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MEETING**

Friday, 29 September 1972,
at 10.30 a.m.

NEW YORK

Chairman: Mr. Bruce RANKIN (Canada).

GENERAL DEBATE (continued)

1. Mr. SANTA CRUZ (Chile) said that the statement of the Under-Secretary-General for Economic and Social Affairs on the problems of development (1449th meeting) had been interesting; however, the Under-Secretary-General had failed to mention the question of large multinational corporations. Furthermore, although his delegation endorsed the Under-Secretary-General's views concerning the international situation, it could not agree with him when he added as a corollary that it was not easy to assess the effects of recent events on the economies of the developing countries. On the contrary, it believed, *inter alia*, that the organization of the international monetary system would prove an insoluble problem so long as all countries of the world, particularly the USSR and the People's Republic of China, did not take an active part in the process; that the increasing power of multinational enterprises had dangerous consequences; and that the developing world was not benefiting at all from the progress made with respect to disarmament. It was obvious that the relative deterioration of the economy of the third world had merely become more acute, as the Under-Secretary-General had partially explained, and that world trends were distinctly prejudicial to the third world countries, for the policy of the major Western economic and financial Powers—which monopolized 80 per cent of the world's wealth—increasingly operated against the interests of the least advanced nations; that policy was also diverging ever more distinctly from the objectives of the International Development Strategy for the Second United Nations Development Decade and, notwithstanding the praiseworthy efforts of a handful of developed countries that were cognizant of the dangers of the situation, international co-operation in that field had never been weaker since the establishment of the United Nations.

2. He next recalled the remarks of the United States Secretary of State to the General Assembly (2038th plenary meeting) to the effect that during the past three years *per capita* growth in production had proceeded at a higher rate in the less advanced countries than in the developed countries, but that serious problems remained, such as inadequate income distribution, high rates of infant mortality, etc. Nevertheless, despite the high rate of growth of the developing countries, if the same trend persisted, the inhabitants of the developed countries would receive an annual *per capita* income of \$8,000 by the end of the current century, while the

inhabitants of the less privileged countries would receive an average of \$200, with approximately 800 million of them receiving less than \$100, as the President of IBRD, Mr. Robert McNamara, had pointed out when addressing the Board of Governors on 25 September 1972. Those predictions were hardly reassuring, yet they were not the only disturbing signs discernible in the countries of the third world. Unemployment or underemployment continued to increase, and the squalid areas surrounding the major urban centres were spreading. The 1.5 thousand million men and women of the third world were daily growing more aware of their unfavourable situation as compared to that of the privileged minorities, and tended to turn increasingly to violence. In the view of his delegation, that was the most serious problem of the era, more pressing than the problem of the environment or terrorism. The developed countries must come to grips with it, if only in their own economic and political interest and in order to prevent a resurgence of violence in the world.

3. Indicating a number of areas in which international co-operation was inadequate, he mentioned, in particular, the decrease in the prices of many minerals, including copper. The protectionist attitude adopted by the chief industrial countries as a result of currency difficulties and fears of recession, as the Under-Secretary-General for Economic and Social Affairs had already observed, was a considerable handicap for the developing countries, which were compelled to export their primary commodities at lower than normal prices. Manufactured or semi-finished goods also encountered obstacles, such as quantitative and tariff restrictions, to such a degree that the high-level OECD group of experts headed by Mr. Jean Rey had found it necessary to recommend in its report¹ a decrease in the amount added to the price of commodities at the initial processing stage and to point out that if certain large countries continued to postpone the application of the generalized system of preferences, they were likely to endanger the entire system. The third session of UNCTAD had addressed the same appeal to those countries, which, however, had shown no inclination to adopt the necessary legislation to honour the commitments they had made elsewhere. Still referring to international trade, he deplored the fact that the major trading nations were making no effort to promote the interests of the developing countries, and that they were instead seeking to liberalize trade in their own products, despite the promise to the developing

¹ Organisation for Economic Co-operation and Development, *Policy perspectives for international trade and economic relations—Report by the High Level Group on Trade and Related Problems to the Secretary-General of OECD* (Paris 1972).

countries that the latter would be able to participate fully and effectively in GATT in all stages of the trade negotiations planned for 1973.

