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CONTENTS

	<u>Page</u>
Agenda item 29: Programmes of technical assistance:	
(b) Confirmation of allocation of funds under the Expanded Programme of Technical Assistance	261
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 <u>Ad Hoc</u> Committee and recommendations of the Economic and Social Council (continued)	261
Draft resolution on the study of international com- modity problems	266

Chairman: Mr. Toru HAGIWARA (Japan).

AGENDA ITEM 29

Programmes of technical assistance:

(b) Confirmation of allocation of funds under the Expanded Programme of Technical Assistance (A/C.2/197)

1. The CHAIRMAN drew attention to the Secretary-General's memorandum (A/C.2/197). He suggested that the Committee might follow the usual procedure, i.e., simply approve the document and transmit it to the General Assembly.

It was so decided.

2. Mr. HAYTA (Turkey) said that approval of the memorandum by his delegation did not imply that it had no reservations with regard to any of the parts of the documents which referred to the draft resolution.

3. Mr. HADWEN (Canada), Rapporteur, pointed out that the Committee was to submit a report on the item to the General Assembly. It was merely a question of form and, as the report would merely reproduce the Secretary-General's memorandum, it would not be necessary to consider it in the Committee.

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)

4. Mr. SCOTT FOX (United Kingdom) claimed the right of reply, under article 116 of the rules of procedure, to some of the comments made at the 501st meeting by the representative of the Ukrainian SSR,

who had more or less implied that the United States and the United Kingdom were opposed to disarmament. That was rather a surprising allegation, in view of the fact that, a few days earlier, at its 892nd meeting, the First Committee had adopted, by a large majority, the disarmament proposals (A/C.1/L.179 and Corr.1) of which the United Kingdom was one of the co-sponsors. The USSR had then announced its intention of boycotting the Disarmament Commission and its Sub-Committee. The representative of the Ukrainian SSR had also attacked the United Kingdom when he had criticized the role played by private capital. In dealing with that criticism, it was enough to recall that several of the delegations of the under-developed countries had emphasized the favourable effect of private capital investment on their economic development.

5. Mr. ARKADEV (Union of Soviet Socialist Republics), exercising his right of reply, said that his country had clearly shown its determination to arrive at a concrete solution of the disarmament problem. It had not only submitted practical proposals, it had even supported several of the proposals submitted by the Western Powers but the latter had afterwards repudiated their own proposals. That was when the latter had deliberately changed their ground. The closed meetings of the Sub-Committee of the Disarmament Commission had only confused matters and delayed real disarmament. In the view of the USSR, the largest possible number of countries should participate in the consideration of the problem and, as that problem was of concern to all mankind, the discussions should be given the widest possible publicity.

6. Mr. SCOTT FOX (United Kingdom) said that the Committee was not the place for a repetition of the arguments which the USSR delegation had already put forward, unsuccessfully, in the First Committee.

7. Mr. ARKADEV (Union of Soviet Socialist Republics) pointed out that the question of disarmament had been raised by the United Kingdom delegation.

8. Mr. HASSAN (Sudan) felt that there was general recognition of the need to co-ordinate economic development in different parts of the world by assisting the under-developed countries to increase their productivity and providing them with a regular flow of the capital required to raise the level of living of their peoples. Such action was necessary, not only for moral and humanitarian reasons but also because, at the present time, no country could afford a policy of economic isolationism. The world had entered the era of the United Nations and of the Universal Declaration of Human Rights, an era, also, of the peaceful use of atomic energy and great technical revolutions, and the peoples of the under-developed areas could not remain unaffected by the prospects opening up before them. Furthermore, increased production in those areas would benefit the whole world, including the highly industrialized countries. The more fortunate countries

should therefore assist the under-developed countries in a genuine spirit of mutual help and co-operation. The peoples receiving assistance should not be humiliated by being given such assistance as an act of charity or for imperialist ends. For reasons which were well known, the under-developed countries could not build up, unaided, the capital they needed to finance their economic infrastructure and purchase capital goods. They wanted foreign aid, but not at the price of their independence. They were willing to respect their obligations and to agree that the choice of the development plans to be financed would be determined by the return to be expected.

