

United Nations
**GENERAL
ASSEMBLY**

TWENTY-SEVENTH SESSION

Official Records



**SECOND COMMITTEE, 1455th
MEETING**

*Thursday, 5 October 1972,
at 10.30 a.m.*

NEW YORK

Chairman: Mr. Bruce RANKIN (Canada).

GENERAL DEBATE (continued)

1. Mr. ROMUALDEZ (Philippines) said that, while the currency realignment worked out under the Smithsonian Agreement of 18 December 1971 had temporarily restored a measure of monetary stability, the fundamental problems which had culminated in the monetary crisis of 1971 were still unresolved. The quest for a stable monetary system must continue in order to dispel uncertainty and clear the atmosphere of crisis in financial, economic and trade relations among nations. Although difficulties would be encountered in future discussions of monetary reform, possible areas of agreement concerning long-term reform had already been defined by the Chairman of the Executive Board of IMF at the recent meeting of the IMF Board of Governors.

2. Developed and developing countries alike had a great stake in devising a monetary system which not only operated in the interests of all groups but also ensured adequate consideration of the special needs of the developing countries. With the establishment of the Committee of Twenty, the developing countries would be able to take an active, although limited, part in the negotiations to reshape the monetary system and in future discussions of its operation. It was also noteworthy that the Committee of Twenty was empowered to discuss trade, capital flows, development and other issues relevant to monetary reform, since the problem of monetary reform could not be successfully solved in isolation from trade, aid and development. The views of the developing countries must be taken fully into account in the search for a solution to the monetary question.

3. For instance, there had been considerable discussion in recent years of the possibility and desirability of providing resources for development through the international monetary system, in addition to existing sources of external aid. It was to be hoped that specific proposals for forging a link between special drawing rights and development finance would be advanced in the various forums in which the developing countries were adequately represented.

4. No reform of the world monetary system would be of much avail to the developing countries without concomitant progress in trade and aid, areas in which there had been little or no progress. The third session of UNCTAD had registered no outstanding advances. The developing countries faced such difficulties as the

slow implementation of the generalized system of preferences, little headway in the conclusion of satisfactory commodity agreements, declining terms of trade, a dwindling share in world trade, difficulty of access for their products to the markets of industrialized nations and rising non-tariff barriers. However, the forthcoming trade negotiations involving countries members and non-members of GATT offered some hope for progress. With a few notable exceptions, the performance of the developed countries in providing development aid had been unsatisfactory. If present trends were any gauge, official development assistance by 1975 would reach only half the target called for in the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 2626 (XXV)). He quoted a statement made by the President of IBRD to the Board of Governors on 25 September 1972, indicating that the masses of the poor in developing countries would be able to detect virtually no improvement in their desperately low levels of living over the Decade and that their situation at the end of the century would be no less bleak. The ever-widening disparity between the incomes of the peoples of the developed and those of the developing countries should be cause for serious concern, for it struck at the very heart of international order and morality. The danger of economic conflict could be avoided, given the requisite goodwill and understanding on the part of all countries, as advocated in the Strategy.

5. Another serious obstacle to development was the growing debt burden of the poor countries. Debt service payments had risen 20 per cent in 1971, twice the average rate in 1960, and a continuing increase was expected. Although debt relief had been provided in individual cases, longer-term solutions required not only more substantial financial flows from developed countries and international credit institutions but also a broad and profound re-examination of the entire debt service problem.

6. He welcomed the attention paid by the Economic and Social Council and the Committee for Development Planning to the critical issues of mass poverty and unemployment in the developing countries. The rapid economic growth achieved in some of those countries had not rapidly or substantially benefited the masses of their societies and new strategies were needed to end mass poverty and its concomitant ills of low income, poor housing, malnutrition and gaping disparities in levels of living. The Committee for Development Planning had made the useful suggestion that unemployment and underemployment could be

reduced through labour-intensive programmes which contributed directly to development, with the result that the living level of the poor could be raised without sacrificing over-all national growth. His delegation shared the view that income redistribution and social equity should receive a higher priority in development planning and that strategies aimed both at economic growth and at the alleviation of mass poverty should be evolved.

