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**Chairman:** Mr. Toru HAGIWARA (Japan).

## AGENDA ITEM 28

## Economic development of under-developed countries:

- (a) Establishment of the Special Fund: reports of the Preparatory Committee for the Special Fund and of the Economic and Social Council (E/3098, A/3848, paras. 164-177, A/3909, part B, A/3910, A/C.2/L.364, A/C.2/L.366, A/C.2/L.367, A/C.2/L.368) (concluded)

1. Mr. CHARPENTIER (France) said that his delegation would have preferred, at the present stage, to discuss the question of the Special Fund as such and to let drop the proposal for a second paragraph to part C of the draft resolution contained in the Chairman's note (A/C.2/L.364). As that had seemed impossible, it had joined with other delegations in attempting to draft an alternative text for that paragraph that would prove acceptable to the Committee. He then introduced the amendment (A/C.2/L.368) on behalf of the delegations of Canada, Denmark, Italy, the Netherlands and France.

2. Mr. KITTANI (Iraq) said that the eighteen sponsors of the amendment contained in document A/C.2/L.366 had already had an opportunity of considering the alternative text introduced by the French representative and believed that the amendment would weaken rather than strengthen the draft resolution. It did not reinforce the link between the Special Fund and the Special United Nations Fund for Economic Development (SUNFED) but, rather, took something from such links as already existed between the two concepts in General Assembly resolution 1219 (XII) and in the draft resolution now before the Committee. The position of the sponsors of the eighteen-Power amendment was as it had been in 1957: to them, the Special Fund was in fact a step towards the establishment of SUNFED; had they not thought so, they would not have voted for it. Part C of the draft resolution sustained that notion by its reaffirmation of section III of resolution 1219 (XII).

3. The five-Power amendment was, therefore, unacceptable to the eighteen Powers. In the interest of unanimity, however, they were prepared to withdraw their amendment, if the five-Power text were also withdrawn and the Committee could reach a unanimous decision on the paragraph in part C of the draft resolution, provided it was understood that the Special Fund was indeed a step towards the creation of a capital

development fund under the auspices of the United Nations, and not a technical assistance fund, nor a fund set up under any other body.

4. With reference to the remarks made by the Danish representative at the 526th meeting, he wished to stress that, in agreeing to the text of part C of the draft resolution as it stood, the proponents of SUNFED did not intend to drop the idea entirely; they would bring the matter forward again in a separate text under a different item, and they reserved their right to reopen the question at any time.

5. Mr. CHARPENTIER (France) stated that the five Powers were prepared to withdraw their amendment if unanimity could be reached on part C of the draft resolution as it stood.

6. Mr. HADWEN (Canada) assured the representative of Iraq that the sponsors of the short-lived five-Power amendment had had no intention of weakening section III of General Assembly resolution 1219 (XII) or part C of the draft resolution before the Committee. He had been glad to hear that the eighteen Powers for whom the representative of Iraq had spoken stood by resolution 1219 (XII), since it was on the basis of that resolution that his delegation would be happy to proceed. It had regarded the resolution as a genuine compromise and was ready to accept the present situation on the understanding that that was so.

7. Mr. ALFONZO RAVARD (Venezuela) welcomed the conciliatory spirit being displayed in the Committee. It now seemed unlikely that any additional text could be found which would meet with general acceptance; it would therefore seem advisable for all amendments to part C to be withdrawn.

8. Mr. URQUIDI (Mexico) said that the original Mexican amendment (524th meeting) had been put forward only as a gesture to help the Committee reach agreement. He was glad that it had won so much support, but, since difficulties had arisen, he was happy to withdraw it.

9. Mr. KAKITSUBO (Japan) was convinced that any attempt to go beyond the provisions of General Assembly resolution 1219 (XII) at the present juncture was doomed to failure, and was therefore glad that the various amendments to part C of the draft resolution had been withdrawn.

10. Mr. RAJAPATIRAMA (Ceylon) noted the conviction, widespread among members of the Committee, that the Special Fund would ultimately expand into a capital development fund, and the certainty, shared even by those with otherwise divergent opinions, that international co-operation in the economic sphere must mean something specific. His delegation would have been glad if the eighteen-Power amendment (A/C.2/L.366) had been adopted. Its withdrawal, however, did not imply any weakening in his delegation's stand regarding the ultimate objective. That objective was

already stated in section III of General Assembly resolution 1219 (XII), which was reaffirmed in the present draft resolution.

11. His delegation would, therefore, have no difficulty in voting for that draft resolution.

12. Mr. PHILLIPS (United States of America) said that his Government's interpretation of section III of General Assembly resolution 1219 (XII), taken up in part C of the present draft, was as it had been described by the United States representative at the 508th meeting of the Second Committee and the 730th plenary meeting of the General Assembly, at its twelfth session.

13. The CHAIRMAN drew attention to the amendment to paragraph 14 of part B of the draft resolution submitted by the Netherlands and Thailand (A/C.2/L.367). He took it that there was no objection to the substitution of the word "equitable" for the word "reasonable" in that paragraph.

It was so agreed.

