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THE WHITE HOUSE

WASHINGTON

May 4, 1976

MEMORANDUM FOR: BRENT SCOWCROFT  
FROM: MIKE DUVAL  
SUBJECT: SECRETARY KISSINGER'S NAIROBI SPEECH

The following is a suggested plan for providing briefings and other support here at the White House in connection with the Secretary's Nairobi speech:

- ° A final text of the Secretary's proposed speech should be reviewed by the appropriate White House staff and Secretaries Simon and Richardson no later than noon Wednesday.
- ° Very brief talking points should be prepared (by Bill Seidman?) on the key points to make in explaining the impact of the speech on American business. These talking points should be worked out between the White House and the Secretary's traveling party so that we are certain that the briefings in Nairobi and here are completely compatible.
- ° There should be no advance release of the text for the U.S. press. The Secretary will deliver the speech (according to information I received from your office) at about 4:00 a.m. our time Thursday. The briefings



undertaken in Nairobi by the Secretary and his party should be communicated back to the Situation Room so that they can be reviewed by the people who will brief here.

- ° There should be a briefing here at the White House by the appropriate officials, representing both the international and domestic business aspects of the speech, sometime Thursday morning.

Our intention is to insure that the explanation of the Secretary's speech given here in Washington is totally consistent with the briefings in Nairobi. By getting out our explanation of the domestic impact of the speech in advance of the main story, we should be able to avoid raising unnecessary concern. It is likely that the Thursday a.m. papers here will carry news of the speech, but it is important that they not receive advance text or briefing.



*File HAK  
Nairobi Speech 11  
5, 7, 11*

UNCTAD IV

*Mike Duval*

THE UNITED NATIONS CONFERENCE  
ON TRADE AND DEVELOPMENT

FOURTH MINISTERIAL

Nairobi  
May 6, 1976

*read for  
potential probs.  
get back to  
me fast.*

*[Signature]*

1. Mr. President, Mr. Secretary General, distinguished  
delegates, ladies and gentlemen:

2. We are assembled here to carry forward a  
daring enterprise, one of the boldest in history --  
the cooperative effort of independent nations to  
advance global development and so to better the  
quality of human life on earth. We seek nothing less  
than to shape an enduring structure of international  
collaboration that offers peace, prosperity, justice  
and dignity to all peoples.

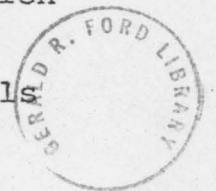
3. No one can any longer doubt that these great goals  
are fundamentally linked:



-- For a world in which poverty and misery continue to afflict countless millions without any hope of improvement will be a world corroded by resentment and scarred by conflict. The daily preoccupation of men and women would be the harsh necessities of survival; the energies of nations would be consumed in ideological hatred and tests of strength.

-- But a world in which nations help each other to develop their fullest potential can be a world of widening human opportunity, in which they benefit in pursuing their highest goals cooperatively and in peace.

4. This Ministerial Meeting is the first of its kind to be held in Africa. This is altogether fitting, for Africa's role in the arena of world affairs is becoming



increasingly important. And African countries have an especially high stake in a successful Conference leading to concrete progress. No continent has been more vulnerable to worldwide economic instabilities. No continent suffers so cruelly when crops fail for lack of rain. No continent endures a heavier burden when commodity price fluctuate violently. And, no continent has more to gain from the organized cooperation of all nations to assist agricultural production, to promote economic and social progress, and to ensure a greater rôle for the developing nations in the world's economic deliberations.

5. This is continent of proud traditions and new nations, of rising aspirations and of determination in the face of monumental challenge. In this region a

momentous drama is being enacted: it can, and it must, be demonstrated here that men of all race can live and prosper together with justice, equal rights, human dignity, and in peace.

6. In these last two weeks I have been privileged to be a guest in Africa and to have enjoyed the extraordinary hospitality of its people and leaders. I have benefitted from my discussions with African statesmen and I have learned much about the concerns and hopes of the peoples of Africa. The nations of Africa can be confident that my country feels profound respect for them and desire to help them in their great struggles. The American people's own experience leads us naturally to identify with others who take on the great task of nation-building against heavy odds.

7. Today we are all especially indebted to Kenya,  
and its world-renowned leader, President Kenyatta,  
for making this beautiful city available as the site  
of this Conference. <sup>At the direction of President Ford,</sup> The United States Delegation  
has come to Nairobi and to this Conference to achieve,  
with representatives of other nations, a major step  
forward in the history of human cooperation:

- To mobilize the vast resources and energies  
of the international community to improve  
the condition of all mankind.
  
- To use more effectively all of the multilateral  
institutions available to us, including this  
meeting in Nairobi, to strengthen the global  
system of international economic cooperation  
from which all our peoples benefit and in which  
we all have a stake.



-- To enlarge the area of genuine consensus among nations on the tasks of development and to promote new practical measures of mutual benefit.

8. The United States, better than most, could survive prolonged economic warfare and protect itself should nations choose the path of confrontation. But the American people prefer a more positive future for mankind. In the global system our national economies are interdependent; we can prosper together or decline together. We have learned this vividly in just the last three years. The United States is prepared to offer resources, skills and dedication to expanding the global economy equitably for the benefit of all nations and opening up for the developing nations the vistas of a just share in global progress.

9, We begin this Conference at a moment of opportunity.

The world economy is recovering from a deep recession.

*Very good  
impact on  
portions of  
USA w/  
high unempl.  
etc.*

~~My own country is recovering perhaps most rapidly,~~

~~which strengthens our ability to help.~~ We look forward

to a general upturn of economic conditions which will

spread to both the industrial world and the developing

world. Severe stresses will continue in the global

economic fabric; many obstacles to sustained economic

growth will remain; but there are convincing signs

that we have surmounted a major economic crisis and that

before us, if we act with wisdom, is the opportunity for

a new and prolonged period of prosperity.

10, At such a time, one of our greatest dangers resides

in the age-old temptation to relax efforts as the

crisis passes and conditions begin to improve. That

must not happen. Now can we afford to abandon the



pursuit of the practical measures which we have begun, or to revert to the sterile contention that has marked periods of the past.

11. Instead, we must recognize that a period of sustained worldwide improvement in economic conditions can best be achieved by cooperative effort. Steady, non-inflationary, expanding growth can help us meet the enormous needs of all our societies in the decades to come. We can improve the functioning of the international economy in important ways, freeing our economies from the tyranny of disruptive cycles of boom and contraction, and significantly improving the opportunities for developing nations.

12. To do this, we must have a vision as broad as the many goals we share in common, and dedication to match the greatness of these goals. Let us take courage

from the certain knowledge that the means exist.

It lies within our power not merely to endure our future but to shape it to our needs and the needs of those who follow. We should hold before us as a goal of this Conference, and of the dialogue between developing nations, the motto of the Republic of Kenya: Harambee -- work together for the good of all. There could be no better definition of our common task.

