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Chairman: Mr. Marcial TAMAYO (Bolivia).

**AGENDA ITEM 29**

**Progress and operations of the Special Fund (A/4127<sup>1/</sup> and  
Add.1, A/4143, chap. III, sec. XIII) (continued)**

**GENERAL DISCUSSION (continued)**

1. Mr. RUYGERS (Netherlands) said that his delegation had always regarded the establishment of the Special Fund merely as a first step towards financing the economic development of the less developed countries within the framework of the United Nations. Viewed in that light, the Committee's discussions of the progress and operations of the Fund were of special importance, since further progress in the financing of economic development would depend on the success achieved by the Fund.

2. He had thought at the General Assembly's thirteenth session that Assembly resolution 1240 (XIII) had established a set of reasonable rules which would enable the Fund to operate efficiently. However it had been clear that the actual course of events would depend on the rapidity and efficiency with which the management of the Fund could start its task, and on the absence of adverse circumstances, which could have frustrated even the best intentions. In the outcome, under the energetic leadership of the Managing Director and his collaborators, the Fund had been able to start its operations with dispatch, and the opinion that the basic legislation was adequate for efficient operation had been confirmed.

3. He was glad to note that full use had been made of the invaluable co-operation of TAB and the secretariats of the United Nations and the specialized agencies. That was exactly what the General Assembly had had in mind. His delegation took the view that the costs to be charged by the specialized agencies for carrying out the Fund's projects should be kept as low as possible, and that, for the time being, only the clearly identifiable expenses involved in a specific project should be reimbursed by the Fund. That would, of course, be merely a provisional arrangement, since the whole question of administrative and operational services costs was under consideration in connexion with the Expanded Programme of Technical Assistance.

4. In a statement at the twenty-eighth session of the Economic and Social Council (1081st meeting), the Managing Director of the Fund had made it clear that even a modest average increase of 2 per cent in the annual per caput income of the less developed countries would require a concerted effort to provide additional financial resources, both by the developed countries and by the less developed countries themselves. His delegation whole-heartedly agreed that additional effort was necessary, since the present inadequacy of resources to meet the number of requests submitted had three serious consequences. In the first place, it exercised a limiting effect on the Fund's activities and made it impossible, as yet, to review the scope and future activities of the Fund in accordance with section III of Assembly resolution 1219 (XII). Secondly, if the resources available had been greater, it would have been relatively easier for the Special Fund to finance a well-balanced group of projects conforming to the criteria given in Assembly resolution 1240 (XIII), and each country having a number of worth-while projects could have submitted to the Special Fund those projects on which speedy action might be expected. Thirdly, without adequate resources it was difficult for the Special Fund to finance the "relatively large projects" on which the Assembly, in resolution 1240 (XIII), had instructed it to concentrate. If there were too many small projects, the borderline between the Expanded Programme and the Fund might become too vague, and the separate identity of the Fund might be impaired.

5. His delegation also agreed with the Managing Director's statement to the Committee (583rd meeting) on the advantages of dealing with the problems of economic development on a multilateral basis. The same considerations had always inspired his Government in supporting the concept of multilateral co-operation in the administration of international economic aid programmes. His people remembered with admiration the work of the Organization for European Economic Co-operation which, together with the United States Economic Co-operation Administration, had furnished a multilateral basis for the European Recovery Programme. If something similar were to be accomplished in programmes of assistance to less developed countries, the results would, perhaps, be equally spectacular.

6. Mr. ESSIBRAH (Ghana) said that, as representative of a country which had participated in the work of the Preparatory Committee and had been elected to serve for a two-year term on the Governing Council, he had nothing but praise for the work of the Managing Director and staff of the Fund in devising an initial programme which showed all too clearly how much the United Nations could achieve in financing fundamental economic and social development, if it had the necessary resources at its command.

<sup>1/</sup> Note by the Secretary-General transmitting to the General Assembly the report of the Governing Council of the Special Fund to the Economic and Social Council (E/3270).

