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*President:* Mr. Juan I. COOKE (Argentina)

*Present:*

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following Member States: Brazil, Colombia, Indonesia, Mexico, Netherlands.

The representatives of the following specialized agencies: International Labour Organisation, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development, International Monetary Fund.

**Economic development of under-developed countries:**

**(a) Financing of economic development: (i) Question of establishing a special fund for grants-in-aid and low-interest long-term loans (General Assembly resolution 724 B (VIII)) (A/2646 and Add.1, E/2599 and Corr.1, E/2616, E/2618, E/L.620, E/L.621) (resumed from the 810th meeting)**

[Agenda item 3]

1. Mr. Said HASAN (Pakistan) said that the first stage of the problem of the under-developed countries—a matter which had been on the Council's agenda since that body had been set up in 1946—had closed with the appointment of the Committee of Nine. Their detailed plan to set up a Special United Nations Fund for Economic Development (SUNFED) had been supplemented by the work recently done by Mr. Scheyven, for whose contribution the under-developed countries could not be sufficiently grateful.

2. He was at a loss to understand why Pakistan's reply had not been included in the document (A/2646 and Add.1) containing the comments of countries on the report of the Committee of Nine. A reply had been sent several months previously, but it did not appear to have reached the Secretariat. Mr. Scheyven had suggested in his statement at the 810th meeting that the fact that so few governments of under-developed coun-

tries had sent in comments had created the impression that few of those countries were interested in SUNFED. It was inconceivable that that should be so, and it was certainly not true of Pakistan, which had been one of the first to sponsor the idea. The most likely explanation of that apparent lack of interest was the frustration of hopes placed in other schemes which had failed to materialize.

3. The Committee of Nine had indicated that initial contributions to SUNFED should amount to 250 million dollars, and that at least 30 countries should participate in the project. The minimum financial limit was reasonable, but the minimum number of participants might be less so. The United Nations report entitled *Measures for the Economic Development of Under-developed Countries* (E/1986) also suggested that to raise national incomes by 2½ per cent a sum of 15,270 million dollars would have to be invested annually in under-developed areas, 70 per cent of it in Asia. His personal opinion was that very much more could be achieved with a much smaller investment; if he was wrong, prospects were well-nigh desperate. Although 250 million dollars was a modest sum in relation to actual needs, it was obvious that it would be difficult to raise. The slogan "trade, not aid" had been adopted only after a very great deal of aid had been accepted. The prospects of obtaining the funds necessary for the development of under-developed countries might be improved if long-term low interest loans, rather than grants-in-aid, were made the basis. To dispel any suspicion that such loans might in any case ultimately have to be converted into grants, he would suggest that they should be repayable in full in the currency of the receiving country. Any delays that might occur should be in the conversion into the currency in which the loan was originally made.

4. At the fourteenth session of the Council, the Pakistan delegation had suggested that SUNFED should be earmarked for such purposes as land reclamation, irrigation works and other similar objects. That view had been supported by, among other countries, Belgium, France and the Soviet Union, and had again been stressed by his Government in its reply. Such a course would rule out overlapping between the operations of SUNFED and those of other international credit institutions. In spite of its statements to the contrary, the International Bank for Reconstruction and Development (IBRD) seldom financed projects which were not self-liquidating. The main object of SUNFED should be to finance basic development and social investment.

5. It would scarcely be appropriate at that stage to consider in detail the manner in which SUNFED would operate. The United States view, in providing assistance, was that every project should depend upon mutual

co-operation. The receiving country should contribute as much as its resources allowed and no project should be financed entirely with foreign aid. That view was shared by the Committee of Nine. His delegation had doubts about the soundness of that principle, especially when taken in conjunction with a second, namely, that the country seeking assistance should first explore all other possible means of financing. The practical result was that a country applied in the first place to IBRD; its application was probably refused some months later; by the time it had gone the rounds of other possible sources, the project had unjustifiably acquired the reputation of being impracticable or uneconomic. Accordingly, SUNFED might find itself left only with projects which were reputed to be unacceptable.

