

1594th meeting

Wednesday, 2 October 1974, at 3.10 p.m.

Chairman: Mr. Jihad KARAM (Iraq).

A/C.2/SR.1594

GENERAL DEBATE (*continued*)

1. Mr. MUNGAI (Kenya) paid tribute to the outgoing Under-Secretary-General for Economic and Social Affairs for his contribution to the cause of development and economic co-operation.

2. The developing countries had been particularly hard hit by the international economic problems created by the balance-of-payments disruptions of 1971 and 1972 and the recent oil crisis, galloping world inflation, the population explosion, food and raw materials shortages and, in the case of many African countries, drought and desert encroachment. The developing countries' pleading at numerous international meetings during the previous decade for measures to redress their highly unfavourable terms of trade, which were at the root of their problems, had met with no tangible success. The increases in the posted prices of crude petroleum of 70 per cent and 128 per cent respectively in October and December 1973 had come at a time when the fragile economies of the developing countries had already been weakened by depleted external reserves, high debt-service burdens and markedly reduced export earnings. They were therefore faced by the threat of not only a slackening of growth and development, but also imminent deterioration of their already unbearably low standards of living and levels of food consumption. Kenya, for example, was having to pay sharply increased prices for key imported commodities, including steel, crude oil and fertilizers, whereas the prices of its principal export—the source of development finance—such as coffee, tea and sisal, had risen negligibly. His country's healthy balance-of-payments surplus in 1973 had overnight become a crippling deficit, and the country was bracing itself for a long period of "stagflation" and the disruption of its 1974-1978 development plan.

3. The convening of the sixth special session of the Assembly had been a belated but welcome sign of the international community's recognition of the complexity of world economic problems and increased global interdependence. The developing countries viewed that session and the adoption of the two milestone resolutions (resolutions 3201 (S-VI) and 3202 (S-VI)) in which the world community had solemnly proclaimed its determination to work for the immediate establishment of a new international economic order as the opening of an era of genuine economic development and co-operation for the good of all, an era in which the developing countries would no longer be condemned to perpetual economic deprivation and standards of living incompatible with human dignity. They had been particularly encouraged by the adoption by consensus of the Programme of Action on the Establishment of a New International Economic Order, which envisaged trade liberalization, international monetary reform, food and fertilizer production, the transfer of

technology, industrialization and the flow of development finance.

4. The developing countries were deeply disappointed, however, to find that vigorous efforts were being made in some quarters to frustrate the implementation of the Programme of Action. Although delegations had the right to express reservations concerning resolutions, those which had been expressed with regard to resolutions 3201 (S-VI) and 3202 (S-VI) should not be permitted to jeopardize the Programme of Action and the future well-being of the people of the third world. He appealed to the delegations concerned to reconsider their positions.

5. Although Kenya would be among the first to admit that the primary responsibility for the social and economic development of the developing countries rested on their own shoulders, there was a limit to what they could do in the face of obstacles caused by events and decisions made elsewhere. The uncertainties of the international monetary system played havoc with their meagre foreign reserves and balance of payments, making it difficult to pay for imports. The fact that their exports were perpetually at a disadvantage in the world commodity market impeded their efforts to improve the lot of their people. Food production could not be increased when the prices of such strategic imports as fertilizers and agricultural machinery were constantly being raised, and it was difficult to maintain a reasonable rate of industrialization when faced with staggering increases in the prices of practically all capital imports. The realities of economic interdependence, particularly in the trade and monetary fields, made it imperative to establish new concepts, options and ground-rules for dealing with increasingly difficult economic predicaments. It was indeed ironic that the industrialized countries, while calling so vociferously for a solution to the oil crisis, failed to mention the need to lower the prices of their manufactures, a step which would check the crippling inflation which they exported to the poor countries.

6. His delegation commended all Member States which had responded to the appeal of the Secretary-General for assistance to the developing countries most seriously affected by the recent oil price increases and was grateful for the very timely offer of assistance made to his Government the preceding week under the Special Programme established under the terms of resolution 3202 (S-VI). It was also appreciative of the current bilateral, subregional and regional efforts which were being made. All that assistance, however, was intended to be an emergency operation and to cover a relatively short period. Inasmuch as oil prices were not likely to fall in the foreseeable future, it was essential to establish a more sustained and comprehensive form of assistance, through the introduction by the oil-producing countries of either a two-tier price system or a rebate scheme. Given the requisite political will, the

technical problems involved could be surmounted. The Secretary-General might be asked to make an assessment of the technical feasibility of the two options. It should also be borne in mind that the developing non-oil-producing countries were outside the scope of the scheme for recycling petroleum revenues, which the developed countries saw as the countervailing mechanism to rising oil prices. Such countries would undoubtedly feel that their interests were ignored if the over-all benefits of the recycling process were to be limited to the oil-producing countries and the industrialized countries.