7. His country had been fortunate enough to be selected as one of the beneficiaries of the first group of projects recommended by the Managing Director, and his delegation regarded the projected survey of the Volta river flood plain, to be carried out with the help of the Fund and with the assistance of FAO as the executing agency, as a very welcome complement to Ghana's own efforts in the field of agricultural development and diversification.

8. The Volta river flood plain project itself, as his Government envisaged it, was part of a much bigger multi-purpose river valley development scheme which, *inter alia*, provided for the development of hydro-electric power to exploit the huge deposits of bauxite along the Volta river valley. His Government was already busily engaged in negotiations with private aluminium companies and other interested Governments which might wish to participate in the execution of that larger scheme: but an international agency, such as the Special Fund, with all its facilities for undertaking pre-investment surveys, could also play a unique role in so vast a multi-purpose development scheme. As soon as it had been proved feasible to irrigate the Volta river flood plain, his Government intended to devise ways and means of resettling the present arid areas and bringing them into cultivation.

9. Though his country had benefited from the Fund's initial programme, it had not forgotten the pressing needs of other areas of the under-developed world, especially in Africa, for help in developing their economic and productive resources. It was perfectly clear that all the 122 requests mentioned by the Managing Director were legitimate requests within the Fund's terms of reference, and that only reason why he had been compelled to postpone favourable consideration of all of them was that there were no funds to finance their execution. That state of affairs gave added urgency to the Managing Director's appeal for all countries, and particularly the major contributing countries, to increase their contributions to the Fund.

10. The establishment of the Special Fund was only a modest effort to break the vicious circle of economic and social under-development in large areas of the world. If the vicious circle were to be broken completely, it was essential to look boldly forward to the day when a truly multilateral United Nations capital development fund could be established, to complete the work so splendidly begun by the Special Fund. In expressing that hope, his delegation was not attempting to revive the controversy associated with part C of Assembly resolution 1240 (XIII): it was merely emphasizing that under-developed countries could never hope to develop their economies with United Nations help, unless the United Nations were in a position to provide adequate capital.

11. Mr. MORALES CRESPO (Venezuela) noted that for the current financial year the resources of the Fund had remained far below the target mentioned in General Assembly resolution 1219 (XII) and 1240 (XIII). His delegation hoped that confidence in the Fund would grow as time passed and its work developed and that countries would then be prepared to give it fuller financial backing. There was, by contrast no shortage of requests for assistance from the Fund. The number and magnitude of the projects proposed showed clearly how vast was the field for economic-social assistance despite all the help

already given to the less developed countries. In that connexion he noted that the work of the Expanded Programme and the activities of the Special Fund were not identical but rather complementary—consecutive, it might be said. It was the Fund's responsibility to concentrate on pre-investment activities and on bringing to light the productive potential of the unexploited natural wealth of the less developed countries.

12. His delegation noted with satisfaction the nature of the projects already approved by the Governing Council—surveys of natural resources in areas of extreme economic under-development and the training of industrial and vocational instructors. His delegation hoped that the same criteria would be applied in the selection of the thirty further projects to be approved before the end of the year, and that they would be designed to strengthen the economic infrastructure of the less developed countries and the training of the technical personnel necessary for the implementation of their economic development programmes. His delegation congratulated the Managing Director on the broad geographical distribution he had managed to achieve in the projects selected so far. In general his Government was fully wedded to the idea of the Special Fund and had contributed to it up to the limit of its financial capacity. It would be announcing its contribution for 1960 at the forthcoming Pledging Conference.

13. In common with other Latin-American countries Venezuela had great hopes of the Special Fund, especially when it reached the stage envisaged in section III of General Assembly resolution 1219 (XII). The Latin-American and other under-developed countries' need for such international assistance had never been greater than it was today when their economies, tragically dependent on the production of primary commodities, were so hard hit by the instability of the primary commodity market, the constant deterioration in primary commodity prices and the steady rise in the prices of manufactured goods.

