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ECONOMIC AND SOCIAL COUNCIL

Ninth Session

ECONOMIC COMMITTEE

SUMMARY RECORD OF THE SEVENTY-FOURTH MEETING

Held at the Palais des Nations, Geneva,
on Monday, 8 August 1949, at 10 a.m.

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Chairman:

Mr. SANTA CRUZ

Members:

Australia

Mr. WALKER

Belgium

Mr. van TICHELEN

Brazil

Mr. CAMPOS

Byelorussian SSR

Mr. MAZURENKO

Chile

Mr. MULLER

China

Mr. P.C. CHANG

Denmark

Mr. IVERSEN

France

Mr. de SEYNES

India

Mr. ADARKAR

Lebanon

Mr. HAKIM

New Zealand

Dr. SUTCH

Peru

Mr. TORRES BELOW

Poland

Miss CZARCO

Turkey

Mr. SARPER

Union of Soviet Socialist
Republics

Mr. KOLPAKOV

United Kingdom

Mr. FLEMING

United States of America

Mr. STINEBOWER

Venezuela

Mr. NASS

Mr. MIRALLES

Representatives of Specialized Agencies:

International Labour Organization

Mr. EVANS

Food and Agriculture Organization

Mr. OLSEN

United Nations Educational,
Scientific and Cultural
Organization

Mr. BERKELEY

International Bank for
Reconstruction and Development)

Mr. LOPEZ-HERRARTE

International Monetary Fund)

World Health Organization

Mr. AARONSON

International Refugee Organization

Miss BROWN

Consultants from Non-Governmental Organizations:

Category (b):

World's Young Women's Association

Mrs. Fox

Secretariat:

Mr. Cwen

Assistant Secretary-General
For Economic Affairs

Mr. Weintraub

Director of the Division of
Economic Stability and
Development

Mr. Chalmers-Wright

Division of Social Activities

Mr. Dumontet

Secretary to the Committee

ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES (Item 9 of the Council Agenda) (Documents E/1327, E/1327/Add.1, E/1327/Add.1/Corr.1, E/1327/Add.1/Corr.2, E/1333, E/1333/Corr.1, E/1333/Add.1, E/1345, E/1345/Corr.1, E/1373/Rev.1, E/1381, E/1383, E/1383/Add.1, E/1408, E/AC.6/39, E/AC.6/40, E/AC.6/41, E/AC.6/W.52, E/AC.6/42, E/AC.6/43, E/AC.6/44, E/AC.6/45, E/AC.6/46, E/1356). (Continued)

Relations between the United Nations and the Regional Organizations (Documents E/AC.6/43 and E/AC.6/45) (Continued)

The CHAIRMAN drew the attention of the meeting to the joint draft resolution (Document E/AC.6/43) presented by the delegations of Brazil, Chile, Peru, Venezuela and the United States of America and to the Australian amendment thereto (Document E/AC.6/45).

Mr. WALKER (Australia), explaining his amendment, said he supported the joint draft resolution because he wished to see collaboration achieved with regional organizations not only in Latin America, but as a general principle; he especially had in view the South Pacific Commission. His amendment was merely intended to avoid the extremely complicated arrangements for consultation which would have to be made if both the Secretary-General and the specialized agencies were authorized to consult with all the regional organizations engaged in technical assistance.

Mr. CAMPOS (Brazil) accepted both the Australian amendment and the verbal amendment proposed by the United States representative at the previous meeting, to the effect that the word "inter-governmental" should be inserted as qualification of the term "regional organizations" in the first operative paragraph of the draft resolution.

Mr. HASS (Venezuela) accepted the United States amendment. He would not oppose the Australian amendment, though its desirability might depend on whether a centralized pattern of co-operation were adopted or not.

The CHAIRMAN noted the general agreement of the other sponsors of the draft resolution to accept the United States amendment, and put the Australian amendment to the vote.

The Committee adopted the Australian amendment (Document E/AC.6/45) by 11 votes to 0 with 5 abstentions.

