



C O N T E N T S

Agenda item 25:

Economic development of under-developed countries
 (continued):

(a) Question of the establishment of a Special United Nations Fund for Economic Development: summary by the Secretary-General of comments of Governments on the report of the Committee of Nine, report of Mr. Raymond Scheyven and report of the Economic and Social Council..... 73

Chairman: Sir Douglas COPLAND (Australia).

AGENDA ITEM 25

Economic development of under-developed countries (A/2686, A/2702) (continued):

(a) **Question of the establishment of a Special United Nations Fund for Economic Development: summary by the Secretary-General of comments of Governments on the report of the Committee of Nine, report of Mr. Raymond Scheyven and report of the Economic and Social Council (A/2646 and Add.1-5, A/2727 and Corr.1, A/2728 and Corr.1, A/C.2/L.226, A/C.2/L.227 and A/C.2/L.228)**

1. The CHAIRMAN invited the Committee to consider the three draft resolutions submitted by the Netherlands (A/C.2/L.226), Belgium (A/C.2/L.227), and Afghanistan, Bolivia, Brazil, Burma, Chile, El Salvador, Egypt, Ethiopia, India, Indonesia, Iran, Iraq, Pakistan, Philippines, Saudi Arabia, Syria, Uruguay, Venezuela and Yugoslavia (A/C.2/L.228). The three drafts were concerned with the question of the Special United Nations Fund for Economic Development which was closely linked with the question of establishing an international finance corporation and the question of the international flow of private capital for the economic development of under-developed countries. Any decision taken on one of those questions had to take the other two into account.

2. Mr. DE GAAY FORTMAN (Netherlands), introducing the Netherlands draft resolution (A/C.2/L.226), said that for a number of reasons the time had come to take a constructive decision. Firstly, it was essential that public capital be made available to the under-developed countries to assist them to finance their economic development. Secondly, however great the scale of bilateral action, multilateral action was also required for the four reasons given by Mr. Scheyven in his report (A/2728 and Corr.1). Thirdly, in order to be fully effective, technical assistance had to be supplemented by financial assistance. As United Nations technical assistance programmes were not at

present organized to provide financial assistance it was essential to set up special machinery for that purpose, provision being made for close co-ordination with the technical assistance services to avoid overlapping and duplication.

3. The Netherlands delegation accordingly proposed that the Committee take a decision at the present session to set up the Special United Nations Fund for Economic Development, subject to the necessary preparatory action. The preparatory action would be undertaken by a working group, whose members would be appointed by the Secretary-General and who would serve as private individuals. In order to keep States Members informed of the views of the various Governments, Mr. Scheyven would be requested to continue his consultations and report to the Economic and Social Council at its nineteenth session. Mr. Scheyven, whose high competence had been unanimously recognized by the Committee, might be asked to serve as chairman of the working group.

4. The Economic and Social Council usually considered such questions at its spring session, but, as Mr. Scheyven and the working group might be unable to finish their work in time, the Netherlands delegation would have no objection if the Council did not examine the question of the establishment of SUNFED until its twentieth session. It would insist, however, that the question be submitted to the General Assembly at its tenth session and that a definite decision be taken then.

5. Mr. VAN DER SCHUEREN (Belgium), referring to the doubts expressed by certain delegations during the general debate concerning the advisability of setting up the Special United Nations Fund for Economic Development of the present time, said that the situation had not changed sufficiently since the Geneva discussions to allow the Committee to disregard the recommendations of Economic and Social Council resolution 532 A (XVIII). His delegation's draft resolution (A/C.2/L.227) was therefore based on the operative part of that resolution. The Belgian delegation felt that Governments should be asked to review their positions with respect to giving their material support to SUNFED and to extending the appointment of Mr. Scheyven in order that he might continue his consultations with Governments.

6. The proposal was not intended as a delaying manoeuvre. Belgium's position with regard to the establishment of SUNFED depended upon the fulfilment of certain conditions, but her attitude was to be regarded as being favourable. As of today, the Belgian delegation was disposed to go beyond Economic and Social Council resolution 532 A (XVIII); it wished, however, that the establishment of the special fund receive the unanimous support of the Committee or at least that of a great majority of its members. He

urged delegations proposing to submit draft resolutions to do so without delay so that representatives might compare the texts submitted with a view to finding the basis for a common draft.

The meeting was suspended at 3.40 p.m. and resumed at 4.30 p.m.

7. Mr. JUNG (India) said that in framing the nineteen-Power draft resolution (A/C.2/L.228) the sponsors had had in mind the fundamental importance of the establishment of SUNFED to the economic development of under-developed countries, and the progress made in obtaining the support of Governments for the fund. The principle that a fund should be created was accepted; the only point at issue was when it should be established.

