



CONTENTS

	Page
Agenda item 27: Economic development of under-developed countries (continued):	
(a) Question of the establishment of a Special United Nations Fund for Economic Development: report of the <i>Ad Hoc</i> Committee (continued).....	253

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.315, A/C.2/L.316) (continued)

1. Mr. DE GAAY FORTMAN (Netherlands) said that although almost everyone paid lip service to the idea behind the Special United Nations Fund for Economic Development (SUNFED), countries whose support was vital were delaying the realization of the idea year after year. That state of affairs was alarming, and the representatives of Poland and Ceylon had made an excellent analysis [431st and 433rd meetings], of the weaknesses of the arguments against the early establishment of SUNFED.

2. The Special United Nations Fund for Economic Development was necessary in the first place because of the threat to peace resulting from the disparity in levels of prosperity in the various parts of the world. While all political tensions could not be attributed to economic inequalities, there was undoubtedly a relationship between them. At the national level, protective labour legislation, collective bargaining and social security measures had contributed considerably to national political stability. The same was true at the international level. In his book entitled, *Peace Can Be Won*, Mr. Hoffman, the United States representative, had pointed out that one of the means of achieving real peace was economic assistance to devastated and under-developed countries. The Netherlands Government still held the view that peace could be won through a reduction of economic inequalities, and his delegation regretted that the United States representative had recently mentioned increased international tensions as an argument against the establishment of SUNFED.

3. The under-developed countries needed both technical and financial assistance to build up a sound social and economic infrastructure and it was desirable, as the representative of Ceylon had stressed, that such assistance should be given on a multilateral basis in order to exclude political influence and safeguard the

independence of the beneficiary countries. In his statement on technical assistance, the United States representative had strongly emphasized [398th meeting] the intrinsic value of the multilateral nature of the Expanded Programme of Technical Assistance; it seemed only logical to apply the same reasoning in the matter of financial aid.

4. It was noteworthy that increasing support for the establishment of SUNFED had been expressed by non-governmental organizations such as the International Chamber of Commerce, the International Federation of Christian Trade Unions and the World Council of Churches.

5. In view of those facts, it was the Committee's duty to work for the speedy establishment of SUNFED. If SUNFED as at present conceived were found to be defective, his delegation was willing to investigate alternatives, provided they satisfied the infrastructural needs of the under-developed countries and embodied the principle of multilateralism. As an editorial in *The New York Times* of 1 February 1957 had pointed out under the heading "The trouble with SUNFED", those who were not satisfied with the form SUNFED was taking should bring out a better plan.

6. In the absence of an acceptable alternative the Netherlands delegation would continue to support SUNFED in its present form. While the proposed initial capital of \$250 million was small compared with the needs of the under-developed countries, SUNFED would be no more than a link in a long chain of measures necessary to improve the world economic situation. Moreover, it would be advantageous to gain experience with a relatively small amount of capital before embarking on a more ambitious scheme.

7. Many of the arguments against the early establishment of SUNFED could not be taken seriously. If the national income of the potential major contributors and the sums they were spending for defence were taken into account, it was impossible to accept the argument that they could not pledge contributions because of their high defence expenditure.

8. It was also said that too little was known about the organization and working methods of SUNFED, but proposals to clarify such matters met with strong opposition. The plan to prepare a draft statute had been vigorously rejected by the United States and other delegations, although by agreeing to the elaboration of a draft statute no Government would commit itself to accept the draft proposed. Drafts were always in fact amended and alternative solutions could be put forward.

9. The New Zealand representative had drawn attention to the danger that the draft statute might not meet the views of the United States if no representative of that country participated in its preparation. That danger would be avoided if, as he hoped, the United States were willing to reconsider its position

on that subject. The participation of the United States in the preparation of a draft statute would contribute greatly to its significance. Without a draft statute it was difficult, as the example of the International Atomic Energy Agency had shown, to envisage exactly what kind of institution was to be established.

10. Attention had also been drawn to the divergence of views reproduced in the interim report of the *Ad Hoc* Committee (A/3134 and Corr.1 and 2), but, as the Yugoslav representative had pointed out, there was more agreement among the various answers than some representatives had implied. In any case, the proposal to secure an even greater measure of agreement by enlarging the terms of reference of the *Ad Hoc* Committee (A/C.2/L.316) could surely raise no objections. There again the Committee had a precedent in the International Atomic Energy Agency. Nor could it be argued that the *Ad Hoc* Committee was not qualified to draft a statute; it was composed of government representatives and would have at its disposal all the facilities the Secretary-General could provide, including legal assistance.

