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Chairman: Mr. Jiří NOSEK (Czechoslovakia).

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/3661, A/C.2/L.331, A/C.2/L.354)

1. The CHAIRMAN drew the attention of the Committee to the two draft resolutions before it. The first was presented by the eleven Powers (A/C.2/L.331), and the second by the United States of America (A/C.2/L.354). He invited Mr. Gopala Menon, Chairman of the Ad Hoc Committee on the question of the establishment of a Special United Nations Fund for Economic Development, to present the report of the Ad Hoc Committee.

2. Mr. Gopala MENON (India), Chairman of the Ad Hoc Committee, gave an account of the history of the question and submitted the final report of the Ad Hoc Committee (A/3579 and Corr.1 and Add.1). The conclusions reached in the report were based on the replies received from Governments and had been adopted unanimously by the Ad Hoc Committee, the representatives of Poland and the Soviet Union having withdrawn their earlier reservations.

3. He then submitted the supplementary report of the Ad Hoc Committee (A/3580) prepared in conformity with General Assembly resolution 1030 (XI). He recalled that the terms of that resolution had been the subject of protracted negotiations and discussions between the delegations which had wanted the statute of the Special United Nations Fund for Economic Development to be drawn up immediately and those which had considered that the drafting of the statute should be held up until sufficient resources for starting SUNFED's operations had become available. Secondly, as resolution 1030 (XI) had not defined the meaning of the expression "forms of legal framework", the Ad Hoc Committee had had to devote some time to the organization of its work, the various stages of which he described. He then proceeded to indicate, in connexion with each of the component elements of a possible

statute of the fund, the various possible forms of legal framework; those different forms were set forth in detail in part I, section 2, of the report. Some of them, it had been found, could not be fitted into a logical combination. In part II of the supplementary report, the Ad Hoc Committee had decided to present the various types of projects without implying any order of priority as between the different categories potentially qualifying for assistance. With regard to part III of the supplementary report he said that, no pertinent suggestions having been submitted by Governments, the Ad Hoc Committee had confined itself to listing the suggestions recently made in the Economic and Social Council and the General Assembly.

4. In conclusion, he said that no one had disputed the necessity of such a fund and that all the delegations were in full agreement with the terms of resolution 1030 (XI) of the General Assembly, the chief passages of which he quoted. While the world was on the threshold of the age of inter-planetary travel, there still existed poverty, disease, ignorance and social and economic unrest, which knew no boundaries, and remained a source of danger to the peace and stability of every country. Unless the spiritual and moral forces of man rose to the heights of the human intellect, the world would be threatened with disaster. The future of two-thirds of mankind was involved in the decisions which the Committee would take on the item.

5. Mr. RUYGERS (Netherlands) said that the Assembly was expected to adopt at the current session a definite decision on the question of the establishment of a Special United Nations Fund for Economic Development. He explained the reasons which had impelled his delegation to co-sponsor the joint draft resolution before the Committee (A/C.2/L.331).

6. While recognizing the value of the bilateral aid so generously given by certain countries to the under-developed countries, his Government feared that the existence of a number of competing bilateral programmes would in the long run be harmful to balanced economic growth in the under-developed countries. Besides, the setting up of a multilateral fund would offer the best guarantee against the use of economic aid for political purposes and would enable smaller countries having limited financial resources to participate efficiently in the financing of economic development. The Netherlands Government considered that in the matter of economic development, no less than in that of technical assistance, the United Nations had a useful function to perform and that bilateral and multilateral assistance, far from being mutually exclusive, supplemented each other. Secondly, inasmuch as private capital tended to be invested almost exclusively in countries which had reached a certain level of development and in profitable activities, private capital alone could not satisfy all the investment needs of the under-developed countries. Hence, other sources had

to be tapped if the countries in question were to receive the capital without which they could not build the economic infrastructure necessary for their further development.

