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# DORADO BEACH SUMMIT CONFERENCE POOL REPORT #5--ADD.#2

Conference sources described in detail this morning the opening remarks of German Chancellor Helmut Schmidt, who chaired the discussion of problems between North-South, developed-developing countries. Schmidt's theme was that the position adopted at the recent meeting of the United Nations' Conference on Trade and Development would not, repeat, not help the countries genuinely at need. In fact, he said, the real winners would be a handful of twelve undeveloped countries which might gain a slight advantage, the Soviet Union which would enjoy a large advantage, and six developed nations which will enjoy "windfall profits" by gaining double benefits from any universal commodities' stabilization fund.

At the recent Unctad meeting in Nairobi, the less developed countries, joined by the Soviet Bloc, pushed through a resolution urging that stabilization funds basically financed by commodities' importing nations be established which would place a floor under the price of each commodity involved. They would do so by purchasing the commodities whenever the market price fell below the established "floor" level and storing the raw material until a rise in prices permitted its sale.

By Schmidt's detailed analysis, agreeing with a long-established U.S. position held that the great majority of the 87 less developed countries which were analyzed by the German government would suffer from such a program, not, repeat, not gain from it.

Among the East-Bloc nations, including the Peoples Republic of China, nearly all twelve countries suffer deficits in raw materials export, except the Soviet Union, which is a large net exporter, and would be the "chief beneficiary" as Schmidt'said of a general commodities stablization pool.

Schmidt noted that there was a "transfer effect" which would basically enable all the industrial nations, even those which are net raw materials exporters, to pass on their cost increases to others in heightened prices of their finished goods sold in export. And even for the twelve major exporters among the ldc's, Schmidt's said, they have indirect costs, which actually reduced the real earnings from raw exports below levels indicated by simple export-import data.

Schmidt's conclusion, therefore, was that a universal system of commodities stablization funds would not help the developing word as a whole and benefit the rich.

A general discussion of the commodities issue followed Schmidt's presentation, conference sources said.

Jerry Cahill--NYDaily News
Rich Thomas--Newsweek
Len Filk--NYTimes