8. His delegation, in common with the other sponsors of the draft resolution felt that the time had come to go beyond Economic and Social Council resolution 532 A (XVIII). There was nothing revolutionary in the nineteen-Power draft resolution, but it did represent a necessary stage. The drafting of the statutes of the special fund and their consideration by the General Assembly and by Governments would take time and the task had therefore to be put in hand immediately.

9. He stressed the importance of co-ordinating the activities of SUNFED with those of the specialized agencies and of the Technical Assistance Board (TAB) and emphasized that the drafting committee had to give due consideration to the Secretary-General's working paper on co-ordination (E/2618) submitted to the eighteenth session of the Economic and Social Council, and to consult the specialized bodies concerned, such as the TAB, whenever necessary.

10. He also felt that the public in all countries should be informed of the purposes of SUNFED and the part which it was expected to play in the development of the under-developed countries.

11. Turning to the two other proposals before the Committee, he pointed out that the Netherlands draft resolution differed only in points of detail from the nineteen-Power draft. His delegation was not opposed to the Belgian draft resolution, which merely re-stated the Economic and Social Council's recommendations, but thought that those recommendations had to be carried further.

12. In preparing their draft resolution, the nineteen Powers had taken every possible difference of views into account. He considered the draft to be a realistic and conservative proposal. Nevertheless, in the hope of achieving unanimity in the Committee, he proposed that the three texts be submitted to a working group which would prepare a consolidated text.

13. Mrs. WRIGHT (Denmark) regretted that a single draft resolution capable of winning general support had not been submitted to the Committee. However, all the documentation which had been gathered concerning the financing of economic development, particularly Mr. Scheyven's excellent report, together with the many constructive statements during the general debate, left no room for pessimism. In contrast to previous sessions the Committee had been able to base its work on the solemn undertaking entered into by all the Members of the Organization under General Assembly resolution 724 A (VIII) to pay into the Special United Nations Fund for Economic Develop-

ment a portion of the savings achieved through worldwide disarmament. Moreover, as Mr. Scheyven had pointed out, the position had improved and many of the industrial countries were on the point of reversing their previous categorical refusal to make an immediate contribution to the proposed special fund.

14. Denmark's position with regard to the principle of the establishment of a special fund for the economic development of under-developed countries was well known. The Danish Government had stated its opinion that the establishment of SUNFED should not await a general decline in defence expenditure. Of the three draft resolutions before the Committee, the Netherlands text (A/C.2/L.226) therefore came closest to the Danish view. However, the general debate had shown very clearly that the chief capital exporting countries were not ready to make their contribution to the proposed fund. Her delegation consequently felt that the Committee would do little to advance the interests of the under-developed countries if it adopted this draft resolution since it was extremely doubtful whether it could immediately be put into effect.

15. Under the circumstances she felt that the best solution was that suggested by the Indian representative. A small working group should be set up to try to combine the three draft resolutions, which differed little in purpose and in spirit.

16. As regarded the composition of the working group, she felt that the members might be selected by the Chairman. Her delegation felt that the consolidated text prepared by the group should contain a preamble recalling the solemn undertaking assumed by States Members to establish a Special United Nations Fund for Economic Development and repeating the appeal to Governments to assist in carrying out the project. The draft should also take into account the constructive suggestions which had been made during the general debate, such as the extension of Mr. Scheyven's appointment, the publication of a white paper informing world public opinion of the plight of the under-developed countries and of the urgent necessity of assisting them, the expansion of the United Nations technical assistance programme and the co-ordination of future programmes for the use of atomic energy for peaceful purposes with all the other programmes concerning the economic development of under-developed countries. It might also be useful to consider the suggestion of certain Latin American delegations that the finance corporation, the establishment of which would involve less outlay and would be less difficult in present circumstances, might be set up before SUNFED.

17. Her delegation was sure that a resolution of that kind, which would go beyond the Economic and Social Council's recommendations, would be unanimously approved by the Committee. She hoped that the working group would not split into two opposite camps and that it would work in a spirit of conciliation.

18. Mr. MADRIGAL (Costa Rica) warmly supported the nineteen-Power draft resolution; its adoption would give a fresh stimulus to international efforts to finance the economic development of under-developed countries. His delegation would welcome the extension of Mr. Scheyven's appointment since it was sure that he would succeed in eliciting the support of Governments which were still hesitant about contributing to SUNFED.

