

**THE WORLD BANK GROUP ARCHIVES**

**PUBLIC DISCLOSURE AUTHORIZED**

Folder Title: ECOSOC Meeting / Chile - Meetings 03

Folder ID: 1771385

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4539S

Series: Subject files

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized January 17, 2013

To cite materials from this archival folder, please follow the following format:  
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK  
Washington, D.C.

© 2012 International Bank for Reconstruction and Development / International Development Association or  
The World Bank  
1818 H Street NW  
Washington DC 20433  
Telephone: 202-473-1000  
Internet: [www.worldbank.org](http://www.worldbank.org)

**PUBLIC DISCLOSURE AUTHORIZED**

McNamara Papers

ECOSOC Meeting,  
1972 (Oct. 18-25)

The World Bank Group  
**Archives**  
1771385  
A1995-256 Other #: 3 309659B  
ECOSOC Meeting / Chile - Meetings 03

Folder 3 of 3

**DECLASSIFIED**  
WBG Archives



893/5/23 Ecosoc:  
Chile ✓

**DECLASSIFIED**

**NOV 30 2012**

October 25, 1972

Files

Max Epstein

**WBG ARCHIVES**

**CONFIDENTIAL**

Chilean Debt Service Payments

At today's regional senior staff meeting, chaired by Mr. G. Alter, Mr. Gutierrez announced that Chile was supposed to make four payments totalling about US\$300,000 on or around October 1 and 14 payments totalling about US\$4 million on or around October 15. None of these payments have been received so far. Mr. Gutierrez has tried to establish contact with the Chilean authorities with no success so far.

ME Epstein/irg





813/5/22

of 1-39A

CORRESPONDENTS:

A CAP INITIAL DECISION IN THE GOLDEN WEST AIRLINES AND LOS ANGELES AIRWAYS ACQUISITION AGREEMENT WILL BE AVAILABLE FOR NEWS MEDIA AT 11:00 A.M. TODAY IN ROOM 1007, 1825 CONN. AVE., NW.

UPI

10-13 BP1042A

UPI-40

(FOREIGN BRIEFS)

SANTIAGO -- THE GOVERNMENT ASSUMED TOTAL CONTROL OF RADIO BROADCASTING TODAY DURING TWO CRIPPLING STRIKES AND A STATE OF EMERGENCY IN MORE THAN HALF THE NATION.

THOUSANDS OF RETAIL STORES CLOSED ACROSS CHILE TO SUPPORT A STRIKE BY TRUCK DRIVERS THAT HAS PARALYZED FOOD AND FUEL DELIVERY IN SANTIAGO AND OTHER MAJOR CITIES.

THE INTERIOR MINISTRY ORDERED ALL RADIO STATIONS TO FORM A "PERMANENT NETWORK" FOR RELAY OF STATEMENTS BROADCAST BY THE PRESIDENTIAL PRESS OFFICE.

THE NETWORK REPEATED FREQUENTLY A TAPED POST-MIDNIGHT SPEECH BY PRESIDENT SALVADOR ALLENDE DENOUNCING THE TRUCKERS "WITH GREATEST BITTERNESS" AND URGING CALM IN AFFECTED AREAS.

-0-

PANAMA CITY -- PANAMANIAN STRONGMAN OMAR TORRIJOS SAID THURSDAY THAT HIS GOVERNMENT CONDUCTED A RAID THAT BROKE UP A RECENT BLACK POWER PLOT TO BOMB THE AMERICAN SOUTHERN COMMAND MILITARY HEADQUARTERS IN THE PANAMA CANAL ZONE.

TORRIJOS MADE THE STATEMENT DURING A BUS TOUR OF POOR NEIGHBORHOODS IN PANAMA CITY WITH VISITING REPORTERS. HE SAID THE INCIDENT HAPPENED "FIVE OR SIX MONTHS AGO".

-0-

SAIGON -- PRESIDENT NGUYEN VAN THIEU HAS FIRED THE MAYOR OF DA NANG FOR CHEATING 31,000 WAR REFUGEES FROM QUANG TRI PROVINCE OUT OF THEIR RICE RATIONS, OFFICIALS SAID TODAY.

OFFICIALS SAID THE FORMER MAYOR, COL. NGUYEN NGOC KHOI, SUBSTITUTED CRUMBLING BITS OF INFERIOR RICE AND SMALL PIECES OF NYLON CORD FOR THE REGULAR RICE SUPPLIES DUE THE REFUGEES.

-0-

PEKING -- FOREIGN MINISTER WALTER SCHEEL OF WEST GERMANY SAID THURSDAY CHINA FAVORS THE SEATING OF BOTH GERMAN STATES IN THE UNITED NATIONS. HE SAID AFTER MEETING WITH PRIME MINISTER CHOU EN-LAI THAT CHINA WILL USE ITS SECURITY COUNCIL MEMBERSHIP IN SEEKING TO SEAT BOTH GERMANY'S.

SCHEEL ALSO SAID THE PEKING GOVERNMENT CONSIDERS A DIVIDED GERMANY "ABNORMAL" AND THAT REUNIFICATION MUST COME EVENTUALLY.

-0-

MANILA -- INFORMATION SECRETARY FRANCISCO TATAD SAID TODAY THE GOVERNMENT IS CONSIDERING BANNING FOREIGNERS FROM DOING NEWS BROADCASTS OVER RADIO AND TELEVISION IN THE PHILIPPINES.

TATAD TOLD A NEWS BRIEFING HOWEVER THAT THIS DOES NOT MEAN THE BEGINNING OF NATIONALIZATION OF BROADCAST MEDIA IN THE COUNTRY.

"IF LOCAL TALENTS ARE AVAILABLE, WE SHOULD DO AWAY WITH ALIEN NON-TALENTS ON NEWS BROADCASTS WHETHER ON RADIO OR TELEVISION," HE SAID.

-0-

KAMPALA -- PRESIDENT IDI AMIN ACCUSED BRITAIN THURSDAY OF WAGING A PROPAGANDA CAMPAIGN AGAINST HIS COUNTRY AND SAID HE ACCORDINGLY HAS ORDERED THE EXPULSION OF HIGH COMMISSIONER RICHARD SLATER, HIS GOVERNMENT'S TOP DIPLOMAT IN THIS EAST AFRICAN COUNTRY.

BUT, HE SAID, HE WOULD NOT ORDER THE CLOSURE OF THE HIGH COMMISSION DESPITE THE ALLEGED PROPAGANDA CAMPAIGN.