4. He turned next to the problem of international financing, another area in which co-operation between the developed and the developing countries was inadequate. It was most disquieting to note that two years after the approval by the General Assembly of the International Development Strategy (resolution 2626 (XXV) of 24 October 1970), the objectives established for external financing had not been achieved, and that a setback had even been registered in that area: thus, according to OECD and World Bank data, while the developed countries had accepted the principle of transferring at least 1 per cent of their gross national product to the developing countries—0.7 per cent of it in Government aid—they were far from having attained those objectives. Moreover, the advanced countries were not proving very co-operative when it came to granting loans to the developing countries, which were often in the form of tied aid; the indebtedness of the latter countries was reaching astronomical proportions: \$75,000 million, to which debt servicing amounting to \$7,000 million must be added, according to the most recent IBRD assessments. The Under-Secretary-General had used weak language in stating that international co-operation was not satisfactory, given the gap between the objectives of the Strategy and international co-operation such as it really existed.

5. He next rapidly surveyed the machinery for United Nations aid to the developing countries and emphasized that it had deteriorated and lost influence in recent times. For example, the Economic and Social Council, the major United Nations organ concerned with economic matters, had been left out of all major negotiations and economic, trade and currency agreements which had a real impact on the world economy. Moreover, certain countries had blamed the international organizations as if they were responsible for any ineffectiveness that was attributable to the lack of political goodwill of a number of their chief members, some of which were also seeking to decrease their contributions although their gross national product had tripled in 20 years. Thus, the United Nations was being reproached for having a budget of \$220 million, of which a small portion was devoted to the problems of development; in reality, however, that sum was ridiculously low for an organization whose role was to maintain world peace and direct peaceful co-operation among more than 120 nations, and it represented only one thousandth of what the world spent on weapons and preparations for war. It was still being debated what sums would be allocated for the implementation of some of the resolutions adopted during the third session of UNCTAD, pending a final decision by the Fifth Committee.

6. With regard to UNDP, he recalled what he had already stated before the Economic and Social Council, namely, that the real value of contributions had been lower in 1972 than in 1969; moreover, \$64 million were still needed to meet the national indicative planning figures established on the basis of a modest annual

increase of 9.7 per cent. FAO also was faced with a shortage of resources which prevented it from financing new programmes.

7. Unfortunately, the problems mentioned by the Under-Secretary-General were not the only ones hampering international co-operation; there also was good cause to mention imperialism, the purpose of which was to exploit and dominate the developing countries economically and politically. A number of large multinational corporations were the basic instruments of that neo-imperialism, and his Government had denounced their dangerous activities before various international bodies. For example, at the fifty-third session of the Economic and Social Council (1822nd meeting), his delegation had explained in detail the incredible and notorious activities of International Telephone and Telegraph Corporation (ITT) which, using its influence with the United States Government, had sought to persuade the latter to implement an economic boycott and engage in subversive action in order to overthrow Chile's constitutional Government, which had been legitimately and freely elected by the people. His delegation would speak again on the question in the general debate in the plenary Assembly and denounce the blatant economic aggression of another multinational enterprise, Kennecott Copper Corporation, which made a mockery of Chile's sovereign right to trade in the copper mined on its soil by its own workers. Furthermore, there was no proof whatsoever that the activities of those large corporations had not influenced government policy in their countries of origin; no one would deny that there was an economic blockade against Chile. Legislation had even been adopted to prevent the international or regional bodies of which Chile was a member by right, such as IBRD and the Inter-American Development Bank, from granting Chile loans to which it was entitled and which it needed, particularly as a result of the decline in the price of copper, its main export product, and the process of far-reaching social change that his country was trying to bring into effect. It was in that context that the President of the Central Bank of Chile had lodged a strong protest with the Governors of IBRD, stating that the Bank had proved by its attitude that it was not acting as an independent institution working for the economic development of all its members, but as the representative or instrument of the private interests of one of its member countries.

