



Eleventh session  
Agenda item 27

ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

Report of the Second Committee

Rapporteur: Mr. J.P. BANNIER (Netherlands)

1. The General Assembly, at its 578th plenary meeting held on 15 November 1956, allocated to the Second Committee the following agenda item:

27. Economic development of under-developed countries:

- (a) Question of the establishment of a Special United Nations Fund for Economic Development: report of the Ad Hoc Committee
- (b) International tax problems: report of the Economic and Social Council
- (c) Industrialization of under-developed countries.

2. Following suggestions made by the Chairman (A/C.2/L.277), the Second Committee agreed, at its 387th meeting, that in the general debate on this item members of the Committee should not feel limited in the expression of their views to these three sub-items, but should speak to, and present any proposals that they might have concerning, any aspect of the subject. It was further agreed, with reference to the report of the Economic and Social Council,<sup>1/</sup> that members of the Committee should be free to comment, at the same time, on such sections of chapters II, IV and V of this report dealing with general economic questions as they felt were

1/ Official Records of the General Assembly, Eleventh Session, Supplement No. 3 (A/3154).

relevant to item 27, and that it would be appropriate, when each individual sub-item was considered, to discuss the relevant part of chapter III of the Council's report. At the same meeting, the Committee decided that the three sub-items would be discussed in the following order: (c) Industrialization of under-developed countries; (a) Question of the establishment of a Special United Nations Fund for Economic Development; (b) International tax problems.

3. The Committee considered the item during thirty-six meetings (A/C.2/SR.402-414, 420, 423-425, 427-438, 440, 444, 446-451), held between 12 December 1956 and 22 February 1957. The first thirteen meetings were devoted to the general debate, in which fifty-eight delegations took part, following upon an introductory statement made by the Under-Secretary for Economic and Social Affairs (A/C.2/L.293).

4. The Committee had before it the following documents:

Report of the Economic and Social Council<sup>1/</sup>

Interim report of the Ad Hoc Committee on the question of the establishment of a Special United Nations Fund for Economic Development (A/3134 and Corr.1, English only and Corr.2).

Memorandum by the Secretary-General (A/3192, B).

Statement by the Under-Secretary for Economic and Social Affairs (A/C.2/L.293).

It also received the following specific proposals:

(a) Concerning sub-item (a): Question of the establishment of a Special United Nations Fund for Economic Development:

Draft resolution by Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Uruguay and Venezuela (A/C.2/L.296).

Draft resolution by Afghanistan, Burma, Ceylon, Egypt, Ethiopia, Greece, India, Indonesia, Iraq, Jordan, Lebanon, Morocco, Nepal, the Netherlands, Pakistan, the Philippines, Saudi Arabia, Sudan, Syria, Thailand, Tunisia, Yemen and Yugoslavia (A/C.2/L.300).

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<sup>1/</sup> Official Records of the General Assembly, Eleventh Session, Supplement No. 3 (A/3154).

Amendment by Iran (A/C.2/L.302) to the second of the above draft resolutions (A/C.2/L.300).

Draft resolution by Afghanistan, Bolivia, Burma, Ceylon, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Greece, Guatemala, Haiti, Honduras, India, Indonesia, Iraq, Jordan, Lebanon, Morocco, Nepal, the Netherlands, Nicaragua, Pakistan, Panama, Paraguay, the Philippines, Saudi Arabia, Sudan, Syria, Thailand, Tunisia, Uruguay, Venezuela, Yemen and Yugoslavia (A/C.2/L.315, L.315/Corr.1, Spanish only, and L.315/Rev.1). Iraq and Libya also became co-sponsors of the revised draft resolution.

Amendments by Denmark (A/C.2/L.317) to the above joint draft resolution (A/C.2/L.315).

Draft resolution by Denmark and Ireland (A/C.2/L.321).

Draft resolution by Afghanistan, Bolivia, Burma, Ceylon, Chile, Colombia, Costa Rica, Cuba, Denmark, the Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Greece, Guatemala, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ireland, Jordan, Lebanon, Libya, Morocco, Nepal, the Netherlands, Nicaragua, Pakistan, Panama, Paraguay, the Philippines, Saudi Arabia, Sudan, Syria, Thailand, Tunisia, Uruguay, Venezuela, Yemen and Yugoslavia (A/C.2/L.315/Rev.2).

Draft resolution by Egypt, Iraq and Pakistan (A/C.2/L.316).

(b) Concerning sub-item (b): International tax problems:

Draft resolution by Argentina, France, the Netherlands and Venezuela (A/C.2/L.318).

(c) Concerning sub-item (c): Industrialization of under-developed countries:

Draft resolution by Pakistan (A/C.2/L.304 and Corr.1, Russian only).

Draft resolution by Argentina, Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Uruguay and Venezuela (A/C.2/L.305).

Draft resolution by Egypt (A/C.2/L.306).

Draft resolution by Egypt and Pakistan (A/C.2/L.311).

i. The Committee further received a draft resolution by Canada and Norway (A/C.2/L.295) entitled "Collection of information concerning international economic assistance for the less developed countries", to be discussed, as suggested by the sponsors and agreed to by the Committee (see A/C.2/SR.411),

after the Committee had completed the general debate on item 27 and consideration of its three sub-items.

