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Chairman: Mr. Leo MATES (Yugoslavia).

Economic development of under-developed countries (A/2430, A/2447 and Corr.1) (*continued*):

- (a) **Question of establishing a special fund for grants-in-aid and for low-interest long-term loans: report of the Economic and Social Council (A/C.2/L.204, A/C.2/L.212 and Corr.1, A/C.2/L.212/Add.1, A/C.2/L.214, A/C.2/L.215);**
- (b) **Status of the proposal for the establishment of an international finance corporation: report of the Economic and Social Council (A/C.2/L.213)**

[Item 26]*

1. The CHAIRMAN stated that, as the other amendments had been withdrawn in the working group, the only documents before the Committee in regard to sub-item (a) were the United States draft resolution (A/C.2/L.204) and the working group's draft resolution (A/C.2/L.212 and Corr.1) and the Czechoslovak and French amendments (A/C.2/L.214, A/C.2/L.215) thereto.

2. Mr. O'NAGHTEN (Cuba) said that all delegations were aware of the efforts made to reach a compromise on the Czechoslovak amendment. In view of the extensive debate on that question, he thought no new and helpful points of view could be put forward, and that all delegations had already a definite stand on the question. Accordingly, and having in mind the short period of time left, he proposed that the debate should be closed and the draft resolution of the working group put to the vote.

3. The CHAIRMAN pointed out that once a motion for closure of the debate had been made under rule 116 of the rules of procedure, he could call upon only two speakers opposing the closure.

4. Mr. ARKADYEV (Union of Soviet Socialist Republics) considered the Cuban motion unduly hasty. The Egyptian representative had indicated his desire

to speak and should be allowed to do so, particularly as he was a co-sponsor of the draft resolution.

5. Mr. EL-TANAMLI (Egypt) was against the closure of the debate before the Committee had had time to consider his sub-amendment to the French amendment, (A/C.2/L.215), namely, that the words "in conformity with the Principles and Purposes of the United Nations Charter", which would be added in the fourth paragraph of the preamble, should be replaced by the words "within the framework of the United Nations".

6. The CHAIRMAN put the Cuban motion for closure of the debate to the vote.

The motion was adopted by 24 votes to 13, with 12 abstentions.

7. Mr. DE SEYNES (France) stressed that the Egyptian oral amendment referred to a very important substantive change. The Committee should, therefore, have either discussed the Egyptian amendment after it had been introduced by its sponsor or reconsider its decision to close the debate. He suggested the latter course.

8. Mr. O'NAGHTEN (Cuba) felt that the Committee should abide by its decision, but that the French and Egyptian representatives should have the opportunity of presenting their amendments.

9. Mr. ENCINAS (Peru) was against reconsideration of the Committee's decision and agreed that the two sponsors of the amendments should be allowed to speak.

10. The CHAIRMAN put to the vote the proposal to reconsider the decision to close the debate.

The proposal was rejected by 18 votes to 16, with 16 abstentions.

11. Mr. DE SEYNES (France) withdrew his amendment (A/C.2/L.215).

12. Mr. WOULBROUN (Belgium) moved the suspension of the meeting in order that the procedural situation might be clarified.

The motion was adopted by 34 votes to 10, with 7 abstentions.

The meeting was suspended at 4.20 p.m. and resumed at 4.40 p.m.

13. The CHAIRMAN explained that the amendment to the United States draft resolution (A/C.2/L.204) had been withdrawn, and that there were two amendments to the draft resolution of the working group (A/C.2/L.212 and Corr.1): one being the Czechoslovak amendment (A/C.2/L.214) and the other a proposal to delete the fourth paragraph of the preamble which had been made orally at the 276th meeting by the representatives of Saudi Arabia and India; that latter proposal had been withdrawn and then resubmitted by the representative of Pakistan. In accordance with rule 129 of the rules of procedure, the Committee's next vote

* Indicates the item number on the agenda of the General Assembly.

would be on the proposed deletion of the fourth paragraph of the preamble.