6. The two main points of principle requiring decision, and on which a great deal had already been said, were: should steps be taken to set up SUNFED formally and should the scope of projects to be financed out of the Fund be delineated with any degree of precision? His delegation believed that SUNFED, provided it was certain that it was a workable proposition, should be established at the earliest possible moment. That would be possible only if the great economic Powers agreed to subscribe to it. He could appreciate the difficulties mentioned by various governments in their replies, but quite frankly found it hard to understand the attitude of the United States of America. That country had a matchless record of helping others, and was spending thousands of millions of dollars every year on aid in all parts of the world. Compared with the amount which the United States had so far contributed to the welfare of humanity, the amount it would have to contribute to the initial 250 million dollars for SUNFED was quite insignificant. The only inference was that the United States Government had declined to contribute for reasons other than those stated in its reply (A/2646/Add.1). He hoped that it could be persuaded to change its attitude.

7. It was often suggested that the under-developed countries themselves should first put their own houses in order before they received further assistance. In his statement at the 803rd meeting on the world economic situation, he had referred, in some detail, to the sacrifices his own country was making to speed up its development; people with extremely low standards of living had to bear a great part of the burden. Moreover, the under-developed countries had contributed and were contributing to the prosperity of the advanced countries. Again, European countries had been able to recover after the war only as a result of the substantial aid received from the United States. Fortunately, the responsibility of the international community towards the under-developed countries was becoming more widely recognized day by day.

8. He would not go into the various economic considerations which had been constantly under review by the Council since 1946. The representatives of many under-developed countries had depicted the distress and bitterness that prevailed at home. They had been heard with attention and sympathy, but the only criterion by which the man in the street in those countries could judge of the reaction was the way in which his level of living was affected. The governments concerned had

tried all the orthodox cures; it was to be hoped they would not be driven to seek desperate remedies.

9. Mr. UZCATEGUI RAMIREZ (Venezuela) was glad to be able to open on an optimistic note. He could do so, not because of what had been done in practice for the under-developed countries, or because of economic changes that had supervened in 1953, but because he found that general recognition of the need for helping the under-developed countries was growing at every session of the Council. The classical distinction between advanced and other countries could be perpetuated only at some risk. Countries which were in course of development could make their contribution to world well-being only when they had secured a minimum standard of living at home; only thus could they become buyers of the products of developed countries.

10. From the documents circulated, members of the Council would note, for example, the recognition by the United States Chamber of Commerce of the fact that the industrialization of the under-developed countries would increase their purchasing power, make them into better markets and raise their standards of living. The French Government recognized that their development, being a necessary condition of world economic stability and expansion, was also to the material interest of the industrialized countries, and acknowledged that the creation of SUNFED could help to solve a number of world economic problems. A similar opinion had been expressed by the Government of Italy. Mr. Scheyven had mentioned at the 810th meeting that those industrial countries—especially Norway, Denmark and the Netherlands—which were in favour of setting up SUNFED immediately had admitted that the proposal was not merely a humanitarian gesture, but was also in the economic interest of all countries.

11. Thus, what had been accomplished in recent years had not been unavailing in so far as principles were concerned. Unfortunately, little had yet been done to give practical effect to those principles. In 1953, the terms of trade had moved against many basic raw materials exported by countries in course of development. His delegation was anxious to collaborate with other delegations in trying to establish a balance between the prices of raw materials and those of manufactured goods. A second problem was the difficulty of obtaining an adequate flow of foreign capital. United Nations experts had concluded that although capital immediately available was totally inadequate, it was not impossible for the industrialized countries to provide the amounts needed. The experts had calculated that, in Latin America, an annual investment of 550 million dollars of foreign capital would be required to raise *per capita* national income by 2 per cent each year. Much could be done if the advanced countries made the transfer of capital easier and eschewed double taxation. The President of the United States of America had recommended the reduction of taxation on income from certain foreign investments; it was to be hoped that that policy would be widely emulated.

