



Eighth session
Agenda item 26

ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

Report of the Second Committee

Rapporteur: Mr. Omar HALIQ (Saudi Arabia)

1. The General Assembly, at its 435th plenary meeting on 17 September 1953, allocated to the Second Committee the agenda item "Economic development of under-developed countries: (a) Question of establishing a special fund for grants-in-aid and for low-interest long-term loans; report of the Economic and Social Council; (b) Status of the proposal for the establishment of an international finance corporation: report of the Economic and Social Council".
2. The Second Committee agreed, at its 248th meeting, that the general debate on item 26 should not be limited to an expression of views on the two aspects of the item as indicated above, but that members should speak to and present any proposals that they might have concerning any aspect of the question of economic development of under-developed countries. The Committee also agreed that, in connexion with its consideration of the item, it would be appropriate to discuss chapter III of the report of the Economic and Social Council^{1/} simultaneously with item 26, and that comments could also be made on such sections of chapter II of the Council's report as were relevant to the item under discussion. The Committee considered item 26 during twenty-six meetings (A/C.2/SR.257-282). The first thirteen meetings were devoted to the general debate in which forty-two delegations took part.

1/ See Official Records of the General Assembly, Eighth Session, Supplement No. 3, document A/2430.

3. The Committee received four specific proposals: three on the question of establishing a special fund for grants-in-aid and for low-interest long-term loans (A/C.2/L.204, L.205 and L.206); and one on the status of the proposal for the establishment of an international finance corporation (A/C.2/L.209).

Question of establishing a special fund for grants-in-aid
and for low-interest long-term loans: report of the
Economic and Social Council

4. The Second Committee had before it the following three draft resolutions and amendments:

(1) A draft resolution submitted by the United States of America (A/C.2/L.204) in accordance with which the General Assembly, looking forward to the time when sufficient progress in internationally supervised world-wide disarmament would make it propitious to devote additional resources to assist development and reconstruction, particularly in the under-developed countries, would adopt the following declaration: "We, the governments of the States Members of the United Nations, in order to promote higher standards of living and conditions of economic and social progress and development, stand ready to ask our peoples, when sufficient progress has been made in internationally supervised world-wide disarmament, to devote a portion of the savings achieved through such disarmament to an international fund, within the framework of the United Nations, to assist development and reconstruction in under-developed countries."

At its 270th meeting, the Committee received an amendment (A/C.2/L.208) submitted by Egypt to the United States draft resolution (A/C.2/L.204) proposing to add in the third paragraph of the preamble after the word "resources", the words "to a special fund".

(2) A draft resolution submitted by Greece, Haiti and Pakistan (A/C.2/L.205) by which the General Assembly, having considered the Report on a Special United Nations Fund for Economic Development prepared by a committee of nine experts appointed by the Secretary-General pursuant to Economic and Social Council resolution 416 A (XIV), and considering that the establishment of the fund need not be dependent only on internationally supervised world-wide disarmament and

confident that favourable conditions necessary for the establishment of the fund would be created in the near future, would (a) request the Secretary-General to transmit to the governments of Members the report of the committee of experts and to invite their detailed comments, to be received for consideration by the Economic and Social Council not later than its eighteenth session, on the creation of the fund and on the extent to which they were in a position to contribute to its establishment; (b) request the Council to study these comments and in their light to submit to the General Assembly at its ninth session recommendations concerning the practical steps that could be taken to set up the fund as soon as circumstances permitted; and (c) recommend, meanwhile, that all countries should give special consideration to the views expressed on this question at the eighth session with a view to the creation of the fund as soon as circumstances permitted.

(3) A draft resolution submitted by Afghanistan, Bolivia, Brazil, Burma, Chile, Colombia, Costa Rica, Cuba, Egypt, Guatemala, India, Indonesia, Iraq, Lebanon, the Philippines, Saudi Arabia, Syria, Venezuela, Yemen and Yugoslavia (A/C.2/L.206) by which the General Assembly, looking forward to the possibility of circumstances permitting the establishment of such an international fund independently of disarmament, would (a) express its high appreciation of the work of the Committee of Nine; (b) appoint _____, who would, if necessary by personal visit, explain and further the idea of such a fund in different countries, ascertaining the extent and amount of moral and material support and adherence which might be expected from them and report to the General Assembly during its ninth session; (c) request the Secretary-General to (i) provide _____ with all necessary assistance and facilities; (ii) forward to the governments of the States Members of the United Nations, along with the records of the discussions on the subject in the sixteenth session of the Economic and Social Council and in the Second Committee of the General Assembly during its present session, the Report on a Special United Nations Fund for Economic Development, and invite their detailed comments on the report and present a summary thereof so as to enable the General Assembly to consider them during its ninth session and, on the basis of the report and of the comments received, to take practical steps for the drafting of the statutes of the fund

preparatory to its establishment as soon as circumstances permitted; and (iii) prepare a working paper, in time for consideration by the General Assembly during its ninth session, on the extent and methods of co-ordination which might be desirable or necessary between the activities of the fund, the Technical Assistance Board and such of the specialized agencies as might be engaged in tasks relating to the economic development of under-developed countries; and (d) decided to include in the agenda of the ninth session of the General Assembly a separate item for consideration of the results of the preparatory steps hereby requested and decided upon.