7. Citing World Bank statistics, he said that special measures on behalf of the least developed among the developing countries should be taken within reasonable limitations; it was also essential to consider the very real needs of the poorest 40 per cent of the total population in all developing countries. The correct approach was to be found in the principle enunciated in resolution 62 (III) of UNCTAD, of 19 May 1972, to the effect that in the process of implementing special measures on behalf of the least developed countries the interests of other developing countries should not be prejudiced in any manner. Adherence to that principle would be a demonstration of exemplary solidarity on the part of the Group of 77.

8. Demographic projections were also a cause for deep concern. It was estimated that the total world population might increase by nearly 3,000 million by the year 2000, with the greatest increase—2,500 million—occurring in the developing countries. It was to be hoped that during World Population Year and the World Population Conference more light would be shed on the demographic phenomenon in all its aspects, particularly the relationship between population and development. The Economic and Social Council had recommended that population policy should be included in the International Development Strategy. International institutions concerned deserved commendation for their financial support of population programmes.

9. His delegation welcomed the prospect of more detailed consideration within the United Nations system of the role of science and technology in development. The World Plan of Action for the Application of Science and Technology to Development should provide an appropriate frame of reference and should find its rightful place as an integral part of the International Development Strategy. His delegation welcomed the agreement reached in the Council on the mandate and responsibilities of the Committee on Science and Technology for Development. A paramount concern of the Committee should be the removal of obstacles to the development of indigenous technology, and it should promote the adoption of technology suited to the needs and resources of developing countries. The narrowing of the technology gap between the developed and the developing countries should be given high priority.

10. His delegation noted the encouraging progress made in the development of natural resources. The new Committee on Natural Resources had held a fruitful session at Nairobi early in 1972. The approval by the Council of the Committee's recommended

guidelines for action by the United Nations system in the development of natural resources was an important step towards the improvement of international action. The Philippines would do its utmost to help solve the remaining problems surrounding the establishment of a revolving fund for natural resources exploration.

11. His delegation was pleased to note that the Council had for the first time given substantive consideration to land reform. It was recognized that agrarian reform was both a precondition for development and a tool for ensuring an equitable distribution of income and that it should therefore become an integral part of the development programmes of countries burdened by long-entrenched inequalities of land distribution. The Philippines had been vigorously implementing a land reform programme.

12. Lastly, the Government and people of the Philippines wished to express their deep gratitude to the United Nations system responding to Council resolution 1704 (LIII) calling for assistance to the Philippines rehabilitation programme following the recent destructive typhoons and floods and to the many countries which had responded spontaneously and generously.

13. Mr. HOVEYDA (Iran) said that the very impressive figures just cited by the representative of the Philippines showed that the economic situation in the developing countries was still deteriorating and that insufficient resources had been devoted to assistance. A French expert had once rightly pointed out that if the same amount of money, imagination and technology had been expended on the moon race as on assistance to the countries of the third world, the moon would not have been reached before the year 5000. He did not, however, wish to dwell on generalities which were already well known to everyone but rather to discuss certain problems of a more specific nature which had contributed to the present difficulties in the world economy and to which the Shah of Iran had drawn attention in his statement at the 12th meeting of the fifty-seventh session of the International Labour Conference, on 14 June 1972.

14. The international monetary crisis had had a harmful effect on the economic situation in the developing countries. It was obvious that constant shifts in the balance of foreign trade of some of the industrialized countries and the inflationist policies resorted to by them had pushed up the rate of interest on loans to the developing countries. It was also obvious that the developing countries needed a substantial amount of international liquidity. The third world could not develop unless an equitable solution to the international monetary crisis was found in the immediate future. He reaffirmed the view he had expressed at Santiago that the developing countries were entitled to adequate representation in the discussions being held to find a solution to the monetary crisis. His delegation welcomed the special arrangements within IMF and agreed with the Under-Secretary-General for Economic and Social Affairs that new impetus should be given to the establishment of a link between the sources of

liquidity and development assistance. It also agreed that the recent discussions in Washington made it possible to hope that a new system would be established which would be more coherent and better suited to present world economic needs. However, he still felt that no long-term solution should be contemplated without taking other basic economic problems into consideration.

