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**Chairman: Mr. Toru HAGIWARA (Japan).**

**AGENDA ITEM 28**

**Economic development of under-developed countries:**  
**Question of the establishment of a Special United Nations Fund for Economic Development: final and supplementary reports of the Ad Hoc Committee and recommendations of the Economic and Social Council (A/3579 and Corr.1 and Add.1, A/3580, A/3613, A/3661, A/C.2/L.331/Rev.1) (concluded)**

1. The CHAIRMAN invited those representatives who wished to explain their vote on the draft resolution on the financing of economic development (A/C.2/L.331/Rev.1) to do so, with the understanding that, because of the special nature of the resolution, which was the result of a compromise, the co-sponsors of the text might also take the floor.

2. Mr. JUNG (India) said that he had already pointed out (508th meeting) that his delegation and the other sponsors of the original draft resolution (A/C.2/L.331) were not entirely satisfied with the resolution adopted by the Committee (A/C.2/L.331/Rev.1), the terms of which failed fully to meet their hopes. His delegation considered, however, that the resolution had a positive aspect, in that it laid the foundations of an institution which would no doubt have only limited scope to begin with, but which would later, when it had more funds at its disposal, be able to expand its activities in accordance with whatever decision the General Assembly might take at that time. That his delegation had voted for all the paragraphs of the resolution and for the resolution as a whole should therefore be taken as an act of faith.

3. He had been disappointed to see that some delegations, which had originally supported the idea of SUNFED, had declared that they would switch their promised contribution to the Special Projects Fund. As he had pointed out at the 508th meeting, it was not right to expect the under-developed countries to accept anything that was offered, and he had expected that they would be consulted as regards their preference

for the one or the other. In any case, his delegation was gratified that the Committee had now been able to take a unanimous decision on the resolution.

4. Since his delegation expected that there would be differences of view regarding the work of the Preparatory Committee, it had agreed to modify paragraph 4 of section II of the draft resolution so as not make the annex binding on the Preparatory Committee.

5. However his delegation considered paragraphs 2 and 3 to be the most important. With regard to paragraph 1, it considered that States could contribute to the fund in various ways, and not only one, and that possibilities not mentioned in the annex should not be construed as having been excluded. Such details would fall within the competence of the Preparatory Committee, and he hoped that the Governments which would sit on that Committee, as well as those which would assist it by informing it of their views, would submit specific suggestions in that connexion.

6. Mr. BRILEJ (Yugoslavia) said that the adoption of the resolution marked a transitional stage between the Committee's past and future endeavours. While regretting the fact that the Organization could not as yet undertake the financing of economic development, owing to political considerations only and not to financial ones, his delegation was convinced that the United Nations would soon undertake activities in that field; not only was such action dictated by the needs of under-developed countries, but it was also in the interests of industrialized countries and those of world economic stability. That hope was confirmed by the change in the position of the United States delegation during the current session. Although it was true that the resolution just adopted was not a further step towards the financing of economic development through the United Nations, nevertheless it represented a step forward in that it had been adopted unanimously and contained certain positive features.

7. As a result of the establishment of the special fund, there would be a substantial increase in United Nations economic activities, which could gradually be transferred from the field of technical assistance to that of the financing of development. It was in order to facilitate that transition that his delegation had always insisted that the fund should constitute an expansion of the technical assistance and development activities of the United Nations and specialized agencies, that it should be a separate unit with an autonomous structure, and that plans should be made to extend its activities. The text adopted by the Committee should enable the Organization to contribute to the financing of economic development in the future, a goal which the Yugoslav delegation had always supported and would continue to support to the best of its ability.

8. Mr. WAHLUND (Sweden) said that he had voted

for the draft resolution because his Government had always been sympathetic to the idea of an expansion of United Nations activities in the field of assistance to under-developed countries. His Government, however, had not been prepared to approve the establishment at that time of a special fund for the financing of economic development which had no immediate chance of success, since the countries which would necessarily have to bear the main financial burden had not wished to establish such a fund. His delegation had been able to support the draft resolution because it was limited to an expansion of the Organization's technical assistance activities, without committing Governments to pledge contributions immediately or specifying any date for the extension of activities to the field of the financing of development.

