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MEETING  
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*President:* Mr. Hernán SANTA CRUZ (Chile).

*Present:* Representatives of the following countries:  
Belgium, Canada, Chile, China, Czechoslovakia, France, India, Iran, Mexico, Pakistan, Peru, Philippines, Poland, Sweden, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay.

Representatives of the following specialized agencies:  
International Labour Organisation, International Bank for Reconstruction and Development, International Monetary Fund.

**Economic development of under-developed countries (E/1986, E/2007 and Add.1 to 5, E/2024, E/2029 and Add.1, E/2047 and Add.1, E/2061):**

- (a) **Methods of financing economic development;**
- (b) **Report of the group of expert appointed by the Secretary-General under Council resolution 290 (XI), paragraph 22, on measures for the economic development of under-developed countries**

**Report of the Economic, Employment and Development Commission (sixth session) (E/2006) (resumed from the 509th meeting)**

1. The PRESIDENT invited the Council to resume consideration of the draft resolution contained in the Economic Committee's report (E/2061) and the amendment submitted thereto.
2. He suggested that consideration of paragraphs 6 (e) and 7 be deferred pending the circulation of new amendments which had been submitted by the French and United Kingdom delegations.

*It was so agreed.*

3. Mr. CHARLONE (Uruguay) said that the joint amendments submitted by France, the United Kingdom

and Uruguay (E/L.213) to paragraphs 8 to 16 of the Economic Committee's draft resolution were the result of an attempt to reconcile the diverse opinions which had been expressed during the discussion and were designed to replace the text contained in document E/L.207, which had been submitted previously by the delegations of the United States and Uruguay.

4. Mr. LUBIN (United States) confirmed that the joint amendment submitted by Uruguay and the United States (E/L.207) had been withdrawn.

5. Mr. KRISHNAMACHARI (India) suggested that the joint amendments (E/L.213), should be discussed first. If those amendments were adopted, then the Indian amendments (E/L.202) would automatically lapse. The latter would be discussed only if the former were rejected.

6. The PRESIDENT said that the Council would proceed to discuss conjointly the Indian amendments (E/L.202) and the amendments to the latter submitted by France, the United Kingdom and Uruguay (E/L.213).

7. Mr. ABELIN (France) explained that the joint amendments were an attempt to meet the Indian representative's request for a more concise rendering of the Economic Committee's recommendations.

8. Paragraph 10 was borrowed from the Economic Committee's text. The text proposed for paragraph 11 concerned a study of the possibility of establishing an international finance corporation to promote the financing of productive private enterprise and, in addition, a full study of the financing of non-self-liquidating projects. The last sub-paragraph of paragraph 11, while remaining neutral on the principle of the establishment of an international fund, requested the Secretary-General to formulate the problem and to report to the Council at a later session, taking into account the debate in the Council concerning recommendation 14 of the group of experts.

9. Such provisions should help to facilitate the study, and subsequently the fulfilment, of any possible solutions.

10. Mr. CORLEY SMITH (United Kingdom) said that the joint amendments (E/L.213) represented a compromise between the various points of view which had been put forward in the Council. The text was somewhat long, but had been drawn up in the shortest possible form in which all the differing opinions could be reflected.

11. The PRESIDENT noted that paragraph 10 of the joint proposal (E/L.213) reproduced paragraph 10 of the original text of the draft resolution (E/2061). Accordingly, the amendment to paragraph 10 proposed by the Pakistani delegation (E/L.210) and the Philippines amendment (E/L.211/Add.1) could be regarded as amendments to the joint amendment (E/L.213).

12. Mr. BALMACEDA (Philippines) agreed that the Philippines amendment to paragraph 10 should be regarded as an amendment to the joint amendment. Explaining his amendment, he urged the need for making the original paragraph 10 more specific and practical by including in it an appeal to the International Bank for Reconstruction and Development to expand its lending operations, particularly in under-developed areas.

13. Mr. ISMAIL (Pakistan) said that the purpose of his amendment (E/L.210) to paragraph 10 was to ensure that the International Bank for Reconstruction and Development should not only explore the possibilities of establishing an international finance corporation, but should at the same time endeavour to grant larger loans to under-developed countries at reasonable rates of interest. To enable the Bank to give larger loans, the countries which had not signified their concurrence to making 18 per cent of their subscription available for loans should do so immediately, say within a period of six months. Since paragraph 10 of the joint amendments (E/L.213) was identical with paragraph 10 of the original text, it seemed appropriate that the Pakistani amendment to that paragraph should be considered forthwith.

