



Wednesday, 27 August 1980,
at 3.40 p.m.

NEW YORK

President: Mr. Salim Ahmed SALIM
(United Republic of Tanzania).

AGENDA ITEM 7

Assessment of the progress made in the establishment of the new international economic order and appropriate action for the promotion of the development of developing countries and international economic co-operation (*continued*):

- (a) New international development strategy for the third United Nations development decade;
- (b) Global negotiations relating to international economic co-operation for development;
- (c) Other matters

17. Mr. COLOMBO (Italy) (*interpretation from French*): Mr. President, I should like to begin this statement in the general debate at this special session by conveying to you, and to the General Assembly, on behalf of the Italian Government, my most sincere wishes for success in your task. The satisfaction which I feel in seeing you presiding over this special session of the General Assembly is both the expression of personal esteem and additional evidence of our friendship for the country you represent.

18. I should like also to pay a tribute to the Secretary-General, Mr. Kurt Waldheim, for his intensive and tireless efforts to establish the bases for a better understanding between the peoples of the world and to strengthen the links of international co-operation.

19. The opening of this eleventh special session of the General Assembly has coincided with the admission of Zimbabwe to membership in the United Nations.

20. Italy welcomes this major new step forward in the process of decolonization, which has been made possible by the co-operation, goodwill and constructive efforts of all the parties concerned; we are deeply satisfied to see that the exercise by the people of Zimbabwe of its right to self-determination has finally become a reality.

21. The presence in this hall of the representatives of Zimbabwe—particularly of its Prime Minister, Mr. Mugabe—is in itself a further example of the implementation of one of the basic principles of this Organization: the exercise by peoples of their inalienable right to self-determination.

22. We are met in this Assembly, where world public opinion finds expression, to work out a strategy designed to tackle, in the coming years, the problems of development. We must define a policy which reflects the great traditions of this Organization, which was once able to trace, for the benefit of a world ruined by war, a future of freedom: freedom governed by the vote and based on the right of expression. This is an arduous task. The policy we decide upon must be based on consensus; it must enable us to respond to the diverse and urgent needs of the present.

23. We all aspire to a world in which each individual is assured conditions of life guaranteeing respect for his dignity—a world in which resources would increase everywhere at a steady rate. We all desire an international community in which stability and peace are based first of all on an equitable distribution of wealth.

24. These are objectives which necessitate an adaptation of international roles to new realities. Otherwise, it would be difficult to go beyond affirmations of principle and unproductive assistance policies. Each nation and each group of countries is therefore called upon to make its own contribution as part of a global and responsible vision of relations between peoples.

¹United Nations, *Treaty Series*, vol. 15, No. 102, p. 296.

25. The reshaping of the international economic order, on the basis of the principles and traditions of this Organization, must be the result of choices made in a fully independent manner. It must benefit from the contribution of all countries, each according to its own capacity: the industrialized market-economy countries, the socialist countries, and the developing countries, whether or not they are producers of oil and raw materials. The responsibility for the present situation cannot be laid at the door of the industrialized countries of the West only. The industrialized countries of the socialist world must also play a role in the struggle for development. All resources must be utilized and properly developed. A new international economic order presupposes a joint, responsible conception of the growth of resources and of their distribution. The more equitable sharing of these resources for which we hope must not result in a decrease in those that are available.

26. These are principles and political choices which are not new. But we feel it useful to reaffirm them staunchly and with conviction at this time when the third United Nations development decade is beginning.

27. However, we would run the risk of embarking on an unrealistic dialogue if we failed to ask ourselves what has happened in the meantime, in what way the years to come will be different from those which have elapsed, and what new difficulties and what new challenges await us.

28. Indeed, the experience of the last 20 years has made us all profoundly aware of the problems of development. Progress in and wider circulation of the communications media have enabled us to compare in a factual and immediate manner the differences in the standards of living of the peoples of the world. New horizons have opened, both for the developing world and for the industrialized world. The international community has grown considerably in the post-War years.

29. The emergence of acute economic crises and their repercussions for the developing countries have cast a stark, more direct light on the difficult living conditions of a very large portion of mankind. This has increased the demand in many countries, by political forces and cultural movements, for a better-balanced and more appropriate development model.

30. At the same time, in the last decade, we have witnessed a strengthening of the economic interdependence between nations. The scale which commercial exchanges have attained and the growing use of resources and goods from remote countries and regions have gradually increased the chances that the economic and political situation of one region in the world may exercise an influence on all the others. We have seen that in some cases this capacity to influence can be concentrated in a relatively small number of countries and that the behaviour of one or several nations can influence the world economic order much more than in the past.

