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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, A/C.2/L.228 and Add.1) (continued)

1. The CHAIRMAN announced that Lebanon had been added to the list of sponsors of the joint draft resolution (A/C.2/L.228).
2. Mr. STRAUS (United States of America), responding to Mr. Scheyven's invitation to the great Powers to state their intentions regarding the future of the Special United Nations Fund for Economic Development, repeated that the United States was fully aware of the urgent need for improving living standards in many areas of the world. The American people had responded to that need in many ways, within the United Nations and through other channels. They had provided grants, loans for development projects, a wide variety of technical aid, and special capital assistance to under-developed countries. They had supported the work of the International Bank for Reconstruction and Development, the programmes of technical assistance, the International Children's Fund, the United Nations Relief for Palestine Refugees, the United Nations Korean Reconstruction Agency and other international activities to promote economic and social improvements in under-developed areas. The record showed that the United States took second place to no other nation in that respect.
3. The United States Government had given the most serious consideration to the question of SUNFED and

did not believe that the United Nations should undertake to establish a new fund for economic development at the present time. It held that view because the United States was not now prepared to contribute to such a fund, because prospective contributions from other countries did not seem nearly large enough for the task envisaged and because it would be unwise for the United Nations to create the framework of an international development fund without sufficient resources to enable it to do a real job.

4. The United States had joined with other Members in supporting General Assembly resolution 724 (VIII) and its attitude had not changed since. Nevertheless, the American people had, meanwhile, assumed substantial commitments to assist the under-developed countries. The American people themselves had to decide whether, under existing world conditions, they were prepared to make additional resources available to the under-developed countries, how they could best assist those countries, and what techniques and institutions were to be employed to handle any additional funds that might become available.

5. Although the American people were not, given existing conditions, prepared to assume a long-term commitment to make resources available through a new global development fund, that did not mean that the under-developed countries had to reconcile themselves to a situation in which they could expect but little assistance from the more developed countries. As President Eisenhower had said only recently, means had to be devised whereby the more highly developed countries could assist peoples who faced the difficulties of an earlier stage of development. Nor did it mean that United States policy was static with regard to economic development. The United States was moving in response to the most urgent and pressing needs of the under-developed areas through its various aid programmes.

6. Mr. Scheyven had referred to the very considerable progress made in recent months by the idea of a special fund. It was true that various countries previously not prepared to support a special fund were now prepared to support its immediate establishment, provided, in most cases, that conditions of one sort or another were met. While neither the material nor the moral support those countries would be prepared to give should be minimized, the significant point of the debate had been not the amount of assistance that had been promised but rather the amount of assistance which was not yet forthcoming. The amounts which countries appeared to be prepared to make available fell far short of even the minimum amount the experts believed to be necessary. Under the circumstances, Mr. Scheyven himself had concluded that "the essential conditions" for the establishment of SUNFED in the near future did not exist.

7. One of the recurrent themes in the debate had been that, despite the many billions which had been made available to the under-developed countries by the free world since 1945, a huge task of economic development remained to be done. However, it would surely be unwise to launch a special fund designed to undertake that enormous task, over a long period, before there was any reasonable prospect that the necessary resources would be available. The establishment of a fund under those conditions would result in the inflation of expectations among the peoples of the under-developed countries and their subsequent disappointment and frustration. Such reactions would be unjustified in view of the progress that was being made and could be made through existing institutions and techniques.

8. Under those circumstances, it seemed premature to arrange for the drafting of the statutes of SUNFED. When the creation of the fund became a practical possibility there would be ample opportunity to draft statutes taking into account the circumstances prevailing at the time. Future economic developments and the progress of international institutions already working to promote economic development would directly affect the arrangements Members might wish to make when the resources for an effective fund became available.

9. To defer the establishment of SUNFED did not mean to defer economic development and did not diminish the resources available for the task. Establishment of SUNFED did not mean the difference between economic development and stagnation. All countries that so wished could assist needy countries through existing channels. There were many national and international programmes already under way to assist the under-developed countries and the United States, for its part, would continue to search for more effective ways of doing so. At the same time, it would make every effort to pave the way towards world-wide disarmament, which would release ever greater resources for constructive purposes.