6. In connexion with item 27, the Committee also considered Economic and Social Council resolution 619 (XXII) on "Financing of economic development", part B, on "International flow of private capital".

#### I. INDUSTRIALIZATION OF UNDER-DEVELOPED COUNTRIES

7. Sub-item (c) of item 27 was considered by the Committee from 21 to 28 January 1957 (A/C.2/SR.420-425, 427-428). Twenty-seven delegations took part in the general debate during the 420-425th meetings.

8. The Committee had before it the following draft resolutions and amendments thereto:

(i) A draft resolution by Pakistan (A/C.2/L.304 and Corr.1, Russian only), by which the General Assembly would: (1) endorse resolution 597 (XXI) of the Economic and Social Council which, inter alia, reaffirms the special responsibilities of the Council for the promotion and co-ordination of activities in the field of accelerated industrialization and productivity of less developed countries as an essential element of balanced development programmes; (2) request the Secretary-General in the implementation of the programme of work on industrialization and productivity to give due regard to the various suggestions made at the twenty-second session of the Economic and Social Council and the eleventh session of the General Assembly and to the directives and principles set forth in the relevant resolutions of the General Assembly and the Council; (3) request the Secretary-General, in pursuance of resolution 618 (XXII) of the Economic and Social Council, to report on the question of machinery necessary in the field of industrialization to the twenty-fifth session of the Council;

(ii) A draft resolution submitted by Argentina, Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Uruguay and Venezuela (A/C.2/L.305), by which the General Assembly, (a) recognizing that industrialization is essential to the economic development of under-developed countries; (b) recalling its resolutions 521 (VI) and 522 (VI); (c) noting the activities undertaken, mainly pursuant to those resolutions, by the Economic and Social Council, the Secretary-General and

the regional economic commissions, and especially the Council resolutions on industrialization and productivity, the relevant programme approved by the Council, the study prepared by the Secretary-General on Processes and Problems of Industrialization in Under-Developed Countries (E/2670) and the special studies made by the regional economic commissions; (d) having regard, first, to the positive interest which under-developed countries have shown in stimulating their industrialization in order to ensure the sound and balanced growth of their economies, and secondly to the clearly expressed willingness of industrialized countries to co-operate to this end, would: (1) express its satisfaction at the work done by the Economic and Social Council, the Secretary-General and the regional economic commissions in connexion with problems of industrialization and productivity and urge them to continue to give priority to these questions; (2) invite Member States to give close attention to the studies which have been and are being made by the United Nations in connexion with industrialization and productivity and, in particular, invite the Governments of countries in process of development to make such use as they deem desirable for the benefit of their countries of the conclusions embodied in and guidance provided by those studies.

(iii) A draft resolution by Egypt (A/C.2/L.306), by which the General Assembly would: (1) endorse resolutions 597 A (XXI) and 618 (XXII) of the Economic and Social Council which, inter alia, reaffirm the special responsibilities of the Council for the promotion and co-ordination of activities in the field of accelerated industrialization and productivity of less developed countries to help these countries attain a more balanced economy; (2) request the Secretary-General in the implementation of the programme of work on industrialization and productivity to give due regard to the various suggestions made at the twenty-second and twenty-third sessions of the Economic and Social Council and the eleventh session of the General Assembly and to the directives and principles set forth in the relevant resolutions of the General Assembly and the Council; (3) request the Secretary-General, in pursuance of resolutions 597 A (XXI) and 618 (XXII) of the Economic and Social Council to prepare, for the consideration of the twenty-fifth session of the Council, a report on machinery necessary in the field of industrialization of under-developed countries, including a special self-contained unit and a policy-making body composed of government experts.

9. The nine-Power draft resolution (A/C.2/L.305) was discussed at the 427th meeting. The representative of Peru orally submitted the following amendments, which were accepted by the sponsors: (a) to insert in the preamble, between the third and fourth paragraphs, the following new paragraph: "Noting the work accomplished in this field by the specialized agencies,"; (b) in operative paragraph 1, to delete after the words "the Secretary-General" the word "and" and insert after the word "commissions" the words "and the specialized agencies"; (c) in operative paragraph 2, to insert after the words "United Nations" the words "and the specialized agencies".

10. In connexion with the last paragraph of the preamble, the representative of Egypt orally proposed to replace the words "and secondly to the clearly expressed willingness of industrialized countries to co-operate to this end", by the words "and secondly the expressed willingness of other countries to co-operate to this end". The representative of the United States of America orally proposed to amend the text submitted by Egypt to read "and secondly the expressed willingness of industrialized and other countries... etc.". The new wording submitted by Egypt was rejected by 38 votes to 15, with 13 abstentions and the United States sub-amendment was withdrawn. An amendment by the Union of Soviet Socialist Republics to replace in operative paragraph 1 the words "Expresses its satisfaction at" by the word "Notes", was rejected by 49 votes to 7, with 8 abstentions. The phrase in the last paragraph of the preamble, "and secondly to the clearly expressed willingness of industrialized countries to co-operate to this end", was voted upon separately at the request of the representative of Egypt, and was retained by 47 votes to 2, with 16 abstentions.