15. It should be borne in mind that the developing countries had taken no part in formulating the rules governing international trade and economic relations, with the result that the rules necessarily operated to the advantage of certain countries. The situation with regard to shipping was a case in point. The owners of over 70 per cent of the ships involved in international maritime trade were from developed countries. The majority of the membership of the conferences which determined shipping regulations and freight rates was drawn from the developed countries which therefore, in effect, exercised full authority over the seas. In establishing their regulations and rates, the conferences scarcely bothered even to consult the authorities of the developing countries. Thus the latter were obliged to pay high shipping costs. In addition, discriminatory freight rates were applied to their exports. In short, the democratization of the rules of international trade and economic relations was essential, particularly since shipping was not the only area where they operated to the detriment of the developing countries.

16. The need to reassess the industrial and commercial policies of the developed countries was also becoming increasingly apparent. It was in the interest of those countries themselves to concentrate on the manufacture of the most sophisticated types of industrial equipment, leaving the production of basic consumer goods and other semi-manufactures to the developing countries, which were rich in raw materials and manpower. However, the Committee should think clearly about the international division of labour. Some of the views held in certain quarters gave cause for alarm. The theory had been advanced that the new super-technology would not help to develop backward economies, since they were chronic victims of massive unemployment. Those who held that view recommended that less sophisticated industrial methods should be introduced into such economies. His delegation's opinion was that such advice was dangerous and that, if they followed it, the developing countries would for ever lag behind the industrialized countries and the gap between the two groups of countries would never be bridged.

17. Another extremely disquieting aspect of the present situation was what the Shah of Iran had called "the export of inflation" from the industrialized to the developing countries. The price of goods imported by the latter countries had steadily risen to the point where, unless prices were stabilized, those countries would be severely handicapped in their development efforts. It was obvious that the present situation could not be allowed to continue indefinitely and that a serious effort should be made to rectify it. He shared the anxiety expressed by the Under-Secretary-General at

the 1449th meeting with regard to the protectionist trend which had begun to emerge in the chief industrial countries as a result of currency dislocation. Such shortsighted policies were indicative of a trend towards neo-mercantilism which would be detrimental to all countries, especially the most advanced.

18. Although the third session of UNCTAD had achieved some positive results, such as the decision in favour of the least developed among the developing countries, on the whole it had been rather disappointing. He agreed with the Under-Secretary-General, however, that the discussions had not been entirely futile, and reiterated his Government's gratitude to the people and Government of Chile for the magnificent way the Conference had been organized and its participants received.

19. The deterioration of international co-operation was another factor responsible for the present economic situation. It was discouraging to learn from the Under-Secretary-General that although official assistance had ceased to decline in percentage terms, it was still 50 per cent below the level agreed to in the Strategy. In such a situation, a dual approach was necessary. He agreed with the Under-Secretary-General that the machinery for financial and technical assistance should be re-examined with a view to adapting it to the new developing policies which more and more third world countries were adopting. UNDP had already made some laudable efforts in that direction, but it should be recognized that they were doomed to failure unless measures were taken at the same time to increase assistance at both the international and bilateral levels. The industrialized countries should increase their contributions to the developing countries and in so doing bear in mind that, by assisting the developing countries, they would be serving their own purposes as well. Not only should the privileged countries make an increased effort to meet the targets set for the Second Development Decade, but those developing countries which had made rapid progress should demonstrate their solidarity with less fortunate countries. In that connexion, he was glad to be able to state that in the current year, his Government had decided to allocate \$1 million to UNDP, which was more than twice the amount of its previous contribution. Moreover, for the first time, provision had been made in the national budget for bilateral technical assistance to the developing countries.

20. Although in general he agreed with most of the conclusions drawn and suggestions made by the Under-Secretary-General, some parts of the latter's statement had been unclear to him. For instance, he was not entirely sure what was meant by the simultaneous pursuit of economic growth along with a whole series of social objectives. His delegation felt that it was essential for the social and economic objectives of the development process to complement one another. The two concepts were not at all incompatible, and it should be recognized that social justice went hand in hand with economic growth. It was only by ensuring that all levels of the population benefited from an increased gross national product that progress towards a more

equitable society would be made. His own Government had with considerable success implemented measures for the participation of workers in the net profits of enterprises. For that reason, he found it difficult to understand some of the misgivings which the Under-Secretary-General apparently entertained. The Under-Secretary-General had stated that income distribution policies probably raised the greatest conceptional difficulties and continued to defy the analysis of those who studied them most intensively, and had also implied that theoretical knowledge with regard to social objectives was as yet uncertain. He agreed that the problems of under-development had not been studied in sufficient detail and was certain that the Under-Secretary-General by no means wished to lend support to those who advocated a policy of *laissez-faire*. However, it was certainly not a lack of theoretical knowledge which had caused the injustices of the present system and had made some parts of the Development Strategy impossible to implement.