14. Mr. LUBIN (United States of America) asked whether the Philippines representative could accept the insertion in his amendment of the words "to continue" before the words "to expand", since it was a fact that the Bank was already extending the scope of its loans. That phrase was used in the joint amendment (E/L.213).

15. Mr. BALMACEDA (Philippines) signified his agreement.

16. Mr. KRISHNAMACHARI (India) observed that the joint amendments took into account only the principle of the recommendations of the group of experts without insisting that concrete measures be taken to implement them without delay. For example, paragraph 9 used the words "*Bearing in mind* the suggestions made by the group of experts in their recommendation Nos. 13, 14 and 16", whereas the Indian amendment (E/L.202) recognized that those recommendations represented a step forward for the under-developed countries.

17. As regards paragraph 10, the Philippines amendment, by making specific mention of the International

Bank for Reconstruction and Development, would restrict the scope of the resolution. It might be better to frame paragraph 10 in more general terms so as to give greater freedom to other agencies to grant credits, particularly as recommendation 13 of the group of experts, quoted in paragraph 9, had already made specific mention of the Bank. His delegation would not, however, oppose the Philippines amendment.

18. As for the Pakistani amendment (E/L.210) to paragraph 10, it was well known that the terms under which the Bank lent money were not always attractive. It might, however, be better not to include the amendment, in order to confine the recommendation to a statement in general terms without going into details. Paragraph 11 (a) of the joint amendments seemed to have originated mainly from the amendment to paragraph 8 contained in the previous amendments submitted by Uruguay and the United States (E/L.207). It sought further information and raised no controversial issue. Paragraph 11 (b) of the joint text was in the main derived from paragraph 16 of the Economic Committee's draft resolution and merely requested the Secretary-General to keep matters under review in accordance with the provisions of resolution 294 (XI). Paragraph 11 (c) was based on recommendation 14 of the group of experts but did not commit the Council to acceptance or rejection of the principle of the suggested international fund.

19. In other words, the text of the joint amendments was much more general and non-committal than the Indian (E/L.202) or the Chilean amendments (E/L.195), both of which were practical and specific. The Indian text, in particular, requested the Secretary-General to formulate specific proposals in regard to further action to be taken towards implementation of recommendations 14 and 16 and to place them before the fourteenth session of the Council. Such a proposal was much more concrete than the somewhat innocuous text proposed for paragraph 11 (c) in the joint amendments.

20. Nevertheless, if the joint amendments were adopted, the Indian delegation would not press its own but would suggest that, if the Council adopted a policy of investigation rather than action, it should make that investigation as wide as possible and explore the lending possibilities of other agencies besides the Bank. Such a policy should take into account how far economic co-operation could be promoted. Finally, the Secretary-General should be invited to suggest methods whereby the recommendations of the experts could be implemented in whatever way he thought desirable. He should not be restricted by those recommendations, but should be allowed to use his discretion as to the way in which they could be implemented in practice.

21. Briefly, the joint text represented a compromise between his delegation's position and the views of the Economic Committee.

22. Mr. BALMACEDA (Philippines) proposed, in view of the remarks made by other representatives, that paragraph 10 of the joint text be reworded as follows:

"*Urges* the International Bank for Reconstruction and Development and other existing agencies entrusted with the extension of credits for economic development,

in the light of the expanding demands placed upon under-developed countries by their economic development programmes, to continue to expand their lending operations in under-developed areas, taking into consideration that progressive economic development will generally result in an increase in the debt servicing capacity of borrowing countries; ”

23. The addition of the word “ other ” before “ existing agencies ” would meet the objection that the original Philippines amendment narrowed the scope of the resolution; the insertion of the word “ lending ” before the word “ operations ” would clarify the text; and the addition of the words “ in under-developed areas ” after “ operations ” would emphasize the direction which credits should take.