31. We are entering the new decade in an international economic situation marked by persistent, probably unprecedented, disorder. This situation is characterized by the persistence of acute imbalances in the balance of payments, by very high rates of inflation, by serious and frequent crises in currency exchange rates and by a decline in growth rates.

32. All this has induced many countries to take a narrow and selfish view of problems which are rather of general concern. All over the world there is a trend to resort to protectionist policies whose primary aim is to overcome inflation, but at the expense of economic

growth and hence of employment. We are witnessing speculation and the stockpiling of goods to protect their real value. The instability of political relations leads to the diversion of resources for the purchase of armaments which then tend to increase in a disquieting manner. The ecological damage caused by an economic growth which is often uncontrolled results in a deterioration in the quality of life and a reduction in available resources.

33. For a large part of mankind, in countries too where freedom is an ancient and well-established value, that freedom depends—as does peace—on the way in which we will be able to solve these problems.

34. That is why the adoption of the new international development strategy for the next United Nations development decade must be the result of a true effort of solidarity uniting the greatest number of Governments. It is essential not to give in to the insidious tendencies towards sectarianism, selfishness or tactical manoeuvring which the present difficulties might encourage. No people can have any illusions as to its capacity to solve its problems on its own. The difficulties which have to be overcome in the coming years to establish new principles of coexistence are global in nature.

35. We would hope that this Assembly will address to all Governments an appeal for solidarity; all must accept the principle that the definition of a development strategy for the next decade cannot be reduced to the shaping of new models for assistance to other countries, and that we are faced here with a problem of survival that concerns us all equally.

36. In order to deal with problems of such dimensions, we will have to consider a large number of questions which are bound up with those problems. If we were to tackle everything at once, we would run the risk of losing our way in the pursuit of generalized and utopian strategies. On the contrary, we should concentrate to begin with on certain essential topics. We must first grapple with those topics whose solution is likely to contribute effectively to the improvement of the general context in which development problems arise. We must take as our starting point topics on which, in view of their primary importance, it appears easier to obtain the consensus of a large number of Governments. It is these problems, that have given rise to the crisis in the international economic order, which we must strive to resolve.

37. Two problems, in my opinion, display the characteristics which I have just described. The first is energy and the second is the study of the most appropriate and effective machinery for redistributing the imbalances in external payments, as well as for ensuring their financing and, wherever possible, the reduction of deficits, through adjustment policies whose implementation falls within the competence of Governments.

38. Those are the problems which we must tackle immediately. They were suddenly forced upon the attention of Governments towards the middle of the last decade following abrupt changes which took place in relations between the countries which produce raw materials and those which produce manufactured goods. The restoration of confidence in the development process and the reshaping of the economic order, which is a prerequisite for it, depend on their solution. The problem of energy and the adjustment process are both related to closely linked interests, which are common to all countries, and consequently provide a favourable ground for seeking an agreement.

39. The first of these problems, energy, is of vital concern for all. It is vital for the industrialized countries because the availability of energy sources is an essential condition for the maintenance of their way of life and for the survival of their economic systems; those systems play an essential role in the development process. But the problem of energy is equally vital for the developing countries, which run the risk, in using scarce financial resources to obtain energy supplies, of jeopardizing their food purchases and hence, in extreme cases, their own survival. On many occasions the European Community has stressed the crucial character of the energy problem, because the very possibility of solving development problems depends on its solution. Very recently, at the meeting of the European Council held at Venice on 12 and 13 June 1980, it was clearly stated—and I wish to repeat it here—that unjustified increases in the price of energy penalize expansion, and hence development, in an equally unjustified manner.

40. With regard to energy, the new international development strategy, if it is to be effective, must take into account all the elements of the problem. In the first place, we must ensure the continuity of the production of energy resources. We must co-ordinate demand policies by making sure that the producing countries receive appropriate protection for the value of their export earnings so that they are not induced to shore up prices by restricting production. The protection of oil revenues, however, also requires the management of oil resources in a responsible manner consistent with the needs of development. If such management were to show the necessary firmness and consistency, it would obviously justify a greater role for the producing countries in the relevant international bodies. It will also be necessary to offer these countries suitable opportunities to invest their financial surpluses so that they do not reduce their exports in an effort to contain the accumulation of liquidity.