14. Mr. JHA (India) said that in reviewing the operations of the Special Fund it was encouraging to note that the need for the economic co-operation envisaged in chapter IX of the United Nations Charter was recognized not only by world opinion but also by Heads of Governments and world leaders. The Special Fund was a step in the journey towards the establishment of comprehensive and large-scale United Nations assistance and co-operation in the development of the under-developed areas.

15. The Managing Director had already referred to the challenge that faced the United Nations in his statement at the 583rd meeting and the Indian representative had made some suggestions as to how to deal with the problem at the 823rd plenary meeting of the General Assembly. The gap between the highest standards of living and the lowest was appalling and if economic growth was to match the revolt of the under-developed peoples against continued acceptance of poverty, illiteracy and ill health, the United Nations would have greatly to enlarge the scale and scope of its operations. His own country had found that anything less than a 3.5 per cent annual increase in *per caput* income would fail to meet the needs of the situation.

16. His delegation believed that the United Nations must move towards the formation of an extensive

development fund of the kind envisaged in section III of General Assembly resolution 1219 (XII). He realized that the nations which had a capital surplus had so far preferred bilateral and sometimes multilateral arrangements for dispensing funds for capital development. But until the capital-rich countries could agree to pool their resources to augment the Special Fund and to create a development fund, there was no possibility of achieving international co-operation on a scale commensurate with the needs of the under-developed countries. His delegation fervently hoped that the heavily armed nations of the world would find some way of achieving a measure of disarmament, so as to permit the diversion of an appreciable portion of military expenditure to promote economic development. As an earnest of its feelings his Government was prepared to increase its specific contributions to both the Special Fund and the Expanded Programme of Technical Assistance.

17. His Government was gratified by the excellent start made by the Special Fund, which had been due in large measure to the dynamism of the Managing Director and his Deputy. His delegation was a member of the Governing Council and was in accord with the policy adopted by the Fund. The Fund's slender resources should be used in such a way as to create suitable pre-conditions for capital investment and also, through technical training and research, for the best possible investment of the human resources of the under-developed peoples. There should also be a balance between schemes with an agricultural and raw material producing bias and those which might facilitate the development of industrial enterprises, as the peoples of under-developed countries realized that technological knowledge and industrialization provided the key to future progress and that their aspirations could not be achieved by an over-emphasis on agricultural and raw material resources. He hoped that those considerations would be borne in mind when it proved possible to extend the scope of the Fund.

18. Geographical distribution had rightly been stressed; at the same time it was important to bear in mind the guiding principles and criteria laid down by General Assembly resolution 1240 (XIII) in which the Assembly set out the various considerations, such as urgency of need, early results, the widest possible impact, and wide geographical distribution, between which a balance had to be struck. Judged by the criterion of urgency, newly independent countries and those on the threshold of independence would qualify for assistance and he hoped that they would benefit from the Fund.

19. Two considerations had to be borne in mind if the Special Fund was to inspire the maximum confidence of the under-developed countries: first, the countries assisted should have a sense of participation and, secondly, the purely administrative expenses of the Fund should be kept to a minimum. Wherever possible, countries which had a proper machinery of their own should be entrusted with the execution of the work and when the specialized agencies were entrusted with executing a project they should charge only specifically identifiable additional expenditure and not agency costs.

20. In conclusion he drew attention to the importance of the principle of building up a reserve fund to be used for the purpose of making loans to under-developed countries, as set out in General Assembly

resolution 1240 (XIII), part B, paragraphs 55 and 56. It might not be possible to create such a reserve fund in the first year of the Special Fund's operation but he hoped that it would be done in the near future.