11. Having studied the arguments for and against the establishment of SUNFED, his delegation could but reaffirm its support for the principle and its readiness to contribute. It recommended the adoption of the thirty-nine-Power draft resolution (A/C.2/L.315) of which the Netherlands was a co-sponsor.

12. Mr. PENTEADO (Brazil) said that the need for a fund to finance infrastructural objects in the under-developed countries was unquestionable. United Nations experts on economic development had estimated that in order to secure the very modest yearly increase of 2 per cent in the *per capita* incomes of the under-developed countries a total of some \$10,000 million would be needed from outside sources. The experts had suggested that an organization like SUNFED should aim at transferring about \$3,000 million per annum to under-developed countries. When representatives spoke of the need for accelerating economic progress in the under-developed countries, they should remember the magnitude of the financial aid required.

13. There seemed to be general agreement that private capital was being channelled to oil-producing countries or to fairly well-developed countries. International public capital of the type provided by the International Bank for Reconstruction and Development and the Export-Import Bank was not readily available to finance infrastructural investments in the under-developed countries. Public capital for such purposes had to come from other sources.

14. It was obviously impossible for SUNFED to afford financial assistance to the under-developed countries on the scale required without the help of the major industrialized countries. Some delegations had argued that SUNFED should be launched with a small initial capital—the figure of \$100 million had been mentioned—and had expressed the hope that once started it would increase in scope. That was mere wishful thinking; without the assurance of full financial support from the great industrial Powers any action proposed to give practical application to the idea of SUNFED would be meaningless.

15. A question that had to be faced was whether a final decision could be further postponed without frustrating the hopes of the under-developed countries. The great need was not for development as such, but for

development at a pace equal to the rate of population growth in the countries concerned. Any delay in promoting an increased rate of development was dangerous, since it simply aggravated the problem.

16. A further question was whether there was any feasible alternative to SUNFED. Nationally, the only alternative seemed to be economic stagnation and the reduction of consumption. But such measures would undoubtedly have political repercussions of an extremely undesirable nature. The solution must therefore be looked for internationally, perhaps by modifying the concept of SUNFED in such a way as to make it acceptable to all. There had been some objection to the idea of making grants. Outright grants, he would suggest, were not absolutely essential. Many under-developed countries were already at a stage at which they were able and willing to pay for the help offered, while those still in the very earliest stages of development could be offered loans with arrangements for delayed interest and amortization payments. Such a scheme would be more practicable and psychologically more acceptable.

17. Another possibility at the international level lay in the constructive use of agricultural surpluses. Surpluses could be used to serve the interests of the American people and of humanity as a whole without depressing the earnings of the farmer or disrupting international relations. The possibility might be considered of lending the under-developed countries the local currency obtained from the sale of commodities to such countries. It was true that much was being done bilaterally under United States Public Law 480, but that was a temporary programme only, and offered no guarantee of continuity. It would be far better, as Senator Murray had suggested in March 1956, to set up an international organization which could accumulate farm surpluses each year and make them available to countries in need. A sound economic infrastructure was essential to the speeding up of economic development in the under-developed countries. Such projects as road-building and the construction of schools and hospitals did not attract private capital but they could, in his delegation's view, quite easily be linked with the disposal of surplus foodstuffs. It should not be difficult, through an international agency under the United Nations, to co-ordinate in a general programme of economic development existing technical assistance activities with the provision of help in currency, capital goods and commodities, particularly foodstuffs. In such a scheme the interests of third parties would be safeguarded, since the disposal of surpluses on such lines would stimulate demand and help to reduce price fluctuations.

18. Those were some suggestions which had occurred to his delegation in its desire to preserve the interest of the great industrial Powers without whose co-operation SUNFED would be a failure. His delegation would vote for the thirty-nine-Power draft resolution, not because it believed it to be the best solution possible but because it wished to demonstrate its whole-hearted support for the general idea of SUNFED. Brazil itself had had a happy experience of bilateral aid; in recent years it had received help amounting to about \$600 million from the United States and it looked forward to further economic co-operation in the years to come. Its own experience could, it felt, serve as an example of the intelligent exploitation of practical possibilities which might well be followed and extended in the international sphere.