9. With respect to section II, paragraph 4 of the resolution, his delegation earnestly hoped that the Preparatory Committee would give serious consideration to all suggestions that might be submitted to it, together with those already outlined in the annex to the draft resolution. The fact that his delegation had voted for the resolution did not mean that it accepted all the principles in the annex. When a new organization was being established, an endeavour should be made to avoid duplication and excessive administrative costs as far as possible.

10. Mr. HASSAN (Sudan) said that his delegation was not wholly satisfied with the compromise reached and he regretted that the resolution which had been adopted did not emphasize the financing of economic development. The text was commendable, however, in that it provided for the expansion of the Organization's technical assistance activities and for the execution of various research projects which would be of great value to under-developed countries. His delegation was gratified, moreover, at the United States representative's statement that the new draft was not intended to replace the special fund, and hoped that the fund would begin operations as soon as possible.

11. Mr. SCHMIDT (Brazil) was very glad that the Committee had been able to take a unanimous decision. Although the resolution which had been adopted did not entirely come up to his delegation's expectations, his delegation was happy to note that the idea of a special fund had not been discarded and that the Committee had just taken the first step towards the realization of that project. He wished to pay a tribute to the lofty ideals of the United States representative, who had proved that he was a man of good will, and to the generous spirit of the eleven co-sponsors of the original draft resolution, who had succeeded in making the necessary concessions without abandoning the principles they valued. In conclusion, he expressed the hope that, thanks to the patient and persistent efforts of mankind, peace and justice might at last reign on earth.

12. Mrs. WRIGHT (Denmark) congratulated the two groups of delegations, which had held different points of view, on having exhibited a spirit of conciliation and having been able to reach a compromise. The resolution which had been adopted would make it possible to extend the Organization's technical assistance and development activities and thus make the special fund a reality.

13. In view of the terms of the resolution, each of

the Governments concerned could more easily induce its Parliament to grant the necessary funds to assist under-developed countries. The Danish Government would put forth every effort to carry out the provisions of the resolution.

14. Mr. KITTANI (Iraq) had voted for the draft resolution because, in the present circumstances, that was the only logical and constructive attitude which could be adopted. The under-developed countries had been extremely disappointed that the special fund would not be as they had hoped, but, instead of indulging in wishful thinking, it was no doubt better to abide by the facts. It must be plainly understood that there would not be, in the foreseeable future, any special fund such as the majority of under-developed countries had envisaged. The special fund would not even be included in the agenda of the next session of the Committee.

15. He could not help feeling a certain amount of misgiving with regard to the future. Funds for the Technical Assistance Programme amounted to \$30 million, of which \$15 million had been contributed by the United States and \$15 million by the other contributing States. The United States had pledged itself to contribute to the new fund a sum up to 40 per cent of the total contribution; that meant that if the total amount of the fund was \$100 million, as was hoped, the other countries would have to contribute \$60 million to the fund—in other words, four times the amount of their present contributions to the Technical Assistance Programme. In view of the fact that most of the under-developed countries would hardly be able to increase their contributions within the next few years, he wished to address an appeal to the industrialized countries to consider the possibility of increasing their contributions.

16. Mr. THOMPSON (Australia) praised the spirit of conciliation which had prevailed on all sides and congratulated the Iranian representative on having helped the Committee to find a way out of a situation which had seemed hopeless.

17. Although he had voted in favour of the draft resolution, he must remind the Committee that his Government could not undertake any commitment regarding the new fund, since Australia already had great responsibilities, particularly in the field of bilateral assistance, and must consider the requirements of its own development.

18. Mr. RUYGERS (Netherlands) concurred in the views so clearly expressed by the representatives of India and Yugoslavia.

19. Mr. RAJAPATIRANA (Ceylon) said that his delegation was disappointed that after six years of study and discussion the Committee had been unable to attain the objective which it had set and which was still mentioned in the preamble of the resolution just approved.