7. Mr. OLIVERI LOPEZ (Argentina) said that the eighteenth-century and nineteenth-century patterns of international politics had finally been recognized to be obsolete: the control of resources, on which real power was based, had become the subject of controversy. Statesmen all over the world had begun to give due recognition to the interdependence of nations. For the developing countries, that meant that the international community acknowledged that the problems affecting mankind could not be solved unilaterally or by blocs of countries and that all States had to participate in the search for solutions.

8. It was unfortunate that it had taken an international economic crisis to force States to recognize their interdependence. The current situation could not be blamed solely on the rise in oil prices, which had merely aggravated the international monetary crisis and consequent widespread inflation. Accordingly, it would be unjust and futile to seek solutions which did not take into account all relevant factors or to deal solely with current problems without reference to their wider, structural context.

9. It was true the prolonged withholding of a large volume of funds from the capital market would seriously endanger the world economy; he was confident, however, that those countries which were amassing large quantities of capital were aware of their responsibilities and would take fully into account the requirements and potential of the countries of the third world, recognizing the importance of the flow of financial resources for the building of the new international economic order.

10. What all States had to accept was that the new rules governing international economic relations would be reflected in their national policy. National and global structural changes were essential if the international community was to eliminate the existing climate of insecurity.

11. Technologically advanced and developing countries alike had to guard against the further waste of precious natural resources and to abandon the cult of convenience in favour of less costly services. Moreover, the growing determination of the developing countries to be no longer merely passive repositories of their natural resources would inevitably have an impact on industrial structures based on the assumption of abundant, cheap raw materials. A new balance would be struck in economic theory between the availability of wealth, in the form of natural resources, and the capacity to transform it. In future, therefore, the developing countries should have a substantial share in the production of and trade in manufactures—a fact that should be borne in mind in the forthcoming multilateral trade negotiations within the framework of GATT.

12. A new approach to national and world resources of raw materials was also called for. Account should be taken of so-called potential resources—those which had been identified but had formerly been considered uneconomic. Rising prices for raw materials might thus produce new ways of increasing world reserves, a development that would be particularly useful in the case of alternative sources of energy.

13. The need for global solutions to the world's acute economic problems had prompted the developing countries to call for the establishment of a new international economic order, recognizing that a lasting and stable solution could be reached only through the acceptance of new rules leading to a more just and equitable balance in the world. The Declaration on the Establishment of a New International Economic Order and, in particular, the Programme of Action adopted at the sixth special session contained a series of agreed provisions which constituted a new basis for action in international forums. Virtually all the members of the Economic and Social Council had understood the purpose of these documents, as their support for the relevant paragraphs of the Council's omnibus resolution (1911 (LVII)) indicated. That was significant, for one of the gaps to be bridged was that separating adopted declarations from the policy measures applied by States. Implementation was particularly important in the case of the decisions of the sixth special session, which represented a turning-point and had an important bearing on the forthcoming mid-term review and appraisal of the International Development Strategy for the Second United Nations Development Decade and on the special session of the General Assembly in 1975 to be devoted to development and economic co-operation. Accordingly, he hoped that those delegations which had expressed reservations concerning the Declaration and the Programme of Action would withdraw them during the preparatory work, and before the seventh special session. His delegation discerned an atmosphere of tension at the current session and cautioned States not to become preoccupied with their domestic problems, forgetting that the real solutions transcended national frontiers. The United Nations was playing an increasingly demanding role, for Member States had given ample proof of their confidence in the system as the most suitable machinery for uniting mankind in the task of finding solutions to the major global problems.

14. His delegation welcomed the adoption by the World Population Conference, held at Bucharest from 19 to 30 August 1974, of the World Population Plan of Action,¹ which recognized that population and development objectives and policies had to be complementary. The world food problems could not be solved by birth control programmes, but only by a more just and equitable redistribution of resources between and within nations.

15. At the World Food Conference to be held in Rome in November, Argentina would participate in drawing up a global policy to meet world food needs. Measures to increase food production and consumption could not, however, be isolated from measures needed in the field of trade to guarantee the access of food-stuffs to the markets of the developed countries.

¹ For the draft Plan, see E/CONF.60/7.

