



General Assembly

Distr.
LIMITED

A/C.2/42/L.35
30 October 1987

ORIGINAL: ENGLISH

Forty-second session
SECOND COMMITTEE
Agenda item 12

REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

United States of America: draft resolution

Creating an environment that encourages capital formation for growth and development

The General Assembly,

Stressing the crucial role of capital formation as one of the elements in the growth and development process,

Bearing in mind that financial resources, combined with manpower and technology, represent the basic economic components that produce growth and development,

Aware that the accumulation of financial resources, both from domestic and external sources, and their application to productive ends constitutes the process of capital formation,

Recognizing that all countries have the capability to create an environment more conducive to the promotion of capital formation, and that the decision on the policy framework for national capital formation is both the right and the responsibility of each sovereign State,

Recognizing also the importance of policies which encourage capital formation, including, inter alia, strengthening domestic capital markets, establishing positive real rates of return on financial instruments and real investments, and measures for increased savings,

Recognizing that conditions which promote capital formation also depend on a supportive international environment, including policies that encompass, inter alia, the dismantling of protectionism and the expansion of international

trade, increased financial flows, in particular for the least developed countries, strengthened lending programmes by the international financial institutions, development of new methods for participation by commercial banks, as well as coherent and co-ordinated policies on the part of industrialized countries, including multilateral surveillance, which address the imbalances in the world economy,

Concerned that the absence of such conditions discourages the formation of capital,

Reaffirming that developing countries have the responsibility to mobilize and utilize more fully and effectively their domestic financial resources for growth and development, and that the international community must co-operate in its efforts to create a supportive international environment,

Affirming that the international community will support policies of both developing and developed countries that are conducive to capital formation,

Affirming also that developing countries which have low productivity and are experiencing difficulties in generating sizeable savings for capital formation should be provided with assistance designed to resolve these savings mobilization problems,

Recognizing that external financial resources, both public and private, constitute an indispensable element of support for developing countries in their development efforts and that the effective and efficient application of such external resources enhances the benefits of capital formation for growth and development,

Recognizing also the importance for developing countries, especially the debtor ones, to increase their export earnings, in order to provide increased resources to capital formation, and to that effect, the importance of current efforts to negotiate a free and open world trading system,

Convinced that the experiences and lessons on capital formation of various countries could be helpful when considered on the basis of and adapted to the concrete conditions of a specific country,

1. Calls upon member States to bear in mind the importance of creating an environment that encourages capital formation for growth and development and to work in a spirit of common commitment and mutual co-operation to promote international economic conditions which support this goal;

2. Commends the Secretary-General for the impressive work already undertaken to assist member States in their efforts to improve the environment for encouraging capital formation and requests the Secretary-General to study further measures at the national and international levels that will promote the creation of such an environment and to continue to support through existing mandates, programmes and priorities the efforts of member States in this area.