9. After recalling the various resolutions on the establishment of the Special United Nations Fund for Economic Development, he said that, in his view, the draft resolution concerning SUNFED (A/C.2/L.331) was not over-ambitious or unpractical. The important thing was to make a beginning, however modest, and the project would gather momentum.

10. Turning to the United States draft resolution (A/C.2/L.354), he said that his delegation was too well aware of the valuable work being done under the technical assistance programmes to oppose such a proposal. It was convinced that internationally organized financial and technical aid was the most reliable and desirable form of assistance, and it therefore warmly welcomed the generous gesture of the United States which was timely, as it offset the 10 per cent reduction announced by the Executive Chairman of the Technical Assistance Board (471st meeting). As for the Special Projects Fund mentioned in the draft resolution, the United States representative himself had stated that it was not meant to replace the Special United Nations Fund for Economic Development. There was therefore a possibility of reaching a compromise, as the Canadian representative had pointed out.

11. The two draft resolutions concerning the financing of economic development covered different fields but both were essential to economic development. The Sudanese delegation proposed that a preparatory committee should unify the aims and characteristics of the two projects: if it was successful, the Second Committee would have averted a serious crisis and helped to strengthen economic stability and world peace.

12. Ato Yawand-Wossen MANGASHA (Ethiopia) said that his delegation had always attached the greatest importance to the financing of economic development and to the establishment of a special fund and, after giving a brief outline of the question and recalling the purposes of the fund, he emphasized that not a single delegation, not even those which had voted against Economic and Social Council resolution 662 B (XXIV), had ever contested the need for such a fund.

13. The Ethiopian delegation was afraid that, if the General Assembly did not take a positive decision at its present session, all the work already done on the question would be completely lost and SUNFED would be abandoned. Its fears were increased by the fact that several delegations which had originally been enthusiastic about the establishment of the fund were now much less so. He urged the industrialized countries once again to change their negative attitude and give two-thirds of the world's population hope of a better life.

14. The establishment of SUNFED had never been more urgent. As was clear from the report of the Economic and Social Council (A/3613), the under-developed countries had had to finance their economic development entirely from their own very limited resources and it was therefore essential to give them economic assistance. The aid they needed to develop their infrastructure could not be provided by the International Bank for Reconstruction and Development, the International Monetary Fund or the International Finance Corporation. Even if the Bank offered an under-developed country a small loan to finance a development project, the country could not accept it because the high rate of interest (6 per cent) would be much too heavy a burden. If the under-developed countries could not equip themselves with a sound economic infrastructure which would enable them to make progress in the future, the present disparity between their rate of economic development and that of the industrialized countries would only increase and it would become increasingly difficult to remedy that regrettable state of affairs. For that reason, the Ethiopian delegation urged Member States to make SUNFED a reality at the present session.

15. He reserved his right to speak again at a later date on the different draft resolutions; on behalf of his delegation he thanked the Ad Hoc Committee for the excellent work it had done.

16. Mr. LOUGH (New Zealand) said that New Zealand was particularly interested in the economic development of under-developed countries because some of the problems of under-developed countries were similar to its own. As a primary-producing country, dependent for almost all its earnings of foreign exchange on the export of agricultural produce, New Zealand fully appreciated the fears and problems of those less-developed countries the economies of which depended wholly on their exports and which possessed insufficient resources to ensure that their economic development kept pace with population growth.

17. Variations in the terms of trade as the result of price fluctuations in the world market had very serious consequences for primary-producing countries in the course of development. Such countries would never be certain what resources would be available to them for capital development when medium and long term projects were planned or begun. The New Zealand delegation welcomed the proposal of a group of delegations that a study of commodity problems should be undertaken for the twenty-sixth session of the Economic and Social Council and would vote for the draft resolution to be submitted on the subject.