12. It was true that to encourage foreign investment countries in course of development should ensure adequate domestic stability. On the other hand, the

question of the economic sectors to which foreign investment was directed was of importance. Public opinion could hardly be expected to be enthusiastic about foreign investment in sectors where resources of domestic capital were already adequate. There were certain branches, however, the development of which called for large-scale resources and technical experience. Account had been taken of that consideration in Council resolution 512 (XVII), and in a declaration of the recent Conference of American States.

13. The United States Government's comments on the proposed special fund (A/2646/Add.1) included the idea, already expressed at the sixteenth session, that a country's economic development was essentially its domestic affair. While it was true that international help would be useless without effective domestic co-operation, few under-developed countries would be able to do much without international co-operation in respect of the terms of trade, the provision of capital and technical assistance.

14. Provided it was sufficiently stable, international trade offered a basis for capital formation. However, as he had already said, equilibrium had to be maintained between the prices of raw materials and those of manufactured goods. Because their exports were limited to a few items, the economies of many developing countries were extremely sensitive. In 1953, 57 per cent of all Latin American exports had consisted of four commodities: oil, coffee, sugar and wheat; the corresponding figure for 1947 had been only 45 per cent. That explained the anxiety of developing countries to safeguard themselves against excessive price fluctuations by diversifying their economies.

15. In Venezuela, encouragement by national institutions had recently been supplemented by the creation of a Production Council with the specific task of building a steelworks and exploiting hydraulic power from the River Garoni. In view of the very high proportion of petroleum and petroleum products in the country's exports, the Government gave priority to schemes for diversifying the economy. The output of iron ore had increased from 200,000 tons in 1950 to more than 2 million in 1953, a figure it was hoped to raise to 5 million in 1954. That, naturally, had had a considerable effect on the Orinoco region. In addition to raising standards of living, it had speeded up the planning for the steelworks and the hydro-electric scheme. The River Orinoco had been made navigable to large ships, which could now load the iron ore at source. Gold and diamond mining had also been considerably expanded. Industrial development had in turn created a movement of labour from the country to the cities and an increased demand for food and agricultural raw materials. Between 1948 and 1952, industrial production (excluding that in the petroleum industry) had doubled. Agricultural production, especially of sugar and maize, had increased, that of maize having for the first time satisfied home needs and left a surplus for export.

16. To offset the drop in the agricultural population from 57.4 per cent in 1941 to 37.7 per cent in 1951, land reform and settlement had been undertaken, irrigation schemes extended, and credit was being granted on easier terms, mainly for mechanization and to provide the means of communication required to ensure cheap and

rapid transport of goods to the consumer. The Venezuelan Government was at present allocating some 40 per cent of its budgetary expenditure to capital investment in the directions he had described. Apart from investment in the petroleum industry, gross investment had increased in 1952 by 30 per cent. The various problems to which he had referred were urgent, and the proportion of the national income that could be invested was limited by an increasing population and the care called for by various social factors.

17. The man in the street in under-developed countries could not understand why the satisfaction of his immediate requirements, urgent and elementary, should be sacrificed to provide the means for an economic development which was meaningless to him. While the Venezuelan delegation fully appreciated the great responsibilities of the industrialized countries, it hoped a way would be found to overcome the obstacles to the creation of SUNFED and the proposed international finance corporation, both of which could play so important a part in solving the problems under consideration.

18. Sardar Swaran SINGH (India) said that it must be a source of relief and satisfaction to the Council that the present discussion was taking place in an atmosphere of fresh confidence and hope inspired by the news of the settlement in Indo-China. The proposed Special Fund was concerned with peace and depended on peace, and that settlement gave grounds for hope that it would now be possible to mobilize international finance for peaceful objects and purposes.

19. His delegation would first like to pay a tribute to Mr. Scheyven, who had made an outstanding contribution both to the understanding of the problem and to its ultimate solution. Many of the hesitations and a good deal of the timidity had disappeared, and there was a considerable amount of international good will prepared to participate in a collective enterprise. For the change, both in atmosphere and outlook, the credit must in the main go to two advanced and highly industrialized countries, France and Belgium, and to those governments which had already supported the proposal in their written replies.