10. In view of those considerations, the United States delegation could not support either the Netherlands draft resolution (A/C.2/L.226), or the joint draft resolution (A/C.2/L.288 and Add.1). The Economic and Social Council, at its eighteenth session had carefully considered what further steps regarding a special development fund might usefully be taken. As other representatives had pointed out, the Council's recommendations on the matter contained in resolution 532 A (XVIII) had been unanimous. The United States continued to support those recommendations which were now embodied in the Belgian draft resolution A/C.2/L.227).

11. Mr. UMARI (Iraq) said that his delegation could not accept the contention that, before SUNFED could be implemented, a third world war would be required to stir the conscience of mankind and persuade human society to shoulder its collective responsibilities in the economic, social and humanitarian field.

12. The essential unity of the present world was an inexorable fact which could be logically accepted or blindly ignored. Complex as the disarmament problem was, it was absolutely urgent to make a real investment in international action for future economic progress. A destructive arms race was a nightmare, relieved only by the constructive but modest prospects which lay behind the splitting of the atom.

13. It was a sad fact that, when tremendous wealth was being poured into the manufacture of armaments, the international community did not find it feasible to set aside even a token fund for economic development. The Committee could not escape the responsibility of doing at least something for the future of humanity, if only as a demonstration of faith and confidence in the future.

14. Many delegations had spoken of the dire misery and privations suffered by the majority of the human race. That problem was very real; it was not merely a case of rhetoric. People could be expected to have faith in democracy and the higher things of life only when the miseries of hunger, disease, and ignorance had been alleviated. If the United Nations failed to take energetic action against those evils, it was weakening the cause of democracy and giving the impression that it was incapable of dealing with the real problems of the majority of the human race. It was not just a single one but all of President Roosevelt's "Four Freedoms" that were required.

15. The great and humanitarian efforts of certain great Powers to solve the problem bilaterally were praiseworthy but needed to be supplemented internationally by the United Nations and its specialized agencies. The advantage of SUNFED to the industrial Powers were obvious. The vision of human prosperity would become a reality if only a collective international effort were made. The United Nations was a unique institution for that purpose.

16. The proposed special fund was one of the many instruments which might make economic development a reality. Economic development could only yield fruitful results after an initial outlay which might not provide any visible, immediate return. SUNFED was not a universal panacea but an essential link in the progress of economic development. The fear that SUNFED might be hamstrung by bureaucracy was irrational since provisions for avoiding that possibility could easily be made.

17. Fortunately, some of the more advanced countries had taken the lead in pressing for the establishment of SUNFED. They had material potential and human skills in abundance, and wanted to invest in a better future for mankind. The main difficulty seemed to be one of timing rather than of principle. However, his delegation maintained that time was more valuable than money. The machinery for developing the under-developed countries should be ready and in working order so that it could be expanded when the political situation improved.

18. The report of the Committee of Nine (E/2381) had been examined thoroughly, though some Governments had still to comment on it. The new organization could, of course, only be established on solid foundations. The experts' proposals were realistic and recognized that preliminary steps should be undertaken. Although his delegation had hoped for more than had been set down in the joint draft resolution (A/C.2/L. 228 and Add.1), it realized the value of the interplay of opinions within the Committee and the need for flexibility.

19. His delegation agreed that a working group should be set up to consider the various suggestions which had been made. It hoped that the working group

would not be confined to the sponsors of draft resolutions.

20. Sir Alec RANDALL (United Kingdom) said that the United Kingdom Government and the whole British people were intensely concerned with the raising of living standards throughout the world by means of the economic development of under-developed areas. They were interested in the problem not only for humanitarian reasons, but also because they realized that the raising of living standards had to benefit Great Britain and all other trading nations, and because they were responsible for great under-developed areas and populations.