11. The nine-Power draft resolution (A/C.2/L.305), as a whole, as modified by the amendments orally submitted by Peru and accepted by the sponsors, was adopted by the Committee at its 427th meeting by 63 votes to none, with 3 abstentions.

12. The Second Committee therefore recommends to the General Assembly the adoption of draft resolution IV annexed to the present report.

13. The draft resolutions submitted respectively by Pakistan, (A/C.2/L.304 and Corr.1, Russian only) and by Egypt (A/C.2/L.306), were consolidated by their

sponsors into a single text (A/C.2/L.311) which was submitted to the Committee at its 428th meeting. Under the joint draft resolution, the General Assembly would: (1) endorse resolution 597 (XXI) of the Economic and Social Council which, inter alia, reaffirms the special responsibilities of the Council for the promotion and co-ordination of activities in the field of accelerated industrialization and productivity of less developed countries as an essential element of balanced development programmes; (2) request the Secretary-General, in the implementation of the programme of work on industrialization and productivity, to give due regard to the various suggestions made at the twenty-second session of the Economic and Social Council and the eleventh session of the General Assembly and to the directives and principles set forth in the relevant resolutions of the General Assembly and the Council; (3) request the Secretary-General, in pursuance of resolution 618 (XXII) of the Economic and Social Council, to report on such possible forms of organizational and administrative machinery as may be necessary.

14. The representative of Venezuela suggested amending operative paragraph 2 by deleting the phrase "and to the directives and principles set forth in the relevant resolutions of the General Assembly and the Council"; however, in the light of the explanation given by the sponsors of the draft resolution, he did not press his amendment.

15. The sponsors accepted the following amendments submitted orally: (a) by the United States to substitute for the second paragraph of the preamble the text of the fifth paragraph of the preamble of Council resolution 597 (XXI), which reads: "Recognizing the need for suitable organizational arrangements in the United Nations under the Economic and Social Council to deal with matters relating to industrialization and productivity,"; (b) by Ireland to insert in the last operative paragraph, after the word "report" the words "to the twenty-fifth session of the Economic and Social Council".

16. The joint draft resolution (A/C.2/L.311), as a whole, as modified by the above oral amendments, was adopted unanimously by the Committee at its 428th meeting.

17. The Second Committee therefore recommends to the General Assembly the adoption of draft resolution V annexed to the present report.

II. QUESTION OF THE ESTABLISHMENT OF A SPECIAL UNITED  
NATIONS FUND FOR ECONOMIC DEVELOPMENT

18. Sub-item (a) of item 27 was considered by the Committee from 28 January to 21 February 1957 (A/C.2/SR.428-436, 444 and 446-450). Forty-two delegations took part in the general debate during the 428-436th meetings.

19. The Committee had before it the following draft resolutions and amendments thereto:

(i) A draft resolution submitted by Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Uruguay and Venezuela (A/C.2/L.296), by which the General Assembly would: (1) congratulate the members of the Ad Hoc Committee established by General Assembly resolution 923 (X) on the work they have accomplished in preparing and drafting the interim report; (2) reaffirm its decision to establish and organize a Special United Nations Fund for Economic Development, as it deems it feasible and necessary to do so at an early date; (3) request the Ad Hoc Committee composed of representatives of sixteen Governments to prepare, in addition to the final report to be submitted to the twenty-third session of the Economic and Social Council, a draft statute of the Special United Nations Fund for Economic Development in order that the General Assembly, after considering the views of the Economic and Social Council on the subject, may take a final decision with regard to its adoption and immediate application at its twelfth session;

(ii) A draft resolution submitted by Afghanistan, Burma, Ceylon, Egypt, Ethiopia, Greece, India, Indonesia, Iraq, Jordan, Lebanon, Morocco, Nepal, the Netherlands, Pakistan, the Philippines, Saudi Arabia, Sudan, Syria, Thailand, Tunisia, Yemen and Yugoslavia (A/C.2/L.300), by which the General Assembly would: (1) commend the Ad Hoc Committee for its interim report; (2) reiterate the appeal of the Economic and Social Council to Governments which have not sent in their replies pursuant to General Assembly resolution 923 (X) of 9 December 1955 to do so as soon as possible; (3) request the Ad Hoc Committee: (a) to prepare a draft statute for SUNFED, and to consider further steps for the early commencement of its operations; (b) to submit a draft statute and the report on the further steps



recommended for the early commencement of the operations of SUNFED to the twenty-fourth session of the Economic and Social Council; (4) request the Economic and Social Council to forward with the Council's recommendations the draft statute and the report on further steps on commencement of the operations of SUNFED, together with the final report of the Ad Hoc Committee, to the twelfth session of the General Assembly; (5) invite the Secretary-General to provide the Ad Hoc Committee with all the necessary facilities;

(iii) An amendment to the above twenty-three-Power draft resolution (A/C.2/L.300) submitted by Iran (A/C.2/L.302), proposing to add the following paragraph to the preamble:

"Bearing in mind that according to General Assembly resolution 923 (X) any saving from disarmament would constitute an additional sum to the capital of SUNFED,".