20. Mr. Mendès-France, at the 808th meeting, had personally given an assurance which had been reiterated by another French representative at the 810th meeting. For the first time, the highly industrialized countries, on whom the main burden of financial contribution would fall, had joined under-developed countries as champions of the project.

21. A considerable body of opposition, however, had still to be overcome. Many had still to be convinced that an international scheme for providing financial assistance to under-developed areas was not only in the interests of those areas but also in the interests of the highly industrialized countries themselves. This was not an appeal for one-way charity. The objections rested on three main grounds. First, on the text of the original General Assembly resolution, which made the scheme conditional on world-wide disarmament under international supervision; secondly, on the argument that political conditions, demanding the allocation of all available resources to rearmament, left no financial

margin; and, thirdly, on the argument that assistance had been and was in fact being given to those who needed it by those who had the means of doing so and were conscious of their responsibilities.

22. His delegation had difficulty in accepting those arguments. In the first place, armaments were not an adequate insurance against war, and insecurity was not simply a reflexion of the relative degrees of military might. The burden of human misery could swing the balance either for or against ideologies or military power. Almost two-thirds of the human race was living below subsistence level, and for those men and women differences in ways of life, social dogma and distinctions of political theory had no rational appeal. Thought and judgment were possible only in the absence of want. What inducement was there to preserve a social or political order if it only meant economic misery? It was unwise to stake all on armaments, and to ignore the need for action in favour of the preservation of peace.

23. The second argument, that no financial margin existed, was equally untenable. Mr. Scheyven had reminded the Council at the 810th meeting that the Netherlands Government had pointed out that the initial 250 million dollars required for SUNFED could be raised by diverting 1 dollar out of every 340 spent on armaments.

24. The third argument seemed inconsistent with the second; while no funds were apparently available for international assistance, they were readily forthcoming under bilateral agreements. In those circumstances, hesitations about SUNFED could scarcely be based solely on financial considerations.

25. Another criticism put forward was that 250 million dollars would not be enough, even for a start, if SUNFED was to serve any useful purpose. That argument could hardly be taken seriously. Once a start had been made, capital would flow into the Fund, and assistance from it would attract and encourage private investment from domestic sources. A lead of that nature would never remain unfruitful. It was, moreover, possible to exaggerate the importance of details. The assessment of the initial capital required must always be arbitrary. The real significance of SUNFED lay, not in the size of its initial capital, but in the moral impact on world opinion of an international effort to discharge collective obligations voluntarily assumed.

26. Turning from the general to the particular, he would like to refer to the remarks generously made about India at the 810th meeting by the French delegation. The magnitude of Indian problems had at first discouraged impulses to help, but the very size of the population and territory had become assets as development schemes progressed. From the immensity of the population, India was forging a commensurate instrument of incalculable productive power and of great meaning for the preservation of peace. A parallel to that experience could no doubt be found in other countries in similar circumstances. He would urge the Council to continue with its plans for establishing SUNFED, and would ask it to request Mr. Scheyven to continue the work he had so well begun.

27. Mr. HSIA (China) reaffirmed his delegation's satisfaction that it should have been Mr. Scheyven who, on behalf of the Council, had explored the possibilities of establishing SUNFED. He had shown an unusually sympathetic understanding of the problems of under-developed countries and had pleaded their cause with contagious enthusiasm. He had been right to visit the capitals of certain industrialized countries during the short time at his disposal, since it was there that he could most probably accomplish something useful.