19. Mrs. WRIGHT (Denmark) said that her delegation had always been in favour of the earliest possible establishment of SUNFED and had indicated the amount its Government would be able to contribute if the major industrial Powers participated. It had therefore watched the course of the debate with growing concern, for the actual establishment of SUNFED seemed as far away as ever. The thirty-nine-Power draft resolution had been intended to further the cause of SUNFED by asking the *Ad Hoc* Committee to draft a statute. However, as the United Kingdom and the United States had indicated their unwillingness to participate in the drafting of the statute, and consequently in the *Ad Hoc* Committee's future work, it was hard to see how the adoption of the resolution could advance the interests of SUNFED, and her delegation would therefore be unable to vote for it.

20. It would be a great loss if the potential major contributing States were to leave the *Ad Hoc* Committee; it was advisable, therefore, to ensure their continued co-operation by deciding that the *Ad Hoc* Committee should continue to do useful preliminary work short of drafting a statute. For those reasons her delegation was introducing a number of amendments (A/C.2/L.317) to operative paragraphs 3, 4 and 5 of the joint draft resolution. The proposed new paragraph 3 embodied the substantial change she had suggested: it asked the *Ad Hoc* Committee to perform specific tasks, but not to draft a statute. The amendment to paragraph 4 was consequential and the amendment to paragraph 5 invited the Governments of Member States as well as the Secretary-General to provide the Committee with all necessary assistance. She hoped that those amendments would prove acceptable both to the sponsors of the joint draft resolution and to the Governments which would be the main contributors to SUNFED and which had given their unequivocal support to the ultimate objective.

21. Mr. CARANICAS (Greece) observed that the question of establishing SUNFED had been before United Nations bodies for nearly six years, during which time many useful reports had been produced; they were perhaps not specific enough to lead directly to a draft statute, but they offered sufficient material to render further study superfluous, except in regard to particular points or concrete lines of action, as the representative of France had suggested.

22. The views of his delegation on the role, structure and operation of SUNFED had been stated too often to require repetition. He would only say that, in his delegation's view, the financing of economic development was not the only problem that must be solved. The questions of international trade, commodity prices and world markets were also relevant, for the economic problems of the under-developed areas could not be divorced from the economic problems of the world as a whole. Moreover, a real understanding of the situation required a historical analysis of the areas concerned. It was, for instance, no coincidence that the areas of under-development were areas which had seen the growth of ancient civilization from Spain and through the Middle East to the Pacific and on the American continent from Mexico to Peru. In every such area there were regions which had in the course of time become desert or semi-desert. There, the regeneration of the land was technically possible, but only at a very high cost. But the greatest breeding places of human misery were regions of fertile land where the problem was one of over-population, as in the plains of

the Nile, the Ganges, the Brahmaputra or the Yangtze, where for hundreds of millions of people there was a shortage of cheap land.

23. The solution of the demographic problem was not within the power of the United Nations. The economic problem was, however, being tackled by the different United Nations agencies on the basis of Article 55 and Article 56 of the Charter of the United Nations, and it was in that field that the General Assembly should do everything possible to help in the solution of the problem by providing the means for the establishment of a sound economic and social infrastructure for the under-developed countries. The setting up of an institution for financing economic development, such as SUNFED, although it would prove very beneficial to the under-developed countries, could not be a panacea for the world's economic ills, nor could it improve considerably the appalling conditions under which approximately two-thirds of humanity were living. The representative of Belgium had pointed out that an initial capital of \$250 million would provide only a small amount of aid to each individual under-developed country. It would, however, be sufficient to spark the process of economic development in much the same way as the Marshall Plan assistance to European countries, although constituting only 3 per cent of their national income, had made possible their full economic recovery from the war.

24. The representative of Australia had suggested that adoption of the draft resolution might be construed as an attempt to bring pressure to bear on the potential major contributors and might provoke unfavourable reactions. He agreed that it might be interpreted as an attempt to bring pressure to bear, but it was only an attempt to mobilize world public opinion for the establishment of a great new international programme. He did not think that there need be any fear of adverse reactions, for the potential major contributors had time and again reiterated their support for the final objective.