18. The productive efficiency of its primary industries had enabled New Zealand to maintain high consumption standards and devote as much as 25 per cent of its gross national income to capital formation. In spite of that high proportion, it had only just been able to keep pace with population increase and its own capital equipment needs were such that it could only with difficulty find resources with which to help less fortunate countries. However, the New Zealand people were aware of the need to increase financial and economic assistance to under-developed countries and had always supported the participation by New Zealand in international schemes for assisting such countries to speed up their economic and social development and raise their living standards. New Zealand had been one

of the principal contributors from the inception of the United Nations Expanded Programme of Technical Assistance, although it was one of the smaller Members of the United Nations. Furthermore, New Zealand was one of the founding members of the Colombo Plan and, under that scheme, had spent more than the equivalent of \$20 million, and nearly \$10 million during the years 1954-1956, and he quoted the Secretary-General's report on international economic assistance to under-developed countries (E/3047) ¹/_.

19. New Zealand's participation in the Colombo Plan had led to many links with the peoples of Asia, and the peoples of New Zealand felt that they had learned much from those contacts with their neighbours, which had brought a much fuller understanding in New Zealand of the interests and problems of its Asian neighbours. That beneficial aspect of assistance could be attributed to the bilateral nature of the aid provided in the framework of the Colombo Plan which explained why New Zealand was not so enthusiastic about multilateral aid as some countries appeared to be. He added that there were no political conditions of any sort attached to the bilateral aid given by New Zealand.

20. It was doubtful whether New Zealand taxpayers would have been as prepared to make sacrifices to assist under-developed countries if their contributions had been made through the impersonal medium of a multilateral fund. New Zealand would therefore prefer to contribute no more than a small part of the resources which it was able to make available for the economic development of under-developed countries through a multilateral fund. Moreover those resources were limited and it preferred that they should be concentrated rather than spread widely. As a Pacific Ocean country it naturally turned, in the first instance, toward its neighbours in South and South-East Asia.

21. New Zealand would, of course, like to help neighbouring under-developed countries more than it was able to do at the present time but its contributions were already substantial in relation to limited resources. Furthermore export prospects were uncertain as a result of the fall in the price of some of the commodities which it exported, particularly dairy produce, which had provided nearly 25 per cent of its export income. The latter difficulties were more especially due to the agricultural price support policies of various Governments, and particularly of the Government of the United States of America, which stimulated high cost production divorced from market considerations, discouraged normal domestic consumption, and resulted in the accumulation of surpluses and excess production which could be exported only at subsidized prices. That policy had a depressing influence on the world market and there was a danger that countries exporting on a normal commercial basis might be forced to protect their own producers. The small primary-producing countries could not hope to compete with a major industrial country, which could spend several thousand millions of dollars a year to support an uneconomic agricultural production greatly in excess of internal requirements.

22. He had deliberately digressed somewhat from the subject for the difficulties which he had described limited New Zealand's ability at the present time to make a larger contribution to the economic develop-

ment of the under-developed countries. For those reasons New Zealand was not in a position to make a firm commitment now to subscribe funds in the future for a United Nations economic assistance fund. A vote by the New Zealand delegation at the current session in favour of the establishment of such a Fund would need to be subject to that qualification. Eventually, when it could see the future more clearly, New Zealand hoped to be in a position to contribute both to any new scheme for international economic assistance which might be established and to increase economic assistance given bilaterally. Until that time, New Zealand did not wish to divert aid from the Colombo Plan to an international fund.

23. The New Zealand delegation, nevertheless, recognized the need for further assistance to under-developed countries and acknowledged that, if adequate finance should be forthcoming, a fund of the type suggested in the eleven-Power draft resolution (A/C.2/L.331) could prove most useful. It had noticed that the burden of assistance to under-developed countries was not uniformly shared between all the countries and that, whereas some had heavy responsibilities, others were subscribing only small proportions of their resources. An international fund would enable the latter countries to increase their contributions. Besides, if the assistance given to under-developed countries were to be exclusively bilateral in character, some countries might receive a much smaller share than others. An international fund might be able to fill gaps left by bilateral assistance. Furthermore, such a fund could usefully supplement the work of existing financial agencies which, in general, were not interested in projects of a non-self-balancing nature.