13. Let us begin by building on the positive accomplishment of the Seventh Special Session of the United Nations General Assembly last September. At that meeting the developed and developing nations, in an extraordinary demonstration of consensus, adopted an agreed agenda for action and declared their common purpose of moving forward cooperatively. Sterile ideological confrontation was put aside in favor of major practical measures

to advance economic progress. Many of these measures have already been implemented, many international forums and organizations have taken up the challenge. We have pursued it in the Conference on International Economic Cooperation in Paris and in many other multilateral discussions.

14. Today, the United States seeks to accelerate the effort and continue the cooperative spirit which began at the Seventh Special Session. There, the United States made a significant set of proposals, and we listened carefully to the ideas of other countries, both developed and developing. Today <sup>the</sup> A <sup>U.S.</sup> will introduce new concrete proposals on all the priority concerns of this Conference, which <sup>we</sup> A believe reflect many of the constructive ideas we have heard and the desire of my country and others here for intensified progress.

144. The proposals we make here today have been  
developed <sup>under the direction</sup> ~~on behalf~~ of the President and represent  
the contributions of many agencies of the United States  
Government. In particular, I have worked especially  
close with my colleague, Treasury Secretary Simon in  
shaping the approach that we are presenting. The  
strong bipartisan support which our position enjoys is  
demonstrated by the presence here today and at this  
Conference of distinguished members of the United  
States Senate and House of Representatives from both  
political parties. This reflects as well the broad  
interest in the United States in making further progress  
on the whole range of global economic issues.

15. Let me first review what our nations together achieved last September and the progress we have made since that time:

-- We agreed at the Seventh Special Session to take measures to ensure basic economic security against cycles that cut into export earnings and undermine development planning and development prospects. In January, the International Monetary Fund brought into being the expanded multi-billion-dollar compensatory financing facility that we had proposed to meet these urgent balance of payments problems of developing countries.

-- In September, we set as a goal new steps to accelerate economic growth by promoting new investment and improving developing countries'



access to capital markets and new technology.

In fulfillment of this goal, the United States,

has begun to marshal the massive infusions

of capital, technology, and skills needed. We

are in the process of negotiations to increase

World Bank capital by \$8 billion; we will

contribute to a \$6 billion increase in the

resources of the Inter-American Development Bank;

we will contribute to an expansion of the African

Development Fund; we are actively participating

in replenishment discussions of the Asian

Development Fund and Bank. We have advanced

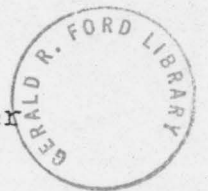
proposals for International Institutes for

Energy and Industrialization, as well as other

mechanisms to help disseminate technology and

skills. Other industrial nations, and some of

the wealthy oil-producing nations, have also





been active in these areas.

-- In September we recognized the need to improve the world trading system to enable developing nations to improve their opportunities to earn more of the revenues needed for self-sustaining development. The United States and other nations are working to ensure that the Multilateral Trade Negotiations now being held in Geneva give special attention to the interests of developing nations. We hope to complete these negotiations by the end of 1977.



-- We dedicated ourselves in September to improving trade and investment in key commodities on which the economies of many developing countries vitally depend. Already the world community has addressed several key commodity issues, including the successful negotiation of coffee and tin

agreements. The United States has stated its willingness to consider the problems of other commodities, and we have urged consumer-producer forums for discussion of each major commodity. Progress is also being made in expanding the world's supply of its most vital commodity -- food.

-- And finally, the world community in September made a commitment to meet the special needs of the poorest countries, which have suffered the most from the recent economic dislocations that have been inflicted on the world. In this area we have made major progress by providing financial and technical assistance in increased food production and by developing new measures for relief from crushing balance of payments problems.

16. The Special Session in September produced a consensus document that in itself was a milestone. It signified that all nations were actively committed to cooperation and getting down to the hard work of framing and implementing realistic proposals. This is the approach that we, all of us, must continue today.

17. We are this year in the midst of what may well be the most extensive series of international negotiation on trade, financial, commodity, and development problems, involving more nations, addressing more issues, and affecting more people than at any time in history. This Conference has a unique opportunity to advance our work in four key areas.

18. First, we must give renewed effort to resource issues, including problems of resource investment and trade. Resources -- energy, food and other commodities

-- are the building blocks of growth and prosperity.

For many countries, particularly in the developing world,

resource development is the key to industrialization,

employment, decent incomes and adequate diets. The

world economy depends on resources. All nations benefit

from adequate supplies of resources and fair

renumeration from their production. Solving these

problems is a critical test of our ability to

reflect our interdependence in concentrated

cooperation to expand the world's wealth for the

benefit of all.

19. Second, we must begin to design a far-reaching

long term program to accelerate technology transfer.

The quantity of capital investment by itself does not

assure sustained development. If the disparities of

wealth among countries and within countries are to

be narrowed, we will need the continuous improvements in productivity that only technology and trained local manpower can achieve. This is a particular concern of developing nations. It requires more attention in our programs. It can spell the difference between success and failure for nations at varying stages of development which aspire to reach their fullest potential. Comprehensive efforts are crucial, and the United States will today make a significant proposal in this area.

20. Third, we should continue to address ourselves to the serious balance of payments problems of some developing countries. Rising import costs induced in part by higher oil prices, and reduced export earnings as a result of recession in industrialized countries, have created unprecedented international payments problems for some nations. We must seek



additional means of assistance, or else future growth possibilities will be severely foreclosed.

21, Fourth, we must continue to respond to the special urgent needs of the poorest countries. Our ability to mobilize help for these nations will reveal more than the capacity of the international economy to serve all countries equitably; it will also demonstrate our collective morality. Human degradation, in a world where the means of expanding wealth exist, is an affront to human decency and a contradiction of elementary human compassion.

22. Let me suggest some specific new ways of dealing with each of these four problems.



A Comprehensive Approach to Commodities

1. Commodity exports are critical in the development effort. There is so much to be gained by both industrial and developing countries if a stable expansion of exports of key primary products can be brought about. This is particularly crucial to the economic performance and success of many new nations. These earnings can lift living standards above base subsistence. They can support the first steps of industrialization. They can provide tax revenues for education, health, and other social programs.

2. The non-oil exporting developing countries rely on primary commodities for nearly two-thirds of their export earnings. Yet their production and export of these resources are vulnerable to the whims of weather and the swings of

worldwide demand. The cycles of scarcity and glut, under-investment and overcapacity, disrupt economic conditions in the industrial world as well as the developing world. This has been a perennial condition of the world economy. Many things can be done to mitigate the harm done and improve the functioning of the market.

3. Over the past two years we have taken up commodity problems in many forums. The World Food Conference in 1974 focused international attention on mankind's most basic resource; in Rome we agreed on a course of action to address the world's pressing food needs, particularly those of the developing world.





In the Conference on International Economic Cooperation in Paris, we are currently addressing many global resource issues including energy; we are attempting to achieve an international consensus on how to meet future energy requirements, particularly for the developing world. And in this distinguished organization, and in specific commodity groups, the international community has been discussing the problem of other primary products, both minerals and tropical products.