24. Mr. ABELIN (France), on behalf of the authors of the joint amendments, accepted the Philippines proposal.

25. Mr. CABADA (Peru) observed that the expression “ more reasonable rates of interest ”, used in paragraph 10 of the Pakistani amendment (E/L.210), might be thought to imply that credits had hitherto been granted at excessive rates of interest. That was not so in the case of Latin-American countries, where loans were granted at a rate of 4½ per cent. It would therefore seem preferable to say “ at the lowest possible rate of interest ”. In practice, the major problem for under-developed countries was that of redemption, and it would be useful if the Bank were to grant them greater facilities in that respect.

26. Mr. ISMAIL (Pakistan) accepted the Peruvian representative's suggestion.

27. Mr. LUBIN (United States of America) thought it preferable to adhere to the wording of paragraph 11 (d) of the Council resolution 294 (XI), which read: “ That these institutions make any such loans at rates of interest and on terms of amortization designed to place the smallest feasible burden on the exchange availabilities of under-developed countries, consistent with the maintenance of these institutions as self-supporting entities.”

28. Mr. REISMAN (Canada) asked whether it was the intention of the French, United Kingdom and Uruguayan delegations to delete paragraphs 8 to 16 of the original resolution. The substance of paragraphs 11 to 14 seemed not to have even been referred to in their proposed text.

29. Mr. CORLEY SMITH (United Kingdom) said that there had been a drafting error in the joint amendments. The introductory words should read: “ Delete paragraphs 8 to 10 and 14 to 16 ” and not “ Delete paragraphs 8 to 16 ”.

30. Mr. YU (China) said that his delegation supported the Philippines amendment which the French, United Kingdom and Uruguayan delegations had agreed to incorporate in their joint draft. The only difference between the original paragraph 10 and the Indian amendment to it (E/L.202) was one of timing and procedure. Both proposals in fact had the same aim, the joint amendments merely recommended a more cautious

approach. His delegation would therefore support the latter.

31. Mr. ABELIN (France) suggested that, with regard to the rate of interest, it might be advisable to adopt the form of wording to which the United States representative had just drawn attention and which had already been used in paragraph 11 (d) of resolution 294 (XI).

32. Mr. ADARKAR (India) said that his delegation had no objection to the retention of the Economic Committee's text for paragraphs 11, 12 and 13 if that was the general desire of the Council. It could also support the text of paragraph 10 as amended by the Pakistani and Philippines delegations.

33. Mr. ISMAIL (Pakistan) proposed, in the light of the United States representative's suggestions, to delete, in the Pakistani amendment to paragraph 10, the words “ at more reasonable rates of interest ”. That would ensure that the Bank could facilitate the extension of credits while at the same time investigating the possibility of the establishment of an international finance corporation.

34. The PRESIDENT asked whether the Pakistani representative maintained his amendment (E/L.210) to paragraph 10.

35. Mr. ISMAIL (Pakistan) replied that, in place of his original amendment, he would accept the joint text as amended by the Philippines proposal with a minor amendment consisting of the addition of the words “ and make larger loans available to under-developed areas ” after the word “ operations ”.

36. Mr. CABADA (Peru) suggested that, since the text proposed by the Philippines representative for paragraph 10 had been accepted by the authors of the joint amendments (E/L.213), the clarification suggested by the Pakistani representative was no longer necessary.

37. Mr. LUBIN (United States of America) raised the question of the order in which the adopted paragraphs would be inserted in the final resolution and suggested that the Secretariat might be entrusted with that task.

38. He added that, in voting for the joint amendments, his delegation reserved its position when the matter came to be considered at the General Assembly and further, reserved its position with regard to any recommendation that might be made by the Bank or the Secretary-General in their reports to the Council.

39. The PRESIDENT pointed out that the Secretariat was not authorized to modify the order of provisions adopted by the Council. It would be preferable to defer the final vote on the text so as to enable delegations to submit proposals as to the order of the paragraphs.

40. Mr. KRISHNAMACHARI (India) suggested, as it was proposed to omit paragraphs 8 to 10 from the original resolution, to insert paragraphs 8, 9 and 10 of the joint amendments (E/L.213) and to retain paragraphs 11, 12 and 13 of the original draft resolution, that paragraph 11 of the joint amendments should be renumbered paragraph 14.

41. The PRESIDENT put to the vote the Pakistani representative's amendment for the insertion of the words "and make larger loans available to under-developed areas" after the word "operations" in the joint text (E/L.213) paragraph 10, as amended by the Philippines representative.