At its 266th meeting, the Committee received amendments to the twenty-Power draft resolution submitted by the Netherlands (A/C.2/L.207) proposing the revision of the preamble, the replacement of paragraphs 2, 3 (a) and 3 (b) of the operative part by the following:

"2. Invites governments members of the United Nations and of the specialized agencies in the economic and social field to transmit to the Secretary-General their detailed comments both on the recommendations contained in the report and on the possibility of establishing such a fund on a realistic basis;

"3. Decides that a small contact group composed of persons of high standing shall be appointed to consider the comments of governments, to consult, if necessary by personal visit, with governments in those cases where the group in the light of the comments made by a government considers consultation to be desirable, and to report to the eighteenth session of the Economic and Social Council so as to enable the Council to make recommendations that could facilitate and accelerate the establishment of such a fund and to report to the ninth session of the General Assembly;

"4. Requests the Secretary-General to:

"(a) Transmit to the governments specified in paragraph 2 above the report together with the records of the discussion on the subject in the Second Committee of the General Assembly during its present session;

"(b) Appoint the members of the contact group and to facilitate its work in every way; and

"(c) Present a summary of the comments made by governments to the eighteenth session of the Economic and Social Council;" and substituting in paragraph 3 (c) (renumbered 4 (d) in the amendment) for the words "General Assembly during its ninth session" the words "Economic and Social Council at its eighteenth session".

At its 267th meeting, the Committee had before it a revised text of the twenty-Power draft resolution (A/C.2/L.206/Rev.1) which took into account some of the amendments proposed by the Netherlands, added two new paragraphs at the end of the preamble and modified the operative part to read as follows:

"1. Expresses its high appreciation of the work of the committee;

"2. Invites governments of States members of the United Nations and of the specialized agencies in the economic and social field to transmit to the Secretary-General their detailed comments both on the recommendations contained in the report and on the degree of moral and material support and adherence which may be expected from them for such a fund;

"3. Decides that a small contact group composed of persons of high standing shall be appointed by the General Assembly to consider the comments of governments, to consult, if necessary by personal visit, with governments in those cases where the group, in the light of the comments made by a government, considers consultation to be desirable, and to report to the ninth session of the General Assembly so as to enable the Assembly to make recommendations that could facilitate and accelerate the establishment of such a fund;

"4. Requests the Secretary-General to:

"(a) Provide the contact group with all necessary assistance and facilities;

"(b) Transmit to the governments specified in paragraph 2 above the report together with the records of the discussion on the subject in the Second Committee of the General Assembly during its present session;

"(c) Present a summary of the comments made by governments to the ninth session of the General Assembly; and

"(d) Prepare a working paper, for submission to the ninth session of the General Assembly, on the extent and methods of co-ordination which may be desirable or necessary between the activities of the fund, the Technical Assistance Board and such of the specialized agencies as may be engaged in tasks relating to the economic development of under-developed countries;

"5. Decides to include in the agenda of the ninth session of the General Assembly a separate item for consideration of the results of the preparatory steps requested and decided upon above."

5. The Committee agreed, at its 270th meeting, to establish a working group which would have as a primary reference the three-Power draft resolution (A/C.2/L.205), the twenty-Power revised draft resolution (A/C.2/L.206/Rev.1) and the amendments thereto (A/C.2/L.207), with the understanding that if, in the course of its work the group should find it had to deal also with the United States draft resolution (A/C.2/L.204) and the Egyptian amendment thereto (A/C.2/L.208), the group should bring them under survey as well.

