1975	United Nations publication, Sales No. E.75.II.D.8
Financial flows to developing countries	June 1975	TD/B/556
Money, finance and development: paper on international monetary reform	May 1974	TD/B/479
Interdependence of money, trade and finance: the balance of payments adjustment process in the current world economic situation	July 1975	TD/B/571 and Add. 1
Fluctuating exchange rates and the developing countries	July 1975	TD/B/555 and Add. 1

	<u>Date</u>	<u>Document symbol</u>
Inflationary process in the international economy and their impact on developing countries	August 1975	TD/B/558 and TD/B/579

Least developed and landlocked developing countries

Special measures in favour of the least developed among the developing countries: Issues for consideration by the Inter-governmental Group	June 1975	TD/B/AC.17/2
The economic situation and performance of the least developed countries; commercial policy and other special measures	June 1975	TD/B/AC.17/3 (Parts I and II)
Financial and technical assistance measures	June 1975	TD/B/AC.17/3 (Parts III and IV)
Statistical Annex	June 1975	TD/B/AC.17/3/Add.1
Agriculture, Natural Resources and Industry in Least Developed Countries: some indications of potential	May 1975	TD/B/AC.17/4
An assessment of constraints to development and the role of external assistance in the least developed countries	June 1975	TD/B/AC.17/Misc. 1
A transport strategy for landlocked developing countries (Report of an Expert Group)	June 1974	United Nations publication: Sales No.: E.74.II.D.5

Economic co-operation among developing countries

Main problems of trade expansion and economic integration among developing countries	February 1972	TD/110
A strategy for strengthening economic co-operation among developing countries	June 1975	TD/B/557

ANNEX V

SOME RECENT AND FORTHCOMING PUBLICATIONS ON THE NEW
INTERNATIONAL ECONOMIC ORDER AND UNCTAD IV ISSUES

A. Publications

"What now, another development", Development Dialogue, 1975, No. 1/2

Available in English, French and Spanish from:

Mr. Sven Hamrell, Executive Director
Dag Hammarskjöld Foundation
2 Ovre Slottsgatan
Uppsala, Sweden

Available in German from:

Professor Arne Haselbach, Director
Vienna Institute for Development
Kärtnerstrasse 25, Vienna, Austria

"Toward an efficient and equitable new international economic order" by R.N. Green
and H.W. Singer. (English to appear in World Development, United Kingdom)

Available from:

Professor Hans Singer
Institute of Development Studies
University of Sussex
Falmer, Brighton, U.K.

Report of the Algiers Symposium on the New International Economic Order, 24-27 June 1975

Available in English, French and Spanish from:

Dr. Hernán Santa Cruz, President
Centre International pour le Développement
165, Avenue Charles de Gaulle
92200 Neuilly-sur-Seine, France

A world divided: The less developed countries in the world economy,

ed. C.K. Helleiner (Cambridge University Press) To be issued as a paperback in
January 1976.

New Internationalist, September 1975, Special issue on the new international economic
order and publicity kit for the seventh special session of the General Assembly

Available from:

New Internationalist
Stage House, High Street
Benson, Oxon, United Kingdom

Latin American world model, ed. Amilcar Herrera (Bariloche Foundation)

Publishers: Penguin (English)
Le Seuil (French)
Siglo XXI (Spanish)

Towards a new world order, ed. Samir Amin (Third World Forum)

To be published in several languages, autumn 1975

Available from:

Dr. Samir Amin, Director
Institut de Développement
Economique et de la Planification
Dakar, Sénégal

Report of the Hague Symposium on a new international economic order

Available from:

Ministry of Foreign Affairs
The Hague
Netherlands

International division of labour and internal industrial structures,

Institut de Recherches en Economie de la Production (Paris and Nanterre). To be published in December 1975.