20. That the Committee had been unable to establish SUNFED as originally contemplated was due, not to the opposition of its members, but to the fact that, for understandable reasons, the States that were in a position to ensure its financing attached greater importance to outer space and to the armaments race.

21. Nevertheless, the resolution that had been approved had one advantage over the original text, which

had indicated that SUNFED would not perhaps come into operation until after 1 January 1960. The resolution provided that the fund might subsequently serve to finance capital development and that the expansion of the technical assistance programmes, for which the budget would be 100 million dollars, would begin as from 1 January 1959.

22. Furthermore, it was very reassuring to learn that the United States delegation did not consider that the resolution excluded the possibility of establishing a fund for financing capital development. The assurances given by Mr. Judd in that regard and the terms of section II, paragraph 1, and of section III, of the resolution gave reason to hope that the Powers in a position to finance the development fund would in the near future make it a reality.

23. Mr. ARNESEN (Norway) was pleased that a compromise had been reached, for a resolution of that kind could not have any practical effect unless it was unanimously adopted. In the opinion of his delegation, the approval of the resolution was a concrete and realistic first step which technically, politically and psychologically paved the way for the establishment of a multilateral fund for economic development.

24. His Government would do its best to implement the provisions of the resolution but for the time being it could make no financial commitment.

25. Mr. ROGERS (Canada) was grateful to the delegations with opposing views for having worked out, together, a text that was acceptable to all the members of the Committee. Now that a compromise solution had been adopted, his Government was prepared to request Parliament to vote the necessary appropriations so that Canada could make its contribution to the fund. In that connexion he pointed out that his delegation interpreted paragraph 4 (c) and paragraph 7 of section II in the light of the last preambular paragraph. He could not state what his Government's contribution would be until the Special Projects Fund had been established. His delegation was satisfied with the text of section II, paragraph 4. The Preparatory Committee, with which his Government was prepared to co-operate, might not accept all the principles set forth in the annex but it would obviously bear them in mind, as also the views and suggestions of the various Governments.

26. Mr. ALBA (Spain) shared the general satisfaction, although his delegation would have preferred the immediate adoption of the formula advocated by the Ad Hoc Committee. As had already been said, the decision taken marked a very important first step from the practical point of view. His delegation was grateful to the sponsors of the draft resolution for having taken account of his comments in recommending, among the special projects enumerated in section II, paragraph 2, "intensive surveys of water, mineral and potential power resources".

27. In view of its preoccupation with the question of the establishment of a fund to dispense, more or less free, gifts, the Committee had not had time to investigate and to discuss other partial solutions of the problem of the development of under-developed countries. For example, while the International Bank operated effectively from the technical point of view, it must be recognized that its Articles of Agreement did not allow it to grant a certain type of assistance,

such as loans in national currency, which would be very useful to under-developed countries. His delegation considered that the time had come to contemplate a change in the Articles of Agreement of the International Bank for Reconstruction and Development in order to expand its field of action, particularly for the benefit of those countries. His delegation intended to revert to that point at the next session, if necessary.

28. Mr. WOULDROUN (Belgium) said that his delegation had consistently maintained that, in order to establish the Special Fund for Economic Development, it must be possible to count upon the co-operation of the great industrial Powers. The special fund referred to in the resolution approved by the Committee admittedly differed from the original conception, but it involved a new field of action, which was technical assistance in depth. In that regard, the important concessions made by the great Powers, particularly the United States, were a matter for satisfaction. They had agreed to request the General Assembly to reconsider, at the appropriate time, the question of the financing of the infrastructure of the under-developed countries. They had reconsidered their decision to make any action in that direction dependent upon disarmament. The relative amount of the United States contribution to the Special Projects Fund was another reason for satisfaction.

29. Referring to paragraphs 4 (c) and 7, he said that the favourable vote of his delegation did not, ipso facto, entail any financial commitment on the part of the Belgian Government, which would nevertheless examine the recommendations of the Assembly with the greatest care.