14. In reply to a question from the CHAIRMAN, Mr. HALIQ (Saudi Arabia) said that his delegation had hoped to submit its suggestions in the form of amendments, but did not feel able to do so now in view of the stage the discussion had reached and the general atmosphere in the Committee. He felt compelled to inform the French representative that his delegation would not be able to vote for the draft resolution, and that for various reasons: first, because the defeat of the seventeen-Power amendment (A/C.2/L.365, para. 1) to paragraph 13 of part B implied a supremacy of the Economic and Social Council over the General Assembly, which his delegation could not accept; secondly, because his delegation could not agree to the obliteration of the work of years on the financing of economic development through the adoption of phrases which merely paid lip-service to certain principles and were the subject of various interpretations and reservations; and thirdly, because it deplored the procedure which had been adopted in discussing the item in the Committee.

15. Mr. PSCOLKA (Czechoslovakia) observed that the formula employed in paragraph 7 of part B of the draft excluded a number of countries from participation in the Special Fund, a situation that was regrettably common in United Nations activities, where the widest possible participation was most desirable. His delegation could not agree to such a limitation on participation in the Special Fund, which should be open to all. It would, therefore, ask for a separate vote on the paragraph and would abstain in that vote.

16. Mr. KITTANI (Iraq) asked for a separate vote to be taken by roll-call on paragraph 13 of part B.

17. Mr. Gopala MENON (India) asked for a separate vote on paragraph 47.

18. Mr. R. TREJOS FLORES (Costa Rica), supported by Mr. HAYTA (Turkey), asked that the vote on the draft resolution in document A/C.2/L.364 should be taken section by section.

The preamble was adopted by 73 votes to none, with 1 abstention.

Part A was adopted by 73 votes to none, with 1 abstention.

Paragraphs 1 to 6 were adopted by 73 votes to none, with 1 abstention.

Paragraph 7 was adopted by 54 votes to none, with 20 abstentions.

Paragraphs 8 to 12 were adopted by 73 votes to none, with 1 abstention.

At the request of the representative of Iraq, a vote was taken by roll-call on paragraph 13.

Laos, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Laos, Luxembourg, Mexico, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Panama, Peru, Philippines, Spain, Sweden, Thailand, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Venezuela, Argentina, Australia, Austria, Belgium, Bolivia, Canada, Chile, China, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, Ecuador, El Salvador, Finland, France, Guatemala, Haiti, Honduras, Iran, Ireland, Israel, Italy, Japan.

Against: Morocco, Poland, Romania, Saudi Arabia, Tunisia, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, Yugoslavia, Afghanistan, Albania, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Ceylon, Czechoslovakia, Ethiopia, Federation of Malaya, Ghana, Greece, Hungary, India, Indonesia, Iraq, Jordan.

Abstaining: Lebanon, Liberia, Libya, Portugal.

Paragraph 13 was adopted by 44 votes to 26, with 4 abstentions.

19. The CHAIRMAN drew attention to the substitution of the word "equitable" for the word "reasonable" in the text of paragraph 14, in which the Committee had already concurred.

Paragraphs 14 to 44 were adopted by 73 votes to none, with 1 abstention.

Paragraphs 45 to 56, with the exception of paragraph 47, were adopted by 73 votes to none, with 1 abstention.

Paragraph 47 was adopted by 52 votes to none, with 21 abstentions.

Part C was adopted by 73 votes to none, with 1 abstention.

20. The CHAIRMAN put the draft resolution, as a whole, as amended, to the vote.

The draft resolution, as a whole, as amended, was adopted by 73 votes to none, with 1 abstention.

21. Mr. ARKADEV (Union of Soviet Socialist Republics), explaining his delegation's position, said that, in its view, participation in the Special Fund and in the United Nations capital development fund, when it was established, should be open to every State in the world. Members of the Fund's Governing Council should be elected by the General Assembly from among all the States in the world. The draft resolution should have stated clearly that contributions could be made in national currencies and should have contained a provision to the effect that the Managing Director should be drawn from one of the under-developed countries. The rights and prerogatives of the Governing Council should have been strengthened and those of the Man-

aging Director reduced correspondingly. He was against the Fund being in any way subordinated to the International Bank for Reconstruction and Development (Bank) and had, therefore, opposed the establishment of a Consultative Board, one of whose members would be a representative of the Bank. He was, on the other hand, in favour of the implementation of the suggestion made by the representatives of India (522nd meeting) and Saudi Arabia (527th meeting) that a definite percentage of the Fund's resources should be earmarked for the direct financing of industrial projects in the under-developed countries, either on a refundable basis or in the form of low-interest loans, and against any of the Fund's resources being used for technical assistance.

22. His delegation noted that the references to the establishment of a capital development fund contained in section III of resolution 1219 (XII), had been retained intact and that the Special Fund was viewed by the representatives of the under-developed countries as a transitional step towards the establishment of SUNFED; despite the shortcomings he had mentioned, the Soviet Union would contribute to the Special Fund. Its contribution, which would be additional to its contribution to technical assistance, would be made in its national currency; it would undertake research, make available the services of Soviet specialists, provide fellowships for study in the Soviet Union and supply laboratory and other equipment to the under-developed countries.