7. Nor could peace be achieved through the limitation of armaments alone; the causes of political tension had to be removed too, and that was precisely what the United Nations could do by endeavouring to reduce the widening gap between the economic development of the under-developed countries and that of the industrialized countries. For that reason the Netherlands delegation could not accept the contention that a fund for economic development could not be established until measures of world-wide disarmament had been put into effect. On the contrary, SUNFED had to be established without further delay, even if its activities were on a modest scale to begin with; any savings that materialized in consequence of the success of the disarmament negotiations would swell SUNFED's resources. No other meaning could be attached to the resolutions adopted by the General Assembly on the subject.

8. His delegation, without forsaking the principles he had stated, approached the problem of establishing SUNFED with a very open mind, in the hope that the Committee might reach the largest possible measure of agreement. That spirit of compromise was reflected in the draft resolution before the Committee. The provision which mentioned 1 January 1960 as the latest date for the start of SUNFED's operations left ample time for the Preparatory Commission to make the necessary arrangements and for Governments to decide on the size of their contributions. Furthermore, the draft resolution proposed, not the establishment of a new specialized agency, but the establishment within the United Nations of a fund organized on very flexible lines and operating, not under a statute, but simply under a set of rules. The Special United Nations Fund for Economic Development would obviously not be able to meet all the needs of the under-developed countries, but its establishment would be a start and it could grow thereafter. If the United Nations did nothing in that direction public opinion would weary of the spectacle of endless discussions leading to no tangible result.

9. Proceeding, he said that the annex to the draft resolution would greatly facilitate and expedite the task of the Preparatory Commission if the General Assembly could approve the principles set forth in that text, on which the drafting of SUNFED's rules was to be based. Paragraph (a) of the annex meant that a Government unable to contribute to SUNFED would nevertheless be able to express support for its establishment, and also that the Fund would be able to accept contributions from non-governmental sources. Paragraph (b) of the annex gave a very general description of SUNFED's objects, so phrased that none of the forms of assistance which were capable of strengthening the economic and social infrastructure of the under-developed countries was ruled out in advance. SUNFED would, it was true, have to plan its activities according to its resources; but it was a mistake to think that the mere fact of not narrowing excessively the scope of its action in advance would raise undue expectations. The effect of paragraphs (c) and (d) of the annex was that countries which could make no more than a small contribution or countries which were neither developed nor under-developed could be represented on the Executive Board. The provision stipulating that the Board's decisions would require a qualified majority vote was a safeguard for

both groups of countries—the developed and the under-developed—for it should prevent either group from dominating the other and should also forestall a deadlock between them. The closing provision of the annex was in conformity with the suggestions of many Governments.

10. Commenting on the United States proposal he said that, if it was to be regarded not as a substitute for the establishment of an economic development fund but, on the contrary, as a first step towards the establishment of such a fund, there was no reason why agreement should not be reached in the Committee. Infrastructure financing and pre-investment financing were not mutually exclusive. However, even if at first the fund's operations were to be confined to pre-investment financing it should nevertheless be organized to allow for the expansion of its activities later on. Yet, despite the Netherlands delegation's desire for compromise it could not accept the expansion of technical assistance programmes as a substitute for the establishment of a multilateral economic development fund.

11. It was wrong to say, as *The Economist* had done on 2 November 1957, that the European countries assumed that the United States would be called upon to provide the lion's share of the money needed for SUNFED. The Council of Europe had recently adopted, by an overwhelming majority, a resolution inviting all its member countries to give financial support to SUNFED and to devote 1 per cent of their national incomes to the financing of the economic development of the under-developed countries. Accordingly, one could reasonably hope after some years the contributions of the European countries would increase. He was sure that the various industrialized countries would be willing to make the sacrifices needed to restore equilibrium between rich and poor, and that the various national legislatures would agree to vote the necessary appropriations.

12. In closing he said that the political independence of many States might well be a hollow thing if their economic position did not improve; the function of the United Nations was not to safeguard peace but also to assist the under-developed countries.