4. In all this activity, it has become clear that a piecemeal approach to primary resource issues will not suffice. On one hand, each commodity has unique characteristics which require special measures, but on the other hand, the interrelationships among commodities -- complementarity, substitution, dependence, and so forth -- require more

comprehensive analysis and action. The pace of economic activity in the industrialized countries affects the price and supply of many commodities simultaneously.

The price and availability of energy are major factors in agricultural production as well as in the development of industrial raw materials. Energy development itself cannot proceed if other critical materials are unavailable.

And finally, continuous development of all commodities depends on the smooth functioning of the world economic system which enables consumers to generate earnings necessary to purchase commodities, gives investors the opportunity to use their capital productively, and provides producers with the incentive to satisfy national and global requirements.

5. The UNCTAD secretariat has made an important contribution to a comprehensive resource approach in its integrated Commodity Program, which addresses conditions over a wide

range of commodities. While the United States cannot accept all elements of the proposals made, there are many parts of the program which we can accept and hope to build upon.

6. The United States' comprehensive approach to commodity issues focuses on:

- Ensuring that sufficient financing is available to enable sound resource development projects to be undertaken and completed, and ensuring that the benefits of such projects are equitably shared:
- Improving the conditions of trade and investment in individual commodities and reducing excessive price fluctuation;
- Stabilizing the overall export earnings of developing countries, and

-- Improving access to markets for processed products of developing countries while assuring consumers reliability of commodity supply.

7. Let me discuss each of these elements in turn.

8. The first element is to ensure continuing investment in sound resource development projects and to ensure that the benefits of these projects are equitably shared by all parties involved. Most of the world's raw materials production in fact takes place in the industrial countries. But it is obvious that expanding the production and exports of minerals and other raw materials in developing countries will be of major benefit to the world economy and of crucial importance to their economic development. A special effort must be made.

9. First, we must deal realistically with the political and economic problems which are diverting resource investments from developing to developed countries. Nationalizations and forced changes in the economic terms of concessions

have clouded the investment climate in some developing countries. In other instances social and political uncertainties have clouded the investment picture. As a result, planned projects have been postponed, cancelled or relocated in areas that seemed to offer more stable conditions. Commercially viable projects in some countries have been abandoned, while capital, management and technology have been directed to production of higher cost raw materials in the industrialized world. Resource development is thus being discouraged in those countries which most need new investment.

10. Second, in the next decade the total requirements for global investment in resources will be massive. Individual projects will require large sums of money and complex financial arrangements. Lead times between the beginning of a project and its completion are growing longer. All these factors compound the political uncertainties and

further inhibit rational investment in resource projects.

// Third, there is now no one institution that can work comprehensively to facilitate resource development, particularly in energy and minerals, or to promote equitable sharing of the benefits.

12. Thus, if present trends continue, there will be serious misallocations of capital, management and technology. This will be a burden on the world's potential growth in the output of goods and services. It will raise the costs of raw material and agricultural production. Many potential producers will be unable to attract adequate capital and therefore will lose the jobs, revenues, and technology it carries with it. All countries will pay the price in accelerated inflation and retarded growth -- with the poorest countries suffering the most.

13. The United States believes that these problems are sufficiently important and interrelated that developed and developing countries together should work to create a new multilateral organization to channel resources

and technology into an international effort to ensure

the development of sound raw materials projects. The

United States therefore proposes the establishment of

an international resources bank (IRB). This new institu-

tion would promote more rational and continuous development

of resources in developing nations, with equitable sharing

of the benefits; facilitate technological development and

management training in the developing countries; and help

ensure supplies of raw materials adequate to fuel the

sustained expansion of the global economy.

14. The IRB would function in the following way:

-- Individual resource projects would be developed

under the trilateral agreements involving the IRB,

foreign investors, and the host government.

-- The IRB would facilitate financing of resource

projects by assisting the project to secure its

own financing directly.



-- The agreement would specify the conditions of the investment on a basis acceptable to all parties. This could include a formula for production sharing and an agreement to develop the managerial, technological and marketing capability of the host country.



15. We suggest the following guidelines for the establishment of such an institution:

-- Initial operations would be based on a paid-in

capital fund of \$1 billion to support IRB

guarantees to investors against non-commercial

loss. This fund could be financed by industrialized countries, OPEC countries, and developing nations which are able to contribute.

-- It could be associated with the World Bank group, in a form to be worked out by the participating countries, assuring effectively integrated program management.

-- It could operate in close collaboration with -- and render even more effective -- other international institutions such as the World Bank and its associate, the International Finance Corporation, as well as the United Nations revolving fund

for mineral exploration.

16. In summary, we believe that the creation of such an institution is a promising way:

- To mobilize the capital required for global resource development.
- To facilitate the transfer of management and technology to the developing nations on a basis consistent with a global standard of equity.
- To contribute to the rational development of
- To support 'production-sharing' arrangements which would accommodate the profit objectives of foreign enterprises with the goals of developing countries.

17. We consider the International Resource Bank a realistic and constructive response to the basic needs of the developing nations and the international community. It will be a major new element in an international framework of responsibility and control shared between industrialized and developing nations. It will ensure the essential flow of capital, management and technology into resource development. We ask the other participants at this conference to join with us in a constructive effort to bring to reality this global institution to serve our shared responsibilities and common goals.

18. The second element of our comprehensive approach is an improvement of the conditions of trade and investment in individual commodities. We need a cooperative international effort to ensure that consumers will have needed supplies and that producers will receive fair and remunerative prices.

19. We are all conscious of the problems we have recently faced in this area. Only two years ago many critical materials were in tight supply. Shortly afterward, there was a period of declining prices, which rocked the economies of many nations and produced a crisis for the balance of payments of many developing countries. The highly volatile of many raw materials reflect fluctuating world conditions of supply and demand and frequently a malfunctioning of the market. Sharp price increases contribute in turn to inflation in consuming countries; and sharp drops in prices contribute to unemployment in producing countries. Violent price ranges effect the developing countries most severely, playing havoc with foreign exchange earnings and development plans. And because raw material production involves long lead times and high risks volatile prices can reduce investor confidence and lead to erratic patterns of investment.

20. There are a number of possible ways to improve the commodity market. These include long-term contractual arrangements, better exchange of market information, improved distribution, more efficient production methods, and better storage and transport facilities. But we have examined especially closely the potential use of buffer stocks for this purpose, and have concluded that for some commodities they can be a useful technique. Sharp drops in prices can be reduced by building up these stocks by purchases when markets are weak, and adequate supplies at reasonable prices can be ensured through releases of stock when markets are tight. The aim should be to stabilize price movements consistently with long-term market trends. This is a means to protect the interests of producers and consumers and promote trade and development.

21. The United States believes that buffer stocks, established by agreement between producers and consumers, can be financed from one of a combination of sources -- direct

contribution by the participants; export taxes, commercial borrowing, guaranteed by the countries participating in the buffer stock; or existing facilities of international institutions. Should these sources prove inadequate, we would also be prepared to consider the IRB as a supplemental channel for financing a particular buffer stock established under a consumer producer arrangement. IRB involvement in this area could supplement its primary function of sustained, rational investment in raw materials. In these ways, we believe adequate financing for a given buffer stock can be assured within the context of the specific commodity agreement under which the stock is established.