23. Miss HARELI (Israel) was gratified that the Committee's deliberations had been brought to a satisfactory conclusion with the adoption of the draft resolution. Referring to her earlier plea (515th meeting) that paragraph 2 (a) of part B should not be interpreted too narrowly, she said she had not pressed for any amendment, because the interpretation given of that paragraph by the Rapporteur of the Preparatory Committee (516th meeting) had satisfied her that the criterion would be the economic importance of a project to the country concerned rather than its absolute size. She assumed that the Fund would be guided by that interpretation in determining its programmes.

24. Mr. Gopala MENON (India) said that his delegation had voted against paragraph 7 of part B because it had always believed that membership of United Nations bodies should be open to all States, and against paragraph 13, because it considered the General Assembly a better forum than the Economic and Social Council for the election of the Governing Council. It had abstained on paragraph 47, because it held that contributions should be in local currency, convertible only to the extent permitted by the contributing country. It had voted for the remainder of part B, section VI, in the hope that the provisions of paragraph 56 would be liberally construed.

25. Mr. JANTUAH (Ghana) said that, although his delegation, a member of the Preparatory Committee, had voted for the draft resolution as a whole, it had voted against paragraph 13 of part B, and was concerned about a number of other points, including the preamble. It interpreted part C as meaning that the Special Fund was a halfway house to a capital development fund.

26. Mr. THAJEB (Indonesia) said that his delegation had voted for the draft resolution as a whole, but against paragraph 13, because it thought the General

Assembly a more suitable body to elect the Governing Council than the Economic and Social Council. It had abstained on paragraph 47, because, at the present time, most under-developed countries would be able to pay their contributions in national currency only and could not know what their future position would be. It supported the statement made by the representative of Iraq in withdrawing the revised amendment (A/C.2/L.366) and considered the Special Fund a step towards SUNFED.

27. Mr. HAYTA (Turkey) said that his delegation had voted for part B, section I, on the understanding that the list of principles and criteria in paragraph 2 was not to be restrictive. All projects likely to give rapid and useful results, should, in general, be taken into consideration. His delegation had voted for paragraph 47, because it agreed with the interpretation given by the Chairman of the Preparatory Committee at the 514th meeting.

28. Mr. TALAAT (United Arab Republic) said that the Special Fund represented a stage in the evolution of SUNFED. For that reason, his delegation had supported the amendments to part B, paragraph 1 and part C. It had voted against paragraph 13, because it thought that the General Assembly should elect the Governing Council. It had abstained on paragraph 7, since, in its view, United Nations bodies should have universal membership, and on paragraph 47, because it was opposed to any obligation on the under-developed countries, which often lacked readily usable currency, to make contributions in anything other than national currency.

29. Mr. AGEDE (Ethiopia) said that, although his delegation had, in general, supported the Preparatory Committee's recommendations (E/3098), it had tried to make some amendments, which had failed. It still held that the General Assembly would be the best body to elect the Governing Council and it believed that the Special Fund would grow in such a way as to develop into a capital development fund. It had voted for paragraph 47 on the understanding that States would not be forced to contribute in hard currency if they were unable to do so.

30. Mr. ISMAIL (Federation of Malaya) said that his delegation had voted, at the present meeting, for the draft resolution as a whole and, at the 524th meeting, for the seventeen-Power amendment (A/C.2/L.365, para.1), because the Malayan Government attached great importance to the Special Fund. Since, however, the Governing Council would be not merely a functional, but also a political organ, it reserved its position on the election question.

31. Mr. CRNOBRNJA (Yugoslavia) said that his delegation had always worked for the establishment of a Special Fund and its eventual development into SUNFED, and had, therefore, voted for the draft resolution as a whole. It had, however, voted for the seventeen-Power amendment, because it thought that the General Assembly should elect the Governing Council and would have supported any formula allowing all countries to participate in the Fund. Contributions should be accepted in national currency and the Managing Director should not ask the under-developed countries to convert their currency.

32. Mr. MENDOZA LOPEZ (Bolivia) said that the under-developed countries should play a greater part

in the control of the Special Fund and in consultations on its activities. It would, therefore, have been better for the Governing Council to be elected by the General Assembly. The Fund should be used principally for the development of industry and the exploitation of natural resources, particularly, for projects which did not attract private capital on a large scale. There were, for instance, huge reserves of iron on the borders of Bolivia, Brazil and Paraguay, which could not at present be marketed. If developed with the aid of the Special Fund, however, the iron would be of great value to the countries in that region.

33. Mr. FARHADI (Afghanistan) said that his delegation's reference, at the 521st meeting, to two pro-

jects for which it would like assistance under the Special Fund, had not been motivated by egoism. Those projects were necessary for the development of his country's economic and social infrastructure, which was one of the express aims of the Fund.

34. Mr. SAMARAS (Greece) said that his delegation had voted for the draft resolution as a whole, but against paragraph 13, believing that the Governing Council's responsibilities would be too great for it to be elected by the Economic and Social Council. Its interpretation of part C was that a capital development fund remained the final goal.

The meeting rose at 10.50 p.m.