13. Mr. MEJIA (Colombia) said that throughout the course of history there had always been a difference of degree in the development of peoples; the problem was now particularly acute because the disparity had become greater than ever before and the speed of communications and the progress of science had made it more obvious. Moreover, the question was closely related to the main conflict of modern times, that between the democratic and communist worlds, between the economies based on private enterprises and those based on State ownership of all means of production and State control of the distribution of wealth. Furthermore, the peoples were no longer resigned to their fate; a sort of psychosis of development at any price had grown up which entailed grave economic risks, such as inflation or political perils, such as the loss of freedom. Moreover, he was afraid that the people of the under-developed countries had perhaps given too much priority to that aspect of the problem, losing sight of the significance of the historic moment through which the world was living and under-estimating their obligation to play a part in it. At the same time, the industrialized countries sometimes did not seem to give due importance to the aspirations of the under-

developed countries or to consider the effects which the indifference of the economically underprivileged countries to the final objectives of their policy might have on the campaign to which they were committed. The most urgent need for all nations at the moment was accordingly better mutual understanding for without it the competition between the great Powers could not take a constructive form beneficial to the economically backward countries.

14. Much had been said regarding the possibilities which would be opened up for the under-developed countries if agreement were reached on the question of disarmament. The General Assembly had even addressed to the great Powers a recommendation on that subject in resolution 808 (XI) which the First Committee had just reaffirmed in a resolution concerning disarmament (A/3729 para. 25). ^{1/}While hoping that that noble idea would one day be fulfilled, one could surely venture further. If the great Powers saw to it by ensuring the security of a free world, the under-developed countries would be able to devote to their own development the funds which they were now using to keep an armed peace.

15. In its interesting Annual Report to the General Assembly (A/3613), the Economic and Social Council had drawn two important conclusions: first, the prosperity of the industrialized countries did not necessarily and automatically ensure that of the less developed countries; secondly, the rate of economic development of the backward countries had lagged behind that of the industrialized areas, with the consequence that the disparity between the two groups of countries was, if anything, being accentuated. It was important to recognize the existence of the two phenomena; but one should also try to diagnose the causes. The causes were of course various and complex, but without doubt the fundamental cause was deterioration of the terms of trade, attributable, first, to lower raw materials prices and, secondly, to the rising and peculiarly rigid costs of manufactured goods. In the industrialized countries, management and workers were organized and backed by a concentration of industrial capital, and could ensure that prices were maintained at a fixed level; the under-developed countries, on the other hand where neither group was organized were subject to fluctuations in the prices of their products on the world market. Just as within individual countries profits from national income tended to be distributed to the benefit of the economically strong—unless governmental and trade union action could counteract that tendency and ensure equitable distribution—so on the international level, the economically weak countries were in an unfavourable position in the distribution of world income and there was no extra-economic force capable of counteracting that trend.

16. If that was indeed the situation, it would be a first step towards a remedy if the primary producing countries entered into agreements with each other to regulate the market in primary products and to improve their prices. In the past, the countries concerned had resorted to that solution at moments of crisis only and not on a comprehensive basis. For example, the agreement recently concluded between the coffee producing countries of Latin America did not cover the African

countries whose coffee production was growing fast, so that the agreement in question might one day largely cancel out its own advantages.

17. His remarks explained, he thought, why his delegation considered it of the utmost importance that the United Nations, using an appropriate body, should set up an appropriate organ (such as the Trade Stabilization Commission proposed in 1953, in its report (E/2519), ^{2/} by the committee of experts which had studied the problem of commodity trade in relation to economic development) to facilitate agreements of the type he had described between primary producing countries.

18. In any case, however, so long as the terms of trade of the under-developed countries did not improve, trade between the two groups of countries would continue to decrease and no harmonious development of world economy could be expected. That was the crux of the problem for the under-developed countries. The improvement and stabilization of the prices of their products on the world market would do more to promote their development than loans, beneficial as they were, from the International Bank for Reconstruction and Development or even than the establishment of the Special United Nations Fund for Economic Development.