2366

## OFFICE MEMORANDUM

813/5/21

TO: Files DATE: October 20, 1972

FROM: Ernesto Franco-Holguin  
and L. Peter Chatenay

SUBJECT: Comments by Delegations after the ECOSOC Meeting of October 18, 1972



1. In general, comments are highly favorable. The Council, it is said, had a meaningful session on one of the most "constructive" items of its business. It was a good day for the Council and a good day for the Bank in the opinion of everyone.

10/20  
2. All also agree the "confrontation" with Chile was inevitable and most everyone feels the Bank's answer was timely and hit the proper note--"the Chileans had it coming to them." The Lebanese delegate says some of his colleagues from the LDCs consider the answer to Chile was "damning." Mr. McNamara's final remark on continuing disbursements was misunderstood by some who thought it meant new loans would be made.

3. On the Chinese question, the Bank's reply came quickly and was short so that a few delegates did not quite "catch" it. But for the majority, the brevity and "neatness" of the reply were noted and the substance well understood. The Pakistani delegate "hopes the Bank will have seen why, in a political forum such as ECOSOC, they had to support China, while at the Annual Meeting (a "technical" gathering) it would not have been right for them to bring up the matter."

4. On Mr. McNamara's initial statement, comments were most favorable. Several delegates pointed to the high level of representation around the Council's table for the item on the Bank. The total approval of the Bank's activities in "new" fields such as housing, population, education, throughout the debate was one of the features on which many delegations commented.

5. Partly because of the Bank's success and its public image (relative to the UN situation and image), and because of the way this meeting of ECOSOC went, some feel that the presentation of the Bank's report next year may be an even more important event which might cover more than a single day. Ambassador Frazao, who will probably preside over ECOSOC next year, has in mind, we are told, to give even more weight to the IBRD report.

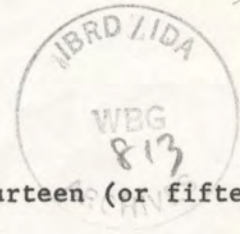
cc: Messrs. McNamara  
Demuth/Hoffman  
Broches  
Alter  
Cargill  
W. Clark

EFranco-Holguin/LPChatenay:ec

President has seen



8/13/5/99



Mr. President and Members of the Council:

I have listened attentively to the comments of the fourteen (or fifteen) speakers today. The range of their remarks has been broad, and they have made many important points. I will obtain the <sup>verbatim</sup> ~~official~~ transcription of today's proceedings, and I and my associates <sup>each of the suggestions which have been made</sup> ~~in the Bank~~ will give them the most careful consideration.

I was particularly struck by <sup>the</sup> repeated references to the question of a more equitable distribution of the benefits of growth, ~~to the poorest 40% of the populations~~ in the developing countries, and ~~we~~ in the Bank <sup>will</sup> ~~are~~ giving increasing attention to this critical issue. ~~I~~ I was equally struck by references to the growing debt burden in the developing world, and ~~it~~ is the Bank's hope that all agencies interested in development--both multi-lateral and bi-lateral--will recognize the increasing urgency of this problem and the need ~~to search for feasible solutions.~~ The comments ~~of the speakers today have made it clear that there is a need for~~ significantly increased levels of concessionary aid, <sup>if it is to be dealt with effectively</sup> ~~I~~ I noted, too, the

*Jan*

wide support expressed for a special effort to assist these countries which the United Nations has designated as the least developed; we in the Bank are in agreement with this view, and <sup>we are rapidly expanding our assistance</sup> ~~are shaping out~~ lending program to that

*to them.*  
~~end.~~

*I should*  
There is one specific comment to which I feel ~~it is necessary~~ to reply in somewhat greater detail, and that is the statement of the Chilean delegate--made before lunch--on the relations of his Government and the Bank.

(Proceed to prepared reply to Chilean criticism of the Bank.)

[ There is one other matter on which I think you would perhaps wish me to comment before we adjourn this afternoon, and that is the question raised by the Representative of the People's Republic of China, who in effect asked why has the Bank taken no action to implement the General Assembly resolution on China.

Let me say:

*W* This is a question to be decided by the Bank's member governments.



2. I can tell you that promptly after the General Assembly adopted the resolution concerning the representation of China, I brought that resolution to the attention of governments, and on October 26, 1971 I so advised the Secretary-General.

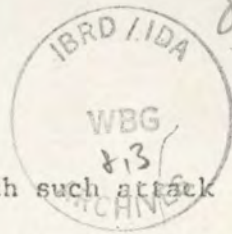
4 At the Annual Meeting of the Board of Governors of the Bank held three weeks ago, no one of the financial ministers, representing the 121 nations which are members of the Bank, raised the issues of Chinese representation. ]

Mr. President, once again I would like to express my gratitude to you and to the members of the Council for this opportunity to discuss <sup>the</sup> ~~our~~ activities <sup>in</sup> the World Bank. We recognize the importance of close collaboration with the Economic and Social Council, as well as with other elements of the United Nations <sup>system</sup> ~~family~~ concerned with various aspects of development. The fact that so many members of our Executive Board are present here today at this session illustrates the value that all of us in the World Bank place on that collaboration.

Thank you and good afternoon.



813/5/20



Reply to Chilean Criticism of the Bank

The statement of the Chilean representative is the fifth such attack on the Bank within the past three weeks: on September 28 at the Annual Meeting of the World Bank Group in Washington; on September 29 before the Second Committee of the General Assembly here at the UN; on October 4 in the Plenary Session of the General Assembly; on October 6 at the Trade and Development Board in Geneva; and now here today in this Council. Although the charges are false, I have been reluctant to reply to them heretofore because to do so could conceivably harm a people who need the world's help. However, the continuing repetition of mis-statements now requires a response to prevent damage to an institution which committed \$3.1 billion to more than 60 developing countries in FY72, an institution which has loaned Chile more than \$235 million in the past, and which has repeatedly stated its desire to resume lending to Chile in the future as soon as conditions permit.

(1) The Chilean representative stated the Bank is a tool of the private interests of one of the great powers and withholds loans from developing countries when requested to do so by that power. The facts do not bear this out. On three occasions in the recent past (in connection with loans to Bolivia, Guyana and Iraq) the Board of Directors of the Bank, upon my recommendation, approved projects over the objection of one or more of the great powers, *the objections being based on disputes over nationalization.* All these cases are a matter of official record which is available to all member governments of the Bank including, of course, the Government of Chile.