21. Miss HARELI (Israel), after paying a tribute to the work of the Managing Director and staff of the Special Fund, said that, while her Government's contribution to the Fund was necessarily a modest one, she would be able to announce a significant increase at the forthcoming Pledging Conference. She observed that it was too early to form conclusions about the extent to which the "guiding principles and criteria" set forth in General Assembly resolution 1240 (XIII) were being fulfilled, since the number of projects already approved was too small, and the projects themselves had hardly reached the stage of implementation. But the projects which had been approved by the Governing Council at its second session appeared to fulfil the essential requirements as regards creating conditions favourable to capital investment, urgency of need, chances of early results and co-ordination with wider development plans. Further, while all projects so far approved were of a kind and complexity which distinguished them from technical assistance projects, they varied greatly in size and in the degree of participation by the Special Fund, according to the specific needs of each country in respect of each project, a principle which her delegation had emphasized at the thirteenth session (515th and 528th meetings), and which it still regarded as important.

22. Her Government was grateful to the Managing Director and the Governing Council of the Fund for approving a pilot project, which had been prepared with the assistance of an FAO technical assistance expert, for the utilization of large amounts of water at present running to waste in the semi-arid parts of her country. There were hopes that the project would be of value not only to Israel but also to other countries in the Mediterranean area. More water was essential both for the development of agriculture and for the establishment of industries in the areas concerned.

23. Turning to the operations of the Fund, she would say, firstly, that the Fund should adapt its activities to the conditions prevailing in the different countries to be assisted. As the portuguese representative had pointed out, there was not one clearly defined homogeneous category of under-developed countries. Each of the less developed countries constituted a category by itself. In some of them, low present standards of living and high rates of population growth made development to the point of self-sustained growth a slow process: while others, which were rich in soil and water, in natural fuels and minerals or in human resources, could with assistance in certain key points attain economic independence comparatively early.

24. Secondly, the very differences between one less developed country and another made it possible for many of them to share their own experience in certain fields with other countries. The regular programme and the Expanded Programme of Technical Assistance were successfully employing more and more experts from the less developed countries, and her delegation hoped that the Special Fund, through its executing agencies, would adopt the same policy and use the services of experts, firms and institutions from less developed countries wherever possible.

25. Mr. de LEQUERICA (Spain) observed with satisfaction that despite its admittedly inadequate resources the Special Fund had successfully begun its operations under the able leadership of its distinguished Managing Director. Although the establishment of the Fund raised a series of problems in regard to its relations with the specialized agencies and the Expanded Programme, he was confident that they would be solved without great difficulty.

26. The main problem was financial, and it was to be hoped that sufficient funds would be forthcoming at the Pledging Conference to permit full use to be made of the United States contribution. Spain, which would be contributing for the first time, would pledge a sum equal to its contribution to the Expanded Programme. While it would be unwise to establish any relationship between voluntary contributions to the Fund and assessments for the United Nations budget, it was gratifying that a number of countries were contributing more than their share on the basis of their budget quotas. He regretted that because of the demands of its own development programme, which had resulted in the doubling of per caput income over a fifteen-year period, Spain was unable to follow that example.

27. Mr. ZELLI (Iran) remarked that although the Special Fund provided under-developed countries with an important supplement to the United Nations programmes of technical assistance it still fell short of the hopes of the less developed countries, which looked forward to the creation of a capital development fund.

28. The speed with which the Special Fund had begun its work was a tribute to the skill and experience of the Managing Director. Whatever pattern the Special Fund might finally adopt for the selection of projects its policies should be applied flexibly and should take into account the degree of economic development of countries requesting assistance.

29. Iran had recently undertaken large economic development programmes and urgently needed middle-level technical personnel and managerial experts to administer the projects it had completed and was in course of completing. It had therefore submitted to the Special Fund a project relating to the establishment of technical institutes and vocational schools and was gratified that it had been favourably received. His country also hoped to receive Special Fund assistance in connexion with projects dealing with the general survey of unexploited resources which would help the Government to evaluate the suitability and investment potential of specific projects.