21. He also had certain doubts with regard to the Under-Secretary-General's attitude concerning criticism of growth as a philosophy. He was grateful that the Under-Secretary-General had added the words "usefully; that is to say first of all critically" to his recommendation that the United Nations should give consideration to reflections on the limits of growth. However, arguments such as those advanced by a number of leading figures in the industrialized countries would serve only to divert attention from real development problems. Such arguments should therefore be of no concern to the United Nations; in his delegation's view, too much time had been spent on them already. It would be very unfortunate to allow them to influence decisions taken in the United Nations or by the Governments of its Member States. He doubted that it was desirable to stop the growth of two thirds of the world's population at a time when they were still so far from satisfying their most basic needs. His delegation could not subscribe to the view that development should be limited because industrialization had had harmful side-effects in the advanced countries. The developing countries should refuse to heed the new prophets of doom. Instead they should learn to identify the pitfalls of industrialization and try to avoid them. In that connexion, the United Nations Conference on the Human Environment had been of great assistance. Not only had its discussions led to a great many practical decisions but they had also indicated that there was no reason to assume that the cost of a rational and carefully planned utilization of the environment would, in the last analysis, be higher than the cost of remedial measures necessitated by a predatory economic policy.

22. He also had some reservations regarding the importance attached by the Under-Secretary-General to the Commission on the Future which UNITAR had decided to establish. Although his delegation had welcomed the decision, it felt that the utmost caution should be exercised on the subject of the future. Its reservations were based on its belief that problems relating to pollution, population and natural resources should be divorced from speculative philosophic notions. The task facing the United Nations in those

three areas was an enormous one, and its efforts should remain at a practical level so that its very limited resources would not be dispersed over too many activities.

23. It was regrettable that the Under-Secretary-General had mentioned the so-called "theory of limitations" in connexion with the Organization's responsibilities in the same three areas.

24. Every year the usefulness of holding a general debate in the Second Committee was called into question. As far as he was concerned, the debate was of great value since, among other things, it showed what the Committee's range of possibilities was and, after all, the primordial role of the United Nations was to translate possibilities into realities. He agreed with the Under-Secretary-General on the need for international coherence since it would be impossible to build a new international order unless everyone concerned was aware that he was engaged in a collective venture which should be viewed in an historic perspective. The Second Committee and the United Nations as a whole were not engaged in ideological warfare; the various delegations should work together constructively to ensure a greater degree of justice and peace throughout the world. To that end, they should set aside their differences and concentrate on their common goals. Whatever the uncertainties of economic theory might be, one thing was certain: the elements of what might become a hopeless situation by the year 2000 were already present in the world. He hoped that in that year the members of the Committee would not have cause to wonder why nothing had been done in 1972 to avert the catastrophe.

25. Mr. GERLEIN (Colombia) noted that the most significant events of the past year included the crisis of the Western monetary system and its impact on the economies of the developing countries, the third session of UNCTAD, the United Nations Conference on the Human Environment and the proposals made by the United States at the IMF meeting at Washington. The Lima Declaration of 7 November 1971¹ and the twelfth session of the Special Committee on Latin American Co-operation in October 1971 had been milestones in the process of integration for the Group of 77 and the Latin American countries.

26. In the view of his delegation, the general debate in the Committee provided a unique and useful opportunity to analyse current issues and assess the report of the Council on the world economic situation, and the agenda before the Committee faithfully reflected the major issues of concern to the international community.