22. Let there be no doubt: the United States does not want to see any buffer stock which we have agreed to establish fail for want of adequate financing. We believe that many means of financing are available and that the most appropriate should be chosen in individual cases.

The International Resource Bank should be available as



an additional possibility, to reduce even further any chance of inadequate financing.

23, In addition, many developing countries export commodities such as agricultural raw materials which from time to time face declining markets as the result of growing competition from lower-cost producers and synthetics. In such cases, market promotion, research to improve productivity or marketability, or diversification into other products could be useful avenues of assistance. Producer-consumer forums addressing individual commodities should focus on such possibilities. In addition, for agricultural raw materials we urge that the World Bank and the regional development banks give high priority to funding projects for diversification, product improvement, and increased productivity.

24, The United States has pursued a constructive approach to commodities. We have joined with producers and consumers of key commodities to determine measures to improve and

stabilize the market for each.

We have signed commodity agreements on coffee and tin

and will participate in negotiations on sugar. We viewed

cocoa as well suited to a buffer stock agreement. We

were disappointed that the agreement negotiated a few

months ago was, in our view, economically unsound and

unlikely to improve the functioning of the cocoa market.

We are prepared to renegotiate this agreement if other

consumers and producers are interested.

The United States recently participated in the

first meeting of producers and consumers of copper. We

look forward to the establishment of a permanent producer-

consumer group for this very important commodity.

25. But more can be done. My country now proposes these

additional measures:

26. First, agreement should be reached on a definite time-

table for the study of specific commodity problems of

interest to developing countries and, where appropriate,

for the establishment of international arrangements.



We are prepared to initiate consultations in producer-consumer forums this year to examine what needs to be done to promote the stability of growth and efficiency

of markets for all the major commodities. We should

give particular attention to bauxite and iron ore,

since producer-consumer forums for these do not yet exist.

A definite timetable for beginning our work can ensure that we come to grips in a detailed and purposeful way with specific problems.

27. Second, we urge the World Bank and regional institutions to sponsor projects to improve the productivity and competitiveness of jute, sisal, and other hard fibers, or -- if the circumstances warrant -- to facilitate diversification into other products in order to reduce excessive reliance on them. Many of the poorest countries are dependent on these products for export earnings.

28. In any program of resource development, we cannot



forget the two most vital international resources, food and energy.

29. The World Food Conference of November 1974 agreed on a course of action to promote adequate investment, increase food aid, expand productivity, improve the methods of storage and distribution, and establish a security system of reserves. We have made progress, but not enough.

Forecasts of a bountiful harvest must not be allowed to lull/<sup>us</sup>into complacency. The gap between developing countries' production and their needs is growing, not narrowing.

And the gap is enormous. No annual food aid program could possibly meet the expected needs. Fundamental improvement must be made in developing countries' capacity to produce food.

30. As food is vital to world health, energy is vital to its economic and technological progress. The developing countries have been the most harmed by the oil price rises, and the resulting increase in the price of such essential

imports as fuel, petrochemical fertilizers, and other manufactures. Moreover, the continuing possibility of supply manipulation continues to threaten the well being of the international community. It brings into question the reliability of trade and investment in this resource. It erodes the confidence required to restore the health of the world economy. At the Conference on International Economic Cooperation in Paris, oil consumers and producers from both the industrialized and the developing worlds have committed themselves to cooperative solutions in this area.

31. The United States continues to look forward to constructive dialogue and serious discussion in every forum; we believe that all countries have a stake in satisfactory market conditions in every important commodity.

32. The third element of a comprehensive resource approach is stabilizing export earnings of developing countries.

33. At the Seventh Special Session, the United States cited

as its first priority the need to ensure economic security for the developing world.

We recognized then -- and we continue to believe -- that an equitable and effective world economic system must provide the developing nations greater security from the worst effects of fluctuating prices, recession, inflation, and other economic shocks. These disruptions undermine the development process. They tear at the fabric of political order, complicating the tasks of nation-building and the relationships between nations. If the world community can find institutional arrangements that mitigate these sharp disruptive movements, it will have achieved a considerable improvement of the developing countries' economic condition and reduced the helplessness of poor countries whose revenues are dependent upon exports of a few commodities.

37. We are gratified at the far-reaching expansion of the international monetary fund resulting from our proposal last

September to the Seventh Special Session. Basic institutional innovations have been made which make available billions of dollars in new financing to offset sharp declines in earnings. The most significant of these has been the fund's adoption of our proposal to liberalize its compensatory financing facility to stabilize export earnings. As of now, over \$795 million from this facility has been provided to developing countries. If this rate continues, more money will have been lent this year from the facility than has been provided over the last twelve years.

35. Another major step has been agreement to establish a trust fund to help meet the balance of payments needs of the poorest developing countries. While many developing countries have received substantial benefits from the compensatory financing facility, low-income countries whose export revenues depend on one or two commodities may need additional financial help to meet balance of payments problems. If this is the case, we must find

additional ways to help them. To this end, the United States has already proposed that the trust fund provide such financing on concessional terms in relation to earnings from a list of commodities. If the trust fund's resources should in the future prove inadequate to stabilize earnings and thus provide general balance of payments financing for low-income developing nations, the United States would be willing to join in a review of the adequacy of the trust fund's resources. We also urge those oil-producing nations with strong reserves to contribute to the trust fund's lending capacity.

36. The fourth element of a comprehensive resource strategy is expanding trade in resources and processed goods.

37. To meet some of the special needs of developing countries, we have taken a number of initiatives to: reduce global trade barriers, especially those effecting processed goods; provide preferential access to our market for a large number of

developing country exports; work in the multilateral trade negotiations for reduction of barriers in tropical products; and generally in our trade policy to recognize the special trade needs of developing countries.

38. Trade has been a major engine of growth for all countries and for many developing countries it is the most critical vehicle of development. Exports help pay for essential imports, including food to feed growing populations; and earnings from trade reduce dependence on aid, limit the accumulation of debt, help finance important borrowings, provide jobs and increase government revenues necessary for development projects.

39. We have these challenges before us:

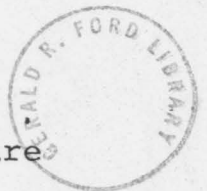
-- We must maintain the momentum in reducing world trade barriers, for these barriers inhibit global economic expansion.

-- We must focus in particular on reducing barriers to market access for processed goods, which retard developing countries efforts to industrialize.

-- We need additional international arrangements to assure supply reliability, for a steady flow of supplies is a major concern of all countries.

40. In the interest of promoting the global expansion of trade, the industrial countries of the OECD, despite the strains of their economies from higher energy costs and recession, have pledged themselves to avoid restrictive trade measures. And we intend to join with other developed countries in a renewal of that pledge this June.