24. For all those reasons New Zealand was, in principle, in favour of the establishment of a United Nations economic development fund. Unfortunately, the present situation did not seem to favour it and, without the support of the major contributors, only a very small proportion of the \$250 million fund contemplated in the eleven-Power draft resolution was likely to be contributed. Furthermore, even that sum would be insufficient to enable a special fund to carry out all the tasks expected of it. For many years the people of under-developed countries had been led to expect that the establishment of a special fund would significantly accelerate their economic and social development. Obviously, the establishment of a small-scale United Nations capital assistance fund, the operations of which would be strictly limited by the small resources, would raise false hopes and lead eventually to disillusionment. The sponsors of the eleven-Power draft resolution themselves recognized that the special fund's initial operations would have to be restricted to the financing of demonstration projects and projects which would pave the way for investment activity at the next stage. If that were to be the case, it would be better to say so, rather than to pretend that a large fund for capital development was being set up; such a fund, in common with any organization the existence of which depended on voluntary contributions, should not be exposed to the risk of being regarded as a failure from the start.

25. That was why, although New Zealand was in principle in favour of the idea of the special fund and considered that the eleven-Power draft resolution contained very desirable features, it feared that it would be premature to set up the special fund at the present

¹/ Official Records of the Economic and Social Council, Twenty-fourth Session, Annexes, agenda item 6.

time; it would not be able to vote for it and hoped that the sponsors of the draft would not press for a vote.

26. On the other hand the adoption of the draft resolution submitted by the United States would mean a limited and a much more realistic advance by the United Nations in favour of the development of the under-developed countries. To some extent, the field of activities of the Special Projects Fund envisaged in the United States proposal coincided with that which the sponsors of the eleven-Power draft resolution had in mind for the initial stage of the work of the Special Fund. That similarity would enable the sponsors of both drafts to draw up a single resolution which would be generally acceptable.

27. One thing was clear: the very similarity would raise serious administrative difficulties, if both resolutions came to be adopted at the same time. Such a solution would hardly be conducive to attracting the maximum support for either one fund or the other and the responsible Governments and Parliaments might think, with good reason, that the General Assembly had acted irresponsibly. Even if new contributions were attracted, they would be split between two funds, neither of which would be able to operate satisfactorily. As both proposals were, in principle, desirable, there was a danger that both might be adopted. If the Committee were asked to vote on the two draft resolutions, the New Zealand delegation would feel obliged to abstain from voting on either. However, it was hoped that the sponsors would be able to agree on a single text, along the lines of the United States proposal but retaining the principle of establishing a United Nations economic development fund when circumstances permitted for which the New Zealand delegation would be able to vote affirmatively. His delegation hoped that the Committee would, in the event, maintain the record of unanimity which it had always had on matters relating to the financing of the economic development of under-developed countries.

28. Mr. JUNG (India) said he was glad to take the floor after his New Zealand colleague, who represented a small and unassuming country which was nevertheless in many respects a great country, since it was doing everything that it could for its people, its neighbours and the rest of the world. He paid a tribute to the wisdom of the New Zealand delegation, which had adopted a very reasonable attitude; he also greatly appreciated the manner in which Mr. Lough had dealt with the question, although he did not necessarily agree with all that he had said.

29. Since the idea of SUNFED had been mooted, the majority of Member States had remained faithful to the ideal of establishing an international agency for financial assistance to under-developed countries within the Organization and in accordance with the principles of the Charter. Most of the resolutions submitted on the question had been adopted by very large majorities and often even unanimously, since the various delegations understood the importance of the question and the need for international co-operation in that field. Hitherto there had been no fundamental divergency of views between the industrialized and under-developed countries concerning the principle of SUNFED and related questions; still less had there ever been any acrimonious discussions between the representatives of those two groups of countries, and he regretted that the Canadian delegation should have used that term in its statement at the 500th meeting.

30. The Indian delegation had never considered that the establishment of the United Nations fund should exclude any of the other forms of economic assistance, bilateral, multilateral or regional, but it felt constrained to observe the appearance of two disquieting trends in the field of bilateral assistance. On the one hand, as the representative of New Zealand had rightly pointed out, certain countries were receiving proportionately more assistance than others, for various reasons. On the other, international political rivalries more than the good or the needs of the under-developed countries were increasingly influencing assistance. In the past two years, the cold war had definitely entered the scales in this field. His delegation was anxious that political considerations should influence neither the Committee's debate, nor the working of the proposed fund, whether it was called SUNFED or by any other name, nor the drawing up of the principles governing the fund. He was confident other delegations would share this view.

