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**MASSIVE TRANSFER OF RESOURCES  
AND  
THE DEVELOPMENT OF INFRASTRUCTURE**

**BRUNO KREISKY**

occasional paper

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AND  
THE DEVELOPMENT OF INFRASTRUCTURE

by

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Mr. President,

I should like to take this opportunity of saying how deeply honoured I feel that you should be chairing the meeting I am addressing today. Before I begin my remarks, I cannot but refer to a man, the thirty-second anniversary of whose death the Indian people commemorated yesterday and whom they rightly call the spiritual father of the nation. Yesterday I found in a speech of Jawaharlal Nehru a very characteristic remark about Mahatma Gandhi: "He was a friend not only of all the people of India but also to all the people in the rest of the world."

In this connection, I should, however, also like to say a word in memory of another great man who made a signal contribution in the struggle against colonialism and imperialism — Jawaharlal Nehru, with whom I was linked for decades by bonds of admiration and respectful friendship.

Nehru was one of the great ideological and strategical thinkers, not only in the struggle of his people for liberation, but also in the struggle of all oppressed peoples, and we cannot meet in New Delhi without paying due tribute to the historical significance of this man.

And something else must also be said: He not only showed the way forward to the Indian people, but also won over generations of young people in the former imperialist states for his goals. I am in no way belittling the struggle of the peoples for their freedom when I say here that it found valuable reinforcement among those who fought consistently, unswervingly and with conviction, in their own countries, against imperialism and colonialism.

As I have been one of this circle of men and women since I was a young man, I am taking the liberty today of commenting with great candour and frankness on certain problems which I consider to be of no less than vital significance for the coexistence of the peoples of this planet.

It would be futile if the atmosphere in which questions of economic co-operation and mutual assistance — in short, questions of international solidarity — were discussed at this conference were one of antipathy or even hate. We must approach these problems with that blend of idealism and realism without which the great tasks before us can never really be accomplished.

Permit me, therefore, in the light of this principle, to endeavour to make some brief observations on the world political situation which is the basis for our political action. It is a bold undertaking to sketch it with a few strokes, but I shall nevertheless make the attempt.

As the result of a state of relative equilibrium between the great powers in Europe, a process of detente began about a quarter of a century ago, the clearest expression of which — I have pointed this out again and again — was the agreement of the great powers on a State Treaty with Austria, almost exactly 25 years ago. It seems proper to me, in a time of growing tension, to refer to the process of detente that began in Europe then. The conclusion of the State Treaty with Austria was the first step towards ending the Cold War. True, it has not been possible to eliminate all the sources of tension in world politics. I would remind you that there have been continual and repeated crises in various parts of the world.

It would therefore be wrong to say that the last 25 years have been free from tension and crises. In view of the present situation, I am stressing this fact so strongly because many believe that a new phase of the Cold War will and must now inevitably begin.

The crises of which I have just spoken were no less dramatic than one we have witnessed in the last weeks and months. And so in such a situation, responsible statesmen can have only one task, to do everything in their power — without glossing over events, for that would be the worst possible method — calmly and firmly to serve the cause of peace and of continued and renewed detente. But may I say without any possibility of misunderstanding that the cause of peace can be served only if the best way of achieving that end is clearly and resolutely stated. There was a recent example in the United Nations General Assembly, when 104 states against 18 clearly expressed their standpoint. It may be that now, for a wide variety of reasons, a new upsurge of rearmament cannot be delayed. But in the long run, we shall have no other course than to strive again for the control of armaments, disarmament and understanding among peoples.

After all we are now already spending US Dollars 400 — 450 billion a year on armaments, and, particularly at a conference

as this, it must be pointed out that a fraction of that sum would be adequate to implement the boldest of plans for a new economic order in the world.

Moreover, we are faced not only with areas of tension in the world but also with a variety of social systems: for example, not all governments among the western democracies hold the same political views and ideas, just as not all communist states are joining the same military alliances. Just as there are divergencies between the social systems on points of principle and on practical issues amongst the industrialised countries, new economic forms are developing in the countries of the Third World.

Again, the present world economic situation is characterised by difficulties in the field of energy, and here, understandably enough, differences of opinion arise between the oil producing and the oil consuming countries. Yet, I am convinced that these differences could be overcome by means of new forms of co-operation that take mutual interests into account.