41. As another priority objective, we must guarantee that the developing countries have access to available oil resources and we must make sure that such access is not barred to them by purchases made as a precaution by wealthier countries. At the same time, we must develop suitable measures for saving energy and strengthening conservation capacity. Efforts at co-operation and co-ordination will be necessary for the elaboration of programmes for the development of energy production based on sources other than oil, so as to ensure the continuity of the economic development process by opening up more numerous and more diversified energy sources.

42. The problem of imbalances in the external payments of the different groups of countries is also crucial. In this respect, we must recall that all countries today are confronted with a reality that is new, but which the experience of recent years makes easier to understand. We find ourselves in a situation where certain countries, whose economic development depends essentially on the availability of a single raw material, oil, are led to take advantage of this position by charging ever higher prices for their exports, in that way maintaining their income at certain levels. The characteristics of their economic systems are such that these countries have a limited import capacity. By continuing to follow this policy, they will therefore maintain positive balances with a fairly high face value and will keep on piling up financial surpluses.

43. In the years to come, the international community will therefore be faced, as regards payments, with situations characterized by persistent surpluses. The corresponding deficits for all the other groups of countries,

the market economy industrialized countries, the socialist industrialized countries and the developing countries, will take on, to a large extent, a structural character. As recent experience has shown, the traditional adjustment policies, as well as restrictive manoeuvres and interventions in exchange rates, will have only limited influence on these deficits.

44. In dealing with deficits attributable to short-term causes, we must update the machinery for intervention by giving it a flexibility it lacks today. At the same time, we must take steps to ensure that such interventions do not facilitate the spending of resources for the purchase of products that are not essential for the development of national economies.

45. As regards the other deficits—the structural ones, which cannot be reabsorbed by means of short-term policies without recourse to restrictive manoeuvres which certain economies may not be able to support—the main problem to be solved will be how to distribute these deficits. There is every indication that the market economy countries and the socialist industrialized countries on the one hand, and the developing countries on the other will have to work out a formula for the distribution of the structural deficits in their balance of payments. In other words, we must determine for what part of these deficits, and of their repercussions in terms of inflation and weakening of exchange rates, each one of us is ready to assume. The most developed countries should not forget that the part of the deficit they refuse to assume, through the adoption of restrictive policies to keep down their rates of growth, contain their domestic levels of inflation and maintain their exchange rates, will be transferred to the developing countries.

46. The portion of the deficit that the developing countries will have to pay will give rise to the problem of financing. For this reason, it is important that any agreement in this field should be a global one. Such an agreement should determine the burden which the financially weakest countries will have to bear during the coming years, and the most effective way to meet this burden. The choice of methods for financing it may have very serious consequences in the years to come.

47. It is therefore realistic to give priority to this problem over that of deficit adjustments, which has been a permanent feature of the international economic scene during recent years. The problem of adjustment, moreover, can be solved in a stable manner only through long-term policies. I shall therefore merely recall the need to update and strengthen the role of international institutions by increasing the responsibilities of the developing countries. The task of these institutions will be to make their resources more readily available to the weakest economies which would find it difficult to withstand excessively severe conditions and, at the same time, would be unable to meet the conditions of the private capital market.

48. To suggest easier access to resources does not mean that we envisage a lax and dangerous style of international management. We intend merely to take account of new conditions which are characterized by the existence of lasting and misused financial surpluses and by deficits which threaten to stifle the developing economies.

49. It is obviously not enough to identify the problems on which we must concentrate our efforts. I have just emphasized the scope and the gravity of the tasks we have to face. I would not be able to leave this rostrum with a clear conscience if I were merely to confine my remarks to considerations of a general character, even if related to precise questions. I should therefore like to

submit to this Assembly a number of points which, in my view, might constitute a plan for action.

50. First, the establishment of a fund substantial enough to ensure the financing of imbalances in external accounts. Such a fund should be capable of attracting ready capital seeking opportunities for investment guaranteed against inflation and exchange fluctuations. For this purpose, the role of the international financial institutions should be strengthened through the improvement of their machinery for mediation and for the co-ordination of financial relations.

51. Secondly, an energy strategy which ensures both the continuity of the supply of energy resources and the protection of the income of the producing countries. For this purpose it is essential to co-ordinate oil-demand policies and to offer suitable opportunities for the investment of the financial surpluses of the producing countries.