27. At the annual meeting of IBRD/IMF on 26 September 1972, the United States Secretary of the Treasury had outlined proposals for a new monetary system to replace the Bretton Woods arrangements. Radical changes in financial practices and institutes and a flexible exchange system were contemplated, as well as effective control of short-term flows of capital and more

¹ See A/C.2/270 and Corr.1.

or less automatic adjustments for the accumulation of reserves. However, despite the emphasis on liberalizing trade in goods and services and increasing the flow of capital to promote economic progress, the advantages of the United States proposal were more apparent than real so far as the developing countries were concerned. For its part, Colombia considered that, so long as no agreed procedures for fair and active participation by all countries and no equitable trade relations between industrialized countries and countries producing raw materials and agricultural commodities existed, there could be no enduring solution to the present monetary crisis. The same would be true while the liquidity of the monetary system and international reserves were dependent on deficits in the balance of payments of the reserve currency countries.

28. The arms race, the policies pursued by large multinational companies, speculation by vast uncontrolled capital and high salaries were the main causes of the inflation in the industrialized countries. Attempts to alleviate the situation by creating tariff barriers or other measures to strangle international trade were producing a resurgence of economic nationalism and neo-protectionism quite incompatible with the decisions taken by UNCTAD and resolutions adopted by the United Nations. Some of the major Western Powers had introduced restrictions on foreign investment at a time when less fortunate nations were making vain efforts to attract it. Instead of being viewed as an economic indicator of prosperity, excess capital and reserves were now considered to be a harmful factor to trade and monetary balance. The traditional instruments for controlling inflation could produce effects opposite to those intended in a monetary system in a state of crisis; for example, interest rates might attract the floating masses of available capital instead of reducing the flow of currency. In short, the Bretton Woods arrangements were undergoing a crisis and the economic development of the Latin American and third world countries had suffered as a result.

29. The financial crisis had affected the plans and programmes of the developing nations, and efforts to control inflation and plan investment in accordance with what was needed had proved to be vain. Foreign exchange earnings from exports had been reduced in proportion to the diminishing purchasing power of the dollar. While the developing countries earned the same amount of currency for their exports, because prices of raw materials and agricultural produce had not changed significantly in world markets, they were required to pay more for manufactured products, capital goods, technology and imported services.

30. International liquidity could not depend on the balance-of-payments deficits of only one of the rich countries. What was needed was a system of token currency which, while providing the trading world with the necessary liquidity, could be controlled by IMF and used to finance development. Special drawing rights might be a suitable instrument for achieving those ends. The developing countries claimed adequate and equitable participation in the decision-making process in that regard. It was not rational to exclude them

from deliberations the outcome of which was of crucial importance to them, nor was it fair to impose rules which could be disregarded at will by the powerful nations. Moreover, the role to be played by the monetary system and available capital in promoting development was clear. It was hardly logical that developing countries should not receive assistance commensurate with their needs. It was therefore necessary to establish a link between the creation of liquidity and assistance without prejudice to any other external aid.

31. The recommendations made on behalf of the Latin American Group by the Minister of Finance of Colombia at the meeting of IMF in September 1971 provided a solid basis for an equitable reorganization of the monetary system. He stressed, *inter alia*, that the financial resources of a strong and authoritative organization to co-ordinate the new monetary system should be used to bring about a rapid expansion in trade and to channel an increased flow of capital towards developing countries. Moreover, the source of international liquidity should be a negotiable instrument not identified with any national currency and the new system should be based essentially on parities suited to the situation of each member country and would have to guarantee the proper co-ordination of the international economy.

32. His delegation firmly believed that, while the international monetary order remained unreformed, the principles embodied in the United Nations Charter concerning the promotion of social progress and better standards of life in larger freedom would be nothing more than a statement of good intent.

33. The results of the third session of UNCTAD had not been completely satisfactory in the area of finance and it could be inferred from the report of the Secretary-General of UNCTAD that the industrialized countries would continue to maintain their privileged position in world trade. Colombia considered that every effort should be made to improve the terms of trade of existing commodity agreements in favour of the developing countries. It had always maintained that the prices of primary commodities in terms of dollars should be established in such a way as to ensure maintenance of the original monetary parity for their producers and that, if any change occurred, an adjustment must be made to the prices of commodities so that the monetary policy of industrialized countries did not become a factor harmful to the economy and purchasing power of developing countries.

