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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, A/C.2/L.354) (continued)

1. Mr. ARAGON (Guatemala) said that one of the paradoxes of the times, as had been emphasized in a recent publication of the Carnegie Endowment for International Peace, was that, whereas the demand for capital in the under-developed countries was growing, international investments, reversing the trend of the nineteenth century, were moving more and more towards countries in the full process of evolution such as Canada, Japan, Australia, and certain Western European countries, which had already resolved most of their infrastructure problems. That phenomenon was the best argument in favour of the immediate establishment of a Special United Nations Fund for Economic Development, whose main object would be to create in the under-developed countries the conditions which would once again attract foreign capital.

2. Nobody contested the need for action. It was universally recognized that the under-developed countries should have sufficient capital for the development of their economy at a satisfactory rate, that public investments should precede—because they would stimulate—private investments, and that, though the progress of the under-developed countries depended primarily on their own efforts, they yet needed international assistance in the matter of both technology and finance. It was on other aspects of the problem that opinion was divided, the difference reflecting, principally, the preferences of the contributing States for bilateral or for unilateral assistance. Whatever the explanation might be, the flow of international capital was not reaching the under-developed countries but, instead, was benefiting stronger economies, a situation to which the United Nations could not remain indifferent.

3. If one inquired into the deeper causes of that state of affairs, one found that it was accounted for to some extent by the passing of the era of colonialism. The colonial expansion of the nineteenth century had coincided with the industrial revolution, with its booming demand for raw materials. But the economic system bequeathed by colonialism no longer fulfilled the needs of peoples desirous of improving their living conditions, who realized that they had to transform their agricultural single-crop export economy, so sensitive to fluctuations of world market prices, and to acquire a modern economy capable of stimulating savings and the formation of capital. It was primarily in the sector of production for domestic consumption that the Special United Nations Fund could play a most important part. Certainly, export business would profit from the creation of SUNFED, but it should be borne in mind that in the under-developed countries the export business was generally well organized and, in most cases, already possessed the necessary basic installations; by contrast, any measure intended to expand the domestic markets was of the greatest value to business, the prosperity of which depended on the domestic market. Secondly, as those countries in the course of development began to acquire the economic and social infrastructure which they so badly needed they would offer greater opportunities for profitable investments to private capital.

4. Commenting on the new draft submitted by the United States of America (A/C.2/L.354), he said the proposal it contained was extremely interesting for it was in a way the missing link between technical assistance and financial assistance. At the same time, however, he thought that its scope should be defined more precisely. Even if it was possible to assemble the sum of \$70 million which would supplement the resources for technical assistance—a matter about which certain delegations were doubtful because of the matching formula—it would still not be known what proportion of the funds would be applied to the special projects provided for by the United States proposal since it would be for the Governments to indicate the portion of their increased contributions which they would be prepared to assign to the Special Projects Fund. Even if—and that was the most optimistic assumption—the bulk of the new resources were applied to that fund, it would still remain necessary to determine the nature of the projects eligible for assistance out of the new fund. His delegation realized that the execution of a programme of economic development should be preceded by a preliminary stage during which research would be undertaken into such matters as exploration of natural resources and the training of cadres. It believed, however, that it was not always easy to draw a very clear dividing line between the phase of research and the phase of execution when an economic programme was examined as a whole. But on the other hand, this distinction was possible when one studied a specific pro-

ject, the achievement of which would attain the objects of such a programme. For example, a country which was already applying a vast programme of economic development and in which, consequently, the execution stage had already been reached, might nevertheless contemplate carrying out a survey of water-power resources with a view to a particular irrigation project. In his statement at the 496th meeting, the representative of the United States of America had said in particular that the Special Projects Fund would be used to finance research and preparatory work connected with the implementation of programmes of economic development. The Guatemalan delegation believed that there should be a clear understanding on that point; it should be agreed that the term "special projects" meant all the projects connected with an economic development plan, even if the finance provided by the fund should be used exclusively for the preparatory phase of the work.