52. Thirdly, the promotion of all the measures required for the improvement of the world food situation. This should be achieved not only with the help of assistance and donations of food products, but also with the help of investment plans and technical co-operation programmes aimed at increasing the food production capacity of the developing countries.

53. Fourthly, immediate interventions, through joint action by the industrialized countries, including the socialist countries, and by the developing countries, to help the most disadvantaged of the latter. In this context, I would favour the proposal for special action put forward by the Secretary-General in document A/S-11/5/Add.1, a proposal which might be rapidly implemented. We must not regard this initiative as a substantive substitute for negotiations, but the proposal has immediate value as an instrument for intervention within the framework of emergency programmes. For their part, the beneficiaries of these programmes should undertake to manage properly the resources thus placed at their disposal.

54. I shall conclude this statement by stressing how much the Government and people of Italy are aware of these problems. Italy realizes that measures designed simply to assist one country or another are not sufficient to solve them.

55. In the decade before us, the difficulties posed by the problems of development will constitute a grave threat to the survival of millions of human beings as well as to freedom and peace. Italy will support in a constructive spirit all initiatives taken by the international community to overcome the difficulties now impeding the development process, and to promote the establishment of a new international economic order.

56. Mr. MARTEN (United Kingdom): All the speakers I have listened to have described the grave economic difficulties and the major uncertainties that we all face at this moment. Mr. Muskie, the United States Secretary of State, and Mr. Thorn clearly outlined to the Assembly the options before us and the responsibilities that all countries, both developed and developing, have in solving their problems. Therefore, as we have heard them all before, I shall not repeat them.

57. In tackling these problems, we, as an industrialized country, fully recognize that they cannot be solved in isolation. While, like other countries, we must devote a major effort to adjusting our own economy and putting it on a sound basis, we are ready to play our full part in seeking international solutions to these grave problems. We believe that our own prospects depend critically on those of others, and *vice versa*.

58. It is for practical as well as humanitarian reasons, therefore, that we are concerned about the prospects of developing countries, particularly the poorest. Their problems are compounded by the frightening increase in world population which was highlighted by Mr. Muskie last Monday afternoon [2nd meeting, paras. 93-137]. Over the next 20 years there could be 2 billion more mouths to feed. This prospect should lead us all into greater efforts to control population and increase food production.

59. Our concern as a nation runs widely through our society and deep in our history. Britain's links, often extending back for centuries, run to every corner of the world. Their nature has changed decisively in the second half of this century. But many ties remain: ties of family, of upbringing, of education, of language and culture. They are nourished and preserved by the Commonwealth, with all the personal, professional and official friendships that are stimulated within that family of nations. No country with such extensive links with the outside world could fail to be concerned at the prospects facing so many developing countries.

60. We also, as I have mentioned, have a lively and long-standing practical concern. We have been a major trading nation for four centuries. External trade accounts for about 30 per cent of our national product. Our two-way trade with developing countries accounts for about 20 per cent of our total trade. And I think that those figures really speak for themselves.

61. Developments in the world oil market over the past 18 months have caused serious difficulties for all of us. Many developing countries have been especially hard hit. They cannot afford the cost of their oil, yet they cannot manage without it. The strains induced by such a situation are alarming. The magnitudes are so great that the problems can be solved only by the international community as a whole. No single country, no single initiative, can resolve such daunting problems.

62. In the medium term, the first necessity is for all of us to adjust our economies to the higher oil prices. There is no alternative to that. Those who can adjust must do so, but they will need time. Others, relatively few, have very little scope for adjustment, and it is on them that assistance should be concentrated as other economies recuperate.

63. For some countries, the problems can be eased through borrowing on the international markets. The international financial institutions have a major part to play, particularly IMF and the World Bank. However, a particularly acute problem faces the poorest countries, whose economic circumstances preclude them from borrowing on the international markets and whose need is for finance on highly concessionary terms.

64. Industrialized countries too have been seriously affected. Prospects for resumed growth, particularly at rates even approaching those of the 1960s, depend on predictable energy supplies at reasonable prices. So does our capacity for helping the developing world.

65. The oil-producing developing countries, for their part, are troubled by high rates of inflation, due partly to rising import costs and partly to domestic factors. A number are naturally concerned about the wider effects of extremely rapid economic development. They feel also—and quite understandably—a heavy responsibility to succeeding generations to build a balanced and thriving economy for when, eventually, their oil revenues begin to decline.

66. The 1970s have seen a decisive transformation of the energy balance and the emergence of massive and