*The amendment was rejected by 8 votes to 4, with 6 abstentions.*

42. The PRESIDENT put to the vote the amended wording the joint amendments (E/L.213) for paragraphs 8, 9 and 10.

*That wording was adopted by 13 votes to 1, with 4 abstentions.*

43. Mr. YU (China) said, in explanation of his vote, that he had abstained on the Pakistani amendment to paragraph 10 because he believed that to refer merely to the continued expansion of operations would not meet the purpose of the Pakistani amendment as some representatives seemed to believe.

44. The PRESIDENT pointed out that there were several amendments to paragraph 11 of the Economic Committee's original draft resolution, the Chilean amendments (E/L.195 and E/L.204), the Pakistani amendment (E/L.210), the Indian amendment (E/L.202) and the joint amendment (E/L.213).

45. Mr. LUBIN (United States of America) believed that there was a radical difference between the phrasing of paragraph 11 of the original draft resolution and that of the Pakistani amendment, the latter amendment stating that countries with low levels of income could not mobilize sufficient domestic capital to finance essential and non-self-liquidating projects, whereas the original paragraph 11 only went so far as to recognize that the financing of basic non-self-liquidating projects might, under some circumstances, require a measure of external grant assistance. His delegation would support the original drafting of paragraph 11.

46. The PRESIDENT said that he would put to the vote in turn the Pakistani amendment (E/L.210) to paragraph 11 of the Economic Committee's draft resolution, the Chilean amendments (E/L.195 and E/L.204) to paragraphs 9 to 16 of the draft resolution and the joint amendment (E/L.213) to paragraph 11.

*The Pakistani amendment was rejected by 10 votes to 3, with 5 abstentions.*

*The Chilean amendments were rejected by 10 votes to 1, with 7 abstentions.*

*The joint amendment was adopted by 15 votes to none, with 3 abstentions.*

47. The PRESIDENT drew attention to the Philippines proposal (E/L.211) of the addition of a new paragraph to the draft resolution.

48. Mr. BALMACEDA (Philippines) stressed the desirability of including in the draft resolution some specific mention of the invitation to Member Governments to

submit proposals to the Council contained in General Assembly resolution 400 (V).

49. Mr. ARKADIEV (Union of Soviet Socialist Republics) said that his delegation would vote in favour of the very appropriate proposal made by the Philippines representative.

*The Philippines proposal (E/L.211) was adopted by 17 votes to none, with 1 abstention.*

50. The PRESIDENT invited the Council to consider the amendments to paragraphs 6 (e) and 7 of the Economic Committee's draft resolution as the joint French and United Kingdom amendments to those paragraphs were now available (E/L.219). The Council also had before it the Indian amendment (E/L.202 and Corr. 1), the Pakistani amendment (E/L.210), and the Uruguayan amendment (E/L.206) to paragraph 7 of the original draft resolution.

51. Mr. ABELIN (France) briefly outlined the provisions of the amendments submitted by the French and United Kingdom delegations.

52. The wording which the amendment would add to paragraph 6 (e) of the resolution should, he thought, satisfy the Pakistani delegation. It was felt it would be logical to include that provision in paragraph 6.

53. The wording proposed for paragraph 7 (c) was clear. The formula was not "vague"; it was merely of a general nature.

54. Mr. ISMAIL (Pakistan) appreciated the French representative's efforts to find a formula which would reconcile the views contained in his own amendment with paragraph 7 of the original draft resolution. Unless, however, there was a discrepancy between the English and French texts proposed for paragraph 6 (e) (ii), he did not believe that his delegation's desire for the participation of nationals of the under-developed countries in administrative and technical services and their training was adequately expressed in the amendment submitted jointly by the French and United Kingdom delegations. He was, however, in agreement with their amendments to paragraph 7 (b).

55. Before expressing his opinion on the amendments proposed by those delegations to paragraph 7 (c), he would be glad to know whether they objected to including in such a sub-paragraph a reference to the Fiscal Commission's recommendations and to the resolution B II (E/2063) which the Council had adopted in that connexion. He asked for clarification as to the intention of the original text.

56. Mr. CORLEY SMITH (United Kingdom) said that it seemed inappropriate to mention the recommendation of the Fiscal Commission, since that Commission was a subordinate body of the Council and consequently its recommendations ceased to exist as such once they had been adopted by the Council itself. Needless to say, the amendments were not intended to contradict or minimize the decision taken by the Council at its 496th meeting.