30. His delegation attached great importance to the principle stated in General Assembly resolution 1240 (XIII) that the Fund should provide systematic and sustained assistance in fields essential to integrated technical, economic and social development. Increased assistance along those lines would lead to something more than mere extension of technical assistance and help to accelerate the economic and social programmes of the less developed countries.

31. It was also gratifying that in the field of general surveys of potential resources the Fund would limit itself to undertakings which gave promise of subsequent effective action by the recipient country.

32. He hoped that the Fund's present financial predicament was only temporary and felt confident that

Member States would increase their contributions in view of the immense value of the Special Fund's activities. For its part, his Government had under consideration an increase in its contribution.

33. Mr. THEARD (Haiti) said that although his delegation regretted that some Members of the United Nations had failed to make even a small contribution to the Special Fund and that the contributions of others had been small in relation to their resources, it shared the view that contributions to the Special Fund should continue to be voluntary. They should be made disinterestedly and used disinterestedly. In point of fact, some countries which had refrained from contributing to the Special Fund had been among the first to benefit from it. The criterion should be the urgency of the needs of the requesting countries. In employing that criterion it was, however, necessary to distinguish between urgency and the speed with which projects were submitted to the Fund's attention.

34. The fact that a country had not yet submitted a request for assistance to the Special Fund did not necessarily mean that that country did not have pressing needs. It might mean that the country's needs were so great that its Government found it difficult to establish priorities and needed time to develop suitable projects. It was important that account should be taken of such factors.

35. His own country had not so far applied to the Special Fund for assistance but intended to do so in the near future. He was confident that the Fund would recognize the urgency of the projects which would be submitted.

36. Amongst the various projects the Special Fund had decided upon in May 1959, no reference had been made to demonstration plants or works. His delegation felt that such demonstration projects would expand employment opportunities in over-populated countries, increase per caput income and raise technical standards.

37. In conclusion, he expressed his appreciation of the generous contributions made to the Special Fund, in particular by the United States and by the United Kingdom and Canada. He felt confident that Governments which had hitherto hesitated to give their support to the Special Fund would reconsider their position. Haiti for its part would again make a contribution that was considerable, having regard to its limited resources.

38. Mr. BOIKO (Ukrainian Soviet Socialist Republic) said, that in considering the report of the Governing Council of the Special Fund (E/3270), many members of the Committee would probably recall the hopes which certain delegations had expressed, before the Fund's establishment, about its purposes and objectives. Most representatives from the under-developed countries had hoped for the establishment of SUNFED which had been intended to provide finance on an international basis for investment in under-developed countries. The United States and other delegations, on the other hand, had insisted that the role of the Special Fund should merely be to extend the scope of technical assistance provided under United Nations auspices. Though the latter concept had prevailed, many under-developed countries still regarded the Special Fund as a forerunner of SUNFED.

39. In view of those different interpretations of the Fund's purposes, it was regrettable that there was

little evidence of any intention to review the scope and future activities of the Special Fund, in accordance with section III of General Assembly resolution 1219 (XII). It might be argued that it was still too early to expect any move in that direction, since adequate experience of the working of the Fund had not yet been gained. But the necessary experience might never be gained at all, unless a serious effort was made to follow the Assembly's recommendation. As things were, it was clear that the activities of the Special Fund were confined to technical assistance alone.

40. With the establishment of the Special Fund under its existing terms of reference, the list of United Nations bodies and specialized agencies concerned with technical assistance had been enlarged by yet another body, which would have to exercise great care not to duplicate the work of the others. At the same time, the Fund's establishment had made it possible to secure additional financial resources, sufficient to double the amount of technical assistance provided by the United Nations. The management of the Fund should exercise constant vigilance to ensure that administrative costs did not absorb too large a portion of the resources provided by the voluntary contributions of participating Governments.

41. His Government supported the Special Fund and contributed to it, on the grounds that it would foster the establishment and development of national industries in the under-developed countries, assist in training local personnel, and promote the extension and consolidation of international economic co-operation.

