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NEW YORK

Chairman: Mr. Narciso G. REYES (Philippines).

AGENDA ITEM 12

Report of the Economic and Social Council [chapters III to VII, VIII (sections A to E), IX to XIV, XXI and XXII] ***(continued)*** **(A/8403; A/8403/Add.1 (parts IV and V); A/C.2/L.1199/Rev.1, A/C.2/L.1206, A/C.2/L.1216)**

1. Mr. ABHYANKAR (India) noted that some delegations had apparently been dismayed by the large number of sponsors of draft resolution A/C.2/L.1199/Rev.1 and had expressed doubts about its seriousness. In the view of his delegation, their concern was misplaced. Their argument that because many countries had supported the draft resolution it could not have any force except that of the Group of 77 was not only begging the issue but a challenge to the tradition of deliberation in the United Nations. The draft resolution was not merely a declaration by the Group of 77; it was the outcome of substantive discussion in the Committee.

2. Some delegations had stated that problems such as balance-of-payments difficulties affected all countries and not only the developing countries. The essence of the draft resolution was that, although the world monetary crisis affected all countries, it did so in a different manner and the developing countries were particularly affected as a result of the activities of other countries. Similarly, a number of delegations had asserted that the fact that balance-of-payments difficulties had caused some countries to take short-term remedial steps should not be held against them, because all countries faced such difficulties. But the world had witnessed in the 1930s certain acts, described by the economist Joan Robinson as "beggar my neighbour policies", which had led to the creation of the Bretton Woods system. One of the principal defects of that system was that it failed to take sufficient account of the needs of the developing countries and a new and more satisfactory system had to be devised.

3. Mr. RAMIREZ-OCAMPO (Colombia) said that the debate on the draft resolution had clearly demonstrated the need for a reform of the international monetary system. It was to be hoped that the new order which would evolve from the current financial crisis would specifically promote development and establish appropriate criteria and institutional machinery.

4. Apart from the representative of Canada, who had adopted a constructive approach to the problem, nearly all the speakers in the debate, and especially those from developed countries, had studiously avoided going to the heart of the matter. Many had claimed that the Committee was not the proper forum for a detailed discussion of the monetary situation or for reaching decisions on the issues at stake. Yet the United Nations had frequently devoted its attention to such problems. Paragraph (52) of the International Development Strategy referred specifically to the establishment of a link between the allocation of new reserve assets and the provision of additional development finance for the benefit of all developing countries. The Trade and Development Board had recently taken a decision on the international monetary situation. UNCTAD had issued a report on international monetary issues and the developing countries[1] in which qualified experts stressed that the existing monetary system was not the most satisfactory means of accelerating the development of developing countries. The Council, too, had only recently taken up the matter. There was ample proof, therefore, that the United Nations, and the General Assembly as its supreme body, were competent to deal with monetary questions.

5. It had been said that the draft resolution was not a serious document, and yet it was the outcome of a series of meetings of high-level experts in Latin America and, more specifically, of the Group of 77 at which the various regional groups had submitted their views.

6. Operative paragraph 4 of the draft resolution was not intended to cover all the aspects of a reform of the international monetary system but merely to set out a number of considerations and guidelines. What it aimed at ensuring was that major decisions should no longer be taken on monetary issues affecting developing countries without their being consulted.

7. He regretted that his delegation found it impossible to accept the amendment of the Italian delegation (A/C.2/L.1216). Since it was clear that the authority vested in the International Monetary Fund had in fact not been sufficient to maintain the existing order and that the country on whose stability the entire system depended had been the cause of the current crisis, the amendment, if adopted, would alter the whole significance of paragraph 4.

8. There was no denying that the draft resolution reflected a political stand. The 91 developing countries had agreed to overlook all kinds of geographical, ideological, religious, racial and political differences in order to reach a consensus on a text with the largest number of sponsors in the history of the United Nations. Two thirds of the population of the world had taken stock of their situation and decided to change it. Though some delegations complained that they

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[1] United Nations publication, Sales No.: 66.II.D.2.

had not been properly consulted, they must bear in mind that the developing countries had had to accept monetary decisions for 30 years without being consulted or even allowed to participate in the discussions. In the present case, at least, there had been ample opportunity to discuss the issues.