41. The focus today of efforts to liberalize world trade is the multilateral trade negotiations in Geneva. We are committed to the success of these negotiations. We are making substantial progress and we have been especially mindful of the interests of developing countries, particularly





in such areas as processed exports, tropical products and non-tariff barriers.

42. Especially important is reduction of the tariff barriers in the industrial world to the exports of processed raw materials from developing countries. Reduction of these barriers would give these countries new opportunities to expand and diversify their exports, particularly in cases where tariffs now escalate with the degree of processing. The tariff reduction proposal we have made in the MTN will not only result in significant cuts in tariffs but also will reduce tariff escalation. The industrial economies will also benefit from the more open trading system which our proposals are designed to achieve, as they have benefitted from the liberal trading system of the last thirty years. Consumers will benefit from more reasonably priced imports of processed goods, and the industrial countries will benefit from expanding markets in developing nations. And this approach will provide an

... for significant developing country contributions

to the broad liberalizing objectives of the negotiations.

43. The institution of a generalized system of preferences (GSP) in January by the United States, combined with the systems of other industrial countries, has opened significant trading opportunities for the developing nations. We will continue to review the operation of our preference system to ensure that it is fair. It already covers more than 2,700 items imported by the United States from nearly 100 countries. The trade value of these items is roughly \$2.5 billion. We are examining the possibility of including additional products in the coverage of our GSP scheme.

44. The United States supports as a matter of priority, UN development program financing of a joint GATT/UNCTAD Program of technical assistance to developing countries to advise them on taking advantage of the preference schemes of all industrialized countries. This will help them find the most productive areas for new and increased exports that will benefit from generalized preferences and the best techniques of marketing such products.

45. In addition, intensive negotiation is now underway in the MTN on tariff treatment of tropical products that are of particular interest to developing countries, including processed goods and manufacturers. The United States intends to implement negotiated tariff reductions in this area as soon as possible after the tropical product package is agreed upon.

46. In keeping with the Tokyo declaration, the United States believes that greater attention must be paid in the MTN to the particular situation of developing countries in negotiations on rules concerning non-tariff barriers. For example, in negotiations toward an agreed code to govern the use of countervailing duties against export subsidies, the United States is prepared to recognize the special conditions facing developing countries which subsidizes certain exports to achieve their development objectives. Their special needs should be taken into account when new international rules, particularly those pertaining to offsetting action, are being agreed upon. Similarly, new rules are being negotiated on



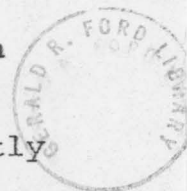
the use of safeguard measures to protect home markets against injury from imports. We are prepared to consider special treatment for less developed countries which are minor suppliers or may become new entrants into the US market during the time that such safeguard actions may be enforced.

47. These and other trade matters are the subject of intense negotiation in the multilateral trade negotiations (MTN) in Geneva. We recognize that in addition developing countries have interests in specific reforms of the trading system which are not presently under negotiation. The possibility of negotiating on additional reform issues is currently being considered within the GATT and the MTN. We are confident that agreement can be reached on specific reform issues appropriate for negotiation within the timeframe of the MTN.

48. If more open market access is one pillar of an expanding international trading system, greater supply reliability is another. Without reasonable assurance from producer countries

that they will not arbitrarily interfere with exports, importers will turn to other sources. Consumers will bear the cost of less efficiently produced supplies, even if they must create or maintain their own high-cost production facilities. Some unreliable producers will soon find their export markets drying up and foreign investment more difficult to obtain. Reliability of supplies, on the other hand, will improve export prospects and the investment attractiveness of developing countries. It will increase the stability of the international trading system and the confidence and trade prospects of all countries in it.

49. As both a producer and consumer of raw materials, the United States is acutely aware of the responsibilities that both roles entail and of the need for careful analysis of the variety of means of ensuring supply reliability. In the interest of all nations, we urge that work begin promptly to determine the feasibility of an international code on export controls, to define more clearly the circumstances



under which countries may legitimately apply export controls and when they may not.

This would reduce the uncertainties for consumers and for exporters and mitigate some of the political damage to relations between countries when restrictions are imposed on exports. We will also continue to seek commitments of reliable supply in the context of specific arrangements negotiated for individual commodities.

50. The approach I have described represents a major effort by the United States to deal on a global basis with a range of commodity issues that are vital concern to all countries. This four-point-program <sup>①</sup> -- encompassing a new International resource Bank, <sup>②</sup> a case-by-case effort to improve conditions of trade and investment in primary products, <sup>③</sup> stabilization of export earnings, and <sup>④</sup> improved market and supply conditions -- acknowledges the interconnection of these issues yet permits pragmatic and flexible treatment

of specific problems. It is a comprehensive program for meeting the needs of developing and developed nations alike.

It addresses some of the most fundamental issues in the international economy and some of the critical areas of the international effort of promoting development.

TECHNOLOGY FOR DEVELOPMENT

2. Let me now turn to our second area of major concern, the application of technology for development.

3. Technology is at the heart of the development process. It is the basic force by which man overcomes nature and extends his horizons. Technology expands what can be achieved with the world's finite resources. It harnesses the energy of man and nature to meet human needs.

4. For two centuries technological progress has been the fountainhead of rapid industrial growth. A central challenge of our time is to extend the benefits of technology to all countries. We are here to meet this challenge, to place mankind's knowledge and skills at the service of all.

5. There are many impediments existing to rapid and effective technology transfer from industrialized to developing countries. In addition to accelerating the economic and social develop-



ment of the poorer countries, we need to develop new technologies.

6. Let me describe the problems as my country sees them:

7. First, technology from industrial countries may not be appropriate for developing country needs. Frequently it must be adapted or developed anew to meet specific conditions in individual countries.

8. Second, developing countries frequently lack adequate information and expertise to identify the range of technology available in the industrialized countries and to select the technology they need.

9. Third, technology by itself is not enough. Often technology is available but the capacity to absorb and use it is not present. Technology must be combined with capital and management. It can be applied only in the context of a specific industrial or agricultural enterprise -- hence it is part of the investment process, and it requires both sound planning and day-to-day supervision. And technology must be applied within a framework of government policies which

can either facilitate and nourish the process -- or unwittingly stifle it.

10. Fourth, technology is often transferred to developing countries through a difficult and complicated process of negotiation, involving both governments and private enterprises. Each party in these agreements desires to be treated fairly and equitably. Yet often those in developing countries feel that they are being overcharged for technology, that they are not given enough information about the technology they are purchasing, that technology sales are unfairly tied to equipment purchases in the home country rather than licensed separately, and that they lack the knowledge, experience and expertise to compete effectively with larger corporations.

On the other side, many private enterprises, having invested enormous time and money to develop technology feel that unreasonable demands are being made upon them to transfer technology on concessionary terms, that their competitive edge is being undermined, and that actions of host country governments are removing incentives to transfer technology

through investment.