16. His Government also attached considerable importance to the forthcoming Second General Conference of UNIDO, to take place at Lima in 1975, at which a strategy for achieving structural change for the benefit of the developing countries was to be examined, and to the Conference-Exposition on Human Settlements which was to be held at Vancouver in the spring of 1976. It was keenly interested in environmental issues and would lend its full support to the latter Conference—the first to focus on the man-made environment—in the belief that both the natural and the man-made environments were essential to the well-being of mankind. New impetus should be given at the current session to the work of UNEP by strengthening and, where necessary, reorganizing the activities of the United Nations system in that sphere.

17. His delegation would do its utmost at the current session to ensure that the work on the Charter of Economic Rights and Duties of States was brought to a successful conclusion. On a related matter, it was his delegation's hope that the evidence the Assembly had before it on the situations to which the activities of transnational corporations could give rise would make it possible to take international action to eliminate harmful practices and maximize the beneficial impact on the host countries.

18. One manifestation of the increasing maturity of the developing countries was their willingness to assume new responsibilities for one another's welfare, irrespective of their levels of development. The efforts of the non-aligned countries during the conferences of Georgetown² and Algiers³ to draw up programmes of economic and technical co-operation applicable to themselves and to the developing countries as a whole was one example. Co-operation among the countries of the third world should not, of course, be viewed as a substitute for assistance from the industrialized countries. Argentina had taken the initiative in introducing General Assembly resolution 2974 (XXVII) on technical co-operation among developing countries, an initiative which had begun to bear fruit within UNDP and would be a subject of great importance at the seventh special session of the Assembly.

19. In order to enable the United Nations properly to meet the demands of its Member States, with particular benefit to the countries of the third world, changes within the administrative structure of the system were desirable, so as to ensure that it more adequately reflected the pace of change, particularly in the economic and social spheres. To that end, the developing countries should be given equitable representation at a high executive level so that they could assume responsibility for the major questions relating to development and co-operation.

20. Mr. CHANG Hsien-wu (China) said that during the past year the world's people had marched forward triumphantly in their struggle against colonialism, imperialism and hegemony, for national sovereignty and independence, and for the development of their national economies. The super-Powers, beset with difficulties at home and abroad,

were finding the going increasingly tough. During the Middle East War the Arab countries had used the oil weapon against zionism and hegemony and had broken the long-standing imperialist monopoly over the international economy, an event that had paved the way for the third world to defend its natural resources and combat the imperialist plunder and exploitation which had been condemned by the sixth special session of the General Assembly. At that session colonialism and neo-colonialism had been identified as being among the greatest obstacles to the full emancipation and progress of the developing countries, and the Assembly had called for the establishment of new international economic relations based on equality. The third-world countries, by uniting in support of their principles, had isolated the super-Powers.

21. At subsequent international conferences, the third-world countries had demanded the implementation of the Declaration on the Establishment of a New International Economic Order and the Programme of Action adopted at the special session. In addition, a large number of developing countries had taken practical steps to eliminate colonialist and imperialist forces and to promote the development of their national economies by gaining control over their natural resources and the activities of foreign capital, especially the transnational corporations. The formation of associations of countries producing raw materials was breaking the imperialist monopoly over the pricing of such commodities and was warmly supported by China. Since the special session the super-Powers had been trying desperately to sabotage the Declaration and the Programme of Action in order to perpetuate the old international economic order and retain their vested interests and privileges. One super-Power had arrogantly and persistently declared that it was not in favour of the main clauses of those documents and would refuse to implement them. It had also resorted to coercion, cajolery and divisive tactics to split the third world. The other super-Power acted more insidiously: proclaiming socialism and internationalism, it practised imperialism and hegemony. At the sixth special session, it had tried to emasculate the Declaration; subsequently, it had reverted to the platitudes of sham disarmament and détente and the use of disarmament funds for development. It was claiming that the Declaration and the Programme of Action reflected only the group interest of the developing countries and that the interests of all States should be fully safeguarded. In fact, it was trying to deny the stark reality of the existence of exploiters and exploited and to preserve its own privileges and position of control at the expense of the third-world countries.

22. The tide of historical development was irresistible. Events had shown ever more clearly that the countries and peoples of the third world constituted a revolutionary motive force in the fight against colonialism and imperialism, and particularly the super-Powers. The world's people had come to see clearly that imperialism was dependent on the third world and not vice versa, that real power lay with the peoples that united, that dared to fight and win. The aggressive and predatory struggle of the super-Powers was bound to continue. There should be no slackening, therefore, in the will of the third-world countries to fight for their independent development. They should strengthen their unity and persist in their drive to implement the

² Conference of Foreign Ministers of Non-Aligned Countries, held at Georgetown from 8 to 12 August 1972.

³ Conference of Heads of State or Government of Non-Aligned Countries, held at Algiers from 5 to 9 September 1973.