21. He congratulated Mr. Scheyven on the ability with which he had discharged his unenviable task. His report (A/2728 and Corr.1) was, on the whole, just and realistic. If, as was to be hoped, his mandate were extended, the United Kingdom Government would continue to give him all the confidence and assistance that was compatible with its attitude. His delegation shared the hope expressed by Mr. Scheyven and other delegations that the widest possible agreement on the question of economic development would be obtained at the present Assembly.

22. There seemed to be almost complete agreement in principle. It was generally recognized that the Special United Nations Fund for Economic Development, properly administered, would contribute to the economic development of under-developed countries. The main difference lay in the question of timing.

23. The majority had suggested that the economic and social development of under-developed countries was a precondition of the establishment of world peace and security. The economically developed Powers should therefore be persuaded to agree to the establishment of an economic development fund at once. However, that body of opinion had never been so unrealistic as to fail to recognize that, if the major Powers could not be persuaded that the establishment of SUNFED should take priority over other commitments, resolutions recommending that they should do so would be both ineffectual and damaging to the prestige of the United Nations. They had recognized frankly and justly that agreement between potential contributing and potential receiving countries was essential. There had been at least tacit acceptance of the conclusions reached by the Committee of Nine, that the participation of thirty countries and a contribution of \$250 million were essential before the fund could come into existence. The majority had therefore been willing to accept resolutions which, without leading to the early establishment of SUNFED, kept the possibility alive.

24. On the other hand, the major potential contributing Powers had always held that, until there was a real change in the international situation, defence expenditure had to have priority over any substantial increase in the financial resources flowing from them into the under-developed countries. Such development could only continue if reasonable security and stability in the world were assured. At the same time, those countries, in their turn, had been prepared to compromise. They had recognized the urgency of the problem of economic development; they had acknowledged the strength of feeling which existed and had acquiesced in resolutions which appeared to bring them further along the road to the establishment of SUNFED than they might have thought quite wise in the circum-

stances. The United Kingdom Government was in that group and his delegation was very conscious of the heavy responsibility which such a position had to carry with it.

25. There could be no shadow of doubt about the United Kingdom's interest in the economic and social development of the under-developed countries. That interest was moral, political and economic. The United Kingdom did not deny it or shirk it. In 1953 the United Kingdom had made available no less than £130 million, the equivalent of \$350 million, for the economic development of under-developed territories. That rate had been fully maintained in 1954. Given its other commitments, the United Kingdom was discharging to the best of its ability the duties in respect of economic development laid upon it by the United Nations Charter.

26. The United Kingdom Government would like to do more, but was bound to consider its other commitments. In the first place, a Government had obligations to the electorate and to the domestic taxpayer. There was a tendency to talk of the necessity of providing public funds to supplement private capital but in all democratic countries public funds were the revenue contributed by the taxpayer and controlled by the will of Parliament. A Government had to maintain a reasonable level of investment and expenditure at home. Secondly, the United Kingdom Government had enormous defence commitments which it regarded as essential to the country's continued existence as a free and independent nation capable of making contributions to any form of international development. Such expenditure was already at the lowest possible level compatible with security and efficiency, and money could not be diverted from it without jeopardizing the defence programme as a whole. Nor had defence expenditure shown signs of falling; the estimates for defence votes in the United Kingdom had risen steadily over the last four years. It had been argued that the international atmosphere had improved, making possible the provision of the minimum amount required for the fund; the United Kingdom Government welcomed such signs of understanding of the Western Powers' position as had come from the Soviet side during the present General Assembly, but considered that it would be quite fallacious to treat them, at the present stage, as justifying any solid hope of reaching a disarmament agreement in the near future.