8. Still on the subject of the problem of multinational corporations, he emphasized that the vertiginous increase in the economic power and influence of the large corporations which were beyond control was a subject for concern among the Governments of developing and industrialized countries alike. For example, they had come to realize that certain financial and business practices of those multinational corporations were giving rise to serious problems and were preventing the implementation of governmental policies concerning internal industrial development, taxation, investment, manpower, etc. International trade was becoming more and more a question of transfers between a large corporation and its foreign branches, and it had even been shown in some cases

that the foreign production of a country's corporations vastly exceeded their exports. Certain large trade union federations feared that they would lose much of their collective bargaining power as a result of the practice adopted by such corporations of transferring their production base to countries where manpower was cheaper. That was why UNCTAD had adopted resolution 73 (III) of 19 May 1972 providing for the establishment of a group of experts to consider the restrictive business practices of such corporations, the ILO had studied the influence of those corporations on manpower problems, and the Economic and Social Council had unanimously adopted resolution 1721 (LIII) of 28 July 1972, requesting the Secretary-General to appoint a group to study the role of multinational corporations, their impact on the process of development and their implications for international relations. In that respect, he hoped that the Secretary-General would be able to inform members of the Committee quickly, through his representative, of the measures he had taken to meet the Council's request. The problem was so serious that all Members of the United Nations should consider themselves responsible. In that spirit, his delegation would therefore submit a draft resolution at the appropriate time, appealing to the Assembly to commend the Council's decision. Indeed, it was imperative to bring about in each country a radical change in the way of thinking, the order of priorities and the political will.

9. He then proposed certain ways to remedy the lack of international co-operation; he reaffirmed his belief that each country should obtain economic independence, through its own efforts and the mobilization of all its natural and human resources, with a view to raising its standard of living. Particular attention should be paid to reducing unemployment and the poverty of the masses, to diversifying production, and above all to establishing a new social structure that was more humane and equitable and provided for the education of the masses and the full participation of the people in political and economic development. Furthermore, the developing world provided a field for action which had, as yet, been little explored and which deserved attention at the economic and trade level, particularly with regard to research, science and technology. The Group of 77 must intensify its joint action along those lines and take any opportunities offered to it, particularly to strengthen its economic and trade ties with the socialist countries of Eastern Europe and with the People's Republic of China.

10. He believed that the organizations concerned with international co-operation, particularly UNCTAD and the specialized agencies, should continue to be used and strengthened. The countries of the third world had had high hopes of the third session of UNCTAD. At Lima, they had drawn up a series of principles and a programme of action² which they had subsequently presented to UNCTAD. However, practically all the evaluations which had been made of the outcome of

the Conference were a proof of failure, at least in part. He referred to the evaluation made by the ECLA Special Committee for Latin American Co-ordination, which represented the view of all the Latin American countries, except Cuba. According to that Committee, a comparison between the aspirations of the Group of 77 and the results achieved showed that the third session of UNCTAD had been particularly discouraging. However, significant progress had been made in various fields, notably in subjects taken up for the first time by UNCTAD: the participation of countries in international monetary reform, and the beginning of the work of drafting a charter of the economic rights and duties of States. Certain resolutions concerning the least developed among the developing countries, the land-locked countries and relations among countries having different economic and social systems opened up new areas for international co-operation. Progress had also been made with regard to the transfer of technology and the identification of restrictive business practices, the development of ports, the development of merchant marines, insurance and reinsurance, etc. The results achieved in other spheres were, however, discouraging, for example trade in commodities, development financing, pricing policies, access to markets for synthetic products, non-tariff barriers, debt-servicing, supplementary financing, etc.

11. His delegation had been glad to hear the French Minister for Foreign Affairs say in the General Assembly that he envisaged the birth of a world-wide movement to back up the work of development and that France would defend a more open policy within EEC to benefit the developing countries. (2041st plenary meeting.) The Minister for Foreign Affairs of the United Kingdom had expressed similar ideas (2042nd plenary meeting). Now it was only a question of waiting for those words to be translated into action.

12. ECLA had also given thought to the future and had drawn up a programme of action which would be submitted to the subsidiary bodies of UNCTAD. The programme contained proposals concerning measures to be taken in favour of the least developed among the developing countries, particularly the establishment of a special fund for them. ECLA had attributed particular importance to the forthcoming special meeting of the UNCTAD Committee on Commodities and to the work of the Intergovernmental Group on Transfer of Technology. Finally, it had reaffirmed the importance of drawing up a charter of the economic rights and duties of States which should lead to an improvement in international economic relations, in particular in relations between the industrialized and the developing countries, taking special account of the problems of the latter. The programme of action would be the touchstone for the good intentions expressed by the Ministers for Foreign Affairs of France and the United Kingdom.