Declaration and the Programme of Action, paying special attention to three points.

23. First, the third-world countries, among which China included itself, must firmly protect and exercise sovereignty over their natural resources. They should rely, in exploiting those resources, on their own people and, freeing themselves from dependence on foreign capital, carry out the planned and systematic development of national economies suited to their own needs. While that did not rule out sincere and effective external assistance or economic and technical exchanges, control and plunder in the guise of aid should be opposed. There should be firm resistance to that super-Power which, styling itself the natural ally of the developing countries, sought to exploit their natural resources in order to control the economic lifelines of other countries and advance its pursuit of world hegemony. Secondly, the third world should struggle unremittingly to improve the terms of trade for its raw materials, primary products, and semi-manufactured and manufactured goods, and to establish reasonable parity between the prices of the exports of the developed and developing countries. There should be firm opposition to the super-Power which, using the slogan "equality and mutual benefit", reaped huge profits by buying the developing countries' raw materials cheaply and reselling them at high prices. Thirdly, experience had shown that the formation of joint organizations by the third-world countries was effective in defeating the activities of imperialism, particularly those of the super-Powers. The former countries should thus strengthen their unity, offer each other mutual assistance and learn from each other.

24. As a developing socialist country, China was fighting the same battle as other third-world countries and all oppressed nations and peoples. The Chinese people was determined to do better in carrying out its own socialist revolution and socialist construction, to learn humbly from others and to do its best to fulfil its internationalist obligations. It was ready to play its part in the continuing struggle of the third world against imperialism and hegemony.

25. The Chinese delegation believed the main task of the Second Committee should be to uphold the basic principles and just proposals embodied in the Declaration and in the Programme of Action. It was ready to co-operate with all delegations which supported justice in ensuring that the current session of the General Assembly would advance the establishment of new and equitable international economic relations.

26. Mr. EXNER (Czechoslovakia) said that the current progress towards détente was creating favourable conditions for the development of broad international economic co-operation, the need for which was ever more widely recognized and formed the basis of the foreign policy of the socialist countries. However, the economic crisis of capitalism, which had continued throughout the past year, was having a serious impact on the economies of the developing countries. The International Development Strategy had not been implemented and the rise in import costs, the exorbitant profits reaped by foreign investors, the growing burden of debt servicing and the consequences of the world monetary crisis were all hampering the economic develop-

ment of the developing countries. That situation was the result of prolonged economic and social exploitation by the colonialists and imperialists. Even with the rise of new independent States, economic colonialism had continued. Multinational monopolies still controlled important sectors of the economies of the developing countries and threatened their national sovereignty. Such neo-colonialism manifested itself, *inter alia*, in the form of the low prices forced on the developing countries for raw materials. It was not surprising, therefore, that the developing countries were seeking to link the question of raw materials with other economic questions and to change the existing system of international economic relations.

27. The proposal by the developing countries, particularly the non-aligned countries, to convene the sixth special session of the General Assembly had been welcomed by his delegation, which had supported the efforts of those countries to free themselves from the domination of international monopolies and to gain full control of their own natural resources and enjoy all the rights associated with such control. Future international economic relations should be guided by the Declaration on the Establishment of a New International Economic Order and the Programme of Action adopted at that session. Those instruments contributed to the just struggle of the developing countries for independence through their insistence on the equality of States in economic relations, the free choice by individual States of their socio-economic systems, and permanent sovereignty over their natural resources. A significant contribution to the solution of the problems of development would also be made by the implementation of the Soviet proposal adopted at the twenty-eighth session of the General Assembly for the reduction of the military budgets of States permanent members of the Security Council by 10 per cent and utilization of part of the funds thus saved to provide assistance to the developing countries.

28. General Assembly resolution 3802 (XXVIII) called for the consideration at the current session of a Charter of Economic Rights and Duties of States. However, despite all the efforts of the developing and socialist countries to ensure that the draft Charter included provisions on permanent sovereignty, nationalization, and compensation for the nationalization of foreign investments and supra-national monopolies, which were in conformity with the universal principles of trade relations and policy, it had proved impossible to reach a common position on the basis of which adoption of the draft Charter could be recommended to the Assembly. The responsibility for that situation lay with those who wished to perpetuate inequitable relations between States and thus to continue their exploitation of natural, economic and human resources at the expense of the countries of Asia, Africa and Latin America—a clear confirmation of the statement in the Declaration on the Establishment of a New International Economic Order to the effect that colonialism, together with neo-colonialism in all its forms, was among the greatest obstacles to the progress of the developing countries. However, the regrouping of forces in the world, typified by the rapidly growing economic strength of the CMEA countries and the determination of the overwhelming majority of developing countries to attain an equitable status in international economic relations, would ensure

that the principles of the proposed Charter were put into effect.