27. Even if small savings from defence could be achieved, the United Kingdom Government would not, under present conditions, feel justified to devote such resources to the proposed fund. Although it had been suggested that SUNFED fund could be operated successfully with an initial capital of \$250 million, which was admittedly a small sum compared with total expenditure and investment in the world, it was not suggested that the fund should in the long run make do with that minimum initial capital. On the contrary, a much larger fund had been called for, the implication being that, to be successful, the fund would have to have the assurance of large and continuing capital resources at its disposal. The United Kingdom Government did not at the moment feel that conditions were such that it could undertake to contribute to a project established on such a basis. It could not foresee having the additional capital resources available or foresee how they might become available short of a substantial degree of world-wide disarmament. Should limited ad-

ditional resources become available, they should be directed to such projects where they could have the greatest immediate effect. They should be directed to existing programmes, many of which were of proven worth and all of which had existing administrative machinery capable of coping with additional funds.

28. Basically, the situation had not changed since the previous session of the General Assembly. The major potential contributors, particularly the United States of America, on whom the success of SUNFED, as at present conceived, would depend, had not yet found it possible to pledge immediate financial support. None of them could accept any resolution which involved taking positive steps towards the establishment of the proposed fund beyond the provisions of Economic and Social Council resolution 532 A (XVIII).

29. That did not mean that the General Assembly had to mark time. The Committee was discussing an exceptionally complicated financial, economic and political problem, which could well bear long consideration before acceptance of any final solution. Time did not need to be wasted if the capital for SUNFED could not, for the moment, be provided. Much was already being done for the under-developed countries and in the meantime the implications of the proposal should be thoroughly investigated. It would be rash to press ahead with the establishment of SUNFED before Mr. Scheyven had completed, as the United Kingdom Government hoped he would have an opportunity to do, his useful and necessary inquiry.

30. In order to prevent disappointment and disillusionment, United Nations bodies should be very careful not to set their targets too high. It should be remembered that work under the Expanded Programme of Technical Assistance was being held up because of a shortage of funds, and that so far Governments had not provided even half the sum considered necessary for the rehabilitation of Korea, for which the United Nations was directly responsible.

31. For those reasons the Committee should adopt the Belgian draft resolution (A/C.2/L.227). The United Kingdom delegation could not support either of the other two draft resolutions before the Committee, since both provided for the immediate drafting of statutes for SUNFED. It seemed a useless exercise to draft statutes that would in all probability be entirely inapplicable when the need for them actually arose.

32. Mr. Scheyven, in his report, had urged that measures should be taken to inform public opinion of the poverty prevailing in the under-developed countries and of the urgent need to remedy that state of affairs. Although it was undoubtedly desirable that the economically developed nations should be made aware of the appalling conditions in large areas of the world, the employment of additional staff for that purpose in the United Nations could not easily be justified.

33. The United Kingdom Government was conscious of the fact that economic and social development was one of the prime objects of the United Nations and was to the best of its ability playing its part. It could not agree to the proposal to set up SUNFED immediately, only because it was convinced that it was distributing its available resources in the best possible way in the interest of the greatest number of people.

34. No one could be aware of the chronic and extreme poverty described by Mr. Scheyven without

being moved by a sentiment of pity and sympathy. However, it was not a problem of offering help in a temporary emergency; it was a huge intractable problem of organization, involving questions of social and technical modernization in vast areas where people, through no fault of their own, had failed to acquire that technical mastery which had in the past two centuries raised the Western world to a height of material well-being that was often envied, but also sometimes despised because it had in certain cases been accompanied by spiritual impoverishment. The process of enabling the under-developed countries to improve their methods of production and their social organization in order to attain adequate standards of living had to be a gradual one, and hasty planning might prove disastrous. For that reason, he hoped that the Committee would recognize the prudence of resolution 532 A (XVIII), unanimously adopted by the Economic and Social Council at its eighteenth session. Any additional recommendations would be unrealistic and likely to damage the cause which all had at heart.

35. Mr. LIRA MERINO (Chile) said that the question of the establishment of the Special United Nations Fund for Economic Development was once again the main item on the Committee's agenda. His delegation's basic ideas on the subject of economic development had already been stated at the eighth session of the General Assembly (436th plenary meeting) and at the seventeenth session of the Economic and Social Council (768th meeting). They had had the enthusiastic backing of the representatives of the under-developed countries from the beginning, and in recent years had won the support of many other countries that had originally disagreed. It was now recognized by the great majority of States Members and by the agencies concerned that the economic development of the under-developed countries had to be given the highest priority.