14. Mr. NURADI (Indonesia) opposed the proposal because the contested paragraph was closely connected with the third and placed emphasis on the economy of the world as a whole. Without it, full justice would not be done to the concept of international interdependence.

15. Mr. OQBAEGZY (Ethiopia) strongly supported the idea of establishing a special fund. He would, however, not be able to support the United States draft resolution, which rendered economic development partly dependent on disarmament. In the long run, the one supreme goal of the United Nations was peace and security, which could only be attained by economic progress. History offered many examples of social upheavals due to bad economic conditions. He would therefore abstain in the vote on the draft resolution contained in document A/C.2/L.204.

16. Mr. EL-TANAMLI (Egypt) said that he would abstain in the vote on the draft resolution of the working group. His delegation had supported the draft resolution and did not wish it to be curtailed, but it had also submitted an amendment to the withdrawn French amendment (A/C.2/L.215) to the fourth paragraph. He would therefore not object to the deletion of the paragraph, since it could not be amended.

17. Mr. O'NAGHTEN (Cuba) opposed the deletion of the paragraph. It simply expressed a principle important to the under-developed countries, and did not state how the capital referred to should be invested. Its value would therefore depend on the manner in which the principle involved was applied, but the principle itself was above reproach.

18. Mr. STANOVNIK (Yugoslavia) said that he would vote for the draft resolution as it stood in the document, as it represented a contribution towards the long-term solution of the problem of employing international machinery for the promotion of the advancement of the under-developed countries, and contained some of the main ideas advocated by his delegation. He did not object to the substance of the Czechoslovak amendment, but thought it somewhat inconsistent in that particular context, and would therefore abstain when it was put to the vote. He opposed the suggestion to delete the fourth paragraph, which expressed one of the underlying ideas which had led his delegation to approve the establishment of a special fund.

19. Mr. UMARI (Iraq) was in favour of retaining the paragraph. He regarded it as a general statement which should command universal agreement. If the flow of capital were misapplied, it would be unfortunate, but not the Committee's concern.

20. Mr. ZAFRA (Philippines) said that he would vote against the Pakistan proposal for the reasons already stated by the Indonesian and Iraqi representatives.

21. Mr. SALAMANCA (Bolivia) said that he would abstain from voting on the United States draft resolution, which was a statement of policy capable of being interpreted positively or negatively and perhaps liable to postpone the establishment of the fund. The vote would be ineffective because the declaration involved merely expressed an intention and left the United States Government entirely free to establish the fund or not.

22. Mr. ZAFRA (Philippines) observed that the draft resolution of the working group (A/C.2/L.212 and

Corr.1) appeared to be a basic resolution referring to the United States draft resolution (A/C.2/L.204). He proposed that the order in which the Committee dealt with them should be reversed.

23. Mr. SALAMANCA (Bolivia) thought it better to retain the order originally set by the Chairman.

24. The CHAIRMAN put to the vote the Philippine proposal that document A/C.2/L.212 and Corr.1 should be dealt with first.

The proposal was rejected by 21 votes to 10, with 19 abstentions.

25. Mr. UMARI (Iraq) explained that he had abstained from voting because he had felt that neither resolution was dependent on the other.

26. The CHAIRMAN put the United States draft resolution (A/C.2/L.204) to the vote.

The draft resolution was adopted by 41 votes to none, with 13 abstentions.

27. The CHAIRMAN put to the vote the amendments to the draft resolution prepared by the working group (A/C.2/L.212 and Corr.1) beginning with the amendment of the representative of Pakistan to delete the fourth paragraph of the preamble.

The amendment was rejected by 28 votes to 4, with 23 abstentions.

28. The CHAIRMAN put the Czechoslovak amendment (A/C.2/L.214) to the vote.

At the request of the representative of Poland, a vote was taken by roll-call.