11. Our task, therefore, is not simply the turnover of formulas or blueprints. This, by itself, will not produce development. Rather a nation must also acquire and place into effective operation the necessary systems of education, management, and marketing. We must pursue a total approach involving all elements of the development process to ensure that technology's benefits are translated into progress for individual lives.

12. In order to stimulate the application of appropriate technology in the developing world on terms fair and equitable to all, the United States proposes a five-pronged approach:

-- First, to provide more appropriate technology for developing country needs, we must strengthen research and development capacity in developing countries by supporting expanded activity in research centers specifically targetted on problems of economic development. We must also encourage increased intergovernmental cooperation in transferring

appropriate technology. And we must develop new technologies where needed.

-- Second, to improve the dissemination of information on available technology and the capacity of developing countries to select relevant technology, we must strengthen mechanisms for exchange and diffusion of technological information by expanding and improving the existing information network; and we must support increasing technical advice and services through a larger role for advisory services.

-- Third, to improve the management of technology, we must support expanded training of technology specialists and managers in developing countries.

-- Fourth to insure that the transfer process between governments and private enterprises is effective and equitable, we must encourage technology transfer from private sources by improving the mechanisms by which technology lodged in the private sector can be mobilized for development.

Fifth, to bring all these elements together in the future, we suggest a major focus on the UN Conference on Science and Technology, recommended by the Seventh Special Session, and now proposed for 1979.

13. Let me review what the United States believes can be done cooperatively to further each element of this approach.

14. First, to facilitate the adaptation of technology appropriate to developing country needs, the United States proposes to strengthen global research capacities for development and expand intergovernmental cooperation.

15. We support the establishment of a network of research and development institutions at the local, regional and international level to address problems of research and development. The already well-established international network of agricultural research institutions provides a model which might be followed in other areas, particularly for industry and energy.

16. We therefore propose:

-- That work begin immediately to establish an International Industrialization Institute with the primary function of encouraging research and development of industrial technology and industrialization policies appropriate to developing country needs. A founders conference should be held no later than this fall.

-- That the energy commission of the Conference on International Economic Cooperation make the establishment of an International Energy Institute a priority task. A primary function of this institute should be to facilitate energy research and the application of energy-related technologies for developing countries.

17. In addition, the United States will convene a national conference next year to bring together our best talent from universities, foundations, and private enterprises to focus on the broad range of technological issues of concern to developing world, but particularly on ways to mobilize American

resources to assist developing countries meet their research requirements.

18. To improve cooperation among industrialized and developing countries, my country proposes new programs in satellite technology, water resource development and oceans technology.

19. Satellite technology offers great promise as an instrument for development. Remote sensing satellites can be applied to survey resources, forecast crops, improve land use, and manage the environment in developing countries as well as to foresee and evaluate natural disasters. The entire range of modern communications technologies, including satellites, offers a large untapped capabilities to improve education, training, health services, food production and numerous other activities essential to development efforts. And these technologies are particularly well suited to reaching the world's poor, especially those in rural and remote areas.

20. I am announcing today a major US program to make these technologies more widely available to developing countries. From July through October, the US will offer to demonstrate to interested developing countries the various applications of the experimental ATS-6 communications satellite, the Landsat remote sensing satellite, and high resolution photography to the problems of developing countries.

The US, through the agency for international development, is prepared to cooperate with developing countries in establishing centers, training personnel and conducting demonstrations in the applications of appropriate communications systems and in the use of remote satellite imagery for development purposes.

21. Another major area in which the United States intends to play a leading role is the application of water resources technology for development. Water resources are vital for improving the quality and productivity of agriculture and for developing new industry. To help make our water resources technology more widely available to others, the



United States will play an active role at the United Nations Water Conference to be held in March of next year. We intend at this conference to develop, in concert with others, practical measures to share our knowledge and experience.

OK 22.] The use of technology has been a central feature of the law of the sea negotiations. The technology necessary to mine the deep seabed, to manage our fisheries, and to otherwise exploit the vast potential of our oceans is rapidly being developed. The United States pledges its cooperation in assuring that the technology to be used in the oceans benefits all those who must share in this heritage of mankind. We will invite scientists, managers and technicians from different countries to participate in many of our scientific projects. And we strongly support provisions in the law of the sea treaty which will provide incentives for sharing of deep seabed technology which is appropriate for developing country needs.

23. There is also a pressing need to develop new technology as well. The needs of the developing world -- to develop new cost-effective delivery systems to engage millions of people in productive agriculture and to provide basic nutrition, health, and education services -- is vast and complicated. For its part, the United States is increasing the technical component of its development programs. We are placing greater emphasis on research and development for innovative technology to reduce underdevelopment and poverty. We urge others to do the same.

24. The second element of our program is to improve the amount and quality of technological information available to developing countries, and to strengthen their capacity to select technology relevant to their needs. We support the United Nations International Center for exchange of technological information to compile information services. In addition, the United States will inventory its national technological information resources, and make available both



to developing countries and the UN Center consultants and other services to improve access to our best national information facilities such as the national library of medicine, the division of scientific information of the National Science Foundation, the National Agricultural Library and the Smithsonian Information Service.

25. The United States also supports the proposed UNCTAD advisory service to strengthen the ability of developing countries to effectively identify, select and negotiate for technology most appropriate to their requirements.

We support the concept of regional advisory services under UNCTAD auspices, to provide expertise and resources to the technology requirements of particular regions and countries.

These regional centers could act as conduits for the activities of other programs and institutions for the application of technology to developing economies.

26 . We further propose that a program of advisory services encompass a technology corps, which would parallel our own executive service corps in its organization and operation. The technology corps would use highly skilled scientific and technical personnel in countries requiring their services. Members would serve in developing countries for a set period of time, working as instructors in universities or managers in the field.

27. Third, to encourage better training of technology experts and managers, the United States proposes that technology training be an important function of the network of technology research and development institutions. In particular, the proposed International Industrialization Institute, as well as the International Energy Institute can be instrumental in training competent managers of technology for the future. Training should also take place in conjunction with the technology information centers now being established worldwide. Moreover, the United States intends, and we hope other developed countries will follow, to encourage the aggregate

talents and experience of universities, research institutes, and industrial training schools to create special institutes, and academic training curricula; provide training in developing countries; and assist counterpart institutions in developing countries to satisfy their national and regional needs in training. In addition the technology corps which I have already mentioned should have a major training function in addition to its technical advisory role. The United States also supports a study of effective measures to curb the excessive immigration of highly trained manpower from developing countries.

28. The fourth element of our approach to technology is to ensure that the technology transfer process which occurs among both governments and private enterprises is effective and equitable to all. We believe that one useful step to this end would be the development of voluntary guidelines for technology transfer in order that the international community may set forth for enterprises and governments alike those conditions and standards which would best

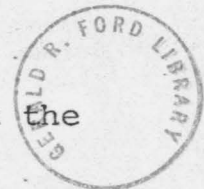
encourage, facilitate and maximize the orderly transfer  
of appropriate technology under mutually satisfactory  
conditions. But we should also recognize that any code  
of conduct, whether voluntary or legally binding, can deal  
in effective fashion with only a small portion of the total  
technology transfer process. We therefore propose that,  
as an alternative to engaging in a protracted and possibly  
unproductive debate over the legal character of a code  
of conduct, we focus our attention on developing approaches  
to dealing directly with the substantive elements of  
technology transfer.