57. Mr. LUBIN (United States of America) pointed out that there was no mention of discriminatory taxation in the Fiscal Commission's resolution. Only double taxation was referred to. It was therefore incorrect to attribute to the Fiscal Commission, in paragraph 7, a recommendation for the elimination of discriminatory taxation.

58. Mr. KRISHNAMACHARI (India) agreed with the Pakistani representative that the amendments submitted jointly by the French and United Kingdom delegations under paragraph 6 (e) (ii) did not entirely meet the situation. He therefore proposed that it be amended to read: "and of ensuring participation of nationals of the under-developed countries in both administrative and technical services in industry and their training".

59. His delegation was prepared to accept paragraph 7 (b) of the amendment of France and the United Kingdom since it left the field open for negotiation by treaty.

60. Paragraph 7 (c) of the joint French and United Kingdom amendment did not adequately cover the views either of the Pakistani delegation or of his own. Referring to the statement just made by the United States representative, he emphasized that one of the Fiscal Commission's recommendations did, in fact, refer to "specially favourable tax treatment" as compared with the tax treatment accorded to nationals. He considered that the reference to discriminatory taxation contained in the Pakistani amendment did not therefore change the meaning of the draft resolution since that had been the implication contained in the Fiscal Commission's recommendation. Although his own delegation's amendment to paragraph 7 did not refer specifically to the Fiscal Commission's recommendations, he did not think it differed in substance to that of the Pakistani delegation.

61. Mr. LUBIN (United States of America) dissented from the Indian representative's point of view. His delegation fully agreed that no specially favourable tax treatment should be accorded to foreign investors compared with that accorded to nationals. But it was none the less necessary to make some recommendation that discriminatory measures should not be taken against foreign investors by countries seeking to attract foreign capital.

62. Mr. STERNER (Sweden) suggested that the Indian delegation's amendment to paragraph 6 (e) (ii) of the joint French and United Kingdom amendment be further amended to read: "and of ensuring, wherever feasible, participation of nationals of the under-developed countries in both administrative and technical services in industry and their training."

63. Mr. CABADA (Peru) said that his delegation had voted in favour of paragraph 7 of the original draft resolution in the Economic Committee, since it had believed that its provisions were both just and equitable and that the Committee had accepted the principle that the national interests of the under-developed countries would be safeguarded.

64. On that understanding, he was prepared to vote in favour of the amendment submitted jointly by the French

and United Kingdom delegations to paragraph 7 since, in his view, that amendment did not constitute a substantial modification of the original text.

65. Mr. ARKADIEV (Union of Soviet Socialist Republics) said that his delegation viewed with favour the Pakistani proposal, which aimed at allowing the nationals of under-developed countries to find employment in the administrative and technical services of industry and to obtain professional training. If that proposal had been the subject of a separate provision, the Soviet Union delegation would have voted in favour of it. But in view of the context, both of paragraph 6 and of paragraph 7, the Soviet Union delegation would have no alternative but to abstain from voting.

66. Mr. ABELIN (France), in reply to a question by Mr. GARCIA (Philippines), stated that he was ready to accept the wording proposed by the Indian delegation with the alteration suggested by the Swedish representative.

67. Mr. CORLEY SMITH (United Kingdom) agreed with the French representative. He thought some qualification necessary, particularly with regard to participation of nationals in technical services.

68. Mr. LUBIN (United States of America) proposed that, if acceptable to the delegations of India, France and the United Kingdom, paragraph 6 (e) (ii) be amended to read: "and of ensuring, wherever feasible, opportunities for participation of nationals of the underdeveloped countries in both administrative and technical services in industry and their training".

69. Mr. KRISHNAMACHARI (India) stressed that the draft resolution, being a recommendation and in no way mandatory, should be framed in the most precise terms possible. He was prepared to accept the amendments suggested by the Swedish and United States representatives.

70. Mr. CHARLONE (Uruguay) said that his delegation was prepared to withdraw its amendment to paragraph 7 (E/L.206) since it was embodied in the other amendments submitted.