29. In 1975 there would be two important international gatherings. The first would be the seventh special session of the Assembly, made necessary by the growing disparity in economic development among individual States and groups of States. His delegation hoped the special session would lay the foundation for a permanent solution to international economic problems and the greater economic independence of developing countries. The second important event would be the Second General Conference of UNIDO. His delegation hoped that the preparations for the Conference would make possible an assessment of the role of industrialization in the developing countries and the solution of their problems in that sphere. It shared the view that the documents for the Conference should include an analysis of the reasons for the industrial backwardness of the developing countries and their industrial development problems; they should also include a list of industrial development objectives for discussion. The major tasks of the Conference would be to formulate the principles for an international declaration on industrial development and co-operation and to draw up a general programme of assistance to the developing countries. In that work the Conference should bear in mind the recommendations and conclusions of the Group of High-Level Experts and the *Ad Hoc* Committee on the Long-Range Strategy of UNIDO. The future authors of the international declaration should bear in mind that industrialization could be a significant factor in socio-economic development if it was based on the planned and rational utilization of resources and designed to bring about progressive social and economic change. UNIDO's work programme should promote forms of industrialization which would strengthen the economic independence of the developing countries and accelerate the development of all sectors of their national economies in accordance with the interests of their population.

30. Respect for the principles of equality, sovereignty and non-discrimination and the institution of most-favoured-nation treatment could make a substantial contribution to rapid world-wide economic development. Czechoslovakia, as a developed industrial State, had always participated in international economic co-operation on the basis of those principles and was ready to expand such co-operation in the future.

31. Mr. HAMID (Sudan) said that the penetrating analysis of the current world economic situation by the Under-Secretary-General for Economic and Social Affairs (1587th meeting) was an important contribution to the deliberations of the Committee, whose principal task was to follow up and monitor the work undertaken by the sixth special session of the General Assembly. The Declaration and the Programme of Action on the Establishment of a New International Economic Order provided the best reference for the Committee's discussions. The implementation of the principles and measures set forth in the Declaration and the Programme of Action must be given priority in any serious endeavour to move towards a new form of international co-operation for the welfare of mankind.

32. Despite the efforts made to promote such co-operation, the international economic situation was still ex-

tremely disturbing. The world was fraught with problems—the monetary crisis, the food crisis, natural disasters, the energy crisis and the lack of confidence engendered by the reluctance of the affluent to meet their obligations towards the needy. The desire of some countries to exploit the natural resources of the third world had been one of the main causes of colonialism. Such exploitation was still continuing, although it now hid behind a variety of modern theories improvised by politicians and economists in developed countries. For instance, the theory that the world's natural resources were the heritage of all mankind obviously masked an attempt to maintain control over those resources. The emerging nations of the third world had adopted a more responsible attitude and had directed their efforts towards economic emancipation, seeking co-operation with the better-equipped members of the international community on the basis of equality and justice for all. However, the good intentions of the majority were still being thwarted by the short-sighted self-interest of a minority.

33. It was now an established fact that the developing world had gradually increased its influence in all spheres of international activity. The developing countries were now participating as equal partners in the formulation of plans and programmes and playing a full role in the decision-making process. At the sixth special session of the General Assembly, they had made it clear that they depended solely on their raw materials which constituted the major part, if not the totality, of their exports. The important role played by raw materials in international economic relations provided the third world with a powerful weapon in the struggle against under-development. The developing countries had every right to press their demands for a just and equitable relationship between the prices of those products and their real value in economic terms, and for the protection of prices against deterioration and fluctuation. It was an indisputable fact that the raw materials of the developing world had long been undervalued and that their strategic force had long been ignored. Their prices had never followed the economic rule of supply and demand, and the logical mechanism of market forces had often been modified by the big importers to suit their own purposes. That was the context in which the scarcity of commodities as well as the unbalanced campaign against the increase in their prices should be placed. Attempts to exploit, for ulterior motives, the current scarcity of primary products and the new cost of obtaining them were to be deplored. The rich countries were disturbed when the price of raw materials rose, but they ignored the fact that those materials had been undervalued for many decades and that the cost of importing manufactures and capital goods in the developing countries had continually risen.

34. It was essential to establish a link between the prices of the raw materials and primary commodities exported by the developing countries and the cost of the manufactures and capital goods imported by them. Furthermore, the international community should provide sustained and additional assistance to the international trade of the developing countries, to enable the latter to increase their foreign exchange earnings, diversify their exports, modernize their production, distribution and marketing techniques, and accelerate their economic growth rate.