B. Special issues of journals

Revue Tiers Monde (Special issue devoted to UNCTAD themes, forthcoming)

Tydschrift Von Diplomatie (Special issue on UNCTAD IV, December 1975, Brussels)

De Nieuwe Oosud (Special issue on UNCTAD IV, February 1976, Brussels)

International Problems (Special issue devoted to UNCTAD IV themes, December 1975)

Institute of International Politics and Economics
Belgrade, Yugoslavia

Market - Money - Capital (Special issue devoted to UNCTAD themes, forthcoming)

Foreign Trade Research Institute
Belgrade, Yugoslavia

Development and Change (Special issue devoted to UNCTAD themes, forthcoming)

Institute of Social Studies
The Hague, Netherlands

Economic and Social Affairs (Special issues devoted to UNCTAD IV themes, January and April 1976)

Institute of Statistical, Social and Economic Research
Ghana

Bangladesh Development Studies (Special issue devoted to UNCTAD IV themes, forthcoming)

Bangladesh Institute of Development Studies
Bangladesh

Neue Entwicklungspolitik (Special issue on the new international economic order and the Dag Hammarskjöld Report, forthcoming)

Vienna Institute for Development
Austria

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Statements and Speeches

No. 75/27

STRATEGY FOR INTERNATIONAL DEVELOPMENT -- 1975-80

A Statement to the Diplomatic Corps by the Honourable Allan J. MacEachen, Secretary of State for External Affairs and Minister Responsible for International Development, Ottawa, September 2, 1975.

...Allow me, first, to thank you for attending this unveiling of Canada's new strategy for international co-operation. As you know, it is somewhat unusual in Ottawa for the Government to invite the heads of diplomatic missions or their representatives to the Pearson Building to receive officially a policy document and to be briefed on it. We are far from secretive about our activities, especially in the field of international affairs; but we generally rely on more informal contacts to convey to you and to your authorities the substance of Canada's foreign policy as it unfolds, under the pressure of changing needs and expectations in this country and abroad. Similarly, we are usually able to deal with the very large number of bilateral issues that arise between Canada and each of your countries without resorting to the formal instruments of diplomacy.

During my first year in this portfolio, I have had the pleasure to meet, privately or socially, most of you; but only on rare occasions have I felt the need to call in an ambassador and, reciprocally, have your governments deemed it necessary to convey directly their views to the Secretary of State for External Affairs. The channels of communication are open, information is readily exchanged at all levels, differences are smoothed out, by and large, before they become contentious. These are the facts of diplomatic life in Ottawa; and these facts are a tribute to the effectiveness of your missions and of the various bureaus in the Department of External Affairs.

Therefore, if we have invited you here this afternoon, it is not only so that you may take cognizance, and apprise your governments as swiftly and thoroughly as possible, of the new strategy that CIDA and other government agencies will strive to implement in the next five years; it is rather to emphasize the importance, indeed the very high priority, that the Government of Canada attaches to its international development policy. It is for the same reason that we have chosen to make this policy document public on the opening day of the seventh special session of the United Nations General Assembly, convened precisely to deal with the nexus of development

issues and problems that, in my view, will remain the major challenge faced by the international community during the last quarter of this century.

Diplomats have become somewhat immune to catchwords, slogans and slick phrases; I shall, accordingly, be restrained in qualifying the policy document you have before you.

I shall not call it a radically new departure, although it unquestionably inserts Canadian development assistance in a novel and wider perspective and contains a number of proposals whose potential implications for reducing the economic and social disparities between the peoples of the world could be quite radical, were they to be implemented with the active co-operation of other countries, both developed and developing. May I mention, for example, our intention to develop new forms of co-operation with developing countries now deriving substantial earnings from raw material exports and to engage in tripartite or multipartite development co-operation with countries at varying stages of development. But I could claim, with some justification I think, that a radical departure was not really needed, given Canada's historical record in the field of development assistance.