30. Mr. SERBAN (Romania) agreed with a number of other representatives, especially the Indian representative, that the text adopted was only a very much diluted version of the original eleven-Power draft resolution. Nevertheless, as those concerned considered it to be an acceptable point of departure towards a later financing of economic development proper, his delegation had voted in favour of the revised joint draft resolution as a whole. It had requested a separate vote on certain points, on which it had abstained because of its conviction—which was supported by the statements of certain delegations—that the special fund could not operate properly if the system of contributions now in effect for the technical assistance programmes, which excluded the possibility of accumulating the necessary resources, were maintained.

31. His delegation was glad to note the spirit of co-operation which had prevailed during the session, mainly owing to the good offices of those who had directed the Committee's work, and thanked the Secretariat for its assistance.

32. Mr. ARKADEV (Union of Soviet Socialist Republics) said that the eleven-Power draft resolution adopted by the Committee was certainly much less satisfactory and less specific than the text originally submitted by the same sponsors. They had accepted harmful amendments to their original text. The USSR delegation had not considered even the original draft to be ideal and had intended to advance a number of considerations in connexion with it.

33. In view of the Soviet Union's support of the

proposal to establish a United Nations fund for economic development, it had been prepared in principle to vote in favour of a resolution providing for practical measures to establish SUNFED. It had taken that position at the twenty-fourth session of the Economic and Social Council and had supported resolution 662 B (XXIV).

34. With respect to the original eleven-Power draft resolution, the USSR delegation had stated that the text should provide for free access to the fund, by all countries desirous of participating, in accordance with its aims and purposes. In the interest of eliciting wide international support for the fund, the principle should have been adopted of voluntary contributions in currency or in kind which would have constituted the working capital of the fund. In stating those principles, the main areas of financing, consistent with the fund's purpose of assisting the development of the national economy of under-developed countries, should have been more clearly specified, by the mention of such fields as industry, agriculture, transport and housing, and the artificial and unsatisfactory term "infrastructure" should have been omitted. The fund's credit functions, through which its working capital could be renewed, should be stated clearly in the draft resolution. Only through the accumulation and growth of capital could the fund engage in the activities desired by the under-developed countries.

35. With respect to the revised eleven-Power draft resolution just adopted by the Committee, the USSR delegation wished to make it clear that, in its view, the adoption of the draft did not mean that SUNFED was actually to be established and operated. It was convinced that the establishment of the fund as provided in the adopted resolution, with no specification of any initial figure, was based on incorrect principles. The fund would not be able to expand as it should and would not answer to the real concept of SUNFED. The draft resolution which had just been adopted included a number of provisions from the United States proposal (A/C.2/L.354) which were designed to prevent and hamper the establishment of SUNFED. The United States had made it clear that it did not intend to support any conversion of the fund provided for in the draft into a fund for the financing of industry and capital development, in other words into SUNFED. The United States representative had clearly indicated that he had merely referred to a broadening of technical assistance and by no means to SUNFED. This statement on the fund clearly showed that its prospects would be limited and that it would never go beyond the sphere of technical assistance, which meant that the proposed establishment of SUNFED would not take place for a long time.

36. That was evident from an item appearing in The New York Times that same day, which showed that the United States, in its resolution, regarded its plan for an expansion of the technical assistance fund as an alternative to SUNFED. The New York Times report also showed that the United States had agreed to compromise on some of the wording as a part of its political preparations for the forthcoming session of the North Atlantic Treaty Organization Council.

37. In the resolution (662 B (XXIV)) it had adopted at its twenty-fourth session, the Economic and Social Council had pressed for the establishment of SUNFED. It should be noted that the Second Committee had not

given effect to the Council's decision and had virtually rejected its decision concerning the establishment of SUNFED. The representative of Iraq had been correct in saying that all that had been achieved was that the concept of SUNFED would no longer be part of the agenda.

38. However, in view of the fact that the majority of the under-developed countries felt that the resolution just adopted reflected their wishes to a certain extent, the Soviet delegation had not wished to stand in the way and had voted for the draft resolution. Nevertheless, it had abstained on those points which, in its view, were at variance with the principle of the establishment and operation of the fund and the financial commitments relative to it.