(2) The Chilean representative stated the Bank is not lending to Chile because ~~the U.S. Government directed that there be no loans to Chile following~~



*As a matter of fact the document from which the Chilean representative read an extract referring to that policy was not my report but a report of the Directors of the Bank, representing all our member*

the nationalization of the property of certain U.S. nationals. This is not the case. For a quarter of a century, the Bank has followed a reasonable and consistent policy relating to the nationalization of property -- a policy which has been determined by its member governments, and which is founded on accepted principles of international law. <sup>Government</sup> Whether or not Chile has acted in accordance with such a policy has not been determined. That question has not yet arisen because the primary condition for Bank lending -- a soundly managed economy with a clear potential for utilizing additional funds efficiently -- has not been met. The Chilean economy is in severe difficulty. Inflation is rampant. Prices rose by 33% from January to July of this year. In the month of August alone, the cost of living increased by 22%, and by an additional 20% in September -- <sup>a</sup> 96% increase for the nine months. In 1971, net foreign exchange reserves fell by over \$300 million -- compared with increases of \$91 million in 1970, and \$214 million in 1969. The reserve loss has continued in 1972, and the government ~~itself~~ now projects its balance of payments deficit at \$370 million for this year, even after suspending most payments on its external debt. Appropriate tax measures have not been instituted; domestic output -- agricultural as well as industrial -- has fallen far below targets; and the wage-price ratio is now so unstable as to require readjustments every four months. In this situation it is clear that internal measures to reestablish reasonable economic stability are required -- and no amount of external financial assistance can substitute for them. As matters stand -- in the absence of such fundamental economic stability -- it is simply impossible for Bank funds to be used productively for the benefit of the Chilean people, and with the reasonable probability of repayment, which the Bank's Articles of Agreement require.



(3) The Chilean representative neglected to state that immediately following the election of President Allende, I sent personal messages to the President indicating the desire of the Bank to continue to support Chile's development program. These messages were conveyed by Mr. Galo Plaza and Mr. Felipe Herrera. Further, at the time of the CIAP review of the Chilean development program in February 1971 -- three months after the new Administration took office -- and on many subsequent occasions the Government was again informed that the Bank was anxious to find ways to assist in Chile's development efforts.

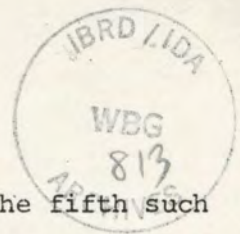
We deeply regret that the state of the Chilean economy makes this impossible at this time.



File 72 ECOSOC

10/18/72

813/5/18



Reply to Chilean Criticism of the Bank

The statement of the Chilean representative is the fifth such attack on the Bank within the past three weeks: on September 28 at the Annual Meeting of the World Bank Group in Washington; on September 29 before the Second Committee of the General Assembly here at the UN; on October 4 in the Plenary Session of the General Assembly; on October 6 at the Trade and Development Board in Geneva; and now here today in this Council. Although the charges are false, I have been reluctant to reply to them heretofore because to do so could conceivably harm a people who need the world's help. However, the continuing repetition of mis-statements now requires a response to prevent damage to an institution which committed \$3.1 billion to more than 60 developing countries in FY72, an institution which has loaned Chile more than \$235 million in the past, and which has repeatedly stated its desire to resume lending to Chile in the future as soon as conditions permit.

(1) The Chilean representative stated the Bank is a tool of the private interests of one of the great powers and withholds loans from developing countries when requested to do so by that power. The facts do not bear this out. On three occasions in the recent past (in connection with loans to Bolivia, Guyana and Iraq) the Board of Directors of the Bank, upon my recommendation, approved projects over the objection of one or more of the great powers, the objections being based on disputes over nationalization. All these cases are a matter of official record which is available to all member governments of the Bank including, of course, the Government of Chile.



(2) The Chilean representative stated the Bank is not lending to Chile because of the nationalization of the property of certain U.S. nationals. This is not the case. For a quarter of a century, the Bank has followed a reasonable and consistent policy relating to the nationalization of property -- a policy which has been determined by its member governments, and which is founded on accepted principles of international law. As a matter of fact, the document from which the Chilean representative read an extract referring to that policy was not my report but a report of the Directors of the Bank, representing our member governments. Whether or not Chile has acted in accordance with such a policy has not been determined. That question has not yet arisen because the primary condition for Bank lending -- a soundly managed economy with a clear potential for utilizing additional funds efficiently -- has not been met. The Chilean economy is in severe difficulty. Inflation is rampant. Prices rose by 33% from January to July of this year. In the month August alone, the cost of living increased by 22%, and by an additional 20% in September -- a 96% increase for the nine months. In 1971, net foreign exchange reserves fell by over \$300 million -- compared with increases of \$91 million in 1970, and \$214 million in 1969. The reserve loss has continued in 1972, and the government now projects its balance of payments deficit at \$370 million for this year, even after suspending most payments on its external debt. Appropriate tax measures have not been instituted; domestic output -- agricultural as well as industrial -- has fallen far below targets; and the wage-price ratio is now so unstable as to require readjustments every four months. In this situation it is clear that internal measures to reestablish reasonable economic stability are required -- and no amount of external financial assistance can substitute for them. As matters stand -- in



the absence of such fundamental economic stability -- it is simply impossible for Bank funds to be used productively for the benefit of the Chilean people, and with the reasonable probability of repayment, which the Bank's Articles of Agreement require.

(3) The Chilean representative neglected to state that immediately following the election of President Allende, I sent personal messages to the President indicating the desire of the Bank to continue to support Chile's development program. These messages were conveyed by Mr. Galo Plaza and Mr. Felipe Herrera. Further, at the time of the CIAP review of the Chilean development program in February 1971 -- three months after the new Administration took office -- and on many subsequent occasions the Government was again informed that the Bank was anxious to find ways to assist in Chile's development efforts.

We deeply regret that the state of the Chilean economy makes this impossible at this time.



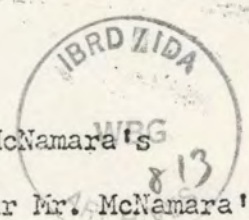
JL Maddux file  
Ecosoc: Chile  
813/5/17

FIRST INTERVENTION BY THE REPRESENTATIVE OF CHILE AT ECOSOC, 10/18/72

Mr. Chairman,

Thank you very much. I wish first to acknowledge Mr. McNamara's presentation of the World Bank Group report and in particular Mr. McNamara's personal effort in all of the presentations we have recently heard regarding the Bank's activities and the problems of underdevelopment.

Mr. Chairman, every year the Council receives the IBRD report under Article 63 of the Charter, pursuant to the provision of Article 57 that the various specialized agencies having wide powers in economic, social, cultural, educational, health and related fields be brought into relationship with the Organization. It is understood, therefore, that the World Bank, being connected with the UN Organization, must act within the purposes and principles of the Charter. It is therefore comforting to think that the Bank in its operations adapts to and does not depart from the purpose of developing friendly relations among nations, based on respect for equality of rights and the self-determination of peoples. The Bank is also surely prepared to achieve international cooperation in solving international economic, social, cultural or humanitarian problems. These purposes and principles of the Charter, to which many economists and politicians attribute no importance in the economic relations between states, have been taking on a measure of importance in the light of recent events in public and private international economy, to which I wish to refer while we analyze the report of a specialized agency of the status and importance of the World Bank.