20. At its 432nd meeting, the Committee received a draft resolution submitted by Afghanistan, Bolivia, Burma, Ceylon, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Greece, Guatemala, Haiti, Honduras, India, Indonesia, Iraq, Jordan, Lebanon, Morocco, Nepal, the Netherlands, Nicaragua, Pakistan, Panama, Paraguay, the Philippines, Saudi Arabia, Sudan, Syria, Thailand, Tunisia, Uruguay, Venezuela, Yemen and Yugoslavia (A/C.2/L.315 and Corr.1, Spanish only), proposing that the General Assembly should: (1) commend the Ad Hoc Committee for the work it has accomplished in preparing the interim report; (2) reaffirm its intention to establish a special United Nations fund for economic development; (3) request the Ad Hoc Committee: (a) to prepare a draft statute for a special United Nations fund, and to consider further steps for the early commencement of its operations; (b) to submit a draft statute and a report on further steps recommended for the early commencement of the operations of the fund to the twenty-fourth session of the Economic and Social Council; (4) request the Economic and Social Council to forward to the twelfth session of the General Assembly, together with the final report of the Ad Hoc Committee mentioned in operative paragraph 4 of resolution 923 (X), and with its recommendations, the draft statute and the report on further steps for the early commencement of the

operations of a special fund; (5) invites the Secretary-General to provide the Ad Hoc Committee with all necessary facilities.

21. Amendments to the above thirty-nine-Power draft resolution were submitted by Denmark (A/C.2/L.317) proposing to: (1) replace operative paragraph 3 by the following:

"Requests the Ad Hoc Committee in its final report to the twenty-fourth session of the Economic and Social Council to expand the section on conclusions so as to include a section on

"(a) The alternative patterns for a development fund which emerge from the replies to the questionnaire;

"(b) The main points of differences between these patterns;

"(c) The implications of these differences;

"(d) Concrete types of projects which might be used as illustrations of the kind of programmes which might be financed by a multilateral development fund,";

(2) replace, in operative paragraph 4, the last part beginning "together with ..." by the following:

"the final report of the Ad Hoc Committee referred to in the preceding paragraph together with its recommendations on what further steps might be taken looking to the establishment of an international development fund within the framework of the United Nations;"

(3) insert, in operative paragraph 5, the words "Member Governments and" after the word "Invites", and replace the word "facilities" by "assistance", so that the paragraph would read:

"5. Invites Member Governments and the Secretary-General to provide the Ad Hoc Committee with all necessary assistance."

22. At the 436th meeting, the representative of Afghanistan, speaking on behalf of the co-sponsors, withdrew the twenty-three-Power draft resolution (A/C.2/L.300).

23. At the 440th meeting, a draft resolution was submitted by Denmark and Ireland (A/C.2/L.321), proposing that the General Assembly should: (1) commend the Ad Hoc Committee for the work it has accomplished in preparing the interim report; (2) request the Ad Hoc Committee to prepare, for submission to the twenty-fourth session of the Economic and Social Council, as a supplement to the final report

requested by the General Assembly in its resolution 923 (X), a further report prepared on the basis of the views expressed by Governments in their replies to the questionnaire annexed to resolution 923 (X) and on the basis of suggestions made concerning the structure and operation of a United Nations international economic development fund during the twenty-second session of the Economic and Social Council and the eleventh session of the General Assembly, (a) setting out the general patterns, emerging from these views and suggestions, on which the legal framework of a special fund could be established in order to facilitate the early drafting of statutes when it is decided to establish such a fund; (b) suggesting the types of projects which might be financed by a United Nations economic development fund; (c) outlining the possible relations between a United Nations economic development fund and the United Nations programmes of technical assistance, the specialized agencies, and other existing programmes in the field of international economic development; (3) authorize the Ad Hoc Committee, for the purposes outlined in paragraph 2, to invite Governments which have submitted views to the Ad Hoc Committee to reappraise these views in the light of the comments submitted by other Governments where such reappraisal might assist towards reducing the number of alternative patterns that the Ad Hoc Committee would need to take into account in its supplementary report; (4) further request the Ad Hoc Committee to append to its final report any related suggestions or proposals for the provision of economic assistance to under-developed countries under the auspices of the United Nations which Governments may wish to put forward; (5) request the Economic and Social Council to forward to the twelfth session of the General Assembly the final and supplementary reports of the Ad Hoc Committee, together with its recommendations on any further steps which could be taken towards the early establishment of an international economic development fund within the framework of the United Nations; (6) invite Member Governments and the Secretary-General to provide the Ad Hoc Committee with all necessary assistance.

24. At the 444th meeting, as a result of informal consultations between sponsors of various proposals, a revised text of the above thirty-nine-Power draft resolution (A/C.2/L.315/Rev.1) was submitted, in which the original operative paragraphs 3, 4 and 5 were replaced by the following:

/...