13. He then turned to the two main issues engaging the attention of the world and the developing countries in particular, namely, trade negotiations and monetary reform. In its resolution 1722 (LIII) of 28 July 1972,

² Declaration and Principles of the Action Programme adopted at Lima on 7 November 1971 by the Second Ministerial Meeting of the Group of Seventy-Seven Developing Countries (A/C.2/270 and Corr.1).

the Economic and Social Council had endorsed the decisions taken at the third session of UNCTAD affirming the need for a full participation of developing countries in all the 1973 trade negotiations within the framework of GATT and in the process of monetary reform.

14. With regard to GATT, the developing countries would continue to ensure that the Council resolution was being implemented. Although GATT was not part of the United Nations system, it was closely linked to it and it could not disregard decisions taken by the principal organs of the United Nations. The countries of the third world were determined not to allow a repetition of the events of the Kennedy Round. Accordingly, consultations had taken place at Geneva among the members of the Group of 77 who hoped to be able to count on the active co-operation of the regional economic commissions and UNDP, in accordance with Council resolution 1722 (LIII). It should be noted that ECLA had reaffirmed the confidence of the Latin American countries in the action decided upon by the Co-ordinating Committee of the Group of 77 at Geneva.

15. On the question of monetary reform, complete normalization was not possible without the participation of the socialist countries of Europe and Asia. During the current annual meeting of IBRD and IMF it had been acknowledged that the developing countries should take part in working out a new monetary system. The point at issue now was whether their participation would be effective or whether the Committee of 20 would, in fact, still be a Group of Ten. On the other hand, in IMF, the developing countries were pressing for the creation of a link between the special drawing rights and development financing. That idea must ultimately triumph.

16. In accordance with its Charter obligations, the United Nations must try to find a new, realistic and constructive kind of international action, with a view to world-wide co-operation in the promotion of economic and social development and respect for human rights, including economic, social and cultural rights.

17. Mr. ARLÍA (Argentina) said that his delegation intended to participate actively and in a spirit of co-operation in all the discussions. It felt that informal consultations were the best way of avoiding protracted and often sterile discussions; for that reason it would be entirely at the disposal of all representatives, the Bureau and the Secretariat.

18. It was the function of the Second Committee to direct international action towards the attainment of the objectives of the Second United Nations Development Decade. The decision to undertake a reform of the international monetary system, with the broadest possible participation of the least developed countries, was one of the outstanding events of 1972. His delegation hoped that the reform would lead to the establishment of a more satisfactory system of monetary co-operation which would facilitate the balanced expan-

sion of world trade, by strengthening the role of IMF as a consultative and decision-making organ.

19. It had been decided to begin a new round of multilateral trade negotiations in 1973 within the framework of GATT. The objective of those negotiations was the expansion and liberalization of world trade and an improvement in the level of living of mankind. Preliminary work had already started with a view to establishing negotiating procedures, but the technical and political difficulties were making it a perhaps more arduous task than the conduct of the actual negotiations. Efforts were being deployed to devise negotiating procedures which, when applied to the entire range of trade items, would be acceptable to both the developing and the developed world. The task was complicated still further by the emergence of individual legitimate interests. The Special Committee on Latin American Co-ordination (CECLA), with the co-operation of a group of Latin American governmental experts and the third session of UNCTAD, had recently shown interest in the question. Some general principles and standards of behaviour had been pinpointed whereby trade negotiations might result in real benefits for the less developed countries; however, it was acknowledged that only by actively participating in the preliminary work could they help to establish negotiating techniques and procedures which were likely to be applied and which would at the same time assist them in achieving their interests.

20. His delegation considered that all the least developed countries should take part in the work of GATT. They would merely have to indicate their desire to do so, since no obstacle of an institutional nature stood in the way of the participation of countries which were not members of that body.