I shall refer in more detail to this matter when considering the relations between the World Bank and Chile. As a member of the Council it is my duty to refer first of all to the Bank's report in general terms. We are in agreement that, while the developing countries as the whole have stepped up their development in the past ten years, the figures do not reveal the increasing magnitude of their development\* as regards the poorer countries or the impoverished masses huddled in abject misery. It is no longer a matter of comparison between poverty and scientific and technological progress, but a comparison between those who have food and those who are dying of hunger or malnutrition.

The elimination of infant mortality, acute malnutrition, poor distribution of income, and unemployment is progressing much more slowly than the evil itself.

In the past financial year, the Bank and IDA helped to combat this situation with loans and credits to agriculture in the amount of US\$436 million, to education, US\$251 million, to urbanization, US\$10 million, to water supply and sewerage, US\$54 million. Nevertheless, that financial assistance is still far too little to cover the increasing needs of the Third World. On the other hand, the Bank has also had to concern itself with other important problems such as the setting up of development finance companies, US\$251 million, electric power, US\$520 million, industry, US\$372 million, transportation, US\$780 million.

---

\* T.N.: or: "underdevelopment" - the Spanish transcript may be defective.



It is important to point out that total Bank and IDA lending amounted to US\$2,966 million during the financial year, even though we must admit that the poorest of the developing countries did not always benefit and that the geographical distribution of the loans and credits shows that six countries alone obtained a total of US\$1,583 million, or more than half of the total.

We hope that in future the Bank will be able to give more attention to the least developed countries, where much of the poverty mentioned in the report is concentrated. We are sure that the Bank will take into account in this regard the comments so rightly made by its President in the various international forums in which he has recently so ably taken part.

With regard to the more efficient mobilization of the internal resources of the developing countries, we would refer to the Charter of Algiers of October 1967, when the ministers of the Group of 77 formally declared that the primary responsibility for the development of the developing countries lies with those countries themselves.

The Bank and its President have on various occasions pointed out that it will be impossible for assistance from official sources to reach 0.7% of the GNP of the developed countries by the end of the decade. It seems that there is little likelihood that, during the first half of the decade, official assistance for development will amount to more than 0.37% of the GNP of the developed countries. Furthermore, everything seems to indicate that official assistance from the most powerful



capitalist country will decrease by the middle of the decade from 0.31% in 1970 to 0.24% in 1975. These figures demonstrate once again how imperialism is denying possibilities of development to the Third World. This leads us to restate here what the Foreign Ministers of the non-aligned countries declared last August at the Georgetown conference, and I quote:

"The Foreign Ministers of the nonaligned countries declare that imperialism continues to be the major obstacle to the achievement by the developing countries, and by the nonaligned countries in particular, of standards of living compatible with the most elementary standards of human dignity.

"Imperialism, in addition to opposing and assuming a belligerent attitude toward the proposals made by countries of the Third World, is systematically endeavoring to weaken their social, economic and political structures in order to maintain colonialism, dependency and economic neocolonialism. This state of affairs, in addition to attacking sovereignty and independence, takes on the features of aggression against the economies of the peoples who do not submit to rules and dictates to the extent of promoting misery and even war in vast areas of the world."

With regard to South America, the report mentions, among other things, that the first development loans were granted to a country in that region -- to Chile, in 1948, for power and agriculture projects. Times, governments and the direction of Bank lending have changed. It



would seem that the allocation of Bank loans is made more on the basis of political ideology than on account of the content of the projects.

The report, however, goes on to say:

"In South America, however, as in all areas, there have been periods when the Bank's ability to provide assistance to one or another country has been limited. Issues have arisen from time to time over such matters as the sufficiency of domestic public savings to complement Bank financing of projects, the effect of government policies on the viability of the balance of payments over the short and long run, problems of debt management, and disputes among members over compensation for expropriated property."

Farther on, the report states that the outcome of such issues is "determined by the Bank's understanding of its obligations to all members in accordance with its Articles of Agreement." In other words, in its report the Bank is here expounding a strange theory. It says that the possibilities for providing aid are limited by problems of internal savings, by the effect of government policy on the viability of the balance of payments, by problems of indebtedness, and by disputes between member countries on payment of compensation for expropriated property. My Government finds this last point unacceptable.

The other three points are partially covered in the Articles of Agreement, but we cannot see where the Bank derives the authority to withhold loans as a result of disputes between member countries regarding payment of compensation arising from expropriations.



This is a matter that requires an explanation, because as it is worded, the report might suggest that the Bank has a policy in this regard. However, neither the Articles of Agreement of the Bank nor the decisions of the Board of Governors nor the resolutions of its Board of Executive Directors have laid down any such general policy. On some occasions, the Bank has regrettably applied restrictive measures against certain countries which have carried out sovereign procedures of nationalization. This is, however, a serious precedent that goes contrary to the purposes and principles of the Charter to which I referred, and therefore cannot be employed by a specialized agency of the UN, which is what the Bank is, to formulate any policy in that regard.

There are, in our opinion, two clear paths open to the Bank: either it accepts the principle of self-determination of peoples proclaimed in the Charter or it opposes it. The Bank cannot claim to formulate policies contrary to the pertinent UN resolutions and principles as regards the exercise of continuing sovereignty over natural resources.

Any action contrary to Resolution 1803 XVII of the General Assembly is contrary to Article I, paragraph 2 of the Charter. In this regard, Resolution 1803 XVII constitutes international law on nationalization and expropriation of natural resources, and the Bank must respect that law because it is intimately bound up with the principle of self-determination of peoples. Not to grant a credit or loan because of



Mexico Ambassador Garcia Robles. Not active.

Netherlands Mr. Lodewijk H.J.B. van Gorkam. New delegate.

Pakistan Ambassador Sahi. An intelligent man and a resourceful parliamentarian. He is apparently well disposed towards the Bank but he took a strong and critical position vis-a-vis the Cargill mission a year ago when the Indian delegation used its reports as evidence of the situation in Pakistan.

Peoples Democratic Republic of Yemen (We don't know who will attend.) Not an active delegation.

Philippines Ambassador Reyes. His delegation is quite active and is one of the champions of the cause of the LDCs, particularly of the Asian countries. Ambassador Reyes and the other members of his delegation are friendly to the Bank.