Truly, Mr. President, Ladies and Gentlemen, you are holding your conference during one of the most complex periods of modern history. All this cannot release us, however, from the obligation to strive for a substantial measure of order and clarity in our relations.

All these ideas are reflected in the Final Act of Helsinki and we refuse to consider this document as null and void. On the contrary, we must try to restore the conditions which prevailed when it was drawn up. What is more, we must try to create the conditions which the signatories of the Final Act of Helsinki undertook to bring about. This seems to us to be the categorical imperative at this very time.

Co-operation between developing and industrialized countries is, to many for us, of just as fundamental significance as peace and coexistence between differing social systems. And on this question I should like to make a few comments. The basic problems are well known, and I should be the last to claim that I have come here with universally valid solutions.

I cannot help again and again developing certain ideas which I know have proved extraordinarily successful in other situations and, moreover, are based on the lessons of economic history. I believe that development co-operation will be successful in the long run only if we give it a realistic economic basis which it must ultimately

have in order to be relevant. For it is not conceivable that there should be economic advantage on one side and purely moral obligations on the other. However much we are aware of the moral responsibility of the rich countries to fight hunger and poverty in the world, we must equally recognize that these efforts can be successful only if the economic significance of such efforts is understood. I know that these words are hard for idealists to accept, but I know the realities of this world.

The point is that the economically developed countries have a duty to render the countries of the Third World decisive assistance in developing their infrastructure, because that is the only way in which they will be enabled to achieve their own economic goals and exploit their own wealth to the full.

Also, that is the only way in which they will be increasingly able to gain equality as partners of the industrialized nations.

That is one of the aims of your Conference.

Let me now make clear what I mean in more down-to-earth terms.

A new grand strategy is needed to promote economic development in those parts of the world that are still suffering from poverty, want and unemployment. If the economies of the Third World nations are to be placed on a sounder footing and if industrialization is to be promoted, the prime requisite is the development of the infrastructure.

Developing the infrastructure does not entail deviating from the path to industrialization. Certainly, the industrialization process seems to proceed more slowly in the initial stages than when development is concentrated on a few major industrial projects. However, the modernization of an economy is less risky and has more lasting results when it is accomplished on the basis of a well developed infrastructure. A sound infrastructure has to reduce the costs of industrial production; its establishment and operation provide better service to broader groups of the population and lend considerable impetus to the economy.

An example that comes to mind is the development of the railway system, especially in the more densely populated developing countries. In Europe, and to some extent in North America, the building of railways in many cases triggered off the

development of a modern industrial economy. The advantages of a railway are that it entails relatively simple technology, that it saves energy, and that it facilitates the transportation of large quantities of goods over long distances and large numbers of passengers in industrial agglomerations.

Railways are not obsolete even in modern industrial countries, as is shown by the world famous Tokaido line in Japan, or by new trains in rapid urban transit systems and in the long distance transport of cargo in Europe. In fact, all the industrialized countries are experiencing what can be termed a genuine "Renaissance of Rail Traffic".

Adequate installations for water supply are just as important. In many countries irrigation is the *sine qua non* for increasing agricultural production. Moreover, hydrological projects are also frequently used for the generation of energy. The scarcity of oil and above all the fact that it has become a more precious commodity have greatly stimulated the development of alternative sources of energy. An adequate supply of energy at not too high a price is essential if growth targets are to be attained, particularly in the developing countries.

The expansion of information and communication facilities must also be regarded as a decisive factor in the efforts to create a new and better international order. To take one example, the close relationship between telecommunications and a country's stage of development is demonstrated by the fact that in the poorer developing countries there is only one telephone per 1.000 inhabitants, while there are 300 in the developed countries and as many as 750 in the United States of America.

Today, we are becoming increasingly convinced that economic prosperity requires above all the development of human resources. The development of industry in particular is not possible unless training is improved.

Over and above that, however, the development of a modern infrastructure also creates employment, income and prosperity for a large number of people. The international community should therefore devote itself more than ever before to these great tasks and make a special effort to promote the establishment of infrastructural facilities in the developing countries.

We fully appreciate the fact that infrastructural development on a large scale in developing countries calls for the expenditure of vast sums of money, and it will be no easy task to raise these funds. Even if we endeavour to use existing financial institutions to the widest possible extent, the establishment of a special mechanism for co-operation cannot be ruled out altogether. This idea might perhaps be put into effect more readily if the funds could be raised through joint action by the industrialized and the oil exporting countries; naturally referring to all industrialized countries irrespective of their social systems.