31. The Committee now had before it two draft resolutions concerning the financing of economic development and a third text was being informally discussed as a compromise. His delegation felt the time had come for deciding to establish such a fund and for carrying out the recommendation of the Economic and Social Council which, he agreed, was of historic significance.

32. It was obvious that the fund could begin to operate immediately, on a modest basis, and that there was no need to wait for disarmament, which would certainly make it possible to increase the resources available for economic development. Contrary to the opinion of the New Zealand representative, the under-developed countries were not expecting miracles from SUNFED. For example, India, which was carrying out its second five-year plan, would need assistance to the amount of \$1,470 million. The Indian Government was certainly not naive enough to think that SUNFED could meet needs of such dimensions. The fear of disappointment or disillusionment, so much emphasized by some delegations, had no foundation as far as the under-developed countries were concerned.

33. The Indian delegation, which was a co-sponsor of one of the two draft resolutions, hoped very much that the text on which the Committee decided would be adopted unanimously; it was prepared to make reasonable concessions, without sacrifice of principles, at least with regard to the stages of implementation of the scope of the proposed fund. It had shown its desire for compromise by suggesting a process of a staggering of the fund's operations in accordance with the availability of resources. He drew the Committee's special attention to the fact that, in any case, the sponsors of the eleven-Power draft resolution did not envisage the operations of the fund to begin before 1960.

34. Although he was sure that the United States delegation had drawn up its own draft resolution in all good faith and with the best intentions, he regretted that that text, which would have been a step forward if it had been submitted during the debate on technical assistance, had been linked, somewhat artificially, with the question of economic development in which context it did not have the forward look.

35. Nevertheless, the Indian delegation and other delegations which it had consulted did not consider that the eleven-Power and United States draft resolutions

were mutually exclusive, but thought, on the contrary, that the Committee should be able to take a unanimous decision on a generally acceptable text, as the scope indicated by the United States for its Special Projects Fund could be included as the more immediate step within the scheme of SUNFED. All the parties concerned should be able to agree on a resolution providing for the operations of SUNFED to be staggered in order to correspond with the availability of resources, so that the fund would immediately undertake assistance of the kind envisaged by the United States delegation and would then gradually, as more resources became available, begin to carry out the tasks of capital development. It was not only normal, but essential, while the available resources remained limited, that the fund should operate within a restricted field which was related to the development of the infrastructure.

36. The solution of the problem depended on the attitude that the United States delegation would take towards the compromise that had been suggested. If the Committee could not take a positive decision to establish SUNFED, the Indian delegation would prefer to close the discussion of the matter and report failure.

37. Mr. ROGERS (Canada), replying to the Indian representative, admitted that his delegation had perhaps used too strong a term in referring to the possibility of acrimonious discussions. Nevertheless, the sole purpose of its statement, like that of the Indian representative, had been to appeal for conciliation. The Canadian delegation was prepared to help draft a new text which would be acceptable to the majority.

38. Mr. SERBAN (Romania) stressed that, according to the report of the Economic and Social Council, the prosperity of industrial countries did not automatically bring prosperity to the under-developed countries. Moreover, the rate of development of the under-developed countries was much lower than that of industrial countries, and that trend was constantly increasing. However, the vast natural wealth of the under-developed countries should normally secure a better future for them. For example, approximately three-quarters of the world's reserves of prospected petroleum, excluding those of socialist countries, was in under-developed countries. The Latin America countries had 23 per cent of the known world reserves of iron ore. The coal deposits of Asian countries were estimated at 360,000 million tons. Furthermore, the under-developed countries supplied all the natural rubber and jute and a large part of the world's cotton. That wealth offered great possibilities for diversifying economy and for industrialization. Yet the level of production reached was low, when such potentialities were borne in mind. Africa, for example, provided only 1 per cent of world industrial production.