Romania Ambassador Datcu. Not active.

Rwanda Ambassador Nkundabagenzi. Not active.

Senegal Ambassador Fall. Not active.

Spain Mr. Antonio Elias. Not active.

Sudan Ambassador Abdulla. Last year this delegation was critical of the Bank on the decolonization question.

Sweden Ambassador Rydbeck. This delegation is one of the strongest supporters of the LDCs. Favor supplementary financing. Support the African countries on decolonization.

Trinidad and Tobago Ambassador Seignoret. Not active.

Ukranian USSR Ambassador Polyanchko. This delegation invariably follows the USSR line. It initiated the attack on the Bank on decolonization at last summer's ECOSOC.

Venezuela Ambassador Diaz Gonzalez. Not active.

Yemen Ambassador Gekhman. Not active.



sovereign expropriation by member states cannot be a Bank policy unless the Bank wishes to override the UN and set itself up as the sole arbiter and judge of these legal matters that are so important for the sovereign survival of the states, especially the smallest ones.

Resolution 1803 XVII assigns responsibility for solving conflicts over expropriation or nationalization to the internal legislation of each state. This is what the Bank must accept, and we should like to have its President's opinion so that the matter may be duly clarified and recorded in the minutes of the Committee.

With regard to the particular case of Chile, because I have only been speaking in general terms up to now, I must declare that the management of the Bank has acted in an obviously precipitous and biased way; even long before any final decision on compensation could be reached in the matter of the nationalization of Chile's copper. We do not understand on what grounds or with what authority the management of the World Bank adopted its decisions and ultimately brought pressure on a legal procedure still in process and concerning which its sole contribution could lie in some form of analysis but only in the event that the nationalization measures directly affected the feasibility of projects submitted to it for financing. In acting as it did, the World Bank establishes itself not as <sup>an</sup> independent multinational agency in the service of the economic development of all of its members, but in fact as the mouthpiece or tool of special private interests in one of its member countries.



In any event, it is clear to us that if the procedure of nationalization pursued by Chile should involve some contradiction to the general development policies promoted by the Bank, it is not the responsibility of the Bank's management to suspend financing to Chile, but possibly the higher organs of the Bank, such as its Board of Executive Directors or Board of Governors.

I should like at this point to refer only to the attitude taken by the management of the World Bank, because the World Bank has traditionally been one of the most important bases of external financial support for Chile and, moreover, the World Bank is an agency whose multilateral character we wish to preserve. And here we consider that the present attitude of the Bank's management not only is unacceptable to Chile, but carries dangerous negative overtones that may affect to a greater or lesser degree a great many developing countries.

In the 23 months the present Chilean administration has been in office, our country has not received one single loan from the Bank, even though it has submitted detailed projects for its consideration. Suffice it to cite as an example a fruit growing development project of extreme importance to the country, with a major impact on its balance of payments, which has been under consideration since July 1970; a project intended to complete the second stage of a livestock development project begun with the Bank's assistance and examined in the field by a mission that arrived in Chile in January 1971; a power program of our national electricity undertaking, a sector in which the Bank has been working in



Chile since 1948, i.e. for more than 20 years, and for which the Chilean Government has had to decide to seek other sources of financing in order not to suffer from further procrastination by the Bank.

These projects offer feasibility, profitability and other technical conditions that more than meet the requirements set forth in the Bank's Articles of Agreement and in its general operating policies. These projects fully meet the purposes of development claimed to be the Bank's chief goal and have been technically analyzed by the management. Nevertheless there has been delay in presenting them to the Bank's Board of Executive Directors. The attitude of the Bank's management toward the loans requested by Chile is incomprehensible and beyond all legal or moral logic.

In the first place, because there is no provision in the statutes of the Bank or in the resolutions of the Board of Executive Directors or of the Board of Governors stating that it cannot grant loans to a country because of disputes with member countries concerning the payment of compensation for expropriated property.

In the second place, because such an attitude is contrary to the fundamental principles of the UN, such as the self-determination of peoples.

In the third place, because a multilateral institution like the Bank cannot lose its multilateral nature because the interests of one of its members are affected. Chile has not, nor does it wish to have,



problems with the United States. However, if for national reasons the Government of the United States should have some dispute with the Government of Chile, it ought to seek channels for solution that would not detract from the image of multilateral cooperation for development.

We should like the Bank to maintain its image of efficiency in eradicating the many problems of underdevelopment. Therefore, we call on its management to refrain from being swayed by members, who, however powerful, pursue objectives different from those of all the member countries. If the US Government, through its highest representatives and by internal legal processes, lays down unilateral policies regarding nationalization and compensation, the Bank cannot agree to follow those unilateral policies. We believe that the management of the Bank should basically watch over the preservation of the constitution of the Bank and therefore of its multilateral character.

The Bank must maintain its identity as a UN specialized agency, and within the multilateral sphere of international cooperation for development and the principle of self-determination of peoples, should give assistance to the nations that rightly request it.

Mr. Chairman, the attitude shown by the management of the Bank in regard to Chile forces me to inform the Council of a few basic facts that should be considered with regard to the nationalization of copper in Chile. I do so only to show the clarity of the procedure so as to



reveal the bad faith with which the expropriated American companies have been acting and the influence that such bad faith may have had on the management of the Bank.

The nationalization of copper was the result of a constitutional procedure unanimously approved by the members of the Chilean legislature, the majority of which opposes the Government. The legislature represents the ultraconservatives, traditional friends of the United States, and the Christian Democratic Party which, during Eduardo Frei's administration, had reached an agreement of the Chileanization of copper, whereby the Government entered into an association with the American copper companies.

It also includes the various parties representing the nonclerical middle class, and the leftist parties grouped in the Unidad Popular (Popular Unity).

Not one opposing vote, not one, was cast against the Constitutional Reform. This provides that in Chile the State holds absolute, exclusive, inalienable and inviolable ownership of all mines, guano deposits, metalliferous sands, salt beds, coal, hydrocarbon and zinc deposits. The Constitutional Reform adds that as it is required in the national interest and for the exercise of the State's sovereign and inalienable right to dispose freely of its natural wealth and resources, pursuant to Article 10 of this political Constitution "the companies constituting the large-scale copper mining industry are hereby nationalized and therefore declared incorporated into the full and exclusive ownership of the Nation."



The Reform also considered it fair to compensate the expropriated companies, with due regard to the excessive profits obtained by the companies. For the Council's information, I shall briefly illustrate the nature of these excessive profits, by a single example.