34. At the third session of UNCTAD the industrialized countries had been unwilling to change their present arrangements regarding the importation of manufactures, and it was highly likely that the forthcoming multilateral negotiations would witness a deterioration in the system of preferences for imports from developing countries. Restrictive trade practices were spreading. A harmful economic nationalism was emerging, paradoxically enough, in the very countries which had given birth to multinational enterprises. International trade was being used, not as a principal instrument of economic development but as a factor

for the prevention of the establishment of peace and equality between States.

35. On the other hand, the third session of UNCTAD had produced some satisfactory results with regard to special measures for the least developed among the developing countries. Despite its relatively underprivileged position, Colombia had collaborated, and would continue to do so, in the formulation of such measures. It had consistently advocated special treatment, as a matter of urgency, for developing countries and for countries whose prosperity depended on one or more primary commodities. The provisions relating to commodity agreements in resolution 2 (XIII) of the Special Committee on Latin American Co-ordination accurately reflected his Government's position in that regard. It was therefore unthinkable to establish special systems which could jeopardize the legitimate interests of other developing countries or less developed countries. However, the creation of exceptional situations should be encouraged vis-à-vis industrialized communities with strong economies. That theory had been upheld by the Latin American countries and ratified at the third session of UNCTAD, and opened up the possibility of a broad front of action which would benefit millions of people.

36. Colombia also welcomed the progress achieved at UNCTAD towards the establishment of new criteria to identify those countries which were in a relatively unfavourable position and enable other nations to be added to the original list of least developed countries. As the records clearly indicated, his country's position had been set forth during the debate and in the explanation of the vote on General Assembly resolution 2768 (XXVI) on the identification of the least developed among the developing countries.² Its position was based on the fundamental criteria of solidarity and justice. Colombia fully appreciated the harshness of some of the conditions linked to external aid and was fully aware of the almost insurmountable obstacles to international trade. Efforts should not be directed towards an unequal distribution of the limited resources available. Poverty could not be overcome by destroying fragile economies which were at a critical stage because of their relatively underprivileged situation. The common struggle of Latin America and of the Group of 77 was dignified by being directed towards seeking justice for all at the expense of none. His delegation therefore reiterated its support for the less developed countries, and urged that those countries, which, on account of their almost total dependence on certain commercial factors, had critical sectors in their economies, should receive the same treatment.

37. Like some Western countries, the Latin American countries were experiencing a process of intense internal migration to the towns, and consequently were beginning to feel the need to advance beyond their traditional rural and agrarian structures. Only accelerated industrialization could provide employment opportunities; the active and generous co-operation of the major industrialized countries and their technologi-

cal and scientific expertise were therefore needed to overcome the problem.

38. There could be no industrialization without technology and the third session of UNCTAD had shown that the multinational enterprises which possessed technological expertise used it to impose trading conditions, without taking into account other considerations. They were controlling markets by manipulating administrative and technical skills and thereby impeding international development in the most subtle way. In most cases, commodity exports did not create employment opportunities on a large scale for the developing countries. What the latter needed was industrialization and foreign markets for their manufactures and semi-manufactures. So far, however, the major markets had been sealed off by tariff barriers, and it had become apparent at the third session of UNCTAD that the major industrialized countries were not willing to contemplate an extension of preferences unaccompanied by reciprocal arrangements with regard to trade in industrial commodities.

39. Colombia was whole-heartedly engaged in the process of Latin American integration through the Andean Pact and the co-operation of its member States. In 1971 its President had pointed out that the Andean Pact was not merely an agreement on economic co-operation but a highly suitable instrument of progress for its members, and very recently the Minister of Foreign Affairs of Colombia had affirmed that regional co-operation was the most effective way of achieving international co-operation. His delegation believed that a regional approach to foreign trade was an important step towards expanded world trade.

40. It had thus become apparent at the third session of UNCTAD that the developed countries were reluctant to change their current arrangements; and there were serious fears that the forthcoming round of multilateral negotiations might reduce preferential margins for commodities included in the scheme of generalized preferences.

41. It was therefore most desirable that the developing countries should be adequately represented in the 1973 round of multilateral negotiations so that the bases could be established for more equitable trade between developing and developed countries.