21. His delegation did not share the pessimism of some delegations with regard to the advantages which might be derived for the least developed countries from the liberalization of trade. First of all, there was still much to be done in the agricultural sector where those countries had interests at stake and could derive great advantages from a trade liberalization. Moreover, since negotiation was an inherently flexible process, the consequent trade liberalization could take on many forms and give equitable satisfaction to all the interests at stake. At all events, the least developed countries should attend the negotiations with adequate bargaining power, backing up a clearly defined policy and objectives. Through UNCTAD the United Nations could help to generate that bargaining power.

22. If the negotiations were to be one of the successes of the Second Decade, the two major Western economic groups would have to affirm their willingness to consider only the consequences of all the elements of their trade policy and production policy which impeded the expansion of trade, particularly in the agricultural sector. They must also be willing to take action to make the least developed countries more competitive in international trade.

23. The two groups naturally gave priority to the internal problems which they had to confront, but his delegation knew from experience that nothing was more likely to jeopardize the possibility of reaching agreement than vagueness or procrastination in taking a position on a multilateral problem because, in the meantime, protectionist trends had every chance of developing.

24. The developing countries were ready to understand the problems of the developed countries and even, in so far as they were able, to assist them in seeking a solution; but the latter countries would first have to express their clear desire to establish a better balanced and fairer international division of labour and distribution of world income.

25. In that connexion, he referred to some of the misgivings expressed by the Under-Secretary-General for Economic and Social Affairs who had questioned whether rapid expansion of the economy of the developing countries, particularly in the industrial sector, would be sufficient in itself to solve the special social and cultural problems of those countries. The Under-Secretary-General had stated that the machinery of natural price-formation was no longer effective and that new criteria and new measures suited to new requirements, particularly in the case of the relatively less developed countries, should be studied.

26. His delegation shared those misgivings and would like to take part in any studies which might be undertaken in that regard. Accordingly, Argentina pledged the co-operation of its public and private scientific and technical research establishments. However, its support would not be unconditional and it would give its consent only if the studies did not divert any of the limited resources available for development programmes or did not prevent further resources from being provided. The least developed countries had not yet reached a level of expansion or diversification sufficient to allow them to determine whether the initial assumption was correct. That was because international action, which today was considered inadequate, had been neither timely nor sufficient.

27. With regard to the ineffectiveness of the machinery of natural price-formation, it had never operated freely at the international level and that was one of the reasons for the economic backwardness of the developing countries. In the past, although the price mechanism had been able to operate in the United States and certain European countries with, for them, the benefits that could be seen today, elsewhere in the world there had been a system of economic relations imposed by domination and convention. After passing through various phases of economic protectionism and government control, the present situation had finally been reached, in which conceptions varied depending on the commodity or interests involved.

28. The developing countries were being advised to increase their agricultural production to the maximum at a time when, on the international market, they had to contend with restrictive trade practices deriving

from the autarkic policies of the developed countries. Other forms of protectionism were to be found in the industrial sector. The advent of large multinational corporations had given rise to a system whereby it was common practice to prohibit the utilization of certain techniques and to divide up markets. He wondered how the process of natural price-formation could be blamed in such circumstances. No remedy should be abandoned before it had really been applied, and it was of the utmost importance to refrain from adding new constraints—even global constraints—to those which already existed.

29. So far the United Nations had used traditional planning models but no real attempt had ever been made to ascertain their advantages or disadvantages. Apparently a great deal remained to be done to ensure that the premises were not selected on an arbitrary basis and that the working hypotheses were valid and consistent. His delegation was, however, studying with great interest a new concept suggested by Mr. de Seynes which might make it possible to increase the effectiveness of the measures taken by the United Nations by replacing linear growth plans by new non-linear growth plans—in other words, by adopting a global approach. A decision to make so radical a change could not be taken until all the Members of the Organization were fully informed as to what the final outcome of such a change would be. It would therefore be necessary to make a thorough study to determine the implications and consequences of the suggested application of global models to economic growth planning.

30. His delegation firmly supported the suggestion to improve and strengthen the assistance furnished to the relatively less developed countries by further increasing the resources allocated to UNDP.