Liberia, having been drawn by lot by the Chairman, was called upon to vote first:

In favour: Poland, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Byelorussian Soviet Socialist Republic, Czechoslovakia, El Salvador, Guatemala.

Against: Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Peru, Philippines, Saudi Arabia, Sweden, Thailand, Turkey, Union of South Africa, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Venezuela, Australia, Belgium, Canada, China, Costa Rica, Cuba, Denmark, France, Greece, Iceland.

Abstaining: Liberia, Mexico, Syria, Yemen, Yugoslavia, Afghanistan, Argentina, Bolivia, Brazil, Burma, Chile, Colombia, Ecuador, Egypt, Ethiopia, Haiti, Honduras, India, Indonesia, Iran, Iraq, Israel.

The amendment was rejected by 26 votes to 7, with 22 abstentions.

29. At the request of the representative of Czechoslovakia, the CHAIRMAN put the draft resolution of the working group (A/C.2/L.212 and Corr.1) to the vote paragraph by paragraph.

The first paragraph of the preamble was adopted unanimously.

The second paragraph was adopted unanimously.

The third paragraph was adopted unanimously.

The fourth paragraph was adopted by 46 votes to none, with 7 abstentions.

The fifth paragraph was adopted by 50 votes to none, with 5 abstentions.

The sixth paragraph was adopted by 50 votes to none, with 5 abstentions.

The seventh paragraph was adopted by 50 votes to none, with 5 abstentions.

The eighth paragraph was adopted unanimously.

The ninth paragraph was adopted by 50 votes to none, with 5 abstentions.

Paragraph 1 of the operative part was adopted by 50 votes to none, with 5 abstentions.

Paragraph 2 was adopted by 50 votes to none, with 5 abstentions.

Paragraph 3 was adopted by 50 votes to none, with 5 abstentions.

Paragraph 4 (a) was adopted by 50 votes to none, with 5 abstentions.

Paragraph 4 (b) (c) and (d) was adopted unanimously.

Paragraph 5 was adopted unanimously.

Paragraph 6 was adopted unanimously.

The draft resolution as a whole was adopted by 50 votes to none, with 5 abstentions.

30. Mr. ZELLERBACH (United States of America), explaining his vote, said that he had voted against the Czechoslovak amendment because the speeches made by the Czechoslovak, Polish and Soviet Union representatives in connexion with it had made clear that it had nothing to do with the economic development of under-developed countries. The United States completely rejected the motives which those representatives had attempted to impute to financial assistance made available through various channels, and private investment in under-developed countries.

31. His delegation had supported both draft resolutions and saw no contradiction between them. The United States draft resolution represented a definite undertaking by Member States to recommend to their peoples the use of a part of disarmament savings for development, whereas the working group's draft resolution made further studies of the question possible.

32. As his delegation had stated in the general debate, (259th meeting), the United States was not at the moment prepared to make any contribution to a new international development fund. While the United States looked forward to joining with all countries in making available a portion of the savings achieved by disarmament in order to finance such an international effort for economic development, it could not now foresee any conditions under which the United States would be prepared to consider contributions to a development fund apart from genuine progress in adequately safeguarded international disarmament.

33. As it appeared that other countries which would be the main supporters of any effective fund were in the same position, his delegation believed that no further preparatory steps could usefully be taken at the present time, except by way of international disarmament. Thus his delegation had been unable to support various proposals for preparatory steps advanced during consideration of the item.

34. As a result of lengthy discussions in the working group, it had been agreed to recommend the steps called for in document A/C.2/L.212 and Corr.1. They largely concerned the placing before the Economic and Social Council and the General Assembly at its next session in orderly fashion the comments of governments on the report of the Committee of Experts (E/2381) and on the degree of support they were prepared to give to an international development fund. Those recommendations were in a sense the outcome of the previous decision of the United Nations to call for a blueprint

of a possible special fund for economic development; the comments of governments on the blueprint, and the idea behind it, should be available to the Economic and Social Council and the Assembly in considering what action it should take. As those steps could serve a very useful purpose, his delegation had supported the working group's draft resolution.

