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Chairman: Mr. Mohammad MIR KHAN (Pakistan).

AGENDA ITEM 27

Economic development of under-developed countries (A/3154, A/3192) (continued):

(a) Question of the establishment of a Special United Nations Fund for Economic Development: (report of the *Ad Hoc* Committee (A/3134 and Corr.1 and 2, A/C.2/L.296, A/C.2/L.300, A/C.2/L.315, A/C.2/L.316) (continued))

1. Mr. SARWAR (Afghanistan) said that in preparing its interim report (A/3134 and Corr.1 and 2) the *Ad Hoc* Committee had admirably discharged the difficult task entrusted to it in General Assembly resolution 923 (X). Both the report and the discussion showed that there was general support for the establishment of the Special United Nations Fund for Economic Development (SUNFED). Moreover, there was a broad measure of agreement not only on the basic principles of SUNFED but also on such issues as the amount of capital required to start operations, contributions in local currency and arrangements for the replenishment of funds, the type of assistance to be furnished, and the structure of SUNFED and its relationships with the United Nations and the specialized agencies. The minor difficulties that remained could easily be resolved, and the overwhelming will of the majority to establish SUNFED would no doubt prevail.

2. In view of their great potentialities, the advanced countries would undoubtedly be able to finance SUNFED without curtailing their own development plans, and the initial amount of \$250 million proposed for the establishment of SUNFED was certainly not beyond the physical and economic resources available. The representative of Iran had contrasted the enormous sums spent on armaments with the amount of financial aid needed by the under-developed countries. The sum required was only approximately 1 per cent of the defence expenditure of the United States, the United Kingdom and France. Moreover, the economic prosperity of the advanced nations would continue only if the economies of the under-developed regions of the world were rescued from their present stagnation.

3. As other representatives had pointed out, it would be a mistake to postpone the establishment of SUNFED

until the disarmament problem was solved. It was poverty that generated social and political upheavals and endangered peace. Economic development must not await disarmament; it should be tackled independently as the paramount objective of the United Nations.

4. It was clear that insufficient private capital had been attracted to projects designed to improve the social and economic infrastructures of the under-developed countries and, although United Nations financial institutions had helped considerably, further capital investment of a kind which only SUNFED could provide was necessary. The need for the establishment of SUNFED had never been greater; it would form a further link in the chain of international co-operation which would help to lessen world tension. The under-developed countries had no intention of exerting pressure on the industrialized in an attempt to force them to accept SUNFED. The drafting of a statute would not constitute a final acceptance of SUNFED; it would be merely a practical step forward. The draft statute together with a tentative programme of operations would provide a constructive basis for further consideration.

5. It was true that the ideas and suggestions put forward had been somewhat diverse, but that was no reason for delaying the inception of a workable scheme. The *Ad Hoc* Committee had done excellent work in collating and harmonizing the different views and in fact there were more areas of agreement than of disagreement. The *Ad Hoc* Committee was the appropriate body for harmonizing the views of Governments still further, for drawing up the statute and outlining a programme of operation.

6. The idea of SUNFED had been debated again and again and all its merits fully emphasized. Everyone now sought its speedy establishment. Further delays would cause great disappointment and further aggravate the already desperate situation of the under-developed countries. As *The New York Times* had put it in a recent editorial, countries which supported the principle but opposed the available means might well be missing an opportunity.

7. For those reasons, his delegation hoped that the joint draft resolution (A/C.2/L.315), which replaced the draft previously circulated in documents A/C.2/L.296 and A/C.2/L.300, would command the unanimous support of the Committee. Its sponsors had given full consideration to the amendments proposed by Denmark (A/C.2/L.317) and to the informal Canadian text, but had found them unconstructive. They felt that there was no basis at the present stage for setting up a working group to consider those proposals. The joint draft resolution was both reasonable and moderate. If no further practicable proposals were put forward, it should be put to a vote.

8. The Committee should discharge the great moral and economic responsibilities with which it had been

entrusted by uniting in support of the joint draft resolution so that steps could be taken to draw up the statute of SUNFED and a tentative outline of its operations. The results would be considerable and the cost relatively insignificant.

9. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) said that it was apparent from the discussion that some countries were not at present in favour of the establishment of SUNFED, an attitude to which they were fully entitled for their own national reasons. On the other hand, it was misleading of them to attribute their position to the state of international tension and even, in some cases, to the refusal of the Soviet Union to disarm. Such references to the Soviet Union were completely unfounded. It was common knowledge that the Soviet Union had offered constructive suggestions for disarmament; on 17 November 1956, for example, it had proposed the abolition of nuclear weapons and the limitation of armaments (A/3366). In 1956, the Soviet Union had reduced its armed forces by 1,840,000 men, had returned the bases of Port Arthur and Porkkala and had decreased its expenditure on armaments. On 5 February 1957, the Minister of Finance of the USSR had announced in the Supreme Soviet that the defence budget for 1957 would be reduced to 96,700 million roubles as compared with 102,500 million roubles in 1956.

10. The United Kingdom representative, in his statement on contributions to SUNFED, had spoken as if the USSR had made its willingness to contribute subject to certain conditions. The USSR agreed with the Committee of Nine that SUNFED should begin its operations as soon as the participation of at least thirty states including the major industrial Powers, which were also the main potential contributors, was assured. The United Kingdom representative's remarks concerning the Soviet Union's views on the relationship between SUNFED and the International Bank for Reconstruction and Development were also inaccurate. The USSR position was that SUNFED should be independent of the Bank. His delegation was in favour of the establishment of SUNFED and would vote for the thirty-nine-Power draft resolution.

11. The allegation that the Soviet Union was opposed to participation in United Nations technical assistance activities was also unfounded; it had never opposed United Nations technical assistance, but merely objected to the possible use of technical assistance provided through the United Nations in the selfish interests of individual countries.

12. Mr. BRINSON (United Kingdom) said that the Greek representative had remarked at the previous meeting that the United Kingdom had pledged no contribution to SUNFED, whereas France, whose commitments were no less than those of the United Kingdom and whose financial position was no stronger, had announced its intention of contributing \$15 million. Without entering into a comparison of the respective financial positions, commitments and tax burdens of the two countries, he emphasized that the United Kingdom economy was stretched to the limit. A con-

tribution to SUNFED could therefore be made only if savings were effected through disarmament or by a diversion of resources from other fields in which they were already committed. As the latter course was unacceptable, the only hope was disarmament. Moreover, unless disarmament could be carried out on a large scale, the best course might be to think in terms of increasing contributions to existing schemes which were at present inadequately financed.

13. The Afghan representative, speaking on behalf of all the sponsors of the thirty-nine-Power draft resolution, had said that there was no sound basis at present for setting up a working group and had suggested that the Committee should proceed to deal with the draft resolution. The United Kingdom and United States delegations had made their positions clear on that issue. His delegation would be obliged to vote against the draft resolution. The United States representative had indicated that, if it was adopted, his delegation would be unable to participate further in the drafting of statutes and would withdraw from the *Ad Hoc* Committee.

14. He was unable to support the proposal that the *Ad Hoc* Committee should proceed to draft a statute for SUNFED, but there must be some common ground which could be explored between the position of the sponsors of the draft resolution and the position of those who maintained a negative attitude towards it. The best method of exploring that ground might be through a working group, in which, should it be established, his delegation would be willing to participate.

15. Miss BOWLBY (Canada) did not entirely agree with the Afghan representative's suggestion that progress could not be achieved by setting up a working group. The differences between the thirty-nine-Power draft resolution and the informal Canadian text were not so irreconcilable as to exclude further exploration of common ground.

16. Mr. RECABARREN (Chile) said that the Latin American sponsors of the thirty-nine-Power draft resolution took the same position as the Afghan representative. They were ready to give serious consideration to any useful proposals or amendments, but the Danish amendments and the informal Canadian text were negative and therefore unacceptable as a basis of discussion.

17. Mr. GOPALA MENON (India), referring to the remarks attributed by the United Kingdom representative to the United States delegation, said that the position of the United States delegation, as he understood it, was that it was unwilling to participate in the drafting of a statute for SUNFED but that it had not refused to participate further in the activities of the *Ad Hoc* Committee.

18. If there was any likelihood of finding some common ground between the draft resolution, the Danish amendments and the informal Canadian proposal, he would support the establishment of a working group.

19. Mr. FINGER (United States of America) confirmed the Indian representative's interpretation of the United States position.

The meeting rose at 11.50 a.m.