25. Some countries, like Italy and Japan, had refused to take sides in the present debate, either because of the opposition of the great industrial Powers to the establishment of SUNFED or to the drafting of its statute at the present time, or because of the very varying views of Governments concerning the structure of SUNFED and the nature of its operations. To the latter argument he would only say that such a divergence of views was inevitable among so many countries and that in any case a government department's reply to a questionnaire could be misleading. Moreover, many of the controversial issues could be settled once Governments had before them a definite text such as a draft statute prepared by the *Ad Hoc* Committee. Furthermore, as the experience of the recent past had shown, delegations could and did change their views as time went on and conditions changed. The history of the programmes of technical assistance and of the International Finance Corporation had demonstrated that. Again, the example of the International Finance Corporation had shown that a long period of time was likely to elapse between the adoption of a resolution and the completion of the drafting of a statute, and between the latter and the final establishment of the organization. Thus it might well be that even if the joint draft resolution were adopted at once, SUNFED would not come into existence before 1960 at the earliest.

26. The opponents of the draft resolution had made out a good case but they had failed to convince because, if they agreed to the idea in principle, they ought to

try to find ways of realizing it in practice, and not to stress the difficulties. The United Kingdom representative had endorsed the Italian delegation's suggestion that the *Ad Hoc* Committee's terms of reference should be widened so that it could try to resolve the existing differences. He had said that that might be a useful exercise. But the time for exercises was past. The attitude of the United States delegation had been a great disappointment to his delegation, perhaps because it had hoped, from a man so closely connected with the revolutionary concept of the Marshall Plan, to hear a statement showing comparable sympathy and imagination. But the present proposal was modest indeed, particularly when compared with the enormous sums spent by the United States since 1945 on grants and credits through bilateral programmes. The United Kingdom representative had said at the previous meeting that his Government's difficulties in contributing to SUNFED at present were financial rather than political, in contrast to the difficulties of the United States government. Yet France, which had no fewer commitments and was in no stronger a position financially than the United Kingdom, had found it possible to pledge a contribution of \$15 million to SUNFED.

27. Turning to the thirty-nine-Power draft resolution he said that the last paragraph of the preamble should be read in conjunction with the second paragraph, which referred to the need for financing non-self-liquidating projects which went beyond the scope of existing international financial institutions. One such institution, the International Bank for Reconstruction and Development, since its establishment in 1945, had granted loans totalling \$3,000 million, more than \$1,000 million of which had gone to Europe, leaving only \$2,000 million for the rest of the world. Even that amount did not go entirely to the development of under-developed countries. More than \$300 million financed projects in Australia, a country in the process of development but which had a national *per capita* income of \$950 per annum. He noted incidentally that the Bank's total reserves from income derived from interest and commissions from its investments stood at \$253.7 million on 1 December 1956, which corresponded to the sum that should be contributed by Member States for the establishment of SUNFED.

28. With regard to the amendments proposed by Denmark he reserved his delegation's right to comment on them when the Committee examined the draft resolution in detail.

29. Mr. GOPALA MENON (India) said that it was generally agreed that the economic development of under-developed countries depended to a great extent on the development of basic services and amenities such as communications, irrigation, medical and educational facilities *et cetera*, which could best be financed through a fund like SUNFED. Although several delegations had claimed that there was no consensus of opinion on any practical aspect of SUNFED the *Ad Hoc* Committee had stated in its interim report that from the answers of Governments to the questionnaire (A/AC.83/L.1 and addenda) there emerged a general pattern of the proposed special fund.

30. Not only in the *Ad Hoc* Committee's findings but even among the strongest critics of SUNFED there seemed to be substantial agreement on the importance and desirability of establishing a special fund. One of the main objectives to the immediate establishment of SUNFED was the lack of progress in international disarmament. However, armament expenditure had not

retarded bilateral or multilateral assistance outside the United Nations; substantial help had been given by countries like the United States and the United Kingdom. It should therefore not be difficult to extend that practice to the United Nations, especially when the contributions sought would represent only a very small portion of the national budgets of the contributing countries.

31. It had been alleged that the current economic and political climate was not conducive to the establishment of a new United Nations assistance programme. But the very existence of unstable economic and political conditions made the establishment and operation of SUNFED even more urgent. Investing in peace was more important than investing in war.

32. He was not convinced by the argument that public opinion in certain countries was not ready to accept the idea of aid through the United Nations. The initial capital asked for SUNFED was only \$250 million, and the proportion to be contributed by the highly developed countries would be comparatively small. He asked the peoples in those countries to be generous, not as an act of grace but as an indication of faith in the ultimate destiny of mankind.