9. Mr. DE RIVERO (Peru) said that the draft resolution fell clearly within the competence of the General Assembly. Commenting on the monetary crisis, which had been brought to a head by the manoeuvres of financial speculators, he stated that it was inadmissible that decisions should be taken by a small group of countries without the countries most affected being consulted. The crisis had been caused largely by the action of one country which had abused its financial prestige and adopted far-reaching measures which it was not morally entitled to take. Had the United States followed the accepted rules, it would simply have devalued its currency. It had refused to do so, however, on the grounds that its trade was based on a fixed parity of 35 dollars per ounce of gold. Because of the dual function of the dollar as a national and international currency, the effect of the United States action had been to oblige other countries to bear the consequences of the crisis. It was essential that the interests of all members of the economic community should be taken into account in any attempt to restore a satisfactory international monetary order.

10. He then drew attention to the various considerations and guidelines in operative paragraph 4, which were a constructive contribution to a solution of the crisis.

11. With reference to the statement by the representative of the Soviet Union that his delegation would be obliged to abstain in the vote on the draft resolution because the language used was not sufficiently condemnatory, he pointed out that the fact that, in drafting the text, 90 developing countries had endeavoured to arrive at a general consensus was a notable advance and, as such, deserved maximum support. He appealed to the delegations of countries with centrally planned economies to appreciate the circumstances in which the text had been drawn up and not to withhold their support.

12. As the largest body in which economic issues could be raised, the General Assembly should reflect the view of the majority of the world community. That view, as expressed in the draft resolution, had been described as chauvinistic. The sponsors were not, however, attempting to force any group of countries to agree with them. Although there was clearly strong opposition on the matter from the Group of 10, no counter-proposal had been put forward. In submitting the text, the sponsors had hoped that the developed countries would accept it unanimously as it did not attempt to destroy the existing monetary system but sought merely to suggest means of solving the current crisis. Events had unfortunately proved otherwise, but the time had come for the General Assembly to take action.

13. Mr. CARANICAS (Greece) said that the current international monetary situation was unprecedented. Even the members of the Group of 10 recognized that decisions to remedy the situation must be taken at the political level and the General Assembly, as a political organ, was fully competent to adopt a resolution on the subject. Admittedly, the draft resolution, in particular the subparagraphs of paragraph 4, dealt with technical matters which the Committee was not competent to discuss in depth. Nevertheless, it must recognize that the whole monetary climate was different from what it had been in the past. The world had moved to a floating system whereby currency values were guided by a combination of exchange market forces and the direct intervention of central banks; national authorities bought and sold currencies in an attempt to prevent monetary influences from exercising an unfavourable effect on internal economic conditions; among the developed countries, the only exception was Canada. The international community faced complex problems of currency realignment, widespread inflation, international liquidity, the role of gold, the role and convertibility of the dollar and the future of Special Drawing Rights (SDR).