42. Colombia hoped to be able to participate in the GATT negotiations and appealed to the developed countries to facilitate the adoption of decisions compatible with the special interests of non-industrialized countries. It hoped that the Group of 77 would reach agreement on a coherent policy for those negotiations. So far, however, the outlook for the negotiations was far from encouraging and there appeared no sign of a change of attitude on the part of the developed countries with regard to the developing countries.

43. The International Development Strategy should contain positive measures such as greater emphasis on agreements on commodities, a specific policy on prices and the reduction and elimination of barriers

² See *Official Records of the General Assembly, Twenty-sixth Session, Plenary meetings*, 1988th meeting.

on imports of commodities, manufactures and semi-manufactures from developing countries as well as solutions to the problems created by the production of synthetics and substitutes.

44. Mr. CHANG HSIEN-WU (China) said that the aggression, control and plunder by the forces of colonialism, imperialism and neo-colonialism were the principal causes of the poverty and backwardness of the developing countries in Asia, Africa and Latin America. The overwhelming majority of those countries had won their independence through protracted struggles and were now uniting to fight against the hegemony of the super-Powers. The latter continued to encroach upon the territories of other countries and to trample on their sovereignty, interfere in their internal affairs, plunder their wealth, monopolize international markets, force down the prices of raw materials and pose as benefactors in order to plunder and exercise political control under the guise of providing aid. The developing countries were struggling relentlessly to safeguard their national economic rights and interests, protect their land and sea resources, acquire control of their own economies and break the monopoly of the few over international trade and financial and monetary matters. Some countries had adopted measures to restrict the illegal activities of foreign enterprises which seriously jeopardized their sovereignty and economic development.

45. At the third session of UNCTAD the developing countries had described the serious harm wrought by imperialism and had expressed their desire to establish international economic and trade relations on the basis of equality and mutual benefit; similarly, at the United Nations Conference on the Human Environment, many third world countries had strongly condemned the damage to the environment caused by the imperialist policies of aggression, war and plunder and had made a number of proposals with a view to conserving and improving the environment.

46. Although certain big Powers, confronted with the united struggle of developing countries, were compelled on some occasions to accept resolutions at international conferences, they regarded them as mere scraps of paper once the conferences were over. They also often pretended to accede to some legitimate demands of those countries in order to deceive them. The developing countries had to engage in a serious struggle before they could acquire truly equal status in international economic affairs.

47. Long subjected to the ravages of imperialism, China was also a developing country and supported the struggle against imperialism and colonialism in all its forms. The Chinese people resolutely backed the other developing countries in their struggle for economic independence, the Latin American countries in their struggle to defend their maritime rights over 200 nautical miles, the small and medium-sized countries in their struggle to support their national marine resources, the struggle of countries exporting oil and other raw materials against foreign plunder, and the struggle to prevent the imperialists from shifting

their economic crises on to other nations. The developing countries were fully entitled to participate in the reform of the international monetary system and in international multilateral trade negotiations.

48. A number of developing countries had been successful in developing their national economies and achieving economic independence. The facts proved that political independence was the prerequisite of economic independence while the former was founded on the latter. The developing countries, recognizing that they bore the primary responsibility for their own economic development, had been striving for economic independence through self-reliance. Self-reliance meant to rely mainly on the strength of each country's own people, to give full play to their talents, gradually to eliminate the forces of imperialism, colonialism and neo-colonialism, to exploit domestic resources step by step and in a planned way, to change the "unitary economy" and poverty and backwardness caused by prolonged colonialist rule, to develop one's own agriculture and light and heavy industries according to the actual needs and capabilities at home, and to establish a relatively complete economic system. However, independence and self-reliance did not imply seclusion and self-sufficiency. The policies of independence and self-reliance followed by the developing countries should at no time be used by certain developed countries as an excuse for rejecting legitimate demands for practical and useful aid. Moreover, special measures and preferential treatment were required to help the least developed among the developing countries to accelerate their economic development.