Similarly, I shall resist the temptation to call this document an agonizing reappraisal of Canada's international development policy, although I can assure you that the Cabinet, as well as CIDA and other departments involved, went through quite a bit of soul-searching -- and some agony -- as they progressed from one draft to another. It was not the easiest of policy reviews, being undertaken at a time when the world economy plunged into its worst recession in more than 30 years, suffered through the worst bout of inflation since the Twenties and struggled to overcome the trauma of quite unprecedented increases in energy costs. From one draft to the next, we had to beware of a new set of myopic -- and therefore excessively pessimistic -- predictions about the world's economic future. From one month to the next, we were bombarded with new facts -- yet another formulation of the rising expectations of developing countries, yet another twist in the response of industrialized countries. All this while, negotiators were attempting to establish a new international monetary framework and to launch the third postwar reform of the international trading system.

In the final analysis, we have felt that a cautious optimism was justified. We have banked on a resumption of growth, on more comprehensive and international co-operation, on increases in resource

transfers from rich to poor countries, on gradual reforms of world economic institutions, deliberately introduced to bridge the gap and redress the balance between one group and the other. In matter of details, we expect some of our assumptions to be superseded by events. Consequently, in unveiling this international development strategy, we are not laying down the tablets of the law, come what may in the next five years. CIDA experts and other Government officials will continue to monitor the world situation, be it with respect to food production, terms of trade, industrialization, or foreign-exchange earnings and indebtedness. The Cabinet will stand ready to alter, even as early as 1976, the thrust of Canada's international development policy, if new circumstances warrant it.

For this policy document was not conceived in a vacuum. As you will know, it has been in the works for quite some time; its drafting has been enlightened by a wide-ranging debate on developing assistance; and a number of recent Canadian initiatives have been influenced by these strategic orientations even before these were made public. For example, coming after the pledges we made to the Rome Food Conference and Canada's growing involvement in renewed international efforts to dispel, once and for all, the threat of famine in the world, the emphasis we intend to place in the next five years on food production and rural development will not come as a surprise to you; but this should not detract from its significance.

I turn now to other features of the new strategy. In international development as in other fields, the attraction of novelty is such that the elements of continuity, in a policy review such as this, tend to be taken for granted. Yet what is retained of past policies is often at least as important as what is changed or added to these. Consequently, I thought it appropriate to point out that the Canadian Government remains committed to the United Nations target for official development assistance of 0.7 per cent of the gross national product and to reach this goal through gradual increases in annual appropriations. Secondly, the terms of Canadian assistance will retain in the future the very high degree of "concessionality" that has become, to a very real extent, the trade-mark of Canada in this field. At a time when some donors, faced with economic difficulties that Canadians also experience, are curbing their aid programs and shifting towards more commercially-attractive forms of assistance, these renewed commitments, I should think, are worthy of some notice. I also draw your attention to the continuing Canadian support that is pledged in the document for regional co-operation among developing countries, as well as research institutions and programs focusing on major development issues and programs. Similarly, we have decided not only to maintain but to increase the substantial food-aid component in our development-assistance effort and to bear the

commercial costs that this decision entails at a time when most foodstuffs are in short supply; and we have allowed for a gradual increase in Canadian assistance through multilateral institutions -- in effect, the component in our program that is completely untied to Canadian procurements.

Before drawing attention to some of the specific innovations put forward in the document, I should like to emphasize the two pervasive themes that run through it and that, as they are put into practice in coming years, will really give a "new look" to Canada's international development policy; one is "multidimensionality", the other is flexibility.

In deciding to rely in the future on multiple instruments to accelerate international development, the Government is attempting, in effect, to end the "splendid isolation" that has tended to characterize the development-assistance program, within the spectrum of international economic policies, and the consequent reduction of Canada's international development policy to its aid program. In other words, the Canadian perspective on world development is being widened. While continuing to attach a high priority to the volume, quality and effectiveness of development assistance, the Government intends to introduce, more systematically and more forcefully, developmental considerations in policy planning in other fields, such as trade and monetary reform, domestic and international investment and transfers of technology. Perhaps I should caution you against too great expectations on this score. Canadian interests have always loomed large and will continue to loom large in the shaping of this wider range of economic policies. A more coherent effort will be made, in the future, to reconcile Canadian interests with the interests of the developing world. In my view, the scope for such reconciliation is much greater than is often realized; but the extent to which we shall succeed will depend on the co-operation of developing countries, their flexibility, their willingness to negotiate transitional measures -- in effect, to engage to some extent in joint development planning with industrialized countries such as Canada.