14. Greece, as a small and fast developing country, depended to a considerable extent on external transactions. As a result of inflation in major industrial countries, it had to pay more for imports, particularly of capital goods. It feared that the crisis might lead to a shrinkage in the volume of world trade and shipping, and that a world-wide recession might result. Its concern typified that of most developing countries. In that context, the major countries should reflect on their responsibilities to the developing world. Because of their economic weight, their policies primarily determined how effectively the whole international system operated and at the same time exerted a heavy impact on the economies of the developing nations. The interests of small or weak nations required some form of monetary stability as soon as possible. The preservation of an orderly system of international trade and payments was the best guarantee of continuous economic development. The developing countries also had a special interest in the allocation of SDRs; it was significant that in recent months the volume of SDR operations had exceeded the use of the ordinary resources of IMF. SDRs might also have a future role as a reserve asset. With the United States "gold window" closed and with the dollar's position as a reserve currency in jeopardy, SDRs could, backed by a gold guarantee and enjoying the collective support of the major currencies and universal acceptance by all participants in IMF, acquire new functions in the context of international reserves and payments. Operative paragraph 4, subparagraph *(e)* of the draft resolution, relating to the creation of a link between SDRs and additional resources for financing development, was also relevant in that respect. SDRs should be made to function as a device for intervention. The technical aspects of the problem could be solved if the necessary political determination existed. If the central banks of the industrial countries would agree henceforth to buy and sell their own currency only against SDRs, the international monetary system would continue to function as it had in the past, when those banks had bought and sold their own currency against dollars. The one important difference would be that, with the rate of the dollar no longer determined by dollar interventions on the part of other monetary authorities, the United States of America would also have to operate in the exchange market and would accordingly have to finance possible deficits by selling SDRs on that market. It would thus acquire an operationally effective method of changing the par value of the dollar, simply by changing the rate at which it was

prepared to buy and sell its currency against SDRs. Before 15 August, the United States had dealt only in gold and did not have such a method of changing the parity of the dollar in terms of other currencies; all it had been able to do was change the price of gold by setting new buying and selling prices for it. Accordingly, it was in the interests of the United States and other industrial market-economy countries, as well as of developing countries, to promote the SDR system.

15. UNCTAD had recently published a report[2] in which it was stated that affluent nations could ease their monetary problems by channelling newly created financial resources to the poorer countries so as to purchase more products of the industrial world. Trade with developing countries might help to solve the international monetary crisis. Consideration should be given to enabling the industrialized countries to build up export surpluses in their trade with developing countries, which would help to offset imbalances in the trade of the former with each other. According to the report, the way of enabling developing countries to purchase more from the industrial States was to establish a link between SDRs and development finance. Little progress had been made towards creating such a link; IMF had been requested to prepare a new study, but had not yet done so. That was scarcely surprising in view of the complexity of the problem. SDRs were in a sense merely a stroke of the pen, creating something out of nothing. Nevertheless, their value was fixed with respect to gold, and they earned interest for their holders; every effort must be made not to jeopardize their acceptability, or the establishment of the necessary link with development finance might be indefinitely postponed.

16. Objections had been raised to the forthcoming meeting of the Group of 10 on 17 and 18 December, on the grounds that, as operative paragraph 4, subparagraph *(a),* of the draft resolution stated, all interested countries should participate fully in the process of decision-making. In his delegation's view, such participation was indeed essential in the more fundamental exercise of reforming the whole international monetary system. However, it was not necessary for the developing countries to participate in the meeting of the Group of 10, since their currencies did not exert any major influence on international exchange markets. The immediate task was to reach a first-stage agreement, and not to set up another Bretton Woods system. Among the matters which must be discussed was the United States import surcharge, the only justification for which was its possible use as a bargaining point. The realignment of the major international currencies was of interest to developing countries, since the Latin American countries would no doubt align their currencies with the dollar, as would the countries of the Middle East, while the Far Eastern countries would align theirs with both the dollar and the yen and the African countries theirs with those of the European Economic Community. It was likely that trade blocs would be used as an interim solution to the current situation, unless the United States took positive action. The era in which the world had been dominated by two super-Powers was drawing to an end and, as a result of discussions at the third session of UNCTAD, a beneficial diffusion of economic power would take place through the formation of trade blocs by developing countries.

17. Paragraph 4 *(g)* raised the question of voting power in IMF or, in other words, a more democratic restructuring of the Fund. That matter was less urgent than currency realignment and participation by developing countries in decision-making, and its solution should be left in part to the third session of UNCTAD and in part to the Fund, as the organ concerned. It should not be forgotten that in the Board of Governors of the Fund, each member had one vote; it might accordingly be possible for the developing countries to achieve their goals of restructuring the Fund in that forum.