29. One important element is restrictive business practices.  
The US proposes that international negotiations, under UNCTAD  
auspices, be undertaken on the full range of restrictive  
business practices. We share the goal of reduction or  
elimination of practices which adversely effect international  
trade wherever they may originate. Price fixing, monopoly

power and collusive cartels are condemned by US law and tradition. I propose, therefore, that the full range of restrictive business practices be considered with the objective of reaching international consensus on identification of restrictive business practices, exchange of information and consultation, a model law for developing countries, and mutually acceptable restrictive business practice principles.

30. A second area of the code is international collaboration and special measures for developing countries. I have already cited these areas -- including research, training, and information systems -- as being areas of the highest priority to my country.

31. The fifth element of our program is a major focus on the United Nations Conference on Science and Technology for Development, now proposed for 1979. The United States strongly supports this conference and its objectives. We believe that preparations for this conference can be a major opportunity for both developed and developing countries to



review their mutual responsibilities for the sharing and use of technology:

--It will provide developing countries with the opportunity to assess their development needs and resources. Without such an assessment there can be no realistic application of science and technology to national goals.

-- It will provide the developed countries with a framework to review their own capabilities to apply science and technology to individual developing country needs. Without this preparation there can be no focus to our efforts.

32. To ensure that the conference can build on a base of effective activity in the use of science and technology for the development process of individual countries, we propose that by the time of the conference the program I have just outlined is in full operation.

33. This five-point program represents my government's most comprehensive effort yet to deal with the challenge of technology and development. It represents the search for



relevant technology appropriate to local and regional needs.

It envisions the discovery of still better methods and techniques both bilaterally and multilaterally to spread knowledge and skills. It involves the participation of both governments and transnational enterprises. It seeks to merge experience with ingenuity, practical know-how with scientific methods, and existing institutions with new cooperative structures. And it is designed to achieve both immediate progress and larger gains over time.

34. The United States hopes that this conference will give these initiatives we have proposed serious consideration. We welcome your ideas about how, working together, we can make this age of technology a universal force to improve the lives of all of our peoples. We are ready to cooperate.

Balance of Payments

1/ The issues of trade, commodities, and technology transfer touch on the long-term needs of developing nations. But we also face immediate problems requiring urgent attention.

2/ Rising import costs, induced in part by higher oil prices, and reduced export earnings, resulting from recession in the industrialized countries, have generated unprecedented international payments deficits for a number of countries in 1975. Although global economic recovery has begun, many of these same countries will continue to face large, persisting deficits in 1976. If they are to avoid severe cutbacks in their imports and consequent reductions in their economic growth, the entire international community must now concentrate its efforts

in these areas:

- We must increase the volume and quality of resource flows to the developing world, for without adequate capital, development cannot take place.
- We must insure that private markets continued to play a substantial role in providing development capital. For many countries private flows are and will continue to be the principal form of development finance.
- We must give renewed attention to countries experiencing critical debt problems. Their mounting debts could choke the development process altogether.

3. First, concerning the amount and condition of resource flow, we have been heartened by the immense

effort made since the Seventh Special Session to assure adequate balance of payments financing for less developed nations. Especially important has been the liberalization of the International Monetary Fund's credit to developing countries. These efforts should help insure that adequate balance of payments financing is available on an aggregate basis.

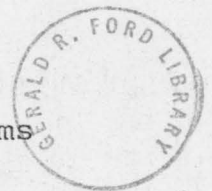
4. But this is no substitute for adequate levels of high quality foreign aid. Although most foreign assistance from the United States and other donors is provided on highly concessional terms, there is still considerable room to improve the quality of resource flows. In many cases, the conditions of assistance restrict its financial and development impact. One example is the tying of aid to procurement in donor countries. As a means of dealing with this problem, the

United States will urge that the OECD Development Assistance Committee consider the reciprocal untying of development assistance.

5. Second, for many developing countries, particularly those in the midst of the industrialization process, private sources make up the bulk of development capital. Of the \$35 billion balance of payments deficit of the non-oil producing developing countries in 1975 over \$12 billion was financed by private capital flows. Without this, the consequences of the mammoth deficit would have been tragic. The IMF/IBRD Development Committee is studying a wide range of measures to insure that international capital markets continue their imaginative adaptation to the needs of developing nations. In addition, negotiations

on the replenishment of the International Finance Corporation (IFC) which we proposed at the Seventh Special Session, are substantially advanced, and the IFC is now actively engaged in developing the US proposal for an International Investment Trust to mobilize portfolio capital for investment in local enterprises. The United States will maintain full support for all these efforts.

6. Third, many countries have had to resort to short-term external borrowing to finance these deficits. Debt payment burdens are mounting and a number of countries are experiencing serious problems in meeting their debt obligations. The external debt structure of many developing countries is seriously distorted toward short-term obligations, a situation which threatens the stability of the international



financial system on which we all depend.

6.A1 This problem must be addressed in the context of each country's overall balance of payments position.

Generalized rescheduling of debt is not the answer.

It would erode the credit-worthiness of countries borrowing in private capital markets. By obscuring the significant differences among countries, it might prevent an appropriate focus on countries in most urgent need. And it would be inequitable to those countries which have imposed strict financial discipline on themselves in order to repay obligations. In sum, it would ~~not~~ give help where it is really needed.

? The United States stands ready to help countries suffering acute debt service problems with measures appropriate to each case. Other creditor nations have taken a similar position. The procedures for

*What does this mean*

dealing with such acute problems must in case rest on a basis agreeable to the countries concerned, creditor and debtor alike.

1A. The Creditor Club approach can be a flexible instrument for negotiations. Yet it should be clear that such negotiations are carried out within a framework of fair and equal treatment which can be accepted by all. To strengthen the framework of fair and equitable treatment as a basis for debtor and creditor negotiations the United States proposes that the financial commission of CIEC or another appropriate body examine problems of acute financing and debt service difficulties of developing countries with a view toward making recommendations as to how these problems can be handled in a manner providing equitable treatment to debtors and creditors alike.



## The Poorest Countries


/. The needs of the developing world are great, but the special requirements of the poorest countries are massive. It is the collective moral responsibility of this Conference to positively respond to this challenge. We must devote our efforts to improving ongoing programs for the poorest countries and to devising new ones where necessary. Without adequate assistance the poorest will be condemned to poverty and helplessness. We must increase, improve the terms and enhance the quality of resource flows. Resource flows to the poorest need to be made more concessional because they are often unable to service debt except on very concessional terms. Resource flows to the poorest need to be freed from restrictions such as those on local cost financing that distort the design of projects, causing projects to go

forward that waste resources and rely excessively on imported equipment.

2, The IMF Trust Fund now being established will make an important contribution to easing the immediate balance of payments problems which the poorest countries face.