19. The Costa Rican delegation noted with special pleasure that the nineteen-Power draft resolution stressed the desirability of co-ordinating the work of SUNFED with that of the specialized agencies and of TAB and the necessity of informing the public of the purposes of the fund and of its expected role. It was particularly important to inform people of the part SUNFED was expected to play in the development of the under-developed countries in order to avoid the disappointment that might result if hopes were raised too high.

20. He supported the proposal to set up a working party.

21. Mr. MANSOUR (Iran) said that his delegation had joined in sponsoring the nineteen-Power draft resolution because it regarded the economic development of the under-developed countries as a matter of paramount importance. It was a question of improving the lot of the millions of human beings—almost two-thirds of mankind—who were underfed and lived in extreme poverty. International solidarity demanded that action be taken since otherwise the hopes so many peoples had placed in the United Nations would be shattered.

22. The Iranian delegation was anxious that that urgent problem be solved satisfactorily as quickly as possible and was therefore prepared to meet twice a day.

23. Mr. HALIQ (Saudi Arabia) pointed out in reply to the Danish representative that, despite their defence expenditure, the industrialized countries were perfectly capable of contributing to the Special United Nations Fund for Economic Development if they so desired; they had, in fact, already found it possible to furnish substantial assistance to certain under-developed countries under bilateral agreements.

24. It should also be remembered that most under-developed countries financed their economic development programmes out of their export earnings—which would probably be inadequate once the armaments race had ended. The problem of financing economic development would then become more urgent. Under the circumstances the industrialized countries would demonstrate foresight as well as international solidarity if they provided the under-developed countries with the financial aid they needed without further delay.

25. It would be a mistake to raise the old question of whether the proposed international finance corporation should be established before SUNFED, since the two agencies were required to fulfil very different functions.

26. The misgivings expressed by the Danish delegation would have been justified two years earlier but were now unfounded. As Mr. Scheyven had pointed out in his report, great progress had been made since that time. The nineteen-Power draft resolution took that fact into account. There could be no doubt that the time had come to take the specific steps recommended in the draft resolution.

27. Mr. HSIA (China) pointed out that Mr. Scheyven had said in his report that the essential conditions for the establishment of SUNFED in the near future did not at present exist. The draft resolutions submitted by the Netherlands and by the nineteen Powers were not, however, inconsistent with Mr. Scheyven's findings since, even if present conditions were un-

favourable to the immediate establishment of the fund, it was certainly of value to consider now what steps should be taken when the situation improved.

28. There was however an important difference between the two draft resolutions. The Netherlands draft resolution was worded in much more cautious terms; paragraph 2, in particular, contained a proviso. Under paragraph 4 of the nineteen-Power draft resolution, on the other hand, the General Assembly would decide in favour of establishing the fund and would appoint a committee to draft the statutes thereof, in other words the General Assembly would enter into a solemn undertaking without any proviso.

29. Mr. UMARI (Iraq) said that Mr. Scheyven's conclusion could not be considered outside the context of the report as a whole without distorting its meaning. Mr. Scheyven had certainly not intended to express a final opinion but had merely wished to show that it would take some time and that certain measures would be required before SUNFED could be set up.

30. There appeared to be no fundamental difference between the draft resolutions submitted by the Netherlands and the nineteen Powers, although there were some differences of detail. The approach to the establishment of the fund was not the same in the two texts, and the nineteen-Power draft resolution placed greater emphasis on the measures to be adopted.

31. Mr. CHAUVET (Haiti) proposed that the working group be set up immediately. There appeared to be no point in discussing draft resolutions that would probably be revised. In any case, delegations wishing to make observations or to propose amendments could do so in the working group. There were, in fact, no serious disagreements between the various delegations and the group would have no difficulty in starting work immediately.

32. The CHAIRMAN thought that some delegations would wish to see their views set down in the records of the meeting and that they had to be allowed to make statements. The working group could be set up the following week, after the current discussion had been completed. The group would consist of the sponsors of the draft resolutions and any other representatives who wished to participate. Mr. Scheyven could also be invited to take part in its work.

33. Mr. ALFONZO-RAVARD (Venezuela) and Mr. ARMENGAUD (France) agreed.

34. Mr. EL-TANAMLI (Egypt) also felt that the opinions of the various delegations on the principles involved and on some matters of detail such as the question of the special fund's statute had to be made known. In the interests of speeding up the Committee's work, the working group could be set up immediately and could consider the draft resolutions while the current discussion was proceeding.

35. Mr. LIRA MERINO (Chile) supported that proposal.

36. The CHAIRMAN said that that suggestion would create certain practical difficulties. For the reasons he had stated, he formally proposed that the current discussion be continued and that the working group be set up at the beginning of the following week.

It was so decided.

The meeting rose at 5.50 p.m.