

values in economic relations should be opposed. Such practices as bullying the weaker or less fortunate by dint of one's power or wealth should not go unchecked, still less should countries be allowed to impose trade sanctions against others, or threaten to do so, at every turn. The developing countries are equally entitled to participate in the decisions and rules affecting the international community.

Third, the right of every country to independently choose its social system, mode of development, and lifestyle should be respected. Countries differ from one another in historical background, social system, level of development, cultural tradition, and value system. Such diversity is a fact of life we must face squarely. Indeed, we can very well regard these differences as something favorable for greater cooperation and exchanges, if we can pursue common ground while reserving differences and refrain from interfering in each other's internal affairs. In no circumstances should any country be allowed to impose its social system and ideology on others. Assistance has always been mutual. And economic assistance must not be attached to any political conditions.

Fourth, countries should learn from each other and complement each other with their advantages. . . .

Fifth, it is essential to choose a development road suited to one's own national conditions. . . .

Sixth, international cooperation in the financial field should be reinforced. Free flow of capital across national boundaries is a strong feature of the development of the world economy. It can facilitate absorption of capital by various countries, but may also carry financial risks. Being prone to such risks, developing countries may also become easy targets for international financial speculation. Financial crises will do no country any good. The international community, international financial institutions included, should play a positive role in maintaining international financial stability.

The World Bank and the IMF, established half a century ago, have played a constructive role in promotion of world economic growth, economic exchanges among countries, and economic and social progress of the developing countries. This we must affirm. At present, with the rapid advancement of science and technology and unprecedented expansion of economic cooperation, the world is moving toward multipolarity at an accelerated pace. The World Bank Group and the IMF, as the most influential multilateral financial institutions, will preserve their vigor and hold out a bright future only when they can undergo timely readjustments and reform in keeping with the new and shifting world situation and give expression to the reasonable demands of the developing countries.

Our world needs peace, countries want stability, the economy must develop, and society must make progress. This has become the trend of the times. Let us work together and make our due contribution to the lofty cause of world peace and development. In conclusion, I wish the Annual Meetings complete success.

## Liu Zhongli: We insist on national sovereignty

*From the speech by Chinese Finance Minister Liu Zhongli to the IMF/World Bank meeting in Hongkong on Sept. 23.*

The world economy continued to be encouraging in 1996, and achieved the best performance since 1990. The integration of developing countries in the world economy was further strengthened. However, we should not overlook the wide range of risks and fragilities persisting in the world economy. The international financial market has experienced some unrest. The international capital flows create opportunities for developing countries and cause risks as well, such as speculative attacks. Global inflation could re-emerge, and interest rates in developed countries are under greater pressure to trend higher—this could reduce the capital flows to developing countries. Especially disturbing is that ODA [overseas development assistance] as a share of developed countries' GNP has dropped to the lowest level in 50 years. New protectionism is occurring in international trade under the guise of environmental protection and labor standards. These problems, if not addressed in a timely and effective manner, will not only dampen the economic future of developing countries, but also undermine the sustainability of the global economic growth. We call upon the international community, and developed countries in particular, to act as soon as possible to reduce uncertainty and destabilizing factors in the world economy. . . .

Mr. Chairman, the World Bank, as the largest financial institution, has played an important role in supporting economic development of developing countries. . . . In designing and implementing reform measures, the Bank should fully consider the real needs of different borrowers. In today's changing world, it is important, more than ever, that the Bank should act strictly within its mandate and overcome any political interference. We hope that the Bank will make full use of its comparative advantages and continue to focus on transferring resources to developing countries, alleviating poverty and promoting sustainable development as its core operations. . . .

Improving governance and eliminating corruption contributes to economic development. Fundamentally speaking, the responsibility of fighting corruption rests solely with sovereign governments. The Bank and the IMF, at the request of countries concerned, could play a useful role. But the two institutions should act in strict accordance with their respective mandates, limit their anti-corruption activities to the economic aspects, and ensure uniformity of treatment of all members based on objective criteria. . . .