The Committee adopted the joint resolution submitted by the delegations of Brazil, Chile, Peru, Venezuela and the United States of America (Document E/AC.6/43), as amended, by 13 votes to 0 with 3 abstentions.

Methods of Financing Economic Development of Under-developed Areas
(Documents E/1356 - Annex F, E/AC.6/44, E/AC.6/45 and E/AC.6/49)

The CHAIRMAN drew the attention of the meeting to the three draft resolutions, presented respectively by the Economic and Employment Commission, (Document E/1356 - Annex F), by the Indian delegation (Document E/AC.6/44) and by the Brazilian, Chilean and United States delegations jointly (Document E/AC.6/46).

He invited opinions as to which should be adopted as the basic text.

Mr. ADARKAR (India) considered that the draft resolution of the Economic and Employment Commission had become out of date, and that it would require considerable revision. He proposed that the joint draft resolution submitted by the delegations of Brazil, Chile and the United States of America, which was more comprehensive than his own, should be taken as the basic text. He was willing to withdraw the greater part of his own draft resolution, in the hope that either sub-paragraph 2 (c) or paragraph 3 would be acceptable to the sponsors of the joint draft resolution for incorporation therein.

Mr. MAZURENKO (Byelorussian Soviet Socialist Republic) maintained that any proposal relating to the financing of economic development of under-developed countries should take into account the extracts from the report of the third session of the Sub-Commission on Economic Development, reproduced as Appendix IV to Document E/1333. That report rightly emphasized the necessity of making full use of the national resources of the under-developed countries themselves, and of regarding the rôle of external financing as subsidiary. He wished to endorse the views expressed by the Sub-Commission as to the conditions which should govern foreign financial aid: first, that foreign financing should contribute to national independence in the spirit of the Charter of the United Nations; secondly, that it should contribute to the development of the internal resources of under-developed countries

and territories, especially to the development of national industry and agriculture; and thirdly, that it should not be made in a manner detrimental to the national interests and sovereignty of the under-developed countries, or linked with any political or economic privileges for the capital exporting countries, the establishment of military bases etc. Such conditions should form the basis for any solution of the problem.

Mr. ADARKAR (India), explaining his amendment, said that while he fully agreed with the preamble to the joint draft resolution presented by the Delegations of Brazil, Chile and the United States of America, the operative part, in dealing with foreign financing, seemed to concentrate exclusively on private foreign investments, ignoring the possibility of public foreign investments, though the topic defined in sub-paragraph (a) as covering "the existing conditions governing foreign investments" suggested that the proposed studies might have a broader scope. Nearly all delegations had agreed that existing agencies did not entirely meet requirements in so far as public financing was concerned. Though the International Bank for Reconstruction and Development had done useful work, particularly in regard to reconstruction, it was itself financed either directly or indirectly by private sources of investment, which were guided in their operations by strictly commercial considerations. The Bank was therefore practically obliged to ignore schemes which showed no direct commercial productivity. In view of the increased requirements in international investments which might be anticipated in the future, the whole question, including the functions of the Bank, should be re-examined. In the Economic and Employment Commission, and in its Sub-Commission on Economic Development, the question had already given rise to some controversy. The Indian representative to the latter body, in his personal capacity, had then suggested the creation of a new agency to fill the existing gaps. Such an agency need not be set up immediately, but it was essential to consider both the theoretical premises and the organizational requirements of an eventual new agency for the purpose defined. What he advocated was an impartial, fact-finding enquiry, such as could only be carried out either by the Bank itself or by the Economic and Social Council through its organs. The Bank, however, was bound to show some reluctance to reform its own structure; it had not been in

favour of expanding its operations in the field under discussion, and some countries had felt that their applications for credits had been ignored. There was also the view that the Bank was not in a position to float loans to the extent required. It was, indeed, impossible to judge at the present stage to what extent the Bank had fulfilled its functions, and for that reason he would like either the Secretary-General or the Economic and Employment Commission to study the whole question, as proposed in the alternative operative clauses of his original draft resolution. That proposal was submitted in no spirit of carping criticism, but in the same constructive spirit as had inspired the founders of the Bank itself.