19. Referring to the question of financial assistance from the industrialized countries to the under-developed countries, he said that in a brief digression he would explain his delegation's views. Commenting on the Inter-American Economic Conference held at Buenos Aires from August to September 1957, which had led to the establishment of an Inter-American Bank to promote the economic development of the American Continent, a European newspaper had described the Latin American countries as a group of beggars importuning their generous northern neighbour. His delegation took exception to this view which regarded international co-operation as a charity. The view was contrary to the truth, for all States benefited greatly from the manifestations of international solidarity, and it was in any case a negation of the fundamental principles of the United Nations Charter.

20. The Under-Secretary for Economic and Social Affairs had very rightly said (454th meeting) that in the under-developed countries the crucial problem was that of maintaining the economic balance while the rate of development was accelerating; but the Under-Secretary had also said—and that was a statement with which the Colombian delegation could not agree—that one of the keys to the problem was the balance between savings and the rate of growth of investments. If that rate of growth were commensurate with the level of savings, the economic development of the under-developed countries would be very slow indeed. The need was for new economic techniques to ensure that investments additional to savings—whether the source was foreign loans or private capital—would not generate inflationary pressures. The under-developed countries were certainly seeking to encourage savings, which they considered the principal source of the necessary funds. But savings alone would not suffice, and they required the aid of the industrialized countries through the intermediary of such agencies as the Bank and the International Monetary Fund, and a flow of foreign private capital, which had not as yet shown

^{1/} Official Records of the General Assembly, Twelfth Session, Annexes, agenda item 24.

^{2/} United Nations publication, Sales No.:1954.II.B.1.

great eagerness to invest in the under-developed countries, an exception being the investments in petroleum undertakings, though those investments would not transform the economic structure of the country concerned.

21. Still, an increase in the financial resources placed at the disposal of the under-developed countries would not suffice; in addition, those countries needed the economic and social infrastructure without which their development plans could not succeed. In that connexion, his delegation would like to pay a tribute to the magnificent services of the United Nations Technical Assistance Administration and to stress the importance of the United States proposal for an increase in the funds applicable to the Expanded Programme. Money could not be better spent than to the benefit of the under-developed countries. For so long as those countries remained backward, so long as their populations lived at a primitive level and their economies continued to fluctuate between great depressions and unhealthy periods of inflation, they would remain politically vulnerable and the free world would be in danger.

22. In conclusion, he emphasized the necessity for the proceedings and decisions of the United Nations to receive wider publicity, for they deserved to be better known and better understood throughout the world.

23. Mr. JUDD (United States of America) said that one of the objects of United States foreign policy—as the President and the Congress of the United States had affirmed on several occasions—was to assist most effectively in the development of the under-developed countries. That policy was in accord both with the interests of the United States, as properly understood, and with the traditional attitude of the American people towards nations which were fighting to gain or retain their independence. He emphasized that in the matter of economic development, the basic interests of the developed and under-developed countries were the same.

24. Since the Second World War the United States had provided the under-developed countries with large-scale assistance, which took many forms: loans made by the Export-Import Bank, Congressional appropriations amounting to several hundred million dollars each year over the past five years, measures to encourage private investment abroad, the "atoms-for-peace" programme. The foregoing constituted, in their aggregate, the bilateral programmes which the United States Government had engaged in at the request of the countries concerned and which it intended to continue. At the same time, the United States was participating in regional programmes, such as those of the Organization of American States and the Colombo Plan, and was giving full support to multilateral programmes in the economic and social fields undertaken under the auspices of the United Nations. Altogether, more than \$3,000 million had been contributed to international organizations working in the economic field and over \$11,000 million made directly available as economic aid to under-developed countries. That assistance, which had been given despite the heavy financial burden which the United States had had to assume for defence purposes when the Soviet Union had refused to reduce its armaments at the end of the war and had undertaken various aggressive actions, did not include aid given for reconstruction or defence, which latter had also contributed to the economic progress of the

recipient countries in that it had enabled them to develop their economies in an atmosphere of freedom and security.