39. Although the volume of the exports of under-developed countries had increased, their participation in international trade had declined considerably as a result of unfavourable fluctuations in export prices. In view of the lack of diversity of the exports of most under-developed countries, those fluctuations had serious effects on the balance of payments and on the whole economy of those countries. According to certain statistics, the losses suffered by the under-developed countries through the sale of their goods at low prices and through the import of finished products at high prices exceeded by far the volume of economic assistance that those countries had received from industrialized countries.

40. The under-developed countries wished to diversify their economy, to utilize their natural wealth by developing their industry, agriculture and transport, and thus to increase their national income. With regard to investment of foreign capital, experience had shown that it was placed mainly in already industrialized areas and only to a small extent in countries whose economy was under-developed. Even when foreign capital was placed in under-developed countries, it was invested in those sectors of the economy which ensured the greatest profits, and not in those whose development would strengthen the economic independence of those countries. It was therefore essential for the United Nations to enable the under-developed countries to develop harmoniously. The establishment of SUNFED would be a further step in that direction and, at the same time, would enhance the prestige of the Organization.

41. With regard to the United States proposal, the advisability of financing new projects was doubtful at a time when funds were lacking even for the execution of existing projects. Moreover, the possibility of raising the sum proposed by the United States was by no means certain. When the vote had been taken at the 489th meeting, on resolution A/C.2/L.347, concerning the financing of economic development, about twenty representatives had stated that their Governments could not or did not intend to increase their contribution to the existing technical assistance programme.

42. Mr. SZITA (Hungary) stressed that for years the need to lend under-developed countries economic assistance to offset the inadequacy of their own resources had been recognized; nevertheless, certain aspects of the problem had recently assumed special importance. In those countries, and particularly in former colonies which had become independent, there had been a marked awakening which had given rise to new requirements. All the under-developed countries now not only wished to speed up their economic development, but also to strengthen their economic independence. In a world where rapid development of production and transport was making nations more and more interdependent, the economic development of under-developed countries had become a primary condition for the harmonious development of world economy as a whole.

43. The need for economic assistance to the under-developed countries had been recognized and the question was merely one of determining its form. According to most delegations, the assistance should be, at least partially, multilateral and public. That did not mean that he underestimated the importance of bilateral agreements or of the part that could be played by private capital. Nevertheless, it was undeniable that private capital was usually invested in the most profitable sectors and that often its interests did not coincide with those of the under-developed countries, which above all needed to change their infrastructure. In addition, large sums were taken back in the form of profit and interest from the accumulation of capital necessary for the execution of development programmes. In that connexion, he cited the example of Latin America where, according to figures given in the Survey of Current Business, an official United States publication, United States investments between 1950 and 1956 had amounted to \$2,700 million, while the funds taken back had amounted to \$5,800 million, ~~or~~

more than double that sum. The Hungarian delegation therefore did not consider that private capital could play a really decisive part in the financing of the economic development of under-developed countries. Furthermore, many under-developed countries, particularly those which had freed themselves from the colonial yoke, did not wish to entrust certain key sectors of their industry to private enterprise, particularly to foreign capital, for fear of forfeiting in their economy the independence they had gained at the political level.

44. The establishment of multilateral financing machinery to supplement the existing system of bilateral financing was therefore becoming increasingly necessary. It had been pointed out that such machinery would make it easier for small countries to contribute to the assistance given to under-developed countries; it had also been noted that technical assistance had shown the possibility and desirability of multilateral assistance. The fact that resources were not lacking was amply borne out by information given by the representatives of the United States of America, the United Kingdom and Canada regarding the amount of economic assistance that their countries were giving to other nations, and particularly by the United States' recent decision to increase by \$625 million its Development Loan Fund, the original capital of which had been \$300 million. The question therefore arose whether the countries which were able to provide the bulk of the necessary assistance were prepared to take part in organized action within the United Nations, or whether they preferred to act exclusively through other means.