Mr. HAKIM (Lebanon) regretted that consideration of the important problem of financing economic development in the under-developed countries was being so long delayed. He realized that for various reasons any positive action was now impossible, and he therefore supported the joint draft resolution as at least preparing the way for action in the future. He deprecated, however, the qualifying phrase "if possible" in the first operative paragraph, and wished to stress the necessity of a comprehensive discussion at the next session of the Economic and Social Council of action necessary to stimulate capital formation. While he did not formally move the deletion of that phrase he urged the Council to deal with the matter at its next session as he had suggested.

He agreed with the Indian representative, whose amendment he supported, that the topic of the survey defined in sub-paragraph (a) implied an enquiry on broader lines than was provided for in the explanatory text, which proposed that attention should be concentrated exclusively on the situation in the under-developed countries, with no consideration of the factors affecting the outflow of foreign investments in the advanced countries. The same concentration on conditions in the under-developed countries was apparent in sub-paragraphs (a), (b), (c), (d) and (e). The Indian amendment calling for a study dealing with possible gaps in the external public financing of economic development of under-developed countries and the question whether such gaps could be bridged by the amplification of the functions and powers of the International Bank or by the creation of a new agency, was therefore opportune. The Economic and Social Council should study the

extent to which the Bank would be able to contribute to such financing; to suggest the desirability of such a study implied no criticism of the Bank which, like all specialized agencies, had its specific field of activity. It was more appropriate that the Economic and Social Council should entrust such a study to one of its own Commissions than to the Secretary-General, and he therefore urged the Indian representative to withdraw sub-paragraph 2 (c) of his proposal, and to submit paragraph 3 thereof as a formal amendment to the joint draft resolution.

Mr. MULLER (Chile) said that the Lebanese representative's remarks concerning sub-paragraph (a) seemed to him very much to the point. He, for his part, would have no objection to the inclusion at the appropriate point in sub-paragraph (a) of the joint draft resolution of the words "the capital-exporting countries on the one hand and the under-developed countries on the other hand", and he wished to propose that formally.

As to the part to be played by the International Bank in financing economic development, it had already been dealt with in General Assembly Resolution 198 (III) and in various Council resolutions. Moreover, it was understood that the specialized agencies were to play a large part in the execution of the development programme; that directly concerned the Bank. He did not think, therefore, that the Indian delegation's amendment was absolutely necessary.

Mr. STINEBOWER (United States of America) considered that the Indian representative's observations were justified in one respect the topic announced in sub-paragraph (a) suggested a more comprehensive treatment of foreign investments than was provided for in the rest of the text. He wished to recall, however, that the United States representative in the Council (see Document E/SR.303) had been optimistic about the availability of capital for foreign investment abroad, adding that there was little need for elaborate discussion of the advantages and disadvantages of one or other method of procuring such capital, but that the need was rather for specific action to increase the effective demand and to provide conditions which would attract more capital into under-developed areas, action which would have to be initiated largely by the under-developed countries themselves. While the promotion of an international flow of capital and the provision of appropriate

institutions had been frequently discussed, from the time of the Bretton Woods Conference onwards, the process of formation of domestic capital at all stages of development had received comparatively little attention. Hence the need for the studies proposed in the joint draft resolution. Though there were obvious differences between highly developed and under-developed countries, all countries had to pass through a stage of domestic capital formation and history showed no example of economic development brought about exclusively or even preponderantly by foreign investment. That did not mean that foreign investment was unimportant, but only that it was desirable to have more light on the processes of domestic investment and the contribution it could make to economic development.