42. As regards choice of projects, he wished to ask, in connexion with a statement by the Managing Director at the twenty-eighth session of the Economic and Social Council (1081st meeting) that one of the Special Fund's main objectives was to speed up a country's capacity for absorption of investment capital, whether the Managing Director was referring to local capital or to foreign capital. The Committee had already established at previous sessions that the main role in financing economic development should be played by local resources, which should only be supplemented by foreign capital, if the latter were offered without any insistence on concessions that might impede the economic development of under-developed countries.

43. He hoped that in the choice of projects to be carried out with assistance from the Special Fund, preference would be given to those which would promote the industrial development of the under-developed countries and accelerate the accumulation of financial resources by those countries themselves.

44. Finally, he would ask the Managing Director to give the Committee more detailed information regarding the status of contributions pledged for 1959. Annex III to the report of the Governing Council merely gave the status of contributions as at 8 May 1959. The Committee should have the most recent information available. In his statement to the Committee, the Managing Director had referred to the figure of \$26 million. Had that sum already been received, or was it expected by the end of 1959?

45. Mr. ZENKER (Austria) commended the Managing Director for the speed with which he had built up an effective organization and set it working. At the

Governing Council's second session in May, approval had already been secured for thirteen projects. Another thirty, selected from a total of 122 requests, would be put forward for approval before the end of the year. Those figures alone were sufficient proof of the value of and the need for the Fund. The policy outlined by the Managing Director indicated that the Fund's at present limited means would be used in such a way as to produce the best results in the shortest space of time. Many of the less developed countries were not actually poor but were unable to make use of their potential wealth without outside assistance; pre-investment surveys would be invaluable in those cases. The training of teachers and technical instructors was also an activity with cumulative consequences.

46. His delegation was glad to find that recipient countries were themselves contributing to the cost of projects and that a condition for a project's execution was that the Government concerned would, after a certain period, take it over and continue it. His delegation had earlier warned against the danger of the duplication of activities among the various organizations; it was satisfied now that the best use was being made of existing institutions, in particular, of course, the specialized agencies.

47. His country regretted that, like other small countries, it was unable to contribute to all the schemes in which it took a keen interest. He was particularly happy to be able to announce, therefore, that in 1960 Austria would be able to contribute to the Special Fund while at the same time increasing its contribution to the Expanded Programme.

48. Mr. KAMENOV (Bulgaria) said that the two main needs of the Special Fund at its present stage were, first, to increase its resources and, secondly, to ensure that the best use was made of those available. It was clear that present funds were sufficient to finance only a few limited projects. The Managing Director, aware of that, had appealed to Member States to augment their donations to make them equivalent to their percentage contributions to the United Nations budget. His delegation felt that it was undesirable, even in the form of a suggestion, to introduce into the matter of voluntary contributions an essentially alien element. There were, in its view, other and better means of achieving the end desired. First, measures should be taken to ensure from the beginning the fullest use of all contributions, including those paid in national currencies. Secondly, the widest possible participation in the Fund should be ensured, without discrimination of any kind. Thirdly, from the outset, precautions should be taken to avoid excessive administrative costs. Fourthly, efforts should be made to find others ways of financing Special Fund projects as, for instance, the granting of certain funds on a refundable basis, in accordance with paragraph 56 of part B of General Assembly resolution 1240 (XIII). In that way it would be possible to broaden the Fund's activities and in effect to increase its resources.

49. He noted with regret that some countries which had opposed the setting up of SUNFED and had refused to contribute the \$200 million necessary for its establishment were now prepared to furnish the several hundred million dollars necessary to finance an international development association outside the framework of the United Nations. He associated his delegation with the Swedish representative's remarks

on that subject (584th meeting). Many countries had been disappointed when the Special Fund had been substituted for SUNFED, and it still remained their hope that an economic development fund would be set up within the United Nations, or that the Special Fund would be converted into such a fund. The proposal of the Chairman of the Council of Ministers of the Soviet Union took on greater significance in relation to all those financial problems. As he had indicated (799th plenary meeting), a total disarmament would release enormous sums, much of which could be channelled into the financing of the economic development of the less developed countries. Although the proposal itself was the province of the First Committee, it was surely the duty of the Second Committee to demonstrate its interest in the matter.