39. Mr. PSCOLKA (Czechoslovakia) said that the efforts which delegations had long been making to bring about the establishment of the Special United Nations Fund for Economic Development had finally culminated in a decision which was far from satisfactory. It was doubtful whether the original idea of the fund would survive at all unless energetic measures were taken without delay. The compromise solution adopted had disappointed many members of the Committee and would certainly disappoint world opinion. His delegation had nevertheless voted in favour of it, since the sponsors of the eleven-Power draft resolution had assured it that, despite intensive efforts, they had been unable to gain acceptance of a text closer to that of their original draft resolution. It had abstained on certain paragraphs which were not in accordance with its concept of the financing of economic development. Only a revolving fund supported by contributions in national currency and in kind could be really useful to the under-developed countries.

40. He noted that, according to the sponsors of the revised draft resolution, the Preparatory Committee would be authorized to consider possibilities other than those set forth in the annex.

41. Mr. ALFONZO RAVARD (Venezuela) was glad that after lengthy negotiations the Committee had obtained a positive result even though some sacrifices had had to be made. The value of the draft resolution on the financing of economic development was enhanced by the fact that it had been approved unanimously rather than being imposed on a minority or accepted reluctantly by a recalcitrant majority. It represented the logical consolidation of two draft resolutions directed towards the same objective, namely, the economic development of the under-developed countries.

42. Mr. TODOROV (Bulgaria) thought that economic assistance to the under-developed countries should not be limited to their infrastructure. Under the system envisaged in the draft resolution the fund's resources were liable to be very rapidly exhausted, whereas what was needed was a fund whose capital could be constantly renewed. His delegation had therefore abstained from voting on the last paragraph of the preamble and paragraph 1 of section II, and had been unable to accept paragraph I of the annex. In a spirit of compromise it had voted in favour of the draft resolution as a whole. He congratulated the sponsors of the eleven-Power draft resolution on the efforts which they had made despite the resistance of the more prosperous countries. Although the United States representative had said that he was aware of the

difficulties faced by the under-developed countries and that they should be given large-scale assistance, the United States delegation had made but few concessions. It was disappointing to see SUNFED replaced by a mere expansion of technical assistance programmes. He still hoped, however, that the leaders of the United States and of other capitalist countries would in future show greater understanding of the needs of the under-developed countries.

43. Mr. BRADLEY (Argentina) said that, as one of the sponsors of the draft resolution, his delegation had felt great satisfaction at its unanimous approval. The resolution met the minimum aspirations of the countries which had urged the establishment of SUNFED and he hoped that the richer countries would eventually make it possible for SUNFED itself to come into being. To avoid any misunderstanding, his delegation wished to make it clear that the situation prevailing in his country would not permit it to increase its contribution to technical assistance and development programmes when the Special Fund was established.

44. Mr. HALIQ (Saudi Arabia) observed, with some regret, that the resolution approved by the Committee should have been entitled "Financing of Technical Development" rather than "Financing of Economic Development". He was glad, however, that the negotiators should have overcome the many difficulties confronting them and he thought that, whatever the procedure by which the special fund would operate, the idea of economic financing should not be abandoned. The resolution gave the Preparatory Committee a really onerous task: it was to bridge the gap dividing the various countries in their views on the special fund, to change the structure of the technical assistance programmes and to create favourable conditions for increased investments in the under-developed countries. The work that devolved upon it was so vast that it was imperative that its composition should be determined with the greatest care, not only in order to maintain a balance between contributing and recipient countries, as provided in paragraph III of the annex, but also to ensure the representation of the various differences of opinion within each of those groups and to take due account of the principle of geographical distribution. The most important thing, however, was to bear in mind the great hopes which had preceded and accompanied the vote rather than to adhere rigidly to the letter of the resolution.

45. Mr. ARDALAN (Iran) thanked those representatives who had congratulated him on his intervention. He was glad that it had enabled the Committee to vote unanimously in favour of the draft resolution and he hoped that the Special Projects Fund would soon become a reality and would be greatly expanded in the future.