3, For the longer term, a substantial replenishment of the International Development Association is also imperative. The United States firmly intends to meet its commitments to this vitally important source of assistance. We also look forward to OPEC support for this important institution.

4. The United States has already taken a number of steps to assist the most needy countries. We will do more.

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- To meet the urgent needs of the Sahel region we are actively participating in the deliberations of the Club des Amis du Sahel.
  - We are prepared to make a substantial contribution to IFAD and we look forward to the June pleni-  
potentiary conference which has been called to sign the agreement.
  - We have secured authority under our Foreign Assistance Act to finance all local costs of aid projects in least developed countries when necessary to ensure the success of those projects.
  - Seventy percent of our bilateral development assistance is now programmed for countries with per capita gnp of \$300 or less.
  - For countries whose per capita GNP is less than \$500 we strongly support proposals to increase

their share of UNDP grants to cover 80 percent of the total. And one third of this will go to the least developed countries in this category.

-- We pledge a major expansion to develop integrated delivery systems for basic community health services, combining medical treatment, family planning and nutritional information while making full use of locally-trained paramedical personnel.

-- In the Law of the Sea negotiations now underway in New York we have proposed that revenues from deep seabed mining and resource exploitation be shared with the international community, especially for the benefit of the poorest countries.

5. This is a substantial effort. It must be complemented, however, by improvement in the terms of bilateral assistance

flowing to the poorest countries. This would moderate the effects of their large balance of payments deficits and put a brake on the accumulation of debt service payments.

6. To this end, the United States proposes that all donor countries agree to provide all development assistance to the relatively least developed countries of the UNCTAD list on a grant basis.

7. For our part, the United States will seek authorization from the Congress to provide all development assistance to the poorest countries on this basis. We already have Congressional authorization to convert repayment of a portion of our loans under PL-480 to grants under certain circumstances. Taken together, these two steps will significantly increase the grant element in our bilateral assistance programs.

8. We do these things because we have a vision of a world in which all peoples enjoy opportunities for a better life. But for many, there will be no future unless we, as a community, provide some relief for immediate suffering. This challenge is not a question of ideology or bloc politics. The issue is whether a truly just and cooperative economic order can be constructed for the benefit of all.

Conclusion

/ Mr. President, Mr. Secretary General,  
distinguished delegates:

2 Economic development is a task of many dimensions.

The United States believes that the world's efforts  
must be founded upon these principles:

-- Development is a process of shared objectives.

For the less advanced nations, it means  
economic security and the acceleration of  
economic growth. For the more advanced  
nations, it means the ability to sustain economic  
growth. These are closely related.

-- Development is a mutually reinforcing process  
among nations. The advance of one country does  
not detract from that of another. On the  
contrary, there is nothing permanent about the  
distinction between developed and developing

worlds. We watch other nations develop and move toward economic maturity with pleasure, and with renewed confidence that the world economic system, and with it the US, will be better off. The development and well-being of individual countries depend on the growth and vigor of the international economy as a whole. We live in a global system of interlocking interests. The industrial nations need the accelerated growth of markets and production in the developing world. The developing countries benefit from sustained growth in the industrial world, which expands their markets, increases capital and stimulates technological progress. In contention we merely frustrate each other. There is no alternative to cooperation.



-- Development is a process of mutual responsibility.

The strength of the industrial countries must be regarded as a trust for the progress of all; the developing countries do not gain if they weaken that strength through contrived scarcities, cartels, embargoes, or arbitrary seizures of property. All of us may claim rights -- but all of us must acknowledge responsibilities as well. International cooperation cannot be one-sided. Our efforts here must take into consideration the concerns -- and the contribution -- of all countries, developed and developing, producer and consumer, East and West, North and South. It will require mutual respect, mutual understanding, and mutual benefit. Without this attitude on the part of all nations,

this dialogue -- promising as we all realize  
it to be -- cannot be sustained.

-- Development is a process of change and  
innovation. It must respond not only to the  
imperatives of rapidly changing technology  
but also to the evolution of political attitudes.

We must fashion new means of cooperation based  
on the self-respect and sovereign equality  
of all nations. The old relationships of donor  
and recipient seem increasingly paternalistic.

They may also seem increasingly to be a one-  
sided burden to those who have long been donors.

The spirit of our time demands greater use of  
international institutions, with their shared  
decision-making based on new realities of  
power and influence. All nations whose future

is affected by decisions of the international system should have a voice in a just and an effective process. We seek an international order which is broadly supported because its benefits are broadly shared. We must find paths to development by which each nation may retain its sense of identity, its culture, and its ideological preferences. Development itself has no ideology -- except insofar as it embraces practical solutions and rejects the ideologies of confrontation and despair.

-- And development is a practical task for governments and their peoples. The external aspect of development, the cooperation and assistance between nations, is crucial; but so too is the internal

aspect. Whatever the degree of outside assistance, success will require policies that encourage savings, wise use of external aid, family planning, land reform -- in short, a range of measures to mobilize effectively domestic physical and human resources.

3, And we must never forget that it is the talents and efforts of our citizens which make development a reality, and it is they who are its ultimate beneficiaries. Development must provide the minimum essentials for life -- food, clothing, and shelter. It should relieve human suffering and monotony, painful and debilitating illness, and demeaning servitude to others.

It must look beyond survival to provide opportunities for education, greater personal freedom, and individual dignity and self-respect.

4. Mr. President, the scale of the task before us will require a collaborative effort unprecedented in history. No nation alone can surmount -- and only together can nations master -- what is inescapably a global challenge. We are all being tested.

5. But we are not confronted by overwhelming odds, by intractable obstacles. Opportunities and chores exist. They are ours -- to seize -- or to evade.

6. If we were unable to perceive the openings which the present moment offers, we might be lacking merely in competence. But we can perceive them. We do perceive them. Consequently, failure to act would indicate a paralysis of will and moral culpability.

2 It is within our power to make the present era an age of unparalleled human advance. But it is not inevitable that we will do so. For if history teaches us anything, it is that no benign force guarantees our progress.

-- In each age, men and women have striven for greater prosperity. Yet through most of history, the riches of a few have been gained at the expense of many.

-- In each age, men and women have striven for a life of justice and dignity. Yet always in the past, for all the growing abundance, there has been a surplus of misery and despair.

3 Our age can, and must, be different. It will not be easy but for the first time in history we have the means at hand.

9. If we succeed, ours will be remembered as the age in which the nations of the world, while competing peacefully, learned to build creatively and confidently on common goals; the age in which the genius of mankind was directed decisively towards the ennoblement of human life.
10. Our world will not remain as it is. There are no permanent plateaus in the affairs of mankind.
11. We will move forward -- or we will regress.
12. We will conquer our challenges -- or they will conquer us.
13. The choice is up to us. I, for one, am confident that if we deal as serious people, if we address our problems directly, free from the residue of outmoded arguments, and free from rigid ideological prescriptions for the future, we will succeed. The United States

stands ready to go forward in this spirit. We welcome those who will travel with us, this road to tomorrow.