25. The Government of the United States was, furthermore, searching continuously for effective new ways of assisting economic development and was prepared to consider favourably any proposal which was really likely to contribute to the economic development of the under-developed countries. For example, after having studied the suggestions of several groups of distinguished private citizens, who had been invited to consider possible improvements in the programme of assistance to under-developed countries, the United States Congress had made significant modifications in certain of its aid programmes; specifically, during its most recent session it had established a Development Loan Fund, designed to facilitate the carrying out of projects which could not be financed out of other public or private development sources. This Fund had an initial capital of \$300 million in the form of a revolving loan fund. The Congress had further authorized the appropriation for the financial year 1959 of an additional \$625 million to be used by the Development Loan Fund to meet the continuing requirements of economic development. The Development Loan Fund was prepared to entertain proposals not only for the financing of projects which would contribute directly to an increase in production but also for the financing of basic facilities, and its loans would be made available on more flexible terms than those of existing lending institutions. With a view to promoting private investment, the Development Loan Fund was authorized in addition, to guarantee loans from private sources for purposes of economic development and to help finance local development banks which would make loans to private enterprise. The Development Loan Fund would not, of course, have unlimited resources at its disposal and its future would depend largely on the extent to which opportunities occurred for it to do really constructive work.

26. The United States had given much thought to the idea of establishing a Special United Nations Fund for Economic Development and had for several years consistently supported the idea of an international development fund, whenever circumstances would make it, in fact, practicable. He recalled that it was on the initiative of the United States that the General Assembly had adopted resolution 724 (VIII). His Government continued to stand by the pledge embodied in that resolution. It believed, however, that prevailing circumstances were not favourable for the establishment of a multilateral fund, as the resources which countries would be able to make available at the moment would not be sufficient to permit it to carry out its intended task. To establish it in those circumstances would be to create structure without substance. There was the risk, firstly, that it would raise hopes among the peoples of the under-developed countries which could not be fulfilled and, secondly, that its limited resources would be dissipated on relatively minor projects. It would not add to the prestige of the United Nations nor indeed promote the economic progress of the countries in question. As economic development was closely linked to the well-being of mankind, the vision of a great new collective effort by the United Nations naturally evoked great enthusiasm; but the venture would not succeed if economic and political realities were disregarded. Precisely because his Government

took those realities into account it had reached the conclusion that it must continue to oppose the immediate establishment of SUNFED, at the risk of causing keen disappointment. He wished to make it clear that the United States would not only vote against any resolution submitted at the current session that contemplated the immediate establishment of such a Fund but would also refuse to participate in the work of any preparatory commission which might be appointed to draft the regulations of the Fund. The position of the United States on that question was clear and unequivocal: it came from the conviction that the proposed Fund would not be able to carry out its allotted task.

27. His delegation believed that the problem of the economic development of the under-developed countries called for a more realistic and hence more constructive approach. Accordingly, it had studied the possibility of using the additional resources which Member States would now be able to make available to enlarge the technical assistance programme. The Expanded Programme of Technical Assistance had enabled the United Nations to perform an important function, although it was hampered by a shortage of funds and its efforts had been scattered because of the large number and diversity of the requests made. A concentrated, systematic and sustained effort was still required in such basic fields as the survey of natural resources, industrial research and the training of manpower. In fact, while most under-developed countries had plans for economic development, very few of them had inventories of their resources or were capable of exploiting them to the greatest advantage or had sufficient trained and experienced personnel to profit by the latest scientific developments. That was why his delegation believed that the United Nations should concentrate its efforts on those three basic fields, and on certain others which were important in economic development, such as public administration and basic statistics. For that purpose, it proposed a substantial increase in the Expanded Programme, in the form of a rise in the total of annual contributions from \$30 million to \$100 million and the establishment as an integral part of the Programme, of a Special Projects Fund, earmarked for systematic and sustained assistance in the fields which he had just mentioned.

28. The increase in the financial resources of the Programme would come from voluntary contributions on a matching basis. It was known that, by virtue of a recent decision of Congress, the United States share in the Expanded Programme of Technical Assistance would be reduced from 45 per cent in 1957 to 38 per cent in 1958 and 33-1/3 per cent thereafter. He could, of course, speak in his personal capacity only, but as an elected representative of the American people, he was prepared to go before Congress and plead the cause of a Programme which served the interests of his country as well as those of all the countries which were striving to maintain their independence and to improve the well-being of their peoples and to urge Congress to stabilize the percentage of the United States contribution at 40 per cent for several years at least.