Replying to the Lebanese representative, he said that the only thing that a study of factors in the capital-exporting countries could show was that in the United States of America there were no laws or regulations or governmental practices restricting the flow of private capital abroad. Therefore, although on the surface the joint draft resolution might appear to study only one aspect of the problem, the other presumed aspect in fact provided no material for study. While he could not guarantee that laws, regulations and economic policies effecting the international flow of private capital did not exist in other of the more highly developed countries of the world, he did not believe that they constituted a significant or serious problem. Certainly his Government would not force American capital to go abroad any more than it would compel it to remain at home. The investment of capital abroad was a matter for the individual judgment of the investor in the light of the investment opportunities offered. It was therefore those opportunities which called for study.

With regard to the Indian amendment, he saw no advantage in sending back to the Economic and Employment Commission a problem on which it had already pronounced itself unequivocally by majority vote. Paragraph 32 of its Report (Document E/1356, page 13) stated that the Commission felt that there was no need for the creation of a new international agency in the field of international finance. The determination of the existence of gaps in external financing, that was to say an evaluation of needs and opportunities and the extent to

which they met the commercial and banking standards of existing lending institutions, was a question which the Secretariat could not possibly answer. It was most unlikely that the Secretariat would be able to go any further than the stage attained by the study of the Food and Agriculture Organization, and while the latter had not given rise to any final conclusions, it was doubtful whether such conclusions could be drawn at all. The test of whether a new international institution was required would come only when the representatives of some country or another on the Board of Governors of the International Bank for Reconstruction and Development could report that a desirable project had been turned down because the Bank's standards were too exacting. It was true, as the Indian representative had said, that there had been some dissatisfaction that the Bank had not shown greater activity, especially in the matter of development loans. On a previous occasion the United States representative in the Economic and Social Council had expressed the hope that that activity would be intensified and that had actually come about. There was a difference between aspirations, needs or prospects, and development projects which had reached a stage where they could command financial support. But in the field of agricultural financing, where the need was greatest, the Preparatory Commission on World Food had proposed in 1946 that the Director-General of the Food and Agriculture Organization and the Executive Directors of the International Bank should forward a report to the Economic and Social Council if at any time an agricultural project had been held up through lack of adequate financial facilities. In the three years that had elapsed since then no such case had arisen. If the Indian amendment envisaged a study as to the desirability of further lending institutions, evidence would have to be submitted that existing institutions had failed to service any well worked out project that had been presented to them. He knew of one instance, in fact, where a country had received more favourable treatment than its own Executive Director of the Bank had expected. If, on the other hand, the Indian amendment referred to the proposal put forward by the Indian representative on the Sub-Commission on Economic Development concerning a subsidy-granting institution, his delegation did not see any possibility at present of bringing such an institution

into being.

For the reasons he had given, he was doubtful whether studies by the Secretary-General on the lines suggested by the Indian amendment could yield any fruitful results. The joint draft resolution already before the Committee laid so heavy a burden of research on the Secretariat that nothing further should be asked for unless it was certain to produce useful results.

Mr. HAKIM (Lebanon) considered that the United States representative was guilty of illogicality in admitting that some countries might have laws or regulations restricting the export of capital, and at the same time denying the need for studying such cases. The fact that there were no such laws or regulations in the United States of America could usefully be brought out in such a study. The suggested study, however, did not concern only laws and regulations, but also financial policies. The United States of America could not claim to have no policy in respect of foreign investments; and he doubted whether any government could do so. It was important and only equitable that the policies of the more advanced countries should be studied if the Council was to examine conditions affecting the flow of investment towards the under-developed countries.

Mr. KOLPAKOV (Union of Soviet Socialist Republics) endorsed the insistence of the Byelorussian representative that methods of financing economic development in the under-developed countries should be guided by the principles set forth in Appendix IV of Document E/1333, particularly those set out in paragraphs 4, 5, 6, 15, 26 and 36 thereof. Important points in that document were: that financing of economic development should be based on the maximum mobilization and utilization of domestic financial resources, since it should include foreign exchange resources obtained by the export trade of the country; that, in order that the under-developed countries might be able to maximize and effectively utilize their foreign exchange resources for the purpose of economic development, no obstacles should be placed in the way of their export trade by the more developed countries; and that the under-developed countries should be given every facility for making rational use of their foreign assets. Further points were that where foreign capital

entered into the financing of economic development, its role should always be a subordinate one, since the introduction of foreign capital should not run counter to the basic objective of economic development, and should not be made in a manner or on conditions detrimental to the national interest and sovereignty of the under-developed countries or be linked with any political or economic privileges for the capital exporting countries, the establishment of military bases and so on.