35. Mr. NURADI (Indonesia) explaining his vote on the United States draft resolution, said that the Indonesian Government gave its wholehearted support to any action which contributed towards the release of funds for the promotion of world economic progress. However, the economic development of under-developed countries should not be subordinated to progress in internationally supervised world-wide disarmament. It was gratifying, therefore, that the assurance had been given both in the working group and in the Committee that there was no intention to exclude the possibility of establishing the fund before any disarmament took place. That assurance had made possible the inclusion in the working group's draft resolution of the eighth and ninth paragraphs of the preamble and for that reason his delegation had voted in favour of the draft resolution.

36. He also welcomed the selection of Mr. Scheyven for the task of drawing up a report on the views of governments on the creation of the fund.

37. While supporting the principle of the Czechoslovak amendment, his delegation had already explained why its insertion in the text as it stood would have been inappropriate. He had consequently abstained in the vote on that amendment, but at the same time he wished to assure the Czechoslovak representative that he fully appreciated the effort to give all-round perfection to the draft resolution.

38. Mr. BETETA (Mexico) explained that he had voted for the United States draft and that of the working group because they seemed fully compatible. He had abstained on the Czechoslovak amendment because, while supporting it in principle, he had felt that its inclusion would have altered the balance of the draft resolution. He could not share the views expressed in connexion with the Czechoslovak amendment that certain of the specialized agencies had been acting as instruments of certain countries' policies. The acceptance by Mexico of loans from certain of those agencies in no way implied that it had limited any of its political or economic freedom. Mexico had always followed the principle of accepting private foreign capital on the same terms as those granted to national capital.

39. Mr. CARRION (Nicaragua) had voted against the Czechoslovak amendment, although agreeing with its principle, on the grounds that it was superfluous; its terms were already covered by the reference to the Charter of the United Nations in the preamble of the resolution.

40. Mr. FOXCROFT (Australia), explaining why he had voted in favour of both resolutions, said that the Australian representative at the previous session of the Economic and Social Council had supported the declaration contained in the United States draft resolution because his delegation had considered it essential that governments should be given the opportunity at the outset to consider the implications of that important and far-reaching proposal and to express their views upon it. At the same time the Australian delegation had stressed its own development needs and those of its Territories.

41. As the United States representative had said, the precise form that any international fund might take, at a stage when sufficient progress had been made in internationally supervised world-wide disarmament, could not be foreseen at present. It was also impossible to forecast the conditions which would prevail in various countries at any time. Australia was not a capital-exporting country and was unlikely to become one in the foreseeable future. The present level of domestic savings was insufficient to provide a rate of national expansion that was adequate to Australia's requirements and Australia had had to look beyond its own resources and to international institutions to supplement them. That would be the case for many years to come.

42. However, Australia had made substantial contributions towards assistance to many other countries, but it would be misleading to assume that Australia could increase such contributions. The reverse was the case.

43. It was therefore on the understanding that no commitment of any kind implying a financial contribution by Australia was involved that his delegation had voted in favour of both resolutions.

44. Mr. WOULBROUN (Belgium) said that adoption of the two draft resolutions was an important step. The value of the undertaking by governments contained in the United States draft resolution should not be underestimated. It implied awareness of the need for a new collective effort in the international sphere. The working group's draft resolution had been drafted after very delicate negotiations.

45. Although that draft resolution did not state that the establishment of the fund should wait upon disarmament, the text adopted did not exclude any hypothesis.

46. The existing situation was not suited to the creation of the fund. Agreement had, however been reached on the provisional steps that should be taken to continue the studies which might lead to the creation of the fund, if it should become possible. An important task had been conferred upon Mr. Raymond Scheyven, the President of the Economic and Social Council, who would certainly be most appreciative of the kind words spoken about him.

The meeting rose at 6.10 p.m.