36. Much had been done, and public opinion was now alive to the problems involved. Nevertheless, in the last year or two a complete deadlock had been reached. The General Assembly and the Economic and Social Council had discussed the subject exhaustively, but had not taken the practical action which the position of the under-developed countries required. No concrete measures of real importance had been taken to promote economic stability, to increase the flow of foreign capital, or to guarantee the under-developed countries equitable terms of trade. There was a glaring discrepancy between the ideals and objectives embodied in the Charter of the United Nations and repeated in resolutions on economic development, and the actual work of social and economic co-operation accomplished in the last two years.

37. In 1952 the General Assembly had requested the Economic and Social Council—in resolution 520 A (VI) to submit "a detailed plan for establishing . . . a special fund" and had repeated its request in resolution 622 A (VII), but no such plan had been produced. The proposal to establish an international finance corporation had also come to a standstill. The countries capable of giving effect to the plans of the General Assembly and of the Council seemed to have abandoned the basic principles of the United Nations. They seemed to have failed to realize the difficulties of the under-developed countries whose need was to put an end to their economic instability, to ensure the well-being of their peoples and to provide a solid ma-

terial basis for their democratic institutions. Failure to establish SUNFED and the proposed international finance corporation was bringing the work of the United Nations to promote economic development to a halt. This work was important to the maintenance of stability and full employment in the industrial countries and was the only means of preventing dangerous social conflicts that might result in war. As had been pointed out in the general debate, existing organizations for financing economic development, such as the International Monetary Fund and the International Bank for Reconstruction and Development were, for various reasons, incapable of meeting the needs of the under-developed countries.

38. As the Chilean Government had stated in its reply (A/2646) to the Secretary-General's request for comments on the report of the Committee of Nine, all the preliminary formalities and empirical studies in connexion with SUNFED had been completed. The next step should be the preparation and drafting of the statute of SUNFED with view to the immediate initiation of consultations with the Governments concerned regarding the subscription of the initial capital.

39. The United Nations had already recognized the need for additional machinery and new sources of public capital for financing economic development, particularly non-self-liquidating projects and basic social and economic investments. The only solution proposed had been to establish SUNFED, to which no objection had been made in principle. The great majority of Members had given their moral support to the proposal and Mr. Scheyven, to whom the under-developed countries owed a debt of gratitude, had been able to announce that certain countries, hitherto hesitant, had promised their material support.

40. His delegation's position was clear and unambiguous. For the reasons he had stated, it had joined in sponsoring the twenty-Power draft resolution (A/C.2/L.228 and Add.1), which it urged the General Assembly to adopt in order to keep faith with the peoples of the world. There was still time to prevent the millions of human beings who were suffering hunger and misery from turning in desperation to violent action, but delay would be dangerous. It was not too much to expect the Powers which were expending vast sums on armaments to contribute a little to help to finance the economic development of the under-developed countries.

41. Mr. BUENO DO PRADO (Brazil) said that, after weighing the remarks made during the general discussion, his delegation supported the twenty-Power draft resolution. From the general discussion and Mr. Scheyven's report it was apparent that the establishment of SUNFED was earnestly desired by all the under-developed countries. Twenty-six States Members had agreed that the setting up of the fund was essential and had pledged their support. Some western countries had also reconsidered their original attitudes. He hoped that the Soviet Union which, as its representative had stated, appreciated the fact that the under-developed countries wished to improve their living conditions by the establishment of SUNFED, could be counted in the last group. In addition, the United States and the United Kingdom, while maintaining reservations, had not adduced any new arguments indicating radical opposition. On the other hand some delegations persisted in their negative attitude and were apparently not genuinely interested in the pooling of resources for general economic development.