18. The representative of Hungary had rightly stated that the present international monetary system lacked balance. He had also asserted that to attempt to restore the system was useless and that a completely new approach was necessary, but he had not specified what that new approach should be. For the market-economy countries, the only possibility was reform of the current system. The aim of the Bretton Woods system had been to combine greater stability of exchange rates with freedom in internal policies and, although it had been based on the conditions in the 1930s, which no longer prevailed, the system had been an extremely useful instrument for 25 years. World output and trade had shown an unprecedented expansion and the level of living had risen continually, particularly in the developed countries. It was precisely that expansion which had shown the need for basic readjustment of the system. For years, the dollar had been artificially maintained at a high value and as a result the United States position had become untenable. Many developed countries had criticized the gap in the United States balance of payments and finally, if belatedly, the United States had faced up to reality and relieved the dollar of its crushing burden of overvaluation. The current situation was therefore not necessarily a disaster, but afforded a new challenge to the international community, offering it the opportunity to create a new system in which there would be greater participation by developing countries, wider margins of currency adjustment and a more effective role for IMF and the United Nations.

19. His delegation had hoped that the Committee could adopt unanimously a resolution on the international monetary situation, and believed that draft resolution A/C.2/L.1206 afforded the best chance of unanimity. It could, if necessary, be amended to refer specifically to the Declaration of Lima. If that was not possible, however, he hoped that the sponsors of draft resolution A/C.2/L.1199/Rev.1 would make an effort to accommodate those who had suggested changes or wished to discuss paragraph 4, in an effort to secure unanimous adoption.

20. Mr. OSMAN (Sudan) said his delegation was shocked to learn that a number of delegations did not believe that draft resolution A/C.2/L.1199/Rev.1 could be regarded as a serious proposal. General Assembly decisions were taken in accordance with the Charter and the rules of procedure. According to rule 84, each Member of the General Assembly had one vote, while 85 specified that decisions on important questions should be made by a two-thirds majority of the Members present and voting. Those rules were derived from Article 18 of the Charter, and in neither

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2 TD/B/C.3/98.

the Charter nor the rules was there any mention of "genuine" or "serious" decisions of the General Assembly. Every Member State had the right to vote against any proposal, but as a signatory of the Charter, it was bound to refer to such a proposal, if adopted, as a decision of the General Assembly.

21. All the sponsors needed to do in order to ensure its adoption was to propose closure of the debate and an immediate vote. However, they wished to make it clear that the major economic Powers could not, in the General Assembly, treat the views of the developing countries as lightly as they did in other organs. Economic power could not be equated with political power and any move in that direction would seriously prejudice the future of the United Nations. For certain Powers to suggest that if they did not support a draft resolution it was not genuine might indeed jeopardize the future of the United Nations. His delegation firmly believed that power must be matched by responsibility on the part of those who exercised it. The members of the Group of 77 were fully aware of their voting power, but had nevertheless always attempted, wherever possible, to reach agreement through negotiation. Where the international monetary system was concerned, their vital interests were at stake and they could not consent to a settlement by the Group of 10 which would further the Group's own interests and would then be presented to the developing countries as a delicate compromise which must be accepted. IMF was currently operating in a vacuum, since the Bretton Woods system had been shattered by the United States decision to suspend convertibility. Paragraph 4, subparagraph *(d)*, called for recognition of the sovereignty of developing countries by an increase in their voting power in IMF. Their vital interests were at stake, and they would defend them vigorously. In the present situation, the narrow national interests of the minority were incompatible with the interests of the international community as a whole.

22. In order to meet the views expressed by the representative of the Netherlands and others, the sponsors of draft resolution A/C.2/L.1206 had agreed to include a new second preambular paragraph reading "*Taking note* of resolution 26.9 of the International Monetary Fund," and a new third preambular paragraph reading "*Recalling* Economic and Social Council resolutions 1627 (LI) and 1652 (LI) regarding the international monetary situation,".