35. The inflationary pressures on the world economy had affected all countries alike. The increase in oil prices was certainly not solely responsible for inflation in the developed world. The motivations behind the actions of the oil-producing countries, particularly the Arab ones, had never been appraised objectively, and the fact that most of the profits from oil went to oil companies and transnational corporations was often ignored. The rise in oil prices was only one factor in an already tense international economic situation.

36. A number of conclusions could be drawn from the present confused international situation. First, development was a central and common concern of all peoples of the world. Secondly, developed countries depended heavily on raw materials, which must play a crucial role in the economic development of the countries that produced them. Thirdly, the problems related to development could not be solved without the active participation of the third world. Fourthly, the developing countries had the legitimate right to permanent sovereignty over the recovery, development and marketing of their natural resources. Fifthly, the interests of the developed countries could no longer be dissociated from those of the developing countries. Sixthly, the developing countries, whose vast potential had not yet been fully exploited, could contribute substantially to solving many of the problems facing the international community if they were given the necessary encouragement and assistance.

37. A striking example of the last point was the question of food versus production potential. The world food crisis had become more urgent than ever, and the hard-core developing countries were bound to suffer most from the current situation. The success of the forthcoming World Food Conference would depend first and foremost on the extent to which the developed countries were prepared to take practical, collective action towards resolving the problem within the wider context of international co-operation for development. The key to a remedy of the food crisis lay in the acceleration of agricultural productivity in developing countries, like the Sudan, which had vast untapped potential for food production. The World Food Conference should produce a practical plan of action that would ensure minimum standards of food consumption for the poorer segment of humanity and at the same time reduce waste and over-consumption in the more affluent segment. Efforts must be focused on the development of food resources, including the expansion of agricultural production in the developing countries.

38. The United Nations, which was the only world body capable of dealing with problems of international economic co-operation in a comprehensive manner, had a key role to play in the establishment of a new international economic order, but its efforts would have to be supplemented by other means such as bilateral and regional co-operation.

39. Mr. CORREA (Chile), speaking in exercise of the right of reply, said that at the previous meeting the representative of the Ukrainian SSR had repeated the Soviet concept according to which the action of transnational corporations was responsible for the overthrow of the Marxist régime in Chile, and had also stated that the achievements of the Chilean workers had been wiped out with that régime.

40. Transnational corporations had played no part in the overthrow of Mr. Allende, and indeed could not have done so since all their interests in Chile had previously been nationalized or expropriated. The present Government of Chile, which had respected the process of nationalization, had no reason to fear intervention by transnational corporations, but on the contrary regarded them as indispensable, from the development and technological standpoints, to the people's progress. In contrast, the contracts signed with Soviet enterprises and technicians during Mr. Allende's terms of office were a matter of concern to his Government, since the only objective of such enterprises and technicians was to disseminate Soviet propaganda. Experience in Chile showed that the *détente* which the Soviet group preached but did not practise was nothing more than a weapon used by the countries of that group for the purpose of economic intervention and political subversion. Peaceful world coexistence, which Chile ardently desired, would not come about until ideological propaganda had ceased. Until Soviet action accorded with Soviet expressions of goodwill, other countries would have to be vigilant in any commerce they had with the Soviet Union.

41. With regard to the second comment made by the Ukrainian representative, his delegation wished to point out that Mr. Allende had represented only a minority of Chilean workers, those who were affiliated to pro-Soviet political parties. Chilean workers, women and youth had grown weary of violence, anarchy and the loss of purchasing power of their earnings. As stated in a study of Chile by a Harvard University professor, Salvador Allende had died not because he was a socialist but because he was incompetent; he had achieved substantial redistribution of income resulting in a sharp increase in demand, but he had done nothing to increase production in order to satisfy that demand, and the inflation which had resulted from his policy of issuing currency had not only destroyed the redistribution of capital but had also reduced salaries to below their 1970 level. The honest, serious and capable action undertaken by the present Chilean Government had won the understanding and support of the Chilean workers. The rate of inflation was only one third of what it had been under the previous Government, and the standard of living of wage-earners, particularly those in the lower income bracket, had improved.

42. The Soviet group understandably deplored its political, economic and social failure in Chile. It had underestimated the Chilean people, who were not prepared to accept either foreign interference or ideologies which could only be imposed through the permanent use of force.