33. It had also been said that further study was required before SUNFED could be established, but he failed to see what further study could yield. To postpone action was to undermine the very objectives which the advocates and critics of SUNFED had in common. While the establishment of SUNFED and a reduction in armaments were both important and crucial problems, they were not related. It would be fantastic to claim that disarmament must wait until the under-developed countries had reached the potential and strength of the more developed countries, but it was equally absurd to contend that the economically under-developed countries must wait until the more developed countries had agreed on substantial disarmament.

34. It was gratifying that there was a wide measure of agreement on the desirability of taking further steps towards the establishment of SUNFED. It was only when considering what those further steps should be that there were differences of opinion. He did not subscribe to the view that the drafting of a statute at the present stage would not be conducive to SUNFED's establishment. The drafting of a statute would in no way commit any of the participating countries. Indeed, those who held slightly divergent views at the moment might find themselves in agreement when the more important proposals were incorporated in a statute.

35. It was also encouraging that there was no disagreement among the more developed and the less developed countries concerning the desirability of SUNFED's early establishment. Industrialized countries like France, the Soviet Union and the Netherlands had expressed strong support for its immediate establishment.

36. As the representative of Ceylon had remarked, Member States were under an obligation to implement the Purposes and Principles set forth in Articles 55 and 56 of the Charter. In addition, a number of practical considerations militated in favour of United Nations initiative in the matter: assistance organized by the United Nations would be free from the political objections from which bilateral aid sometimes suffered.

37. The merger of two resolutions on the establishment of SUNFED was very welcome. The new text,

sponsored by thirty-nine States, advocated the bare minimum, namely further positive steps for the establishment of SUNFED, and he hoped that it would win unanimous support.

38. Mr. ARGAMAN (Israel) noted that the thirty-nine-Power draft resolution contained not a final decision but an expression of the desire that all the necessary preparatory work should be completed and that the structure and functions of SUNFED should be planned in greater detail.

39. It could not be argued that the subject had been discussed with undue haste; it was more than five years since the first of a number of committees had been set up to explore the possibilities of a special fund. Since then, as appeared from the *Ad Hoc* Committee's interim report, a considerable measure of agreement on fundamentals had been reached. Some representatives had used the interim report to support the opposite view, but the *Ad Hoc* Committee had stated that there emerged a general pattern of the proposed special fund which brought together the most frequently indicated views on its various aspects. The field had been explored and what was now required was a more specific proposal than had so far been available so that Member States could form their final opinions. It was for that purpose that the joint draft resolution requested the *Ad Hoc* Committee to prepare a final report and a draft statute.

40. The possible sums that might accrue through savings on armament expenditure were considerable, but that attractive prospect had been envisaged as a consequence of a generously proportioned programme of economic development which would constitute a sound investment in peace and stability and lead to a mutually beneficial expansion of world productivity and trade. While it should be one of the objectives of the United Nations to achieve progressive disarmament and thus make the resources saved available for constructive purposes, SUNFED should not be directly linked with disarmament.

41. While he appreciated the reasons why some delegations sought to make economic development conditional upon disarmament, it must be recognized that the gap between the more developed and the less developed countries continued to widen and constituted a challenge to international co-operation which might affect even the relatively stable and developed economies.

42. The French representative, who had announced an initial contribution to SUNFED [*430th meeting*], was to be congratulated. It was to be hoped that France's gesture would encourage others who were desirous of transforming into concrete reality the idea of economic assistance. The French representative had emphasized the feasibility of planned international aid whereby each organ or agency would exercise a function adapted to the estimated over-all needs of the international community—an idea which the Government of Israel highly commended. As indicated in its answer to the questionnaire (A/AC.83/L.1/Add.3), Israel looked upon SUNFED as supplementary to other forms of international aid. It was for that reason, too, that initial contributions to SUNFED ought to be independent of any savings resulting from disarmament. If necessary, SUNFED should start its operations on a relatively small scale rather than wait for more imposing financial backing.

43. He had been pleased to note the consensus of opinion in the report of the *Ad Hoc* Committee

that SUNFED's resources should be devoted to developing the economic and social infrastructure of the beneficiary countries. Fundamentals such as roads, health and education were generally neglected because of the difficulty of meeting the requirement of private or international financing agencies that such projects should be self-liquidating.

44. Since there was wide agreement that SUNFED would meet a pressing need, a practical scheme should be presented to the General Assembly at its twelfth session which would give expression to that agreement and win wide support.