"3. Requests the Ad Hoc Committee, bearing in mind the views expressed by Governments in their replies to the questionnaire annexed to resolution 923 (X), the previous resolutions of the General Assembly and of the Economic and Social Council relating to the establishment of a special fund, the reports of previous special committees and groups of experts, and the suggestions made during the twenty-second session of the Economic and Social Council and the eleventh session of the General Assembly:

"(a) To prepare, as a step immediately prior to the final drafting of the statutes, the legal structures on which a special fund will be established;

"(b) To suggest an outline of programmes for the operations of a special fund;

"(c) To consider further steps for the functioning of a special fund;

"(d) To submit to the twenty-fourth session of the Economic and Social Council the report with regard to the legal structures, the outline of programmes and the recommendations on further steps referred to in sub-paragraphs (a), (b) and (c) above;

"4. Requests the Economic and Social Council to forward to the twelfth session of the General Assembly, together with the final report of the Ad Hoc Committee as envisaged in operative paragraph 4 of resolution 923 (X), the report referred to in operative sub-paragraph 3 (d) of this resolution;

"5. Invites the Secretary-General to provide the Ad Hoc Committee with all necessary assistance."

25. Iran and Libya became co-sponsors of the above revised draft resolution, which was introduced by the representative of India at the 446th meeting. The representative of Iran withdrew his amendment (A/C.2/L.302).

26. Further consultations between sponsors of the various proposals submitted under this item resulted in the submission, at the 449th meeting on 21 February, of a consolidated revised text (A/C.2/L.315/Rev.2) sponsored by Afghanistan, Bolivia, Burma, Ceylon, Chile, Colombia, Costa Rica, Cuba, Denmark, the Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Greece, Guatemala, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ireland, Jordan, Lebanon, Libya, Morocco, Nepal, the Netherlands, Nicaragua, Pakistan, Panama, Paraguay, the Philippines, Saudi Arabia, Sudan, Syria, Thailand, Tunisia, Uruguay, Venezuela, Yemen and Yugoslavia. Under this forty-three-Power draft resolution the General Assembly would: (i) commend the Ad Hoc Committee for the work it has accomplished in preparing the interim

report; (2) request the Ad Hoc Committee, on the basis of the views expressed by Governments in their replies to the questionnaire annexed to resolution 923 (X), the previous resolutions of the General Assembly and of the Economic and Social Council relating to the establishment of a special fund, the reports of previous special committees and groups of experts, and the suggestions made during the twenty-second session of the Economic and Social Council and the eleventh session of the General Assembly: (a) to set forth the different forms of legal framework on which a special United Nations fund for economic development might be established and statutes drafted; (b) to indicate the types of projects which might be provided for in programmes of operations of a United Nations economic development fund; (c) to submit to the twenty-fourth session of the Economic and Social Council, along with the final report requested by the General Assembly in its resolution 923 (X), a supplementary report prepared in accordance with instructions (a) and (b) above; (3) authorize the Ad Hoc Committee to append to its final report any related suggestions or proposals for the provision of economic assistance to under-developed countries under the auspices of the United Nations which Governments might wish to put forward; (4) request the Economic and Social Council to forward to the twelfth session of the General Assembly the final and supplementary reports of the Ad Hoc Committee, together with any recommendations on further steps which could help promote the early establishment of an international economic development fund within the framework of the United Nations; (5) invite Member Governments and the Secretary-General to provide the Ad Hoc Committee with all necessary assistance.

27. At the same meeting, the representative of Ireland, speaking also on behalf of Denmark, withdrew draft resolution A/C.2/L.321; the representative of El Salvador, speaking on behalf of the other sponsors, also withdrew draft resolution A/C.2/L.296; similarly the amendments by Denmark (A/C.2/L.317) to draft resolution A/C.2/L.315 were withdrawn.

28. After a brief discussion, the revised forty-three-Power draft resolution (A/C.2/L.315/Rev.2) was adopted unanimously by the Committee at its 449th meeting.

29. The Second Committee therefore recommends to the General Assembly the adoption of draft resolution I annexed to the present report.

30. The Committee had further received, at its 435th meeting, a draft resolution on the question of the membership of the Ad Hoc Committee on SUNFED, submitted by Egypt,

Iraq and Pakistan (A/C.2/L.316), proposing that the General Assembly should:

(1) decide to increase the number of members of the Ad Hoc Committee on SUNFED from sixteen to nineteen; (2) request the President of the General Assembly, in conformity with resolution 923 (X), to appoint three additional members on this Committee from amongst the new Members of the United Nations.

31. This draft resolution was discussed briefly by the Committee at its 449th meeting. The Committee agreed to a proposal made by the Chairman that, if the draft resolution were adopted, the procedure to be followed for the appointment of the additional new members of the Ad Hoc Committee would be the same as for the appointment of the original members of the Ad Hoc Committee.

32. The three-Power draft resolution (A/C.2/L.316) was adopted by the Committee, at its 449th meeting, by 57 votes to none, with 5 abstentions.

33. The Second Committee therefore recommends to the General Assembly the adoption of draft resolution II annexed to the present report.

### III. INTERNATIONAL TAX PROBLEMS

34. Sub-item (b) of item 27 was considered by the Committee at its 437th and 438th meetings on 7 and 11 February 1957 (A/C.2/SR.437 and 438). Five delegations took part in the general debate.