23. The representative of the United Kingdom had suggested that draft resolution A/C.2/L.1206 might conceivably replace draft resolution A/C.2/L.1199/Rev.1. That had in no way been the intention of the sponsors of the former text, which merely emphasized that currency realignment should be conceived as an immediate first step, pending future reform of the international monetary system as a whole. Moreover, his delegation rejected the view that there should be a conditional link between currency realignment and the removal of the import surcharge. There was a link between them, but it was not conditional; his delegation's view was reflected in draft resolution A/C.2/L.1206.

24. The CHAIRMAN invited the Committee to vote on the Italian amendment (A/C.2/L.1216) to draft resolution A/C.2/L.1199/Rev.1.

The amendment was rejected by 68 votes to 20, with 6 abstentions.

25. The CHAIRMAN invited the Committee to vote on draft resolution A/C.2/L.1199/Rev.1.

26. Mr. McCARTHY (United Kingdom) requested separate votes on the fifth and seventh preambular paragraphs, the retention of the last four words in paragraph 4, subparagraph *(c)*, and paragraph 4, subparagraphs *(e)*, *(f)* and *(g)*.

27. Mr. CAVAGLIERI (Italy) requested a separate vote on subparagraph 4 *(b)*.

28. Mr. VIAUD (France) said that, if a separate vote was taken on subparagraph *(d)*, he would vote in favour of it. However, he would not press for a vote.

The fifth preambular paragraph was adopted by 79 votes to 6, with 11 abstentions.

The seventh preambular paragraph was adopted by 69 votes to 13, with 14 abstentions.

Paragraph 4, subparagraph (b), *was adopted by 74 votes to 4, with 17 abstentions.*

The retention of the words "maintained within narrow margins" in paragraph 4, subparagraph (c) *was approved by 68 votes to 8, with 21 abstentions.*

Paragraph 4, subparagraph (e), *was adopted by 70 votes to 15, with 14 abstentions.*

Paragraph 4, subparagraph (f), *was adopted by 67 votes to 17, with 14 abstentions.*

Paragraph 4, subparagraph (g), *was adopted by 65 votes to 15, with 17 abstentions.*

At the request of the Chilean representative, a vote was taken by roll-call on paragraph 4 as a whole.

Sudan, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Sudan, Swaziland, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire, Zambia, Afghanistan, Algeria, Argentina, Bahrain, Barbados, Brazil, Burma, Cameroon, Central African Republic, Ceylon, Chile, Colombia, Congo, Costa Rica, Cuba, Cyprus, Dahomey, Ecuador, Egypt, El Salvador, Ethiopia, Fiji, Ghana, Guatemala, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Kenya, Khmer Republic, Kuwait, Laos, Lebanon, Libyan Arab Republic, Malaysia, Mali, Mexico, Nepal, Nicaragua, Nigeria, Panama, Paraguay, Peru, Philippines, Qatar, Romania, Rwanda, Saudi Arabia, Senegal, Singapore.

Against: Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America, Australia, Belgium, Canada, Finland, Ireland, Japan, Netherlands, New Zealand, Norway, South Africa.

Abstaining: Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Austria, Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, Denmark, France, Greece, Hungary, Iceland, Israel, Italy, Madagascar, Mongolia, Poland, Portugal, Spain.

Paragraph 4 as a whole was adopted by 66 votes to 13, with 18 abstentions.

At the request of the Chilean representative, a vote was taken by roll-call on draft resolution A/C.2/L.1199/Rev.1 as a whole.

Oman, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Panama, Paraguay, Peru, Philippines, Qatar, Romania, Rwanda, Saudi Arabia, Senegal, Singapore, Sudan, Swaziland, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire, Zambia, Afghanistan, Algeria, Argentina, Bahrain, Barbados, Bolivia, Brazil, Burma, Cameroon, Central African Republic, Ceylon, Chile, Colombia, Congo, Costa Rica, Cuba, Cyprus, Dahomey, Ecuador, Egypt, El Salvador, Ethiopia, Fiji, Ghana, Greece, Guatemala, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Kenya, Khmer Republic, Kuwait, Laos, Lebanon, Libyan Arab Republic, Madagascar, Malaysia, Mali, Mexico, Nepal, Nicaragua, Nigeria.