28. Mr. Scheyven had summed up the case of the under-developed countries in a nutshell when he had stated in his report (E/2599 and Corr.1): "The fact that two-thirds of mankind live in great poverty, which breeds discontent of every kind, can no longer be accepted. The solution of this problem is therefore an important factor in the maintenance of peace." Poverty bred discontent, which in turn gave rise to subversion and political unrest, as the history of many Eastern countries showed. It was regrettable that more than a century should have elapsed since the malady had been diagnosed by Malthus and by two contemporary Chinese scholars, Hung Liang-chi and Wang Shih-toh, yet the world was no nearer a complete cure. A heavy burden of rearmament had been imposed upon the industrialized countries by world communism, and they had been left with no alternative but to fight subversion and political unrest everywhere. However, prevention was better than cure, and it might in the long run be more economical to devote resources to fighting poverty, thereby preventing political troubles.

29. From the short-term point of view a distinction could be drawn between defence expenditure and investment in economic development, but from the long-term point of view they were one, since both were remedies for two different aspects of the same ill. In the short run, economic development could be made contingent upon disarmament, but in the long run it must be considered as part of expenditure on defence. Though those principles were commonly known and accepted—judging from Mr. Scheyven's report and the first 25 replies from governments (A/2646 and Add.1)—the long-term point of view had by no means been accepted by all the governments which were expected to be the main pillars of SUNFED.

30. The question was whether it was practicable to proceed to the immediate establishment of SUNFED without the active financial participation of major capital-exporting countries, including the United States of America. The answer depended upon what other sources of finance were available apart from the contributions promised by nine of the 25 governments which had so far replied. Loans from IBRD would not in reality change the situation, since they would merely mean the transfer of funds from one purpose to another. Similarly, the diversion of funds already committed to under-developed countries could be ruled out of consideration.

31. Thus, for the time being SUNFED could not count upon much more than the financial support promised by nine countries, four of which were themselves under-developed, and only two of which were at present capital-exporting countries. Of the latter, one had already entered into heavy commitments. There was therefore

no certainty that that group of countries would be in a position to bear the major financial burden. From the practical point of view, and political gestures apart, the prospect for the immediate establishment of SUNFED was consequently far from promising.

32. Though according to IBRD's report (E/2616) some countries had doubts about an international finance corporation, it would stand a better chance than SUNFED. The initial amount required was much smaller—50 to 100 million dollars against 250 million dollars. Further commitments to the corporation would be more or less limited, and it could, if necessary, be operated entirely on the basis of capital subscriptions, whereas SUNFED, to the extent that it was engaged in making grants-in-aid, would have to be renewed periodically, and contributions would have to come mainly from governments and non-profit-making institutions. On the other hand, commercial capital, which would finance the corporation, could be derived from a wider range of sources, including private ones, though IBRD did have doubts about the latter possibility.

33. Another difference between the international finance corporation and SUNFED was that the former was intended to act as a kind of catalytic and, as suggested by IBRD in its original report (E/2215), a measure of its success would be the flow of capital it generated directly and indirectly from private investors and not simply the amount it provided from its own sources. Owing to that catalytic character, a case could be made out for existing financing agencies to invest in the corporation. Without implying any diminution in his support for SUNFED, he believed the Council should decide whether, while continuing its efforts to bring it into being, it should not also give more thought to the creation of the corporation along the lines he had indicated.

34. Sir Douglas COPLAND (Australia) said that his Government had frequently manifested its great interest in questions connected with the economic development of under-developed countries and with international investment. His country, which was going through the process of opening up vast resources, was itself in a sense under-developed. With an energetic immigration policy and a higher natural increase since the war, Australia was seeking to absorb a rapidly growing population while maintaining and improving standards of living. Its rate of development was as high as that of any other country and absorbed a large percentage of current resources. It was also responsible for furthering the development of Trust and Non-Self Governing Territories. Projects of major importance were being tackled, but help from abroad could not be dispensed with, so that Australia was a net borrower of foreign capital, both public and private.