35. At its 437th meeting, the Committee received a draft resolution submitted by Argentina, France, the Netherlands and Venezuela (A/C.2/L.318), by which the General Assembly would: (1) take note of the studies submitted by the Secretary-General to the twenty-second session of the Economic and Social Council; (2) welcome the progress made by several countries in eliminating or minimizing international double taxation by means of national legislation and international agreements; (3) request the Secretary General to complete as quickly as practicable the studies called for in resolution 825 (IX) and to submit them to the Economic and Social Council for its consideration; (4) call upon the Economic and Social Council to present such conclusions as it might reach from its consideration of these studies to the thirteenth session of the General Assembly.

36. At its 438th meeting, the Committee adopted the four-Power draft resolution by 46 votes to none, with 8 abstentions.

37. The Second Committee therefore recommends to the General Assembly the adoption of draft resolution III annexed to the present report.

IV. COLLECTION OF INFORMATION CONCERNING INTERNATIONAL ECONOMIC  
ASSISTANCE FOR THE LESS DEVELOPED COUNTRIES

38. The Committee considered, at its 449th and 450th meetings, the draft resolution submitted by Canada and Norway (A/C.2/L.295), entitled "Collection of information concerning international economic assistance for the less developed countries", under which the General Assembly would: (1) request the Secretary-General: (a) to make a preliminary factual survey of international economic assistance provided or received through governmental or inter-governmental channels in the three-year period ending 31 December 1956, on the basis of the information readily available from governmental and inter-governmental sources; (b) to submit this survey to the twenty-fourth session of the Economic and Social Council, together with suggestions on suitable methods for carrying out such surveys; (2) further request the Economic and Social Council to consider this report at its twenty-fourth session, with a view to recommending to the General Assembly whether and in what form the survey should be continued; (3) call upon Member Governments and specialized agencies to co-operate with the Secretary-General as might be necessary in implementing this resolution.

39. At the 449th meeting, a revised text of the above draft resolution was submitted (A/C.2/L.295/Rev.1), with the effect of inserting in operative paragraph 1 (a), after the words "economic assistance", the words "for the less developed areas of the world". Argentina and the Philippines became co-sponsors.

40. At the 450th meeting, the sponsors further revised operative paragraph 1 (b) by adding after the words "To submit" the words "a draft of". Amendments to the revised draft resolution were also orally submitted:

(i) By Chile, to insert, after operative paragraph 1 (a), the following new paragraph:

"(b) To consider exclusively in this study the economic assistance furnished and to determine if it had been in the form of donations, loans or by some other process; specifying in each case the assistance furnished and the cost incurred by the beneficiary country;"

The first part of this amendment, ending with the word "process" was accepted by Argentina; the amendment by Chile was not put to the vote;

(ii) By Greece: (a) to replace operative paragraph 1 (a) by the following:

/...

"To make a preliminary study on the principles and methods of foreign economic assistance for future surveys and report to the Economic and Social Council;"

and (b) to replace operative paragraph 1 (b) by the following:

"To request the Economic and Social Council to consider this report at its twenty-fourth session;"

In the course of the discussion, the representative of Greece withdrew these amendments;

(iii) By Egypt, supported by Greece, Indonesia and Yugoslavia, to replace the whole operative part of the draft resolution by the following:

"Requests the Economic and Social Council to consider at its twenty-fourth session, in connexion with the item of financing of economic development, the question of collection of information concerning international economic assistance for the less developed countries."

The above amendment by Egypt was accepted by the representative of Norway, on behalf of the sponsors, with the addition of the words: "on the basis of such information as the Secretary-General may provide bearing in mind the comments of delegations at the eleventh session of the General Assembly."

41. The representative of the Secretary-General informed the Committee that the Secretariat would be able to assist the Economic and Social Council in this way.

42. The joint draft resolution (A/C.2/L.295/Rev.1) with the proposed new operative part was adopted by the Committee, at its 450th meeting, by 52 votes to none, with 8 abstentions.

43. The Second Committee therefore recommends to the General Assembly the adoption of draft resolution VI annexed to the present report.

#### V. INTERNATIONAL FLOW OF PRIVATE CAPITAL

44. At the 428th meeting on 28 January 1957, the Chairman referred the Committee to a note by the Secretary-General (A/C.2/L.310) drawing attention to resolution 619 (XXII) adopted by the Economic and Social Council on 9 August 1956, on "Financing of economic development", part B of which referred to the international flow of private capital. In the resolution, the Council:



"Recommends that the General Assembly modify its request to the Secretary-General contained in paragraph 6 of its resolution 824 (IX) of 11 December 1954 so as to provide for the submission of the report referred to therein on a triennial basis and for the submission annually of a report containing a review of developments and a statistical treatment of the flow of capital;"

45. As the above Council resolution required action by the General Assembly, the Chairman proposed that the Second Committee should adopt under item 27 the following draft resolution prepared by the Secretary-General:

"The General Assembly,

"Considering the recommendation contained in paragraph 1 of Economic and Social Council resolution 619 B (XXII) relating to the submission by the Secretary-General to the Council of reports on the international flow of private capital,

"Decides to amend General Assembly resolution 824 (IX) as follows:

"(a) Delete from the first sentence of paragraph 6 the word 'annually' and replace it by the words 'on a triennial basis'.