Again, Annex IV noted that the mobilization of internal savings was helped by agricultural development. Therefore, the Sub-Commission on Economic Development had recommended measures for granting to the operators of small and medium-sized farms cheap credits for the purchase of supplies. With regard to foreign financing, every country, as noted in the Sub-Commission's Report, had obviously the right to decide the extent to which it wanted foreign finance and the form in which it wanted it, for instance whether by private loans or by bilateral arrangements. Out of the experience of the past two years the Sub-Commission had pointed out the danger to the under-developed countries of inter-governmental financing determined by political and military rather than by economic factors. That experience should be borne in mind in drafting any recommendations for submission to the General Assembly, together with the fact that the under-developed countries, as was likewise pointed out, had shared only to a very limited extent in such credits and in general not for purposes of economic development. From the short list of recommendations in the Sub-Commission's Report, the Committee should select those items which were most useful, in spite of the fact that the proposals of the Sub-Commission had been rejected by a majority of the Economic and Employment Commission. Unless the draft resolution formulated by the Committee reflected the recommendations in Appendix IV to the Secretary-General's Report (Document E/1333) the Soviet Union delegation would be unable to vote for it.

Although the United States representative had declared that there were no laws preventing the export of capital from his country, the Lebanese representative had been right in emphasizing that policies could be as effective as laws in that respect. It was well known that the policy of Wall Street was not directed to supporting the

economic independence of under-developed countries. An analysis of such policies would be useful and the Indian representative had done well to propose their study. He regretted however that the Indian representative had described the views adopted by the Sub-Commission for Economic Development in March last as out of date. The Soviet Union delegation could not agree with such a statement.

Mr. IVERSEN (Denmark) agreed in general with the draft resolution submitted jointly by the delegations of Brazil, Chile, and the United States of America. He doubted, however, whether the title of sub-paragraph (a) was as wide in scope as that of the draft resolution proposed by the Economic and Employment Commission in Annex F of its Report. The addition of a phrase referring to a survey of the conditions governing foreign investments was desirable. He thought that the first operative paragraph was badly formulated, as it made no specific reference to capital formation in under-developed countries or to conditions which might stimulate the inflow of capital.

He doubted the utility of embarking upon a study dealing with the questions of whether there were gaps in the external financing of the economic development of under-developed countries and whether the amplification of the functions and powers of the International Bank for Reconstruction and Development was desirable.

Mr. FLEMING (United Kingdom), explaining his Government's amendments (Document E/AC.6/49) to the joint draft resolution, said that the title of sub-paragraph (a) did not correspond with the explanation of the contents, and his amendment was introduced with the purpose of harmonizing the two. In equity, the suggestion that conditions should be studied in capital-exporting countries was attractive, but he thought that such a study should be deferred to a later stage. From evidence supplied by the International Bank for Reconstruction and Development and from observations made both in his own country and in the United States of America, the limiting factors in the flow of capital to under-developed countries were the absence of properly worked-out projects and, to a certain extent, lack of confidence on the part of private investors. There should therefore be a preliminary stage in which there should be studies of conditions in less developed countries and of projects of technical assistance. When technical assistance had proved its

worth and the International Bank and the other organizations concerned had found whether resources were sufficient to meet the demands; and when, after such experience, it had been shown whether private investment was increasing: then there could be an examination of the question of whether there should be a change in the structure of the Bank and in international financial policy in that field. Such an examination would probably be necessary, but it was at the moment premature. He would therefore propose the adoption of the title suggested in paragraph 1 of his amendment; and he would oppose the Indian amendment.