31. Mr. AJANOVIĆ (Yugoslavia) said that international economic relations were undergoing a period of great upheaval and that, while the situation was perhaps not so dramatic as during the preceding year, it was no less urgent, particularly for the developing countries which had suffered the most from devaluation and inflation and from the restrictive and other measures applied by the developed countries. It was now necessary for countries to work together to seek solutions which respected the interests of them all. In that connexion he pointed out that partial solutions could not be viable, as had once again been demonstrated by the failure of the measures adopted at the end of 1971 to overcome the acute problems arising from the monetary crisis.

32. While it was true that the present situation was difficult for all countries, it was the developing countries which were the most gravely affected; yet they were not in a position to influence international economic relations. Having been rather successful in their unequal struggle for the recognition of their right to equitable participation in trade negotiations and the formulation of the future monetary reform, they must now participate effectively in the decisions made in those areas. The establishment of the Committee of 20 within IMF was only a first step in that direction.

Although he did not wish to outline the demands made by the developing countries in detail, he stressed that the developing countries were entitled to non-reciprocal and preferential treatment where the reform of the international monetary system was concerned.

33. The apprehension felt by the developing countries with regard to the trade negotiations to be entered into within GATT was well founded since, at the time of the Kennedy Round, their status had been reduced to that of observers and they had, in fact, been "short-changed". For that reason, his delegation felt that it was vital for the developed countries not only to take note of the principles guaranteeing the effective and equitable participation of the developing countries in the negotiations but to put those principles into practice.

34. The optimism shown in some quarters with regard to the international economic situation and in particular of the position of the developing countries did not seem justified. He pointed out that the President of IBRD, in his address to the Board of Governors of 25 September 1972, had made a very bleak appraisal of the direction being taken by the international community.

35. The various theories advanced as to the limits to growth seemed absurd. While it was easy to understand the apprehension and uneasiness experienced in international scientific circles, it was difficult to see the reasons for seeking solutions through limited growth and the use of the same yardstick with respect to the developed and the developing countries. Moreover, it seemed that the theory of limited growth ignored man's capacity to overcome his difficulties.

36. Two important international conferences had been convened in 1972: the third session of UNCTAD and the first United Nations Conference on the Human Environment. Those two conferences supplemented one another, although they approached contemporary international economic problems from different angles. In spite of certain limited achievements, the results of the third UNCTAD session were far from satisfactory. On the other hand, the results of the United Nations Conference on the Human Environment were more encouraging than had been expected and were especially commendable in view of the fact that the Conference had dealt with issues which were new and challenging. It was, however, regrettable that a conference whose topic was of universal concern had not been universal in its composition. The absence of a number of European countries had certainly detracted from its achievements.

37. In addition, it should be pointed out that the questions dealt with by UNCTAD had been of interest primarily to the developing countries, while the Conference on the Human Environment had been of greater concern to the developed countries. That was a good illustration of the fact that some economically advanced countries were not sufficiently sensitive to the needs and demands of the developing countries, a failing which was bound to cause concern among the latter.

38. His delegation took the view that, rather than merely making statements, the international community should without delay take specific action to assist the least developed among the developing countries. It had in mind primarily the creation of a special fund to benefit those countries and the adoption of preferential treatment for goods exported by them to the markets of the developed countries. Such assistance should be immediately forthcoming if it was to have the desired effect.

39. The International Development Strategy for the Second Decade would be reviewed and appraised in 1973. The review and appraisal were highly important since some developed countries were acting in such a way as to endanger the achievement of the aims and objectives of the Strategy. Rather than merely itemizing results, the review and appraisal should supplement the Strategy and, if necessary, introduce changes into it. It would, in fact, be necessary to review and appraise the international economic system as a whole. It was significant that the Strategy would be reviewed when trade negotiations were taking place within GATT and the international monetary system reform was entering an intensive phase.

40. The Conference of Foreign Ministers of Non-Aligned Countries, held at Georgetown from 8 to 12 August 1972, had paid particular attention to the subject of co-operation among the developing countries. It had adopted a series of specific measures aimed at facilitating greater co-operation among them. The proposed co-operation was, of course, not restricted to the non-aligned countries but was open to all developing countries.

41. The international economic situation could be improved only through organized and concerted action by the international community as a whole. The Group of 77 had a special role to play in that connexion and solidarity among all its members was therefore of vital importance.