43. Mr. UDOVENKO (Ukrainian Soviet Socialist Republic), speaking in exercise of the right of reply, said that in his statement at the previous meeting he had pointed out that the activities of transnational corporations which interfered directly in the affairs of a developing country could have disastrous consequences. He had quoted the example of Chile, where the achievements of the Government and the workers had been completely wiped out by the military junta. It was difficult to understand why the Chilean representative had reacted so strongly to that statement of fact. Legislation had now been introduced in Chile which removed all restrictions on the activities of foreign companies in the country and allowed them to

export all their profits. More than 200 of the enterprises which the legally elected Allende Government had placed under State control had already been returned to private ownership by the junta, and a Chilean Government official had recently stated that similar steps would be taken shortly in respect of a number of other companies. Foreign companies were now permitted to invest in the Chilean copper industry, which represented the basic national wealth of the Chilean people.

44. The junta had not been able to tackle inflation, which had risen by over 100 per cent during the first five months of 1974. As reported in *The New York Times* of 12 June 1974, the prices of certain basic food-stuffs, which had already tripled since the junta had assumed power, had undergone a further increase of 100 per cent only a week previously.

45. It was true that, under the pressure of world opinion, the junta had announced the release of a number of foreign and Chilean detainees. However, the terrorist character of the régime remained unchanged. According to press reports, during the 12-month reign of terror in Chile, 40,000 people, including 10,000 Communists, had been killed and there were between 500,000 and 700,000 unemployed. His Government had made frequent appeals to various international organizations in an attempt to bring the blood-bath in Chile to an end. By its deeds the military junta had destroyed its own country and violated international legal standards, but its supporters were doomed to failure.

46. Mr. CORREA (Chile), speaking in exercise of the right of reply, said that in changing its government Chile had changed its economic system. There was ample evidence of the serious harm which a country could suffer under the Soviet type of régime. Under the Allende Government, a record 1,000 per cent rate of inflation had been reached in 1973. That type of situation, which no other country in the world had ever experienced, was obviously very difficult to remedy by purely technical measures. Nevertheless, his Government hoped to reduce the rate of inflation by two thirds, to 300 per cent. Even that figure must seem ridiculously high to others, but it was the outcome of the distortion and destruction of economic and moral values which had taken place in Chile. Rehabilitation was never easy, but the Government was convinced that it had chosen the right course of action. Its policy was supported by the Chilean workers, who saw very clearly that their wages had improved and that their purchasing power was increasing. Mr. Allende had been elected by one third of the Chilean voters and had never represented a national majority. On the day of his defeat he had appealed to the Chilean people for help, but they had not responded because they had grown weary of violence and economic deterioration.

47. The Chilean Government respected its international agreements, including the Cartagena Agreement of 26 May 1969. Its Andean partners could attest to the fact that it had now become an active member of the Andean Group of countries, whereas the previous Government had attempted to hamper trade within that Group.

48. It was utterly false to say that 40,000 people had been killed in Chile. Unlike the Ukrainian SSR and the USSR, Chile had opened its doors to all types of international

inquiries, and none of the many international bodies which had sent representatives to visit Chile had ever levelled any such accusation against the Government. It was true that there had been some bloodshed; his Government deplored that fact, but its overriding concern had been the liberation of the Chilean people.

49. Mr. MAKEYEV (Union of Soviet Socialist Republics), speaking in exercise of the right of reply, said that some of the comments in the statement by the Chinese representative were slanderous and completely distorted the position taken by the socialist countries at the sixth special session of the General Assembly. Such anti-Soviet attacks by the Chinese delegation were no novelty in either the plenary meetings or the Committee. They could be compared to the statements made by the Chilean fascist military junta whose criminal acts against Chilean patriots violated the Universal Declaration of Human Rights and the norms of international law and had been condemned by the Fourth Conference of Heads of State or Government of Non-Aligned Countries at Algiers, by the Economic and Social Council and by the Trade and Development Board in its resolution iii (XIV) (see A/9615, annex II) which called for the release of the former Foreign Minister of Chile, who had been President of the third session of UNCTAD and of other legally elected politicians. It might have been more appropriate for the Chinese representative, whose Government tried to appear as a friend and ally of the developing countries, to comment on the situation in Chile rather than to engage in anti-Soviet slander.

50. He reserved his delegation's right to reply fully to all the questions raised in the statement by the Chinese representative and to comment on any other relevant questions which had not been raised in that statement.

51. Mr. CHANG Hsien-wu (China), speaking in exercise of the right of reply, said that the Soviet representative had made a vicious attack on his delegation's statement. In his own statement he had only very briefly exposed the activities of Soviet revisionist social-imperialism without mentioning the Soviet Union. However, the Soviet representative had flown into a rage; this showed that he had a guilty conscience.