35. His country had been the fourth largest contributor to the United Nations Relief and Rehabilitation Administration and had contributed, and would continue to contribute, to the Colombo Plan. At the moment it could not assume any additional commitments and was therefore hesitant about endorsing outright the proposals for SUNFED. His Government had no doubts about the importance of economic development but would be

guilty of irresponsibility should it promise immediate and unqualified support of a scheme to which it might not be in a position to make an effective contribution. Mr. Scheyven had been right, at the 810th meeting, in classifying Australia as midway between countries with reservations and those ready to accept SUNFED. If, however, there was a significant improvement in the political situation, allowing a big reduction in defence expenditure, then he thought that Australia would be able to contribute. Its contribution, however, would be relatively small.

36. He hoped the Council would not feel bound to take up any definite stand until Mr. Scheyven had submitted his final report.

37. His delegation would comment on the draft resolutions (E/L.620 and E/L.621) before the Council during the discussion in the Economic Committee.

38. Mr. EL-TANAMLI (Egypt) observed that the unwillingness of two important countries to participate at the moment in the establishment of a special fund was having the effect of keeping other countries aloof from the ever-growing movement within the United Nations in favour of such a fund.

39. Without wishing to impugn the motives of the countries which refused to participate in the Fund, he wished to point out that those motives were based on three different sets of considerations. First, financial considerations. The view taken by a number of countries was that the establishment of SUNFED would saddle them with new burdens although they already had commitments at the regional or international level. Secondly, political considerations. Some of the countries felt it advisable to wait until internationally supervised disarmament were achieved before establishing a special fund. Thirdly, technical considerations. Certain developed countries had criticisms to make concerning the plan drawn up by the Committee of Nine.

40. Analysing these three sets of considerations in detail, he noted first that, as far as finance was concerned, the developed countries were not the only ones carrying the burden of financing regional and international co-operation plans, since the under-developed countries contributed towards them in proportion to their resources. For example, the under-developed countries subscribed to the capital of IBRD, although the bulk of IBRD's investments was made in the developed countries. Quoting Egypt as an example, he explained that that country was not only financing a substantial part of the regional development programme, but also giving free technical assistance to some of her neighbours. Furthermore, in deciding whether a country was developed or not, the criterion should be its rate of economic development and not its capacity for expansion.

41. In reply to the proponents of the view that a capital-exporting country should be precluded from participating in SUNFED, he observed that there had been changes in the structure of world economy since the First World War, with the result that certain developed countries in Western Europe had become importers of capital and that there was now evidence of a flow of capital from the under-developed to the developed countries. Thus, if the developed and the under-developed



countries were left to compete with each other in attracting foreign private capital, the result would be to increase the disparity between the living standards in those countries. That consideration argued in favour of the creation of an additional flow of public funds to the under-developed countries in order to avert a disastrous situation.

42. As for the political considerations which had led certain countries to oppose the establishment of a special fund, he wished to correct the false impression which the records of the General Assembly's eighth session might have given. Referring to the discussion in the Second Committee, he cited the Egyptian delegation's statement in connexion with the vote on resolution 724 (VIII), the draft of which had been submitted by the United States. In adopting that resolution, he maintained, the General Assembly had in no sense intended the establishment of a special fund to be conditional on internationally supervised disarmament.

43. As for the technical considerations, the comments of the under-developed countries on the report of the Committee of Nine (E/2381) were very brief, since they approved of the ideas it contained. The establishment of SUNFED should be discussed and the rules for its conduct determined by an international conference.

44. Some of the comments by governments of developed countries on the report of the Committee of Nine could not be accepted; for example, the remark that "the fund should have power to prevent the adoption by countries receiving investment assistance of an exaggerated protectionist policy for their incipient industries" (A/2646, page 24). The principle of non-intervention in the affairs of countries receiving help from the Fund had been generally accepted. Furthermore, it was difficult to say when protection was exaggerated. A certain degree of protection, which some would call exaggerated and others generally beneficial, might be necessary to the attainment of a balanced world economy.

45. Another reply had suggested that "the United Nations might wish to explore the possibility of having a fund of the kind under consideration administered by the International Bank, if a suitable procedure could be worked out which would be consistent with the other functions of the Bank" (A/2646, page 33).