As the document states: "Movement towards the use of non-aid instruments establishes a direction of overall change that will take several years to implement fully. The first steps of what may be called a 'multidimensional approach' would be necessarily investigative and exploratory, given the need to assess carefully the impact of all initiatives on the Canadian economy and to plan where necessary compensatory measures. These first steps eventually will lead to specific policy recommendations."

In fact, the Government has already moved beyond the exploratory stage. Following the initial studies of the Interdepartmental Committee on Economic Relations with Developing Countries, established at the end of 1974, we have defined a number of positions that, if they were found acceptable by other countries, would give substance to our new multidimensional approach to international development. I shall have more to say on this score tomorrow in New York, during my intervention at the seventh special session of the United Nations General Assembly.

The other pervasive theme of the new strategy -- flexibility -- is a necessary corollary of the first one; it is also a necessary response to recent changes in the world's economic structure. One of the paradoxes of our times is that, while developing countries have managed to achieve in recent years a much more effective degree of political solidarity within international institutions, the dynamics of the world economy have revealed, sometimes glaringly, significant material differences and discrepancies among them. Some developing countries are fantastically rich in natural resources; others are almost completely bereft of them. Some have a considerable agricultural potential or are surrounded with seas teeming with marine life, while the territory of others is land-locked or covers mostly arid lands. Climate, topography, culture, political traditions, literacy, public health, technology, initial capital, "resource mix" -- all these factors make the permutations of the developmental equation almost infinite. It follows that international development policies will have to be much more flexible in the future if they are to be more effective; and, hence, the intent of the new Canadian strategy is to ensure that each development program or project will be tailored to the specific needs of each recipient country.

Naturally, this flexibility will be exercised within a general framework -- one whose "parameters" will be more explicit, perhaps, than in the past. Thus there has never been much room, in the Canadian assistance program, for the "frills" of development, as evidenced by the considerable investments we have made in social infrastructure such as roads, hydro-electric or irrigation projects. Yet we have deemed it useful to restate our basic priorities: food production and rural development, energy, basic education and training, public health, demography, shelter -- in other words, the most crucial, and also the most intractable, problems of international development. Similarly, you are all aware that the world-wide economic difficulties of recent years have inflicted inordinate hardships upon precisely those countries least able to cope with them, so that our commitment to direct the bulk of our resources and expertise to the poorest countries should surprise no one and be supported by all. Again, to achieve greater flexibility as well as to

add to the developmental impact of our assistance, we shall untie partially bilateral loans by allowing developing countries to compete for contracts and by selectively seeking procurement in other donor countries when this practice will bring demonstrable and significant benefits. Finally, we have become increasingly aware that the pattern of bilateral assistance in past decades -- the often unco-ordinated "sprinkling" of both financial and technical resources on a large number of recipient countries by most donors -- has been somewhat ineffective. It should surprise no one, therefore, that Canada has decided to concentrate its assistance on a limited number of countries to achieve a greater geographic concentration of its programs -- and thus greater efficiency.

But, lest some of you be concerned about impending cut-backs to existing bilateral programs, I hasten to add that these new guidelines will be implemented with the flexibility that pervades the new strategy, and that all present commitments will be honoured. Indeed, too sharp a break with current practices would defeat the essential purpose of this policy review. Interdependence, after all, is not limited to relations between developed and developing countries; and the poorest countries of the world would hardly be better off if too brutal a shift of Canadian assistance from their slightly more affluent neighbours were to weaken the latter's ability to contribute to overall development through regional trade and co-operation.

Consequently, I invite all of our partners in international development to read this policy document carefully and to discuss in coming weeks its long-range implications for their countries with the appropriate officials in CIDA and External Affairs. I should add that we should also welcome discussions with other donor countries on the new strategy's basic orientations and implementation, as well as on the more general problem of co-ordinating bilateral assistance programs.

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Background documents on the new
international economic order

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