Against: Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America, Australia, Belgium, Canada, Denmark, Finland, Ireland, Japan, New Zealand, Norway.

Abstaining: Poland, Portugal, South Africa, Spain, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Austria, Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, France, Hungary, Iceland, Israel, Italy, Mongolia, Netherlands.

Draft resolution A/C.2/L.1199/Rev.1, as a whole, was adopted by 69 votes to 12, with 17 abstentions.

29. Mr. MASSONET (Belgium) said that his delegation had voted against the draft resolution for a number of reasons. The fifth preambular paragraph negated an established principle that was used in a number of international organizations, particularly GATT. The seventh preambular paragraph constituted a criticism of a small number of countries; his delegation intended to work through existing monetary structures. Operative paragraph 1 was unacceptable because it contained no reference to the balance of payments and monetary stability. Paragraph 4, subparagraph *(a)*, could not be approved because it was equivocal, and sought to dispute the competence of the Group of 10. Paragraph 4, subparagraph *(c)*, sought to maintain exchange rates within narrow margins, which was contrary to the spirit of the statements issued by IMF and to the proposals of a considerable number of Governments at its last meeting. With regard to subparagraph *(d)*, his delegation did not believe it was essential to create greater international liquidity. As to subparagraph *(e)*, it shared the views that had been expressed by the representative of Australia. The establishment of a permanent system of guarantees referred to in subparagraph *(f)* was unjustified and unrealistic. Finally, the distribution of votes referred to in subparagraph *(g)* was determined in accordance with the monetary responsibilities of the various members of IMF.

30. Mr. McCARTHY (United Kingdom) said that his delegation's main objection to the text was that it had been made clear that it was not open to negotiation. That might be within the letter of the Charter, but it was a rape of the Charter's spirit. He had voted against the fifth and seventh preambular paragraphs because the wording used misrepresented the facts. He had also voted against subparagraphs *(e)*, *(f)* and *(g)* and against retention of the last four words of subparagraph *(c)*, which it considered to refer to extremely technical matters that were outside the competence of the Committee. Had there been a separate vote, his delegation would have voted in favour of subparagraphs *(a)* and *(d)*, as it had in the case of subparagraph *(b)*.

31. Mr. VIAUD (France) regretted that no attention had been paid to the suggestions he had made in the course of the debate. France was engaged in delicate negotiations on which its economic future partly depended. His delegation had therefore been obliged to vote against certain provisions of the draft resolution which might have rendered those negotiations more difficult, although it supported the concept that as many countries as possible should participate in monetary decisions that affected them. He was particularly distressed to note that the vote appeared to range the developing against the developed countries and would do nothing to improve the existing monetary situation. The result of the vote demonstrated that opposition to the draft resolution derived mainly from the fact that, owing to the unwillingness of the sponsors to negotiate, the highly important subject with which it dealt had not received all the attention it deserved.

32. Mr. RASOLOMANANA (Madagascar) said he had voted for the draft resolution as a whole in order to demonstrate that he shared the concern of the majority. He had abstained in the votes on subparagraphs 4 *(f)* and *(g)* because he had difficulty in accepting their provisions. He would also have abstained on the introduction to paragraph 4, had it been put to a separate vote, and had accordingly abstained in the vote on paragraph 4 as a whole.

33. Mr. ISAKSEN (Denmark) said his delegation had felt constrained to oppose the draft resolution because of the unwillingness of the sponsors to negotiate on a text dealing with complex problems of extreme importance. It had abstained in all the separate votes because it considered it neither logical nor meaningful to have such votes on provisions of a non-negotiable text.