46. The Egyptian delegation considered that there was room at the present time for a new organization with functions different from, but co-ordinated with, those of IBRD and the bodies responsible for administering technical assistance. It therefore supported the recommendation of the Committee of Nine on that matter.

47. Another government "would not wish the provisions recommended by the Committee of Nine for contributions, which in the nature of things seem likely to be nominal, from countries which are primarily beneficiaries of the fund (paragraph 62) to endow them with responsibilities not compatible with the size of their contribution" (A/2646, page 61). The under-developed countries could not accept that view, and there again the Egyptian delegation favoured the principle established in the report of the Committee of Nine (E/2381) that the size of a member's contribution should not be a measure of its share in the Special Fund.

48. The General Assembly had done well to appoint Mr. Scheyven to carry out the studies on the Special Fund, and he ought to continue his work. The Council's debates on the Special Fund should encourage the United Nations to pursue its efforts in that direction. All available information on the establishment of a special fund should be placed before world public opinion and the governing classes by the publication of a White Paper, as had been proposed by the French and Cuban delegations. It was time to draw up statutes for the Fund as the Chilean Government had suggested in its reply (A/2646, page 34).

49. Mr. ENNALS (World Federation of United Nations Associations), speaking at the invitation of the PRESIDENT, said that the World Federation of United Nations Associations (WFUNA) had for several years followed with great interest the progress made by the United Nations and its specialized agencies in the promotion of economic development. At its plenary assembly in 1950 it had expressed concern at the lack of resources available and at the growing international tension threatening the efforts being made to alleviate acute economic and social distress which called for real and effective co-operation between all nations. The industrialization of under-developed areas was closely linked with the prosperity of industrialized countries, since their development would benefit the world as a whole by contributing towards greater structural equilibrium.

50. Though good work had been done by IBRD, as well as under the technical assistance programme, present efforts were still inadequate to meet the challenge. Financial assistance on an adequate scale was necessary, and in 1951 the plenary assembly of WFUNA had called upon all United Nations Associations to rouse greater public awareness of needs and to urge the governments of their countries to help. In 1953, the Federation had unanimously adopted the resolution circulated to the Council in document E/C.2/391. In view of the stress laid by Mr. Scheyven at the 810th meeting on the importance of securing public understanding of the problem and support for an effective solution, the Council would be interested to learn that many United Nations Associations, including those of Norway, Denmark, Sweden and the Netherlands, had responded to WFUNA's appeals. There had been signs of encouraging support for SUNFED in the United Kingdom and the United States. Indeed, the Association in the former had, at its last annual meeting, urged industrially advanced countries to make immediate contributions to the Fund even at the expense of some temporary reduction in their standard of living. It had tried to bring its influence to bear on the Government through the Press and deputations to the ministries concerned. Similar sentiments were being increasingly expressed in the United States, as demonstrated by the resolution adopted by a conference held in Washington in March 1954 under the auspices of the American Association for the United Nations and attended by representatives of 120 national organizations. That resolution advocated a bold co-ordinated programme of technical assistance and economic aid, emphasizing the glaring disproportion between military budgets and the meagre resources avail-

able for economic development. He was confident that the public in Australia and New Zealand, which had given its support to UNICEF and technical assistance programmes, could be relied upon to respond likewise in the case of economic development.

51. Despite the enormous disparity between expenditure on armaments and technical assistance, WFUNA was convinced that if governments sought funds for economic development with conviction they would find far more than the £80 million necessary to set up SUNFED. Some reduction in defence expenditure could already release those funds, and, if necessary, the peoples of the industrialized countries would be prepared to make sacrifices.

52. It was to be hoped that at a moment when an important political decision had been reached the Council would take an important step in the economic field and urge the immediate establishment of SUNFED. It would secure the full support of many millions of people who believed in the United Nations and the principles on which it was based. Taxpayers would prefer to participate in peaceful economic projects rather than contribute towards the manufacture of weapons. Mr. Scheyven's report (E/2599) was a step nearer the goal in the attainment of which WFUNA would give its wholehearted support.

The meeting rose at 1 p.m.