29. That increase in technical assistance obviously would not be sufficient to provide a complete substitute for SUNFED as far as the financing of basic projects was concerned, but it would help the recipient countries to train their manpower and use their resources more productively. That work was basic, and the United

States was not alone in recognizing its importance, as was evident from the comments sent to the Secretariat by many Governments, especially the Governments of Pakistan and Yugoslavia, on the Technical Assistance Board report entitled A Forward Look (E/2885). Furthermore, at the twenty-fourth session of the Economic and Social Council the Government of Argentina had urged that greater emphasis should be placed on the establishment of regional technical institutes and on surveys of basic resources. Those considerations had convinced his Government that the most constructive way to help the under-developed countries at the moment would be to increase the financial resources and scope of the Expanded Programme of Technical Assistance. That was the purpose of the draft resolution submitted by his delegation (A/C.2/L.534).

30. After briefly summarizing the terms of the draft resolution, he addressed the members of the Committee who had spent so much time and effort on plans for SUNFED and said that, even if it had been established immediately, many countries would still have found it necessary to start with basic projects of the kind envisaged in the United States proposal. He added that the programme which he had just outlined would certainly facilitate future private and public, national and international investments. It was an essentially practical programme which made it possible to undertake at once all that could be accomplished for the time being.

31. Mr. FIGUEROA (Chile) said that in the final analysis the economic structure of the world was based on the production of primary commodities and that, if the living conditions of the producing peoples were not improved, sooner or later there would be an economic paralysis which would cause the sources of the prosperity of the privileged countries to run dry.

32. It was common knowledge that a rise in the peoples' level of living had to be preceded by a rise in productivity through industrialization, which required regular large-scale investment. His delegation considered that the final solution of the problems confronting the under-developed countries necessitated a massive flow of private capital, but it realized that the flow would hardly materialize so long as the under-developed countries did not possess an economic infrastructure offering adequate guarantees. An economic development fund would play an essential part in achieving that preliminary condition, not only by channelling foreign capital to under-developed countries but also by serving to catalyze all the national capitalization elements (savings, taxes, loans, etc.). So much effort had gone into the establishment of SUNFED that it had come to be regarded as a final objective, whereas in fact, like Technical Assistance Administration, the International Finance Corporation and the Bank, it could not be more than one element of the machinery which would set in motion the industrialization process. Chile, for its part, could not afford to attach ideological or political conditions to the investment of capital which would ensure the prosperity of its population.

33. The United Nations Secretariat should be congratulated because its constant analyses of the flow of capital showed that it did not lose sight of the true objective. Yet, if that objective was to be attained, the industrial countries would have to do everything in their power, acting through United Nations organs, to improve conditions in the under-developed countries and the latter, for their part, would have to try to

create a favourable climate. In that way they would ensure that world economic stability which was essential to peace.

34. Mr. GIRETTI (Italy) said that one of the great services performed by the United Nations was that it had consistently drawn the attention of Governments and peoples to the problem of poverty in the world and to the need for international action to facilitate and hasten the economic development which was essential to social progress and to the improvement of man's condition. Thanks to the United Nations, an international social conscience had been aroused; the ultimate object was that the increase of output should be paralleled by a more equitable distribution of the riches of the world.

35. Italy's solidarity with the under-developed countries was heightened because some parts of its territory were still typical of backward economies in some respects. One of the principal aims of Italy's internal economic policy was the accelerated development of those regions. In order to give effect to its policy, the Italian Government hoped especially for increased trade with countries experiencing similar difficulties. In that connexion he said that Italy was spending about \$8 million each year to satisfy the needs of Somaliland, which would soon join the sovereign States in the United Nations.