52. It was his delegation's internationalist duty and bounden responsibility as a Member State of the United Nations to expose the Soviet revisionist social-imperialist acts of aggression, control and plunder against other countries. Having done so many evil deeds in the world, the Soviet Union wanted to muzzle others. This was like "allowing the magistrate to burn down houses while forbidding the common people even to light lamps", as the Chinese saying went. How could it succeed?

53. The Soviet representative had accused the Chinese delegation of "anti-Sovietism". The Chinese delegation had to oppose and unmask the social-imperialist policies pursued by the Soviet revisionist leading clique, which was restoring capitalism at home while carrying out its policies of aggression and expansion abroad, thus reducing a socialist Soviet Union to the level of a social-imperialist super-Power. In that sense, it was none other than the Soviet revisionist leading clique itself that was against the Soviet State.

54. With regard to the Chilean question, China's position was well known to all. It was futile for the Soviet representative to slander China by confusing the right and wrong and calling black white.

55. Owing to the limited time, it was not possible for his delegation to answer in detail the questions raised by the Soviet representative. It would reserve its right to make a further reply.

56. Mr. CORREA (Chile), speaking in exercise of the right of reply, found it grotesque that the representative of the Soviet Union should allege that there were violations of human rights in Chile when hundreds of thousands of people in his own country still suffered under a Stalinist régime. The Chilean Embassy daily received requests from Soviet citizens for assistance in leaving the Soviet Union. He recalled that the action in Solzhenitsyn's book, *The Gulag Archipelago*, was not set in Chile and that no answer had yet been received to the offer, made by the President of Chile and transmitted to the Soviet Government through the Red Cross, to release persons detained in Chile if those held in the Soviet Union were also freed. The Soviet representative was well aware that the detained former Foreign Minister of Chile, Mr. Almeida, to whom he had referred, had received many visits from representatives of international organiza-

tions inquiring into Chile's respect for human rights; he wished he could say the same of Soviet detainees.

57. The representative of the Soviet Union had been correct in stating that the Chilean Government was restoring many businesses to private ownership. It was doing so because it had been unable to meet the trade deficit resulting from national control of certain industries and because it believed that a free market system was the best way to develop the economy. It was also a fact that Chile was now open to foreign investors wishing to exploit its natural resources, but the Government had established standards to protect Chilean national interests.

58. Mr. MAKEYEV (Union of Soviet Socialist Republics), speaking in exercise of the right of reply, said that provocative statements such as those made by the Chinese representative could only distract the Second Committee from its major tasks. His delegation was fully resolved to pursue its policy of promoting the work of the Second Committee, in particular the implementation of the decisions of the sixth special session of the General Assembly and of the Economic and Social Council. He urged all delegations, and China in particular, not to waste the Committee's time with slanderous and base statements.

The meeting rose at 5.35 p.m.

1595th meeting

Thursday, 3 October 1974, at 10.40 a.m.

Chairman: Mr. Jihad KARAM (Iraq)

A/C.2/SR.1595

GENERAL DEBATE (*continued*)

1. Mr. AKSOY (Turkey), after paying a tribute to the statement by Mr. de Seynes (1587th meeting), said that the developments in the world economy since the adoption of the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 2626 (XXV)) had not only limited its implementation but also minimized the optimism which had prevailed at the time of its adoption.

2. When the sixth special session of the General Assembly had convened, there had been hopes that a new international economic order might be established shortly, but the months which had followed had not brought even relief to the countries most affected by the economic crisis, let alone a change in the relations between the developed and the developing countries. The world was living in fear of a permanent crisis. The international economic order was undergoing transformation and the traditional economic values would need readjustment in order to solve the complex problems being encountered. The new balance in international relations now being acquired was extremely delicate. As the developing countries were most vulnerable to economic instability, Turkey had supported the efforts to attain a new economic order that would take into account the needs and aspirations of those countries.

3. For some time the main issue facing the world had been world-wide inflation. The economies of the developing countries were particularly vulnerable to inflation. Although the Turkish Government felt that the prices of raw materials, including that of oil, should find their real values, it also thought that a just and equitable relationship must be established between the price of goods exported by the developing countries and that of goods exported by the industrialized countries.

4. In view of the present situation, it seemed advisable to consider restructuring the world economy and redistributing resources in order to achieve a better international division of labour. The shortages of energy, manpower and natural resources in the industrialized countries would necessitate close co-operation between the developed and the developing countries, and that might in the long run change the geographical distribution of industries. Co-operation among the developing countries should be encouraged and channelled to achieve constructive results. However, geographical redistribution should not spread to the rest of the world the environmental problems faced already by certain over-industrialized countries. In that connexion he reiterated the importance which his country attached to permanent sovereignty of nations over their natural resources and stressed the necessity to respect that right if new norms were to be achieved with respect to