49. The principles of mutual respect for sovereignty and territorial integrity, non-interference in internal affairs and equality and mutual benefit must be observed in international economic and trade relations. Bilateral aid or multilateral aid through the United Nations should help recipient countries to progress towards independence and self-reliance and should not reduce their economies to a subordinate position in the name of an "international division of labour". Low-interest or interest-free loans should be made available, repayment should be postponed when necessary, and no attempt should be made to press for the repayment of debts or to suspend loans as a means of exerting political pressure. Whether the recipient countries were helped to achieve independent development or were made dependent or even controlled and exploited—that was a touchstone distinguishing genuine aid from sham. Some people talked glibly about giving "disinterested aid" to the developing countries, but in fact they were seeking gain at the expense of others.

50. His delegation welcomed the fruitful economic co-operation among some developing countries, which was based on genuine equality and mutual benefit. Such co-operation offered boundless prospects. China was ready to work with other developing countries to promote that new type of international economic relations and to engage in economic exchanges and trade with various countries, again on the principle of equality and mutual benefit.

51. The just struggles of the people of all countries supported each other. China was grateful for the support it received from friendly countries and was providing such aid as its limited capabilities permitted. The Chinese people were working hard and learning modestly from the peoples of various countries, so as to make greater contributions to mankind.
52. Mr. AL JABER (Jordan) said that the international monetary crisis which had begun in May 1971 was a threat not only to the existing system, established by the Bretton Woods arrangements, but also to international trade and co-operation. The developing countries had suffered from the monetary crisis and subsequent developments, including the realignment of the major currencies following the Smithsonian Agreement of 18 December 1971. They had not been consulted in the negotiations and many of them had had to devalue. One of the important achievements of the Second Ministerial Meeting of the Group of 77 at Lima in November 1971 and the third session of UNCTAD had been the affirmation that the developing countries must participate in any future consultations on international monetary reform and in trade negotiations. The monetary crisis had speeded up inflation in the developing countries, thus jeopardizing their economic stability, had increased the burden of foreign debt servicing and would probably boost the trade deficit of most developing countries.
53. With regard to the reform of the international monetary system, his delegation agreed, although cautiously, that there should be greater flexibility in the adjustment of exchange rates and that the margins within which those rates could fluctuate should be widened. It believed in the gradual demonetization of gold and the establishment, as a currency equivalent, of modified special drawing rights as a step towards international monetary reform.
54. Discussion of the link between the creation of international reserves and economic development antedated recent efforts to reform the international monetary system. Such a link was necessary in view of the developing countries' need for foreign exchange.
55. He did not share the concern of some delegations that such a link would necessarily be inflationary. The present method of allocating special drawing rights tended to be more inflationary.
56. The current awareness of the enormous difficulties faced by the least developed among the developing countries was commendable. Concerted assistance by UNDP and other programmes would help those countries to lay the groundwork, initiate their developmental efforts and achieve higher growth rates, thereby enhancing international co-operation and stability. Although Jordan was not one of the least developed among the developing countries, it, too, faced enormous economic difficulties. Before the war of June 1967, Jordan had experienced remarkable growth, *inter alia*, in gross national product, education, tourism, trade and agriculture. The war had halted the momentum of economic development for a number of years. Stability and order were being fully established and a national development plan for 1973-1975—which had been approved in August—was aimed at increasing employment opportunities, upgrading the labour force through training programmes, increasing the gross domestic product by 8 per cent and the gross national product by 8.2 per cent annually, promoting activities to create a more regionally balanced economy and distribute income more equitably, increasing the reliance of the national budget on domestic revenues and reducing the deficit in the balance of trade.
57. Mr. AL-HADAD (Yemen), speaking in exercise of the right of reply, said that at the 1453rd meeting the representative of the Zionist authority in occupied Palestine had made comments about Yemen that had been irrelevant and out of order. He thanked the Chairman for having drawn attention to that fact. The Second Committee was not a forum for polemics or cheap propaganda. He requested that the remarks to which that representative had referred should be struck from the record.
58. The CHAIRMAN reiterated his belief that discussion should be confined to the items on the Committee's agenda. However, the summary records reported succinctly and accurately what had taken place at meetings, whether or not they should have taken place, and a decision to expunge remarks from the summary record might create a tradition that would prove undesirable in the long term.
59. Accordingly, he hoped that the representative of Yemen would be satisfied to see the remarks he had just made reflected in the record of the meeting.
60. Mr. AL-HADAD (Yemen) said that that would be satisfactory to his delegation.

The meeting rose at 1 p.m.