45. The Hungarian delegation considered that the time had come not only to develop financial assistance to under-developed countries, but to change its nature so that it would also comprise a multilateral basis, that is, to create SUNFED. Several delegations had said that the prestige of the United Nations would be harmed, if, by establishing a fund with limited means, the hopes to which its establishment might give rise were disappointed. Above all certain under-developed countries could maintain with good reason that the prestige of the United Nations would be harmed if, after so many years of study and deliberation, the idea of SUNFED was finally shelved.

46. The supporters of SUNFED were realistic enough to understand that its establishment would not solve all the problems of under-developed countries. Those countries knew that they should count primarily on their own resources. On the other hand, it was at least as important for them, in view of their present precarious situation on the world market, to find a solution for certain problems relating to foreign trade. The establishment of a special fund would meet only one of their needs. It was for the United Nations to decide whether it would take action in the matter or whether it was too weak to do so. The Hungarian delegation, for its part, was prepared to support the eleven-Power draft resolution which, although it limited the activities of SUNFED, nevertheless provided for its rapid establishment.

47. Turning to the United States draft resolution, he admitted that it would be desirable to increase the resources of the Expanded Programme of Technical Assistance, although any country might well increase its contribution, if it wished to do so, without the

adoption of a separate resolution in each case. The United States proposal could not, however, be considered separately from the question of SUNFED. The Hungarian delegation was not alone in having the impression that the intention of the United States had been to substitute for SUNFED the special projects fund referred to in its draft. In introducing the draft, the United States representative had expressly stated that he would vote against any resolution for the immediate establishment of SUNFED. During the debate, however, the United States representative had specified that the special projects fund was not intended to replace SUNFED. It was confusing for the Hungarian delegation therefore that some delegations had concluded that the two proposals were mutually exclusive. There could be no doubt, however, that the necessary resources could not be procured for both funds simultaneously. Accordingly it was to be feared that the Committee would in practice be called upon to choose between the two proposals.

48. Some delegations regarded the United States proposal as a first step towards the establishment of SUNFED. According to them, the programmes and studies which would be prepared as part of technical assistance would prepare the way for economic assistance. But, as the Egyptian representative had pointed out, no credit institution was likely to decide to grant loans on the basis of surveys made by other organizations. On the other hand, Members would be seriously underestimating the under-developed countries and their leaders if they imagined that they were not aware of their needs and possibilities. On the contrary, as the statements of their representatives had shown, most of those countries had prepared or were preparing long-term development plans, based on the utilization of their natural resources. What under-developed countries now needed was not help in discovering their wealth so much as the financial means to exploit it; that was the precise purpose of SUNFED.

49. In view of all those considerations, his delegation was not convinced that the best way of helping under-developed countries would be to adopt the United States proposal. That proposal, if adopted, would delay the establishment of SUNFED and make it more difficult. The Committee should therefore, examine how far that proposal would promote or retard the cause of SUNFED and the economic development of under-developed countries.

DRAFT RESOLUTION ON THE STUDY OF INTERNATIONAL COMMODITY PROBLEMS (A/C.2/L.357/REV.1)

50. Mr. KITTANI (Iraq), introducing the draft resolution on the study of international commodity problems (A/C.2/L.357/Rev.1), said it was impossible to overestimate the importance of those problems, which various United Nations organs had already considered for several years. Many speakers had already drawn the attention of the Committee and the General Assembly to the instability and imbalance which characterized the economy of under-developed countries. A recent editorial of *The Times* of London of 22 October 1957, and a letter from five eminent economists published in that newspaper on 29 October 1957, suggested that the situation of under-developed countries was growing increasingly precarious, since the value of their exports was constantly decreasing, the cost of the manufactured goods which they imported had increased

considerably, it was becoming more and more difficult for them to obtain loans and subsidies and their currency reserves were nearly exhausted.

51. Analysing the draft resolution paragraph by paragraph, he said that the purpose of the text was once again to draw the attention of all Member States, both industrialized and under-developed, to the disastrous effects of the constant fall and fluctuations of the prices of commodities on both the stability of the world eco-

nomy and the economic development of under-developed countries.

52. The sponsors of the draft resolution considered that the competent organs of the United Nations should study the question more closely than they had done. He expressed the hope that all delegations would support the draft resolution.

The meeting rose at 6.30 p.m.