I also believe that the ideas of the developing country in question, which must naturally determine for itself its own future economic and social structure, should be the main criteria in the identification of projects to be implemented and in decisions thereon. The existence of generally accepted and appropriate projects will certainly increase willingness to finance them; for that reason the developing countries should first be given generous technical assistance for the preparation of feasibility studies.

I have stated on several occasions, and I feel impelled to do so again today, that in this context a precedent in economic history always comes to my mind; one that proved outstandingly effective in the economic recovery of the European countries which were in ruins after the Second World War. I am referring to the Marshall Plan which in fact was essentially a large scale aid programme offered by the people of the United States to the peoples of Europe.

In this context, I would point out that at that time the United States publicly announced that it would offer this aid to any country, without imposing any political conditions. In Austria, for example, a large portion of these funds was invested in the reconstruction of the nationalized heavy industry. Naturally, these investment funds were also available on the same basis to the private sector of the economy.

Furthermore, in the implementation of the Marshall Plan a method was developed that in no way offended the susceptibilities of the participating countries. I agree that the conditions prevailing today are quite different, but the basic idea could be the same, namely, that counterpart funds generated by payments in the national currency

of the recipient state for goods and services supplied would accumulate and would then be available to that state for other economic purposes. Even today, these counterpart funds are being used in Austria to finance considerable state investments; as a result of the recirculation of funds that went on year after year, the original aid was perpetuated and fed back into the economy again.

I should like to point out, once more, that the Marshall Plan played a decisive role in the rapid recovery of the European economy. And that is the reason why I have again and again expressed the view that a similar plan is now needed, though one of a different type that would be suited to the special relationships between the industrialized states and the developing countries. Willingness to adopt such a plan would be likely to usher in the first successful stage of the North-South-Dialogue. I am quite aware that many may regard these ideas as highly illusory. But a man who has been in political life as long as I have knows that many aims that seemed to be highly utopian several decades ago were finally realized. I could quote many examples. One of the most striking of these is the existence in Europe today of a single large market of 300 million people, a thought that would have been simply inconceivable in the 30s, an age of autarky, and in the Third World countries themselves, there have in recent years been repeated examples of remarkable achievements that not only command our respect, but also stimulate our imagination. As I know that many states entertain considerable scepticism with regard to the proposal I have outlined here, I should like to say that my country will continue the attempt to initiate a model scheme in the form of a pilot project. If only three or four fairly small, like-minded European industrialized states and two or three oil producing countries were to come together with a few developing countries in order to implement concrete development projects similar to these that I have suggested, it could be proved that ideas of this kind are capable of making a contribution to the solution of global development problems. Thus a concrete example of new forms of development co-operation could be given.

I note with interest that there has emerged some sort of international understanding on the need for an accelerated and increased transfer of resources to developing

countries. Only recently, a number of proposals and concepts have been put forward which all deal in some way with the idea of a massive transfer of resources, a transfer which must be in the interest of both the developed and the developing countries although there should be no doubt as to the priority which must be assigned in this context to the needs of the developing countries.

Consequently, with the view to approaching these problems in the most realistic manner one might try, as I suggested in my address to the 34th session of the General Assembly last fall — to arrive at a synthesis of all these plans and ideas, taking into account what has already been accomplished and also taking into account the various channels of transfer which have proven their effectiveness. Yet, it might indeed be reasonable to examine the various proposals in the perspective of the industrialization needs of the developing countries, seeking, at the same time, new and effective forms of co-operation.

Mr. President, Ladies and Gentlemen, I freely admit that for several years I have been using every opportunity to put forward these thoughts. Many believe that because they have so far not been put into practice I ought to stop. But, Mr. President, Ladies and Gentlemen, political aims and ideas have never lost their justification because they could not be implemented immediately. Many of those here present know from their own experience how necessary it is in politics to raise the same questions again and again. Some day the time will come when the ideas will be put into effect. That is my hope!

At the beginning of my remarks, I tried to outline a picture of the present very difficult situation in world politics. Economic co-operation among peoples is undoubtedly one of the most effective means of lessening tensions in the world.

We are gathered here to explore possibilities for such co-operation during the next two decades. The success of our efforts will be of great relevance for the future of our peoples.

Thank you, Mr. President.

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