42. SUNFED could not be effective without the co-operation of those countries which, because of the interests which they were obliged to defend, were pre-occupied with the demands arising from their policies. As his delegation understood the position of those countries, it had decided to support the joint draft resolution, believing it to be realistic since it also took the opinions of the capital-exporting countries into account. The difference between the Netherlands draft resolution (A/C.2/L.266) and the joint draft resolution was so small that agreement might be reached on a compromise text. The industrially advanced countries had to participate in the drafting if a resolution acceptable to them was to be formulated. It was therefore to be hoped that their delegations would serve on the working group which would be set up to prepare another, generally acceptable, draft resolution. He was convinced that those delegations were fully aware of the collective responsibility of their Governments towards the under-developed countries and that they sincerely wished to help them. All that they were being asked to do at the moment was to join with the others in a study which would represent a step forward; they would also appreciate the political importance of such a solution which was regarded as essential by the great majority of Members.

43. Mr. KAYALI (Syria) stated that a study of the position of the various States Members showed that, while the under-developed countries were intent on the establishment of SUNFED, the major industrial countries were not definitely opposed to the idea. As the establishment of SUNFED was impossible without the co-operation of the latter group of countries, the sponsors of the joint draft resolution had decided not to press for the immediate establishment of the fund but to adopt the more acceptable formula set forth in paragraph 4 of that draft.

44. His delegation considered that world public opinion exercised a great influence on Members in matters of international importance. International public opinion would certainly favour any resolution designed to help mankind by the application of the principles of the Charter of the United Nations, and paragraph 6 of the joint draft resolution was intended to ensure that full use would be made of information media to publicize the purposes of SUNFED.

45. The countries which made world-wide supervised disarmament a condition for their participation in SUNFED overlooked the essential principle underlying disarmament—the maintenance of international peace—which was closely connected with the improvement of living standards in the under-developed countries.

46. The fund was not to become a political or economic tool in the service of any State, and he invited the views of other delegations on that matter. The establishment of SUNFED was not to be looked upon as an act of charity, particularly as the economic development of the under-developed countries also contributed to the prosperity of the industrialized countries.

47. It was essential that the fund be in a position to make grants as well as loans, as most of the public works and utilities in the under-developed countries could not be regarded as self-liquidating investments.

48. Mr. CASTRILLO JUSTINIANO (Bolivia) felt that the joint draft resolution, which he co-sponsored, was self-explanatory; it took the various difficulties into account and stressed the vital importance of the

proposed special fund to the under-developed countries. He agreed that efforts should be made to draft a generally acceptable text.

49. After a procedural discussion, in which Mr. BACON (France), Mr. UMARI (Iraq), Mr. RIZK (Lebanon), Mr. STANOVNIK (Yugoslavia), Mr. VAN DER SCHUEREN (Belgium), Mr. LIRA MERINO (Chile), Mr. BLUSZTAJN (Poland), Mr. O'NAGHTEN (Cuba) and Mr. HEGDE (India) took part, the CHAIRMAN suggested that the Committee reconstitute itself as a private working group, after a short meeting on the following morning to continue the discussion on the three draft resolutions, for which the list of speakers would be closed shortly after the current meeting.

It was so agreed.

50. The CHAIRMAN invited suggestions regarding the membership of the working group.

51. Mrs. WRIGHT (Denmark) said that the Norwegian representative would speak for the three Scandinavian countries in the working group.

52. Mr. LIRA MERINO (Chile) proposed that representatives desiring to serve on the working group submit their names to the Chairman by 6.30 p.m.

53. Mr. MANSOUR (Iran) proposed that the working group consist of Mr. Scheyven, the representatives of the Netherlands, Belgium, the United States, the United Kingdom and eight of the countries sponsoring the draft resolutions, plus four other representatives who desired to participate.

54. The CHAIRMAN put the Chilean proposal to the vote.

The proposal was adopted by 43 votes to none, with 8 abstentions.

The meeting rose at 5.50 p.m.