50. As regards the operation of the Fund, it was particularly important at the present stage to set it on the right path. It seemed to his delegation that there was a tendency to choose projects likely to facilitate future investment, and in particular private investment. Projects conducive to investment were not always those which would have the greatest impact on the country's economy and it was their value as a stimulus to economic development which should be the principle criterion employed in the selection of projects. At the same time the Special Fund should not become a second technical assistance programme; donor countries should be encouraged by the knowledge that they were contributing to an entirely new programme of real benefit to the economies of the recipient countries. Special attention should, of course, be given, in the formulation of the Fund's programmes, to the needs of the newly independent countries of Asia and Africa.

51. Mr. VIVIAN (Canada) was happy to note that the Special Fund was proving itself even at the present early stage of its operations. His delegation endorsed the criteria applied during the first financial period; as experience was gained it would be possible to decide whether those criteria should be amended. The present was, as the Managing Director had said, a period of "tooling up". The Fund was fortunate in being able to draw upon a vast pool of experience in the execution of bilateral and multilateral assistance projects for the benefit of under-developed countries. His delegation was pleased to note the close co-ordination between the Fund and TAB. The tasks of those two bodies were, of course, closely related, but they were complementary, and not identical. It was important to maintain that distinction in order to secure individual contributions to each.

52. As regards the function of the Special Fund, his delegation continued to believe that its work should be directed primarily towards building up the economic infrastructures of the recipient countries. The need for that kind of work would continue, whatever other forms of large-scale assistance might come into being in the future. His delegation was glad to note that the Managing Director was ensuring that the work to be

done through the Special Fund would be carried on by other means. It was also happy to see to what extent Governments were participating in the projects undertaken; that, in his view, was vital and valuable when funds were so limited, for it had the effect of stretching the Fund's resources.

53. With respect to the level of contributions, the Canadian Government had assumed a target of \$50 million and an actual budget of approximately \$30 million in determining its contribution, adjustable in relation to the final total figure. Canada's contribution had been large in relation to its population and considering the fact that it had its own under-developed areas. His delegation was glad, therefore, to note the marked increase in the United Kingdom's contribution and it hoped that other countries would follow that example so that the Managing Director's optimism might be justified.

54. Like the United States delegation, Canada would stress the importance of the social aspects of development, and hoped that Governments would bear them in mind in their requests for assistance. Canada, like France, would stress the need for vocational and technical training, particularly below the professional level. Beyond that, of course, lay the basic need for primary education for all, without which technical and vocational training were impossible.

55. Mr. CARANICAS (Greece) considered the policies formulated by the Managing Director appropriate and constructive; the few criticisms which might be made had already been voiced by the French and Indian representatives. His Government saw the work of the Fund as a step beyond that of the Expanded Programme, and it believed the new institution to be eminently suited to pre-investment activity. He would, however, like the Indian representative, stress the importance of building up the Fund's reserves.

56. Greece was grateful to the Governing Council for approval of its pilot project on ground water development, towards which the Fund would be contributing \$245,000 and the Greek Government \$110,000. His delegation hoped that it would be possible to undertake further projects with the help of the Fund. It was clear already that there was no lack of projects falling within the scope of the Special Fund; the great danger was that there would not be enough money in the Fund to do justice to them and, as the Managing Director himself had pointed out on an earlier occasion, meagre assistance was more harmful than none if it served only to stimulate consumption and population growth without increasing production facilities. The great virtue of the Marshall Plan had been that the funds provided had been amply sufficient to meet the purpose intended. It was clear in any event that it would become imperative to set up a capital development fund properly speaking. His delegation would have some remarks to make on that point under the appropriate item.

The meeting rose at 1.10 p.m.