71. The PRESIDENT put to the vote the joint French and United Kingdom amendment (E/L.219) to paragraph 6 (e) (ii) as amended by the Indian, Swedish and United States representatives to read: "and of ensuring, wherever feasible, opportunities for participation of nationals of the under-developed countries in both administrative and technical services in industry and their training".

*That wording was adopted by 15 votes to none, with 3 abstentions.*

72. The PRESIDENT observed that the Pakistani amendment to paragraph 7 (b) had been withdrawn in favour of the joint French and United Kingdom amendment.

73. Mr. ARKADIEV (Union of Soviet Socialist Republics) asked that paragraph 7 (b) be put to the vote separately.

74. The PRESIDENT put to the vote the joint French and United Kingdom amendment (E/L.219) to paragraph 7 (b).

*The amendment was adopted by 14 votes to none, with 4 abstentions.*

75. Mr. KRISHNAMACHARI (India) suggested that the latter part of paragraph 7 (c), as contained in the Pakistani amendment (E/L.210), be amended to read: "Provided that the provisions of sub-paragraphs (b) and (c) will be without prejudice . . .".

76. Mr. ISMAIL (Pakistan) accepted that amendment.

77. Mr. ABELIN (France) asked whether there was not a certain contradiction between the new sub-paragraphs proposed by Pakistan to follow sub-paragraph 7 (c) and the texts previously adopted, which provided for recourse to bilateral negotiations.

78. Mr. ISMAIL (Pakistan) did not believe that there was any such contradiction.

79. Mr. REISMAN (Canada) said that, although at the previous meeting his delegation had signified its intention of supporting the proviso following paragraph 7 as amended by the Pakistani delegation, it no longer considered such a proviso to be relevant in view of the fact that paragraph 7 had been modified.

80. Mr. CORLEY SMITH (United Kingdom) said that the French and United Kingdom delegations, which had attempted to formulate a compromise text, considered that the changes in the paragraph had eliminated the need for the proviso, since the considerations mentioned therein would be covered by treaties.

81. Mr. ISMAIL (Pakistan) pointed out that his proviso had been drafted on the assumption that no substantial changes would be made in the body of paragraph 7.

82. Mr. YU (China) said that, although his delegation agreed in principle with the recommendations contained in the Pakistani amendment, it did not think it desirable at the present stage to include such a proviso which would introduce political considerations. Such considerations might prove dangerous in that they might be interpreted by some as constituting interference in the domestic affairs of other countries. He would therefore vote against the Pakistani delegation's amendment and in favour of the joint amendments submitted by the French and United Kingdom delegations.

83. Mr. KRISHNAMACHARI (India) thought it essential to maintain the Pakistani delegation's proviso in one form or another, since he did not agree with the view that those conditions could be automatically taken for granted. He was strongly opposed to the wording of paragraph 7 (c) as it stood in the original draft resolution and in the joint French and United Kingdom amendment.

84. Mr. ARKADIEV (Union of Soviet Socialist Republics) was surprised at the attempt on the part of the United Kingdom and other delegations to induce the Pakistani representative to withdraw a proviso aimed at safeguarding the rights and sovereignty of the under-

developed countries. Foreign investments must not be used as a means of interfering in the internal affairs of States and it was obvious that nobody should be disturbed by the statement of that principle.

85. The Soviet Union delegation unreservedly supported the Pakistani representative's very judicious proposal, since it concerned the protection of the interests of the under-developed countries against what was not only a threat but a reality, inasmuch as under the bilateral treaties mentioned in the resolution the exporting capital States imposed political conditions on borrowing countries.

86. Mr. KATZ-SUCHY (Poland) called attention to the strange situation which had arisen with regard to the only paragraph of the original draft resolution which provided some safeguard to the governments of the under-developed countries. That paragraph was the only one to which the Council had taken such strong objection. Moreover, it was remarkable that some of the representatives who at the present meeting were objecting most strongly to the paragraph had spoken in favour of it at the previous meeting. They had, indeed, not dared to disclose their intentions in protecting the interests of foreign banks and investors until after paragraph 7 (b) had been voted upon.

87. His delegation would strongly support the Pakistani amendment to paragraph 7 (c), which, even as at present worded represented a very weak measure of protection. In accordance with the basic principle adopted with regard to the economic development of under-developed countries, it was essential that at least one paragraph should contain some reference to non-interference in the domestic affairs of other countries.