His second amendment merely compressed sub-paragraphs (b) and (c) of the joint Draft Resolution into one, as those two sections appeared to overlap. He did not press the suggestion he had made in an earlier meeting that there should be a special study of double taxation; such a study, if considered relevant, might be included in his proposed amendment under "fiscal and other means".

He had been influenced in his suggestion that sub-paragraph (d) should be deleted by the thought that a great strain would be imposed on the Secretariat by the large number of important studies that were being asked for. Any examination of the direct effects of various types of economic development projects on the volume and rate of saving would be both difficult and unproductive of results. Projects of social value might have very little effect on savings, and in any case projects of all kinds would vary according to the country and the circumstances; the same projects leading to savings of different types in different countries. The examination would therefore be unnecessary at the present stage; if it were wanted it should, in any case, be required as a direct study, not indirectly as part of a study on methods of financing economic development.

He agreed with the Danish representative that the words "capital formation" were unsuitable, and he suggested that they should be replaced by "flow of capital".

Mr. LEINTRAUB, Director of the Division of Economic Stability and Development, said that the studies asked for in the joint Draft Resolution were difficult and heavy undertakings. It would be difficult to prepare them all in time for the next session of the Council. While every effort would be made to ensure that they were,

he suggested that the second operative paragraph be amended by deleting the words "in anticipation of this discussion" after the words "Secretary-General", and by inserting after the word "studies" the words "and complete as many as is found possible in anticipation of the discussion at the next session of the Council".

A study of the direct effects of types of economic development projects on the volume and rate of savings had been considered by the Secretary-General, and had been placed, among others, on the agenda of the meeting of experts which would be held at Lake Success late in October 1949, to discuss various topics relating to the financing of economic development. It was unlikely that all the studies could be completed before the next session of the Council.

Mr. ADARZAR (India) accepted the contention that internal financing would play a larger part than external in the economic development of under-developed countries. He had made a distinction that was relevant at an earlier meeting between undeveloped and less developed countries, the latter of which could, to some extent, mobilize domestic savings, whereas the former could not. But, while it was impossible to judge the exact amount that would be required, it was clear that for years to come the amount of external financing would have to be much greater than it was at present.

He had not said, as the Soviet Union representative had thought, that the views adopted by the Sub-Commission were out of date. He had merely said that much of the draft resolution in Annex F to the Report of the Economic and Employment Commission was out of date because fresh data had become available since it had been formulated.

The question of a study of the existence of possible gaps in external financing had not been disposed of by the Economic and Employment Commission, which had merely expressed somewhat dogmatic views on the subject. It was essential that all the factors in the problem should be clearly brought out and an account given of the number of applications received by the International Bank for Reconstruction and Development, the number refused, and the reasons for refusal, the views of the Bank on technical assistance, its

position if the projects of technical assistance were fully worked out, as they were now being, and its ability to meet the requirements of the under-developed countries, as well as the possibilities of supplementing its powers or creating other agencies to do what it could not do. A complete reconsideration of principles was required in the light of the enormous task now being undertaken and the best time to attempt such reconsideration was before the programme was embarked upon. It did not matter much whether the Secretary-General or the Economic and Employment Commission carried out the study.

Mr. MULLER (Chile) noted the difference between the attitude adopted in the United States of America and the restrictions on capital exports at present in force in the United Kingdom which was fully understandable in view of balance of payment difficulties. Everything was relative in that matter, however, for even in the United States a special body was responsible for supervising the grant of private credits abroad and for warning exporters of capital against possible risks. The last considerandum of the joint draft resolution noted certain conditions governing the investment of capital abroad, since it alluded, for example, to the abolition of double taxation. He asked the representatives of the United States of America and the United Kingdom if those considerations did not appear to them to justify the maintenance of his amendment.