From 1955 to 1965 the total profits of the big copper companies amounted to US\$3,100 million -- three billion one hundred thousand dollars. Costs of production were US\$937 million; the income to the country amounted to US\$914 million. The profits of Kennecott Copper alone amounted to 106% in 1967, 113% in 1968 and 205% of its capital in 1969. So that you may have a clear picture of Kennecott's fortunate position, that company earned an average return of 9.95% on its international investments from 1965 to 1967 but in the same period in Chile it obtained 52.87%. The case of the other big American companies was similar. The President of the Republic had to abide by the constitutional provision for compensation but at the same time, in accordance with the Constitution, he had to take into account the excessive profits earned by the companies. To do so, he had only to consider the financial results of those companies as shown on their balance sheets since May 5, 1955.

The President of the Republic considered that, in relation to their book values, the profits earned in Chile by Anaconda Copper and Kennecott Copper far exceeded the profits shown in the same books for their operations in the rest of the world, and he decided that profits in excess of 12% per annum on the capital invested should be deducted from the compensation.



Under the Constitutional Reform, the Comptroller General of the Republic decided that not only did the expropriated companies have no right to any compensation, but that they owed large sums of money to the Chilean State. Under the constitutional procedure, Kennecott and Anaconda appealed to the Special Copper Tribunal, also established by the Constitution, to hear appeals against decisions of the President of the Republic and the Comptroller General of the Republic.

In other words, Kennecott accepted Chile's national jurisdiction. When the Tribunal denied its appeal, Kennecott announced its intention of having recourse to foreign courts to claim its alleged rights to Chilean copper and threatened the buyers with attachment of the Chilean copper or the proceeds thereof.

Kennecott carried out its threat with regard to a consignment of copper sold in France and the matter is now before the Tribunal de Grande Instance in Paris. This act of piracy by Kennecott is intended basically to seize public attention throughout the world in order to blackmail the Chilean Government. Like that other trans-national company, ITT, Kennecott's ultimate objective is to overthrow the Popular Unity movement headed by Dr. Salvador Allende. That is how imperialism operates, through these large international consortia dedicated to amassing huge profits at the expense of the peoples of the entire world. Imperialism can not forgive Chile for having given itself a government which truly represents the working classes. It cannot accept the fact that a people should have chosen the path of socialism for its independent social, political and



economic development. Hence the international conspiracy of which we are the victims and with which everyone is familiar. Yesterday it was ITT, today Kennecott, tomorrow it will be some other corporation. The sabotaging of the Chilean economy, the stagnation from which we are suffering, are the result of imperialist pressure through the big monopolies.

We deem it regrettable therefore that the Bank should also turn its back on us at a time of real need when we have to cope with this international conspiracy. We are among the founders of the Bank, and in the past we have received large loans and credits on which the country was largely dependent for financing its foreign exchange needs.

Since 1970 we have not received one single loan or credit from the Bank. The management has not even forwarded the pending loan applications to the Board of Executive Directors. The excuse offered by Bank authorities to the Governor for Chile and other high Chilean officials was that the Government of Chile had decided to nationalize five American private companies.

This reply was given even before the decision of the Copper Tribunal on the compensations was made known, which of itself indicates prejudice.

Mr. Chairman, we insist that this kind of excuse is unacceptable to the international community. If it is accepted, not one developing country would be able to exercise freely its sovereign rights over its



natural resources. We have been staunch defenders of the inalienable right of every State to its natural wealth and resources and we shall not budge from that position. Natural resources are sometimes the only oxygen that the weak countries have for their children. But we are not alone in our position, and the Bank should understand that. It is the international community that is concerned over the free exercise of the rights of states over their natural resources, and the United Nations, with which the Bank is associated, is the defender of that right.

That is why I have referred several times to Resolution 1803 XVII of the General Assembly, which is perfectly clear and specific on the subject, particularly as regards nationalization, expropriation or requisition, in that it stipulates the cases in which the owner will be paid the appropriate indemnity in accordance with the rules in effect in the state taking such steps. This applies insofar as regards nationalization, the argument advanced by the Bank's management for not granting credits to Chile.

But there are also principles that should be respected with regard to the international boycott of Chile. There is Declaration 2625 solemnly approved by the UN General Assembly in its twenty-fifth session, on principles of international law concerning friendly relations and cooperation among States in accordance with the Charter of the United Nations.

Under the principle concerning the duty not to intervene in



matters within the domestic jurisdiction of any State, in accordance with the Charter, the Declaration states: "No State may use or encourage the use of economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights and to secure from it advantages of any kind."

Further on the same principle states: "Every State has an inalienable right to choose its political, economic, social and cultural systems without interference in any form by another State."

Under the principle of sovereign equality of States, the Declaration states: "Every State has the right freely to choose and develop its political, social, economic and cultural systems."

Mr. Chairman, I will now conclude my comments on the Annual Report. All that is contained in these principles that I have mentioned has an important bearing on the economic and legal measures that are now being taken against Chile, the pressures of every kind, and the economic aggression of which my country today is the victim.

By an extraordinary paradox, Declaration 2625 XXV which I cited was solemnly approved by the General Assembly in commemorating the organization's twenty-fifth anniversary, a few days before the Government of Popular Unity, headed by Dr. Salvador Allende, took office.

The threats of imperialism have increased since then. We understand that this has to be, and we shall continue our task calmly and without hesitation, but also with the conviction that the United Nations,



which is combatting imperialism and fighting for justice among peoples,  
will enforce the principles of the United Nations.

Thank you, Mr. Chairman.



FIRST INTERVENTION BY THE REPRESENTATIVE OF CHINA AT ECOSOC, 10/18/72

Mr. President,

When the Reports of the World Bank Group are under consideration, the Chinese Delegation deems it necessary to invite the Council's attention to the fact that the General Assembly at its 26th Session adopted, on October 25, 1971, the Resolution 2758 (XXVI), in which the General Assembly decided to "restore all its rights to the People's Republic of China" and "expel forthwith the representatives of Chiang Kai-shek from the place which they unlawfully occupy at the United Nations and in all the Organizations related to it." However, the World Bank Group and the International Monetary Fund still allow the representatives of Chiang Kai-shek to stay in their respective organizations. It is not only an utter defiance of the above-mentioned important resolution adopted by the General Assembly, but it also reflects no honour on these organizations.

The Chinese Delegation would like to point out solemnly again that the Government of the People's Republic of China is the sole legal government of China and Taiwan is an inalienable part of the territory of the People's Republic of China. The participations of <sup>the</sup> Chiang Kai-shek group in the World Bank Group and the International Monetary Fund are illegal. They must take measures to expel immediately the representatives of the Chiang Kai-shek group and discontinue and sever all their relations with it, so that the said resolution of the General Assembly can be totally implemented.