88. Mr. STERNER (Sweden) said that it was clear that Member States already fully possessed the rights to which the proviso contained in the Pakistani amendment to paragraph 7 (c) referred. Any decision to include or exclude such a proviso could not alter the existing situation in any way.

89. Mr. CHARLONE (Uruguay) said that, although he appreciated the intentions of the Pakistani amendment, it was, in his view, superfluous to include a proviso concerning national sovereignty. His country which had already concluded such treaties for economic development with other countries had always considered itself free to ensure that foreign investment was not used as a basis for interference in its internal affairs or national policies.

90. Mr. ARKADIEV (Union of Soviet Socialist Republics) considered that the argument just put forward by the Swedish representative did not apply. If his reasoning were accepted, there would be no point in the Council's taking any decision. But the Economic and Social Council had thought fit to adopt recommendations concerning foreign investments in under-developed countries although the latter had a sovereign right to determine their own line of conduct. It was therefore necessary to include the proviso proposed by the Pakistani delegation in order to safeguard the sovereignty of the under-developed countries from interference in their internal affairs by exporters of capital. Based as it

was on unhappy experience, the proviso in question merited the close attention of the Council.

91. Mr. SCHNAKE VERGARA (Chile) said that he supported the formula proposed by the Pakistani delegation, which helped to clarify the question.

92. Mr. ISMAIL (Pakistan) recognized the fact that some delegations regarded sub-paragraph (ii) of paragraph 7 (c) of his amendment as unnecessary in view of the assurances contained in paragraph 7 (b) in the form adopted by the Council. He noted, however, that sub-paragraph (ii) of his proviso was concerned with terms acceptable to the under-developed countries whereas paragraph 7 (b) dealt with assurances for foreign investors. Nevertheless, in order to facilitate acceptance of his amendments to paragraph 7 (c) his delegation was prepared to withdraw sub-paragraph (ii) of its proviso, on the clear understanding that there was universal recognition of the point of view expressed in sub-paragraph (ii). In that connexion, he referred to the United States representative's statement in which he had made it quite clear that there was no intention of persuading the under-developed countries to change their laws in favour of foreign investors. The reason for his (the Pakistani representative's) amendment was to ensure the association of local capital as he had already explained.

93. Mr. TAUBER (Czechoslovakia) supported the Pakistani amendment. He considered that a request by one delegation only for the inclusion of such a saving clause in the resolution should be adequate ground for its adoption.

94. The PRESIDENT said that he would first put to the vote the Pakistani amendment (E/L.210) to paragraph 7 (c) of the Economic Committee's draft resolution. If adopted, he would then put to the vote the proviso proposed by the Pakistani representative.

*The amendment was rejected by 7 votes to 5, with 6 abstentions.*

95. Mr. ISMAIL (Pakistan) said that he would move the proviso contained in the second part of paragraph 7 (c) of his amendment, as amended by the Indian representative—sub-paragraph (ii) having been deleted—so as to form an addition to paragraph 7 (c) submitted by the Indian delegation (E/L.202 and Corr.1), if the last-named paragraph were adopted.

96. The PRESIDENT put to the vote the Indian amendment (E/L.202 and Corr.1) to paragraph 7 (c) of the Economic Committee's draft resolution.

*The amendment was rejected by 8 votes to 6, with 4 abstentions.*

97. The PRESIDENT put to the vote the joint French and United Kingdom amendment (E/L.219) to paragraph 7 (c) of the draft resolution.

*The amendment was adopted by 14 votes to 3, with 1 abstention.*

98. Mr. ISMAIL (Pakistan) proposed the addition to paragraph 7 following sub-paragraph (c) of an amended proviso to read: " Provided that the provisions of sub-paragraphs (b) and (c) will be without prejudice to the right of Member Governments to take any appropriate safeguards necessary to ensure that foreign investment is not used as a basis for interference in its internal affairs or national policies ".

*The Pakistani representative's proposal was adopted by 17 votes to none, with 1 abstention.*

*Paragraph 7 as a whole, as amended, was adopted by 14 votes to none, with 4 abstentions.*

99. The PRESIDENT stated that the Council would at a later stage vote on the Economic Committee's draft resolution as amended, after a decision had been taken on any renumbering of paragraphs that might be necessary.

The meeting rose at 1.55 p.m.

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