42. Mr. ZAGORIN (United States of America), speaking in exercise of his right of reply, said that, while the representative of Chile had made a very brilliant and impassioned statement, he had gone rather too far in some of the points he had made and had departed from his usual carefulness of expression. What was meant when he had stated that a multinational corporation had "prompted" the Government of the United States to subvert the Government of Chile? The United States delegation categorically rejected any implication that the Government had acted on instructions of a corporation as the representative of Chile had stated and he trusted that the other delegations would not be misled by such an inference.

43. Furthermore, the representative of Chile had made very subtle use of a double negative when he had stated that there was no evidence that the policy of the Government of the United States had not been influenced, thereby making an unfortunate insinuation which his delegation could not accept.

44. The representative of Chile had then spoken of an economic blockade. Everyone knew that at present Chile had an enormous foreign debt. The United States, which was one of Chile's largest creditors, had recently participated in negotiations in that connexion to the satisfaction of the Chilean Government. Was that an economic blockade?

45. Confiscation of property without fair compensation was contrary to international law and was unacceptable. That was not his personal opinion or simply that of certain private companies, but it was the official position of the Government of the United States clearly announced by the President. He also could not accept Ambassador Santa Cruz' charge that the World Bank was a tool of the "private interests of one member". His delegation considered it absurd to claim that the duly determined policies of that multilateral organization were so established.

46. Contrary to what seemed to have been indicated by the representative of Chile, the reasons which that representative had cited were not the only ones which had led the Economic and Social Council to adopt unanimously resolution 1721 (LIII) on multinational companies. The United States delegation and others in approving the resolution supported an objective, a non-prejudicial study, and awaited its completion which would cover all aspects, including benefits and contributions of multinational companies.

47. Mr. SANTA CRUZ (Chile) said that some of the interpretations provided by the representative of the United States did not tally with what he had actually said. Chile desired friendly relations with all countries: that was why it did not make gratuitous attacks. If he had denounced certain facts, it was because he had felt it necessary to do so.

48. With regard to the first point raised by the representative of the United States, he reiterated, in case there had been an error of interpretation, that his delegation had explained in detail at the fifty-third session of the Economic and Social Council that ITT had used its influence with the United States Government in order to bring about the overthrow of the Government of Chile by subversive means. As for the double negative which the representative of the United States had criticized, its only purpose was to tone down the accusation for, while it could not be proved that pressure had been exerted, neither could it be proved that pressure had not been exerted. However, when such close ties existed between the executives of a corporation and the Government of a country, the fact that that Government had not indignantly rejected the pro-

posals made by the corporation was an undeniable sign that those proposals had been listened to.

49. Neither could it be denied that the United States was carrying on an economic boycott against Chile. Chile had encountered difficult periods over the past 20 years and, up to the present, had always received assistance, being regarded as a country which could be trusted and which would meet its obligations as soon as it could. Chile had struggled for the establishment of the World Bank and had been a good customer of the Bank. All that had changed since the country which made the largest contribution to the Bank had given instructions that assistance should not be granted to Chile, as Chile was not paying compensation at the desired level. Of course, nobody could deny a country with an important natural resource—in Chile's case, copper—the right to ensure that its population benefited from it. Reforms had been introduced after 30 or 40 years of exploitation and had been adopted unanimously by the Chilean Congress. Before the reforms, the Anaconda corporation had contributed 20 per cent of the investment in the copper industry in Chile, while extracting 80 per cent of the profits. It had been decided that, in future, the corporation would draw only 10 per cent.

50. The representative of the United States had spoken of Chile's indebtedness. No agreement had been reached on the matter between Chile and the United States private and public bodies. However, in order to avoid a serious social crisis, Chile needed to import and to import food in particular. But the United States was preventing it from importing. Was that not a boycott?

51. The representative of the United States had referred to the resolution adopted by the Economic and Social Council and to the reasons which Chile, but not the United States, claimed had led to its adoption. His own exact words had been "These are some of the considerations which have led to the despatch of a group of experts"—which showed that he was aware that the Council had acted on the basis of a number of considerations, even if he had referred to only some of them. With regard to the last point, he fully agreed with the President of the Central Bank of Chile who had declared that the World Bank had acted not as an independent body but as the instrument of special interests. There would be an opportunity to return to the subject when the Council considered the Bank's report.

The meeting rose at 1.15 p.m.