I request that my speech be put into the official record.

Thank you, Mr. President.



Question 9. What is the Bank doing in Population?

The Bank's concern for population growth is related not only to ultimate numbers but also to the development impact of such growth. This approach is set out in the Bank's Sector Working Paper on Population Planning which was published earlier this year.

During the past year the Bank has approved far-reaching projects in two of the largest member nations, India and Indonesia. In Indonesia, the Bank and UNFPA are providing \$26 million to support a comprehensive national family planning program, which is also being supported by technical assistance from WHO, Unesco and Unicef. The India project, the latest approved by the Bank's Board of Executive Directors, is an experiment covering two India states which provides for the extension of health and training facilities, the establishment of a link between the provision of family planning services and a supplementary nutrition program, and the creation of two Population Centers to evaluate program performance on a continuous basis. The project provides for an advanced systems approach to India's population problem.

In addition, the Bank has done sectoral reviews in some 12 countries.

The Bank will continue to develop programs of assistance for countries which have national family planning programs and which request Bank assistance. It will also expand its technical assistance and sector review work to assist family planning program administrators.



MR. MC NAMARA'S REPLY AT ECOSOC, 10/18/72

Mr. President and Members of the Council:

I have listened attentively to the comments of the 23 speakers today. The range of your remarks has been broad, and you have made many important points. I will obtain the verbatim transcription of today's proceedings, and I and my associates will give each of the suggestions which you have made the most careful consideration.

I was particularly struck by the repeated references to the need for a more equitable distribution of the benefits of growth in the developing countries. We in the Bank will give increasing attention to this critical issue.

I was equally impressed by your concern over the growing debt burden in the developing world. It is the Bank's hope that all agencies interested in development -- both multilateral and bi-lateral -- will recognize the increasing urgency of this problem and will see the need for significantly increased levels of concessionary aid if it is to be dealt with effectively.

I noted, too, the wide support expressed for a special effort to assist those countries which the United Nations has designated as the least developed; we in the Bank are in agreement with this view, and we are rapidly expanding our assistance to them.

There is one specific comment to which I feel I should reply in somewhat greater detail, and that is the statement of the Chilean delegate -- made before lunch -- on the relations of his Government and the Bank.

The statement of the Chilean representative is the fifth such attack on the Bank within the past three weeks: on September 28 at the Annual Meeting of the World Bank Group in Washington; on September 29 before the Second Committee of the General Assembly here at the UN; on October 4 in the Plenary Session of the General



That question has not yet arisen because the primary condition for Bank lending -- a soundly managed economy with a clear potential for utilizing additional funds efficiently -- has not been met. The Chilean economy is in severe difficulty. Inflation is rampant. Prices rose by 33% from January to July of this year. In the month of August alone, the cost of living increased by 22%, and by an additional 20% in September -- a 96% increase for the nine months. In 1971, net foreign exchange reserves fell by over \$300 million -- compared with increases of \$91 million in 1970, and \$214 million in 1969. The reserve loss has continued in 1972, and the government now projects its balance of payments deficit at \$370 million for this year, even after suspending most payments on its external debt. Appropriate tax measures have not been instituted; domestic output -- agricultural as well as industrial -- has fallen far below targets; and the wage-price ratio is now so unstable as to require readjustments every four months. In this situation it is clear that internal measures to reestablish reasonable economic stability are required -- and no amount of external financial assistance can substitute for them. As matters stand -- in the absence of such fundamental economic stability -- it is simply impossible for Bank funds to be used productively for the benefit of the Chilean people, and with the reasonable probability of repayment, which the Bank's Articles of Agreement require.

(3) The Chilean representative neglected to state that immediately following the election of President Allende, I sent personal messages to the President indicating the desire of the Bank to continue to support Chile's development program. These messages were conveyed by Mr. Galo Plaza and Mr. Felipe Herrera. Further, at the time of the CIAP review of the Chilean development program in February 1971 -- three months after the new Administration took office -- and on many subsequent occasions the Government was again informed that the Bank was anxious to find ways to assist in Chile's development efforts.

We deeply regret that the state of the Chilean economy makes this impossible at this time.



There is one other matter on which I think you would perhaps wish me to comment briefly before we adjourn, and that is the question raised by the Representative of the People's Republic of China, who in effect asked why has the Bank taken no action to implement the General Assembly resolution on China.

Let me say that this is a question to be decided by the Bank's member governments.

I can tell you that promptly after the General Assembly adopted the resolution concerning the representation of China, I brought the resolution to the attention of governments, and on October 26, 1971 I so advised the Secretary-General.

At the Annual Meeting of the Board of Governors of the Bank held three weeks ago, the issue of Chinese representation was not raised.

Mr. President, once again I would like to express my gratitude to you and to the members of the Council for this opportunity to discuss the activities of the World Bank. We recognize the importance of close collaboration with the Economic and Social Council, as well as with other elements of the United Nations system concerned with various aspects of development. The fact that so many members of our Executive Board are present here today at this session illustrates the value that all of us in the World Bank place on that collaboration.

Thank you and good afternoon.



Mr. Chairman,

I wish to thank Mr. Robert McNamara for the apparently very precise answers he has given my delegation. They are not really all the answers we should have liked to have, and he referred to other matters that we had not brought up.

The question I specifically asked Mr. McNamara this morning, and which he has not answered this evening, is whether the Bank is prepared to conform to the purposes and principles of the Charter and therefore the resolutions that have been approved by the General Assembly with regard to matters concerning indemnities and compensation for expropriations. We wanted to know whether the Bank is prepared to respect these purposes and principles, but Mr. McNamara did not reply. The Chilean delegation is still in doubt as to whether or not the World Bank is really associated with the United Nations. And we should like to know just what interests the Bank protects. We have the greatest respect for international officials, especially in this instance for Mr. Robert McNamara, who from his post in the Bank has done quite a lot for many countries.

Mr. McNamara says that, in the past, the Bank has given Chile loans of, I think he said, US\$235 million. The figure may be even larger, because, as I said this morning, we have always relied on the Bank's assistance for our foreign exchange needs. But that was in the past, when the government was not the Popular Government of Chile, the Government of President Allende, to whom he alluded at least five times in his reply. The loans that have not yet reached the Board



and have been rejected by the management or which have not been submitted to the Board by the management were pending in 1971, and in 1971 the Chilean economy was in fair shape. In 1971, the International Monetary Fund, one of the two bodies born of Bretton Woods, submitted a verbal report to the Paris Club on Chile's economic position, with regard to Chile's external debt. That was in December or in January of this year -- not so long ago. And the IMF report was extremely objective and showed the true situation of the Chilean economy, and it was because of that IMF report that the Paris Club agreed to renegotiate Chile's external debt.