"(b) Add the following new paragraph:

'7. Further requests the Secretary-General to prepare annually a report containing a review of developments and a statistical treatment of the flow of capital.'

46. At its 431st meeting, the Committee adopted this draft resolution without vote.

47. The Second Committee therefore recommends to the General Assembly the adoption of draft resolution VII annexed to the present report.

Draft resolution I

QUESTION OF THE ESTABLISHMENT OF A SPECIAL UNITED NATIONS  
FUND FOR ECONOMIC DEVELOPMENT

The General Assembly;

Convinced that an expanded flow of capital to under-developed countries, by contributing towards the improvement of their economies, would, especially in the light of existing disparities in the rates of growth between the developed and the under-developed countries, serve the cause of peace and help towards the attainment of greater prosperity in all countries,

Mindful of the growing desire for increased action by the United Nations in the field of financing economic development, especially for the financing of non-self-liquidating projects,

Recalling that the establishment of a special United Nations fund for economic development has been under close study by the General Assembly for a number of years, starting with its resolution 520 (VI) of 12 January 1952 and that various special committees and experts have submitted their views on the question,

Having examined the interim report (A/3134) submitted to the twenty-second session of the Economic and Social Council by the Ad Hoc Committee set up by the General Assembly in pursuance of its resolution 923 (X) of 9 December 1955,

Taking note of Economic and Social Council resolution 619 A (XXII) of 9 August 1956 which expressed the hope that, at its eleventh session, the General Assembly would consider what further steps might help to promote the early establishment of a special fund for economic development,

1. Commends the Ad Hoc Committee for the work it has accomplished in preparing the interim report;

2. Requests the Ad Hoc Committee, on the basis of the views expressed by Governments in their replies to the questionnaire annexed to General Assembly resolution 923 (X), the previous resolutions of the General Assembly and of the Economic and Social Council relating to the establishment of a special fund, the reports of previous special committees and groups of experts, and the suggestions made during the twenty-second session of the Economic and Social Council and the eleventh session of the General Assembly:

(a) To set forth the different forms of legal framework on which a special United Nations fund for economic development may be established and statutes drafted;

(b) To indicate the types of projects which might be provided for in programmes of operations of a United Nations economic development fund;

(c) To submit to the Economic and Social Council, at its twenty-fourth session along with the final report requested by the General Assembly in its resolution 923 (X), a supplementary report prepared in accordance with the instructions in sub-paragraphs (a) and (b) above;

3. Authorizes the Ad Hoc Committee to append to its final report any related suggestions or proposals for the provision of economic assistance to under-developed countries under the auspices of the United Nations which Governments may wish to put forward;

4. Requests the Economic and Social Council to forward to the General Assembly at its twelfth session the final and supplementary reports of the Ad Hoc Committee, together with any recommendations on further steps which could help promote the early establishment of an international economic development fund within the framework of the United Nations;

5. Invites the Governments of Member States and the Secretary-General to provide the Ad Hoc Committee with all necessary assistance.

#### Draft resolution II

##### COMPOSITION OF THE AD HOC COMMITTEE ON THE QUESTION OF THE ESTABLISHMENT OF A SPECIAL UNITED NATIONS FUND FOR ECONOMIC DEVELOPMENT

The General Assembly,

Recalling resolution 923 (X) of 9 December 1955, by which the Ad Hoc Committee on SUNFED, composed of representatives of sixteen Governments, was established,

Noting that, since the establishment of the Ad Hoc Committee, there has been a significant increase in the number of Members of the United Nations,

Considering that the composition of the Ad Hoc Committee on SUNFED should reflect more adequately the present composition of the United Nations,

Considering further that, in order to ensure for this purpose an adequate cross-section of geographic areas and of economic and social structures, it is appropriate to increase the number of members of the Ad Hoc Committee,

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1. Decides to increase the number of members of the Ad Hoc Committee on SUNFED from sixteen to nineteen;
2. Requests the President of the General Assembly, in conformity with resolution 923 (X), to appoint three additional members on this Committee from amongst the new Members of the United Nations.

Draft resolution III

INTERNATIONAL TAX PROBLEMS

The General Assembly,

Recognizing the importance of private investment to the financing of economic development,

Recognizing further that appropriate measures should be taken to maintain or establish a climate favourable to the international flow of private capital,

Recalling that, among the means which should be pursued by Member States with a view to stimulating the international flow of private investment, the General Assembly, in its resolution 824 (IX) of 11 December 1954 included the adoption by Member States, within the framework of their institutions, of fiscal measures that would progressively reduce international double taxation with a view to its final elimination,

Recalling its resolution 825 (IX) of 11 December 1954 by which the Assembly requested the Secretary-General, with a view to accelerating the rate of economic development of under-developed countries, to continue his studies of the taxation by capital exporting and capital importing countries on the income from foreign investments, particularly those made in the under-developed countries, making use in such studies of an analysis of replies of Governments to his questionnaire concerning the taxation of foreign nationals, assets and transactions, and called upon the Economic and Social Council, after considering the reports of the Secretary-General, to transmit the results of its deliberations to the General Assembly,

1. Takes note of the studies submitted by the Secretary-General to the Economic and Social Council at its twenty-second session;
2. Welcomes the progress made by several countries in eliminating or minimizing international double taxation by means of national legislation and international agreements;

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3. Requests the Secretary-General to complete as quickly as practicable the studies called for in its resolution 825 (IX) and to submit them to the Economic and Social Council for its consideration;

4. Calls upon the Economic and Social Council to present such conclusions as it may reach from its consideration of these studies to the General Assembly at its thirteenth session.