45. Mr. MORALES (Argentina) said that his Government, which favoured all forms of international action designed to promote the economic development of the under-developed countries, supported the thirty-nine-Power draft resolution. He fully shared the views expressed by the Brazilian representative and would study with interest the amendments submitted by Denmark.

46. Argentina was unlikely to be a major contributor or beneficiary, since all its financial resources were urgently needed for domestic development which also required considerable foreign capital, although the latter was extremely difficult to obtain in the necessary quantity. Nevertheless, because of its stage of development, Argentina was not one of the countries likely to apply for large-scale financial assistance of the type which SUNFED was intended to provide. On the other hand, in common with all countries in process of development, Argentina was interested in facilitating all possible means of expediting economic development.

47. The countries which agreed on the desirability of establishing SUNFED had pointed out that available national and international resources were small in relation to development needs and, in particular, that there was no possibility of obtaining the capital required to carry out essential non-self-liquidating development projects from existing international agencies. Other countries, including the United States and the United Kingdom, while recognizing the usefulness of a financial agency like SUNFED, had indicated that their contribution would be contingent upon internationally supervised disarmament. There were, in addition, some other complex problems reflected in the replies of Governments to the questionnaire.

48. A majority of Member States had expressed the opinion that the immediate establishment of SUNFED was necessary, but some of the States which by virtue of their international tradition and economic position might be expected to be the major contributors, had indicated that they did not at present favour such a step. In those circumstances the Committee should try to reach a solution which would take into consideration the legitimate wishes of the countries in process of development and at the same time secure the support of all Member States.

49. His delegation suggested that consideration should be given to the possibility of proposing to the General Assembly at its twelfth session the establishment of a small organization, within the United Nations and responsible to the Economic and Social Council, which would assume responsibility for promoting the financing, by means of public funds provided by Member States, of basic projects for the economic development of the less developed financial agencies. The organization could be administered by a board of about six members, with due regard to the adequate repre-

sentation of Member States of the United Nations or members of the specialized agencies, similar in character to the Executive Directors of the Bank and assisted by a small technical staff of high calibre. It would co-operate closely with the Technical Assistance Board, the Bank and the United Nations Children's Fund. Member States of the United Nations or members of the specialized agencies would be invited to indicate whether they were prepared to discuss with it the financing of projects which it might submit to them up to a certain amount for an initial period of, say, one year.

50. On the basis of the resources thus made available, the organization would consider applications from Member States for the financing of programmes for which funds had not been forthcoming from existing international organizations. Once an application had been approved, the organization would undertake to obtain the necessary financial support by negotiation with the Governments prepared to contribute. After the project had been discussed with and approved by the said Governments, the resources requested would be made available to the applicant country under an *ad hoc* agreement. In studying projects the organization would, so far as possible, consult experts of the Technical Assistance Administration or of the Bank, or special consultants, in order to avoid any undue expansion of its permanent staff.

51. Among other advantages, the scheme would enable countries in process of development to request an international multilateral organization to arrange for the financing of projects which they considered essential to their development. It would also establish an organization which, while representative of Member States, would be sufficiently independent and technically qualified to make an objective appraisal of the proposals submitted to it.

52. Moreover, the suggested machinery would enable contributing countries to know in advance how their contributions would be used in each project while avoiding negotiations of a bilateral nature. Negotiations for the financing of individual projects might well prove slow and costly, but that difficulty could be overcome by selecting suitably large-scale projects. The proposed method was in some respects similar to that successfully employed in commercial practice. It might be asked whether negotiations with potential contributing countries could not be carried out by the country concerned; but the proposed organization would have the advantage of enabling the underdeveloped countries to apply for financial assistance on a multilateral basis.

53. The contributing countries would be able to inform their peoples that their contributions to the multilateral organization were conditional upon their effective utilization. It would be possible, on the basis of the experience gained in the operation of such an organization, to reach a final decision concerning the most suitable arrangements for the financing of economic development.

54. Whatever the type of organization adopted, it was highly important that the regional aspect of its activities should be stressed.

55. Mr. ALFONZO RAVARD (Venezuela) thanked the Chilean representative for his comments at the 433rd meeting on the Venezuelan Government's proposal for the establishment of an inter-American organization for economic development to which the Venezuelan Government would contribute \$32 million. The proposal was based on the Venezuelan Government's desire to promote the financing of infrastructural projects for which adequate funds could not be obtained through existing agencies.

The meeting rose at 1.5 p.m.