So the economy of the Government of Chile could not have been so bad if the IMF, which we all know is the most insensitive of institutions, which puts the greatest pressure on developing countries when they have problems, accepted the economic projections on Chile and gave a report that in turn was discussed in the Paris Club and led the Club to renegotiate Chile's external debt.

So neither can we say that Chile's economy is in such bad shape. That sort of thing is all very well for the press -- it is all right to make statements of that kind in front of newspapermen, but that type of opinion cannot be expressed before a Council of such eminence, of such importance as ECOSOC. And I'll tell you why. Because it is true that there is a strong inflationary trend, but this inflation was actually induced. Why? It was induced because we need to stimulate our economy. And we are setting up goals and pursuing a development ideology quite different from the capitalistic pattern offered us in the



past, which usually consisted, when the problem of inflation came up, in curbing wages and allowing prices to rise, thereby giving full benefit to the minority sectors that were cornering the wealth of an entire country.

Today, the Popular Government of President Allende has adopted a number of measures that the President of the Bank himself has described as necessary for developing countries.

First, distribution of income. From the very moment that President Allende assumed office, a massive redistribution of income took place. For a capitalist economy, this is beyond comprehension. To a capitalist economist, this is inexplicable. How can the economy of a developing country that has always had its difficulties have given rise to these wage increases?

What happened when the wages of the Chilean working classes were increased? We reactivated our economy by up to 8%, because the disinherited masses -- who had never had access to certain items of consumption that the developed countries sometimes find it incredible to be without -- were able to consume more because they could spend more. This is one of the factors that must be taken into account when referring to Chile's economy, as the President of the World Bank did. Inflation has indeed been running at 100% and possibly by the end of the year, Mr. Robert McNamara, it may amount to 135%. But we have made allowance for this. This is a new economy which is not cast in molds that the World Bank probably respects far more than those proposed by the Popular Government



of Chile. Nevertheless, this raises in my mind another question. When a developing country has a planned economy or a centrally planned economy, is the World Bank going to ignore that country and cease lending to it? For this is a matter to be considered in a multilateral agency that is called upon to give an appreciable amount of assistance for the development of the developing countries. If such is the case, I believe that many of the Third World countries would have to start to look seriously at what the Bank proposes to do, because then there is going to be a whole list of countries not conforming to capitalistic molds that are not going to have access to credits and loans from the Bank. In this same vein, I should like to refer to the statement made earlier by the Ambassador of Greece, my friend Caranicas. I do not think that the management of the Bank has "nothing to do with political and ideological matters," for we have proof to the contrary. I repeat, the loans requested had been before the Bank for some time, feasibility studies had been made, yet the projects were not even submitted to the Board of Executive Directors of the Bank.

With regard to the problem of nationalization, I reiterate that the President of the Bank has not replied to my question whether it is going to abide by the purposes, principles and standards laid down by the United Nations. He says, however, that, on other occasions, loans have been granted to countries having difficulties with other members of the institution. That is all very well, but until I receive a reply from



the management of the Bank to the effect that I have access to Bank credit on the same terms as before, I cannot agree on this. Bank authorities have, on many occasions, stated to the President of the Central Bank of Chile, who is our Governor of the Bank, that there will be no lending to Chile until the problem of the dispute between Chile and the nationalized American companies has been solved. This has been the response we have had up to now. No one had ever given us a reply. In any event, the President of the Central Bank of Chile had not been told that the reason was an extremely high rate of inflation. This is the first time I have heard of it. I propose to tell him this, and he will certainly go straight to the management of the Bank. It is very curious, however, that whenever a matter of principle is raised in an inopportune place, this type of argument should be used. It seems to me, and I believe that on several occasions -- on two occasions -- Ambassador Caranicas stated that these matters should be discussed in the Board of Executive Directors of the Bank. All very well, my friend Caranicas, but they have not been discussed there. That is why they are raised here, where we have brought up a matter of principle, and the question on principles has not been answered. So it all seems a bit strange. I have not the slightest doubt that the President of the Bank offered President Allende the services of the Bank, but the offer was not in fact implemented, and the rapid inflationary trend to which he made reference took place this year. In 1971, Chile's economy experienced no galloping inflation. The President of the Bank is fully aware of this, and for that reason I think his argument defeats itself.



Mr. Chairman, I regret that I had to take the floor again, but, in view of Mr. McNamara's carefully prepared statement giving a partial answer to my questions, I felt it was necessary to cast a little more light on the state of affairs.

Thank you.



SECOND INTERVENTION BY THE REPRESENTATIVE OF CHINA AT ECOSOC, 10/18/72

Mr. President:

As is known, the General Assembly of the United Nations at its twenty-sixth session adopted Resolution 2758 which called for the immediate expulsion of the representatives of the Chiang Kai-shek group from the United Nations and all the organizations related to it. Since that decision was made, except for the International Bank and the International Monetary Fund, all the other specialized agencies have expelled the representatives of the Chiang Kai-shek group.

In his official capacity, the President of the Bank must take action to see that the decision of the General Assembly is implemented. His answer has not been responsive to our statement. He cannot evade his responsibility.



MR. MC NAMARA'S SECOND REPLY TO CHILEAN AND CHINESE INTERVENTIONS AT ECOSOC, 10/18/72

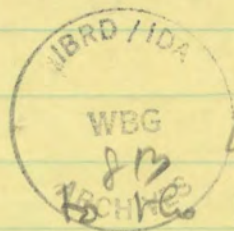
Mr. Chairman, I doubt you would wish me to continue this debate here tonight. Let me simply say regarding Chile that the Bank is disbursing approximately \$10 million to that country this year and we hope that that amount will increase in future years.



Notes for ECOSOC '72

Reply taken during  
lunch hour Oct 18, 1972.

Open with a 1 or 2



8/13/5/24

I listened attentively  
speakers

The message has been broad  
pts. many.

I'll get Transcript of the present

I & my associates will consider  
them carefully

1 or 2

Repeated reference to distribution  
of benefits of growth - to lowest 40%  
- we'll give increasing attention

I was equally struck by  
debt burdens - we hope that all agencies  
take measures to release this burden  
[careful of lang. here]

Clearly need for increased levels of  
concessional aid

I noted also w/d support for  
disproportionate effort on least  
dev. - we agree & have adjusted  
our lending program to that end



As or 2 of appreciation of support of  
general thesis: population

2) general thesis

3) we will get transcript & 1

4) There is one issue: Chile  
I maybe

Looking on Paul bidding

~~social develop~~

---

→  
You sense a growing understanding of Paul's