46. Mr. JUDD (United States of America) recalled the axiom that any good law was based on compromise and thanked the countries which had advocated the establishment of SUNFED for agreeing to make concessions. A comparison between the original United States draft resolution and the draft resolution approved by the Committee would show the extent of the concessions which the United States delegation had made. His delegation had thought that it would not be wise to set up a fund for the financing of economic development unless the enormous resources required

by such an enterprise were available, but he felt that the draft resolution approved did not prejudice the future and that if the Special Fund functioned satisfactorily the possibility of expanding its operations would be greatly increased.

47. As he was afraid that the representative of Iraq might have misunderstood the statement he had made on 18 November, he wished to make it clear that his Government had not undertaken to provide 40 per cent of the financing required by the special fund: what he had said was that the United States Congress had adopted a policy of reducing the percentage contribution of the United States Government to 38 per cent, in 1959, and to 33 1/3 per cent in 1960. He himself had ever since 1950 been recommending to Congress that it should adopt the latter figure, for it seemed to him that international organizations would lose their independence and their genuinely international character if one Member State alone furnished half the needed funds. He had thought that an exception should be made only in very special cases, such as that of assistance to children. Nevertheless, after participating in the work of the Committee he had come to the conclusion that the existence of a well-endowed special fund for Technical Assistance would be very useful for all those countries which were seeking to ensure their economic independence and to raise their level of living. For that reason he personally undertook to ask Congress to maintain the United States contribution at 40 per cent at least for several years but he could not, of course, commit his Government to such a decision.

48. Mr. KITTANI (Iraq), addressing himself to the representative of the Union of Soviet Socialist Republics, explained that he had simply remarked that the vote on the draft resolution had postponed the establishment of a SUNFED as envisaged by its advocates to an unforeseeable future.

49. He thanked the United States representative for his explanations and regretted his own statement that the United States had undertaken to contribute 40 per cent. Apart from that, however, the United States representative's remarks strengthened his own argument, for while the United States contribution was to be smaller the other Member States would have to increase fourfold their contributions to the technical assistance and development programmes.

#### Completion of the Committee's work

50. Mr. JUDD (United States of America) paid a tribute to the Chairman for the impartiality and competence with which he had concluded the Committee's discussions.

51. Mr. ARKADEV (Union of Soviet Socialist Republics), Mr. HALIQ (Saudi Arabia) on behalf of the Arab delegations, U KYAW MIN (Burma) on behalf of the Asian and African delegations, Mr. RUYGERS (Netherlands) on behalf of the countries of Western Europe, Mr. ISMAIL (Federation of Malaya) on behalf of the Commonwealth countries, Mr. SOLANO LOPEZ (Paraguay) on behalf of the Latin American delegations, Mr. MICHAEL (Israel) and Mr. PSCOLKA (Czechoslovakia) paid tributes to the Chairman, the Vice-Chairman, the Rapporteur and the Secretary of the Committee, as also to all those members of the Secretariat whose efforts had enabled the Committee to discharge its task satisfactorily.

52. Mr. ARDALAN (Iran) associated himself with the preceding speakers who had expressed their thanks to the officers of the Committee and to the members of the Secretariat. He hoped that his proposals for combating inflation would be taken into account by the Member States and would contribute to the solution of certain problems. For the information of the representative of the Union of Soviet Socialist Republics, he explained that he had not said that the wages of workers should not be increased: what he had said was that new efforts to improve the condition of the workers should not all take the form of higher cash wages but should be designed to enable employees to participate in the management of the enterprises for which they worked. That would obviate the need to put further quantities of currency into circulation and would help to prevent strikes and price increases.

53. The CHAIRMAN thanked the various delegations for their kindness to him and paid a tribute to Mr. Nosek (Czechoslovakia), who had preceded him as Chairman. He also thanked the Vice-Chairman, the Rapporteur, the Secretary of the Committee and the staff of the Secretariat for their assistance to the Committee. He then paid a tribute to the successive Chairmen of the Ad Hoc Committee and to its Rapporteur, to the Under-Secretary and the Deputy Under-Secretary for Economic and Social Affairs, to the Executive Chairman of the Technical Assistance Board, the Director-General of the Technical Assistance Administration and the Director of the Bureau of Economic Affairs.

The meeting rose at 1.25 p.m.