

KISSINGER OFFERS NEW U.S. AID PLAN

MAY 29 1975

Pledges Initiatives to Foster
Stability and Growth in
Developing Nations

NYTimes

By CLYDE H. FARNSWORTH
Special to The New York Times

PARIS, May 28—Secretary of State Kissinger, warning that "economic issues are turning into central political issues," called on the major industrial nations today to cooperate with developing countries in building a world economy that would accommodate the interests of both.

Expanding on earlier pronouncements, he said the

Excerpts from the Kissinger
speech are on Page 19.

United States was ready to work toward long-term stability and growth in the export earnings of developing countries, and he pledged specific American initiatives toward this end.

He told fellow Western ministers at a conference of the 24-nation Organization for Economic Cooperation and Development that they must work together to restore sustained and stable economic growth, but added that in an increasingly interdependent world this would not be enough to assure prosperity.

"Our economic well-being depends on a structure of international cooperation in which the developing countries are, and perceive themselves to be, participants," he declared. "The new problems of our era—insuring adequate supplies of food, energy and raw materials—require a world economy that accommodates the inter-

Continued on Page 19, Column 1

Kissinger Offers Aid Blueprint To Stabilize Weak Economies

Continued From Page 1, Col. 4

ests of developing as well as developed countries."

Mr. Kissinger announced a significant change in American food policies by reporting a Presidential decision that the United States would contribute toward a 1-billion fund to increase food production in developing countries.

At the United Nations World Food Conference in Rome last November, oil-producing nations led by Saudi Arabia and Kuwait thought the idea of the fund, which would finance irrigation projects and new seed development in the poorer countries, and other efforts. At that time the United States was unenthusiastic about the fund.

Although Mr. Kissinger gave no figures, food officials estimated the United States' share at around \$200-million. Of the industrial countries, only West Germany has indicated it is not prepared to contribute, the officials said. But they added that this decision could change now that the United States has moved forward.

As another outgrowth of last November's World Food Conference, Mr. Kissinger said that the United States was ready to negotiate a new international system of nationally held grain reserves as part of a world food security system.

"The United States is prepared to hold an important part of an agreed level of world reserves," Mr. Kissinger stated. "If others join us, agreement on the outlines of a reserve system can be achieved before the end of the year."

After hearing speeches by Mr. Kissinger and others, the organization ministers issued a "declaration on relations with developing countries" pledging intensified efforts to cooperate with them. The declaration expressed a resolve to reopen talks on energy matters with developing countries and to bring the topics of food and other raw materials into the discussions.

A preparatory meeting for an international energy conference collapsed here last month over insistence by oil-producing and developing countries that raw materials be included in the agenda and the refusal by the United States and other consumer nations to agree.

The United States has since modified its stand, and yesterday Mr. Kissinger, speaking before a ministerial meeting here of the 18-nation International Energy Agency, an oil-con-

sumer group, proposed that some discussion of raw materials be conducted at a new preparatory meeting for an international energy conference. He suggested that commissions be set up to discuss various topics, including raw materials.

Afterward, the 18 consumer nations, all of which belong also to the Organization for Economic Cooperation and Development, issued a communique offering to resume the discussions with the oil producers and the developing countries "at any time and in any manner found mutually convenient. This offer was supplemented by the declaration issued tonight by the ministers of the organization.

Britain's Foreign Secretary, James Callaghan, said the organization's declaration would "hoist a flag" to developing nations and show a willingness to resolve problems in a practical way.

In a further effort to reduce the tensions between developing and developed countries, Mr. Kissinger said that the United States supported the creation of a special trust fund of up to \$2-billion under the International Monetary Fund to be used to give the poorest countries financial assistance.

The United States has proposed that gold now held by the fund be supplemented by other contributions, especially from oil producers, and be used to provide resources for half the \$2-billion.

Mr. Kissinger said the United States was hoping to get an agreement on this plan in two weeks when Finance ministers from major Western nations, who are here now for the Organization for Economic Cooperation and Development meeting, return to Paris for a special session of the fund's interim committee on monetary reform.

"It is time to end the theoretical debate over whether we are seeking a new order or improving the existing one," Mr. Kissinger declared.

He appeared to be addressing developing countries have been demanding redistribution of the world's wealth as part of a new international economic order.

High among their specific demands have been measures to arrest the volatility of prices of the commodities and raw materials they export to give them more stable earnings. They also want the prices for their products linked to world inflation, but Western countries consider this impractical.