36. His delegation had been disturbed to learn that resolution 662 B (XXIV) of the Economic and Social Council had been adopted without the support of the great industrial Powers such as the United States, the United Kingdom and Canada. It had been similarly disturbed by the eleven-Power draft resolution, although it was prepared to subscribe in principle—as were probably most of the members of the Committee—to the considerations contained in the preamble. Nevertheless, in view of the position of the great western industrial Powers, it would be unrealistic to decide on the immediate establishment of a Special United Nations Fund for Economic Development. That was regrettable, but his delegation took the view that what was deferred was not necessarily rejected finally. Even if a great majority of the Committee decided on the establishment of a fund bearing the name of the United Nations and responsible for the ambitious undertaking of ensuring world economic development, an essential element would be lacking—sufficient capital for the carrying out of the fund's contemplated task. The venture would be doomed to failure from the start, and as a consequence the prestige of the United Nations would suffer and public opinion would be profoundly disappointed. Some delegations perhaps hoped that the adoption of that decision might impel the great industrial Powers to participate in the near future in the financing of the fund: his delegation believed, on the contrary, that pressure of that kind might rather alienate the goodwill of those Powers.

37. Although he was unable as yet to express the view of his Government at that point, he said he would be in favour of the United States proposal, which provided a way out of the impasse and paved the way for appreciable progress toward the common objective. The projects contemplated in the United States text would certainly encourage private and public, national and international investment in the under-developed countries. Moreover, in its main aspects, the United States proposal was not very different from what other

members of the Committee had contemplated under a different name and within a different framework. It echoed the proposal submitted by the Argentine delegation at the twenty-second session of the Economic and Social Council (E/A.C.6/L.146), and also the proposal known as the Pineau Plan.^{3/} Actually, the United States proposed certain schemes mentioned in chapter III of the TAB report, A Forward Look, which undoubtedly belonged in the category of financial rather than technical assistance; however, his delegation agreed with the delegations of Brazil, Canada and New Zealand that a very close link could and should exist between the various forms of aid granted for economic development.

38. Inasmuch as the two draft resolutions were not really contradictory, his delegation hoped that the members of the Committee would be able to work out a generally acceptable compromise text. He added that perhaps the United States draft resolution would have appeared more complete if it had left open the possibility, in the event of an improvement of the world political situation, of establishing a new agency which would not be liable to criticism on the grounds of a disproportion between the objectives and the resources available.

39. Mrs. WRIGHT (Denmark) said that, ever since a Special United Nations Fund for Economic Development had first been proposed, her delegation had constantly favoured its prompt establishment. It would not hesitate to vote for the eleven-Power draft resolution if it thought that the contemplated fund would receive sufficient resources realistically to attempt the financing of infrastructure projects in under-developed countries. That, however, was not possible except with the support of the major capital exporting countries, particularly the United States and the United Kingdom, whose representatives had repeatedly stated that their respective Governments were unable to participate in an undertaking of that kind until such time as sufficient disarmament measures had been adopted. While not sharing that view, her delegation had neither the power nor the right to judge the conditions which other Member States attached to their participation in any United Nations programmes. Very regretfully her delegation had to acknowledge, therefore, that the proposed fund could not be created at the moment.

40. In the circumstances, her delegation had been pleased to learn that, with its usual generosity, the United States proposed to contribute to another form of multilateral assistance to under-developed countries. The Danish Government would therefore recommend to its Parliament that appropriate share of the amount it had pledged to the Special United Nations Fund for Economic Development should be devoted to the implementation of the United States proposal, if the recipients agreed. The Danish Government's attitude was based on the fact that the United States proposal pledged the financial support of the country which was the greatest contributor to the United Nations, and accordingly was the only proposal with any prospect of realization in the near future.

41. Since infrastructure projects as such could not now be financed through the United Nations, the Committee should accept, with appreciation, a proposal

^{3/} This Plan was proposed by the representative of France at the 403rd meeting of the Committee during the eleventh session of the General Assembly.

making it possible to promote the economic development of under-developed countries until the major contributing countries were in a position to parti-

cipate in financing a project of the kind envisaged in the eleven-Power draft resolution.

The meeting rose at 6.5 p.m.