34. Mr. MORENO (Cuba) said his delegation had abstained on paragraph 4, subparagraphs *(b)*, *(e)* and *(g)* because of its belief that IMF was and had been since its inception a pernicious organization. Cuba was not a member of the Fund and did not regard it as the proper organ for reorganizing the international monetary system. It was solely for that reason that his delegation had not sponsored the draft resolution; it supported all its other provisions and had voted for it as a whole.

35. Mr. CAVAGLIERI (Italy) said his delegation understood the apprehension of the Group of 77 with regard to the possible repercussions of the international monetary situation on developing countries. It had agreed with a number of provisions in the draft resolution, in particular those in the first three operative paragraphs, but was unable to support others–some of them technical–which were unrealistic or should be discussed only in the context of a general monetary reform. On those grounds it would have opposed the fourth preambular paragraph if a separate vote had been held, and had voted against the seventh preambular paragraph, which failed to take into account the current delicate negotiations. For similar reasons, it had been compelled to oppose paragraph 4, subparagraphs *(b)*, *(f)* and *(g)*.

36. Mr. GUELEV (Bulgaria) said that, at the Committee's 1380th meeting, his delegation had stated that there would be little point in analysing the economic situation in the capitalist world if the analysis consisted only of more or less academic discussions of financial and monetary problems and did not go to the roots of the trouble. It was precisely those essential elements which the resolution just adopted lacked and his delegation had accordingly abstained in the vote. Nevertheless, it wished to assure the sponsors that it was very sensitive to their appeals and, like the other socialist countries, supported the spirit of the resolution.

37. Mr. ZAGORIN (United States of America) said that while he had voted against the resolution as a whole and against certain parts of it, he fully supported the first preambular paragraph.

38. Mr. RUTTEN (Netherlands) said that he had voted against the seventh preambular paragraph, considering the criticism in it to be quite unjustified. He had voted against paragraph 4, subparagraphs *(c)*, *(e)*, *(f)* and *(g)* because the highly technical matters referred to therein were still under discussion in other forums. He had abstained on the resolution as a whole because it contained a number of elements which were quite unacceptable. In conclusion, his delegation regretted that it had not been possible to establish a dialogue with the sponsors of the resolution.

39. Mr. SPENCER (Canada) said that his delegation had abstained on the fifth preambular paragraph because its meaning was not clear and because the case put forward in it could not be justified as a general principle. It had voted against the seventh preambular paragraph because the Group of 10 did not in fact take decisions outside the IMF framework. It had abstained on paragraph 4 *(b)* because the word "restoration" did not accurately describe the true situation and because the word "especially" was not justified. It had voted against the retention of the words "maintained within narrow margins" in paragraph 4 *(c)* because it was opposed to advocating narrow margins particularly since the question was still under technical study. It had voted against paragraph 4 *(e)* which went beyond what Canada could accept with regard to the creation of a link between SDRs and additional resources for financing development. It had voted against paragraph 4 *(f)* because the proposal in it was impractical as a general principle at the current stage, and it had also voted against paragraph 4 *(g)* bearing in mind that developing countries already had greater voting power than would be allocated to them on the basis of the size of their quotas. However, his delegation fully sympathized with the motivations of the sponsors and the desire of all countries to participate in decision-making processes that would affect their welfare.

40. Mr. GATES (New Zealand) said that his delegation had voted against the resolution principally because it disliked the use of an inflexible approach and bloc-making tactics. It objected to the language used in the fourth preambular paragraph and did not follow the logic of the fifth. It dissociated itself entirely from the statement in the seventh preambular paragraph. With regard to operative paragraph 3, he reiterated that New Zealand was working towards the implementation of the generalized scheme of preferences on 1 January 1972. In conclusion, although his delegation sympathized with the ideas expressed in paragraph 4, subparagraphs *(a)*, *(b)*, *(c)* and *(d)*, it could not accept the paragraph as a whole as reflecting the views of his delegation.

The meeting rose at 11.55 p.m.