Mr. CAMPOS (Brazil) agreed with the Chilean representative's proposed addition to sub-paragraph (a) of the joint draft resolution. He suggested that the words "on the part of the under-developed countries" should be deleted from the end of the paragraph as a consequential amendment.

Mr. STINEOWER (United States of America) had no objection to the amendment proposed by the representative of the Secretary-General, which was in harmony with the first operative paragraph of the joint draft resolution. He doubted whether there could be any further useful discussion on the problem until the studies requested had been prepared; if they were not prepared, discussion at the next session of the Council was likely to be incomplete.

He agreed that the words "capital formation" were not very happy, but the variants proposed were not very suitable either; he himself would suggest the words "capital investment", which would include the formation of capital in its domestic aspect and the flow of capital from the external point of view.

If the Chilean amendment to sub-paragraph (a) were to be incorporated, it would require clarification. His country was considering questions like guarantees covering the transfer of funds and the revision of double taxation of investment. While every capital-importing country, actual or potential, would oppose measures showing discriminatory treatment in favour of foreign capital, the Committee should also refrain from recommending measures to capital-exporting countries favouring preferential treatment for foreign investment. The study should therefore be one of conditions preventing the flow of investment and of measures which would stimulate such a flow. While not opposing the Chilean modification very strongly, therefore, he would prefer the United Kingdom amendment.

Mr. HAKIM (Lebanon) said that the study should be a purely factual one of the situation as a whole in so far as it affected the flow of capital to under-developed countries. It should not merely be a study of factors impeding the flow, and there should be no implied suggestion that the reason for the examination was that the under-developed countries were putting obstacles in the way of investment from abroad.

He had no objection to the amendment proposed by the representative of the Secretary-General, but he felt that the study should not be over-delayed, and that there should be a discussion, or at least the beginning of a discussion, at the next session.

Mr. FLEMING (United Kingdom) thought that investment, in the United States proposed amendment to the first operative paragraph of the joint draft resolution, now seemed to include other aspects than the financing of development. He was prepared to accept the amendment, however, if after the words "capital investment" were added the words "whether financed from".

The Committee adopted sub-paragraph (a) of the joint draft resolution submitted by the delegations of Brazil, Chile and the United States of America (Document E/AC.6/46) as amended by the Chilean representative by 8 votes to 0 with 9 abstentions.

Mr. FLEMING (United Kingdom), in view of the Committee's decision to adopt sub-paragraph (a), withdrew his amendment to the title of that paragraph.

The Brazilian, Chilean and United States representatives accepted the United Kingdom representative's proposal to delete sub-paragraphs (b) and (c) and to substitute for them a single paragraph, further amended by the addition of the words "various types of" before the word "financial" and of the words "already existing in the less developed countries and those which could be most effective in promoting" after the words "institutions".

The Committee rejected, by 9 votes to 5, with 4 abstentions, the United Kingdom proposal that sub-paragraph (d) of the joint draft resolution should be deleted.

The Committee rejected, by 7 votes to 2, with 9 abstentions, the Indian proposal that paragraph 2 (c) of the Indian Draft Resolution should be added between sub-paragraphs (d) and (e) of the joint Draft Resolution.

The Committee adopted by 7 votes to 5, with 3 abstentions, the Indian proposal to add paragraph 3 of the Indian draft resolution to the end of the joint draft resolution.

The Committee adopted by 14 votes to 3, with 1 abstention, Brazilian, Chilean and United States joint draft resolution as amended (Document E/AC.6/46).

Mr. STINEBOWER (United States of America) said that he had abstained from voting on the amended resolution because of the addition of the paragraph inviting the Economic and Employment Commission to give further consideration to the question whether there were gaps in the external financing of economic development of under-developed countries and whether the amplification of the functions and powers of the International Bank or the creation of new agencies would help fill such gaps if they existed. He regarded that paragraph as imposing a task on the Economic and Employment Commission that was outside its proper functions. He wished to give notice that he would raise the matter in the Council.

The meeting rose at 1.10 p.m.