5. In actual fact, the two proposals before the Committee (A/C.2/L.331 and A/C.2/L.354) were not very dissimilar and it should be possible to merge them into a single draft resolution. For example, one might contemplate the immediate establishment, within the framework of the Expanded Programme of Technical Assistance, of a Special Projects Fund and at the same time consider a fresh move towards the establishment of a Special United Nations Fund for Economic Development and draft the rules which would govern its operation. Those two functions might very well be entrusted to the same preparatory committee. The Guatemalan delegation, therefore, was taking the liberty of asking the sponsors of the two drafts to try to work out a generally acceptable text which would make a positive contribution to the financing of the economic development of under-developed countries.

6. Mr. THAKUR (Nepal) said it was vital to expand the collective action to enable under-developed countries to raise their social and economic standards. It could no longer be tolerated that one part of the world should be beset by misery, hunger and disease while the highly developed countries basked in luxury and prosperity. His delegation, accordingly, supported the immediate establishment of SUNFED, which was to co-ordinate the various types of assistance to the under-developed countries. It was true that the international climate was hardly propitious to the launching of such a project, but the anxieties of the moment should not turn the United Nations from its path of duty. The decision to establish SUNFED would demonstrate that the United Nations realized that prosperity, like peace, was indivisible.

7. The establishment, within the framework of the Expanded Programme of Technical Assistance, of a fund for financing special projects in under-developed countries was in no way incompatible with SUNFED. The two plans were mutually complementary. He therefore appealed to the traditional generosity of the United States to reconsider its decision and to support a venture the need for which was universally recognized.

8. Mr. GOMEZ (Pakistan) also expressed the view that the eleven-Power proposal and the United States proposal were mutually complementary. There was no doubt that technical assistance was as sorely needed for basic research and resource surveys as capital assistance was needed for financing infrastructure. Under the circumstances the Pakistan delegation would not hesitate to vote for both draft resolutions (A/C.2/L.331 and A/C.2/L.354). Unfortunately, however, realities were such as to make a choice necessary.

9. The objective of SUNFED should be to finance infrastructure on a scale sufficient to release the forces for economic progress so that the economy might become self-sustaining. For that purpose, however, the resources had to be adequate to the objectives, and without the participation of the countries which should be the major contributors success would be problematical. That was why, although still convinced of the need to establish SUNFED, the delegation of Pakistan would support the United States draft resolution, which proposed technical assistance in depth in a field in which, in the past, international assistance had been lacking. The sum envisaged for the Special Projects Fund was considerably less than the minimum originally envisaged for SUNFED, but at least it was probably obtainable and adequate to secure the objectives of the Special Projects Fund. Naturally, it would serve no useful purpose if basic research and surveys of resources did not, owing to the lack of financing, lead to the exploitation of the resources. It was therefore with great satisfaction that his delegation noted the United States delegation's reassurances to the effect that it did not intend its proposal as a substitute for SUNFED. It was also gratifying to note that the \$100 million would not be a ceiling for the matching contributions of the United States.

10. The delegation of Pakistan hoped that the Assembly, which in the past had nearly always been unanimous in its decisions concerning the financing of economic development, would not be divided and that it would be possible to work out a compromise.

DEMOGRAPHIC QUESTIONS (A/C.2/L.355)

11. Mr. GOMEZ (Pakistan) stated, turning to the draft resolution of which his delegation was co-sponsor (A/C.2/L.355) and which was submitted at the 496th meeting, that he hoped that its adoption would help to arouse more interest in the interrelationship between population changes and economic development, and could thereby point the way to solving some of the population problems now impeding economic progress. In the past the problem of population growth and its economic corollaries had been neglected in the Committee's debates, probably because the United Nations activity in that essential field was not described in the portion of the Economic and Social Council's report discussed in the Committee. He added that the five-Power draft resolution was not intended to recommend any specific policy in the population field.

The meeting rose at 11.40 a.m.