Draft resolution IV

INDUSTRIALIZATION OF UNDER-DEVELOPED COUNTRIES

The General Assembly,

Recognizing that industrialization is essential to the economic development of under-developed countries,

Recalling its resolutions 521 (VI) and 522 (VI) of 12 January 1952,

Noting the activities undertaken, mainly pursuant to those resolutions, by the Economic and Social Council, the Secretary-General and the regional economic commissions, and especially the Council's resolutions on industrialization and productivity, the relevant programme approved by the Council, the study prepared by the Secretary-General on Processes and Problems of Industrialization in Under-Developed Countries (E/2670) and the special studies made by the regional economic commissions,

Noting the work accomplished in this field by the specialized agencies,

Having regard, first, to the positive interest which under-developed countries have shown in stimulating their industrialization in order to ensure the sound and balanced growth of their economies, secondly, to the clearly expressed willingness of industrialized countries to co-operate to this end,

1. Expresses its satisfaction at the work done by the Economic and Social Council, the Secretary-General, the regional economic commissions and the specialized agencies in connexion with problems of industrialization and productivity and urges them to continue to give priority to these questions;

2. Invites Member States to give close attention to the studies which have been and are being made by the United Nations and the specialized agencies in connexion with industrialization and productivity and, in particular, invites the Governments of countries in process of development to make such use as they deem desirable for the benefit of their countries of the conclusions embodied in and guidance provided by those studies.

Draft resolution V

The General Assembly,

Bearing in mind the importance of rapid industrialization in the less developed countries as a significant factor in the balanced development of their economies,

Recognizing the need for suitable organizational arrangements in the United Nations under the Economic and Social Council to deal with matters relating to industrialization and productivity,

Noting the steps taken by the Economic and Social Council in its resolutions 597 (XXI) of 4 May 1956 and 618 (XXII) of 6 August 1956,

Believing that the question of machinery for this purpose should be kept under continuous review in the light of the development of the programme of work in this field by the United Nations,

1. Endorses Economic and Social Council resolution 597 (XXI) which, inter alia, reaffirms the special responsibilities of the Council for the promotion and co-ordination of activities in the field of accelerated industrialization and productivity of less developed countries as an essential element of balanced development programmes;

2. Requests the Secretary-General, in the implementation of the programme of work on industrialization and productivity, to give due regard to the various suggestions made at the twenty-second session of the Economic and Social Council and the eleventh session of the General Assembly and to the directives and principles set forth in the relevant resolutions of the General Assembly and of the Council;

3. Requests the Secretary-General, in pursuance of Economic and Social Council resolution 618 (XXII), to report to the Economic and Social Council at its twenty-fifth session on such possible forms of organizational and administrative machinery as may be necessary.

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Draft resolution VI

COLLECTION OF INFORMATION CONCERNING INTERNATIONAL ECONOMIC  
ASSISTANCE FOR THE LESS DEVELOPED COUNTRIES

The General Assembly,

Recalling Article 55 of the Charter of the United Nations, calling for the promotion of higher standards of living, full employment and conditions of economic and social progress and development, and Article 56, calling for all Members to pledge themselves to take joint and separate action in co-operation with the United Nations for the achievement of these purposes,

Recalling further that, under General Assembly resolution 824 (IX), of 11 December 1954, the United Nations is already undertaking a continuing survey of the international flow of private capital for investment in the less developed areas,

Recognizing the importance of existing United Nations programmes of technical assistance and economic aid in the furtherance of the economic development of the less developed areas of the world,

Noting in addition that the Members of the United Nations and of the specialized agencies are implementing important bilateral programmes and participating in multilateral and regional programmes of economic assistance,

Recognizing that the collection and circulation by the United Nations of information concerning economic aid programmes would further co-ordination between these various programmes, and would contribute towards constructive consideration by the United Nations of assistance to the less developed areas of the world,

Requests the Economic and Social Council to consider at its twenty-fourth session, in connexion with the item of financing of economic development, the question of collection of information concerning international economic assistance for the less developed countries on the basis of such information as the Secretary-General may provide, bearing in mind the comments of delegations at the eleventh session of the General Assembly.

Draft resolution VII

INTERNATIONAL FLOW OF PRIVATE CAPITAL FOR THE ECONOMIC  
DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

The General Assembly,

Considering the recommendation contained in paragraph 1 of Economic and Social Council resolution 619 B (XXII) of 9 August 1956 relating to the submission by the Secretary-General to the Council of reports on the international flow of private capital,

Decides to amend General Assembly resolution 824 (IX) of 11 December 1954 as follows:

(a) Delete from the first sentence of paragraph 6 the word "annually" and replace it by the words "on a triennial basis",

(b) Add the following new paragraph:

"Further requests the Secretary-General to prepare annually a report containing a review of developments and a statistical treatment of the flow of capital."

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