6. The working group, presided over by the Chairman of the Committee, held ten meetings between 3 and 19 November 1953 and, in its report (A/C.2/L.212 and Corr.1), submitted the following draft resolution to the Committee:

"The General Assembly,

"Having considered the Report on a Special United Nations Fund for Economic Development (E/2381) submitted by the Committee of Nine appointed by the Secretary-General in pursuance of resolutions 416 A (XIV) of the Economic and Social Council and 622 A (VII) of the General Assembly,

"Mindful of the aim expressed in the preamble of the Charter 'to employ international machinery for the promotion of the economic and social advancement of all peoples' and of Articles 55 and 56 of the Charter,

"Believing that, especially in the present state of world tension, the social and economic advancement of the under-developed countries can contribute towards the achievement of international peace and security,

"Confident that an expanded flow of capital to under-developed countries would contribute to the solution of the basic economic problems of our time, both for under-developed and developed countries,

"Considering that the use of international machinery for financially assisting the acceleration of the economic development of the under-developed countries contributes to the achievement of an expanding and stable world economy,

"Noting that the efforts made and the activities undertaken so far by and under the United Nations for the economic development of the under-developed countries have proved beneficial and represent a marked advance in economic co-operation among nations,

"Bearing in mind the recommendations contained in resolution 482 A (XVI) of the Economic and Social Council relating to a Special United Nations Fund,

"Considering that the General Assembly should keep under review the question of the establishment of a special fund and, in particular, be attentive to any changes either in world conditions or in the attitudes of Member governments, which might be propitious to the establishment of such a fund in the near future,

"Hopeful that conditions favourable to the establishment of an international fund will be created in the near future and that savings from internationally supervised world-wide disarmament will provide additional means for financing the economic development of under-developed countries, and will further the aims and objectives of such a fund,

"1. Expresses its great appreciation of the work of the Committee of Nine;

"2. Invites governments of States members of the United Nations and of the specialized agencies in the economic and social field to transmit to the Secretary-General their detailed comments both on the recommendations contained in the report of the Committee of Nine and on the degree of moral and material support which may be expected from them for such a fund;

"3. Decides to appoint the present President of the Economic and Social Council, Mr. Raymond Scheyven, to examine, with the assistance of the Secretary-General, the comments of governments submitted in response to the invitation contained in the preceding paragraph; to collate and where he judges necessary, to request elaboration of such comments, if desirable by

direct consultation with governments; and to submit to the Economic and Social Council at its eighteenth session an interim report on his work and in any event to the General Assembly at its ninth session a final report together with his comments with a view to assisting it to make such recommendations as it would find possible which could facilitate the establishment of such a fund as soon as circumstances permit;

"4. Requests the Secretary-General to:

"(a) Provide Mr. Scheyven with all necessary assistance and facilities;

"(b) Transmit to the governments specified in paragraph 2 above the report of the Committee of Nine together with the records of the discussion on the subject at the eighth session of the General Assembly;

"(c) Circulate as soon as possible to the governments specified in paragraph 2 above (i) the comments submitted in response to that paragraph, and (ii) the final report of Mr. Scheyven, and submit a summary of the comments of governments to the General Assembly at its ninth session;

"(d) Prepare a working paper, for submission to the Economic and Social Council, on the extent and methods of co-ordination which may be desirable or necessary between the activities of such a fund, the Technical Assistance Board and such of the specialized agencies as may be engaged in tasks relating to the economic development of under-developed countries;

"5. Requests the Economic and Social Council to study at its eighteenth session the working paper referred to in paragraph 4 (d) above and to transmit it, together with its views, to the ninth session of the General Assembly;

"6. Decides to include in the agenda of the ninth session of the General Assembly a separate item for consideration of the results of the steps provided for above."

The twenty-Power revised draft resolution (A/C.2/L.206/Rev.1), the amendments thereto (A/C.2/L.207) and the three-Power draft resolution (A/C.2/L.205), which

had been referred to the working group, were then withdrawn by their respective sponsors. As regards the United States draft resolution (A/C.2/L.204), to which an amendment had been presented by Egypt (A/C.2/L.208), the working group, after a brief exchange of views, agreed that the text of this draft resolution remained unchanged for consideration by the Second Committee.

7. In connexion with the working group draft resolution, the Committee received a statement of financial implications (A/C.2/L.212/Add.1) submitted by the Secretary-General in accordance with rule 152 of the rules of procedure of the General Assembly.

8. The draft resolution contained in the report of the working group (A/C.2/L.212 and Corr.1), the United States draft resolution (A/C.2/L.204) and the amendment thereto by Egypt (A/C.2/L.208) were discussed at the Committee's 275th to 277th meetings. At the 275th meeting, the representative of Egypt withdrew his amendment to the United States draft resolution. Also at this meeting the Committee received an amendment (A/C.2/L.214) submitted by Czechoslovakia to the working group draft resolution proposing to add at the end of the fourth paragraph of the preamble "it being understood in this connexion that foreign capital investments should not be made conditional on any demands for economic, political or military privileges". At the 276th meeting the following verbal amendments were submitted to the working group draft resolution:

(a) By the representative of Cuba, to add a new paragraph at the end of the preamble to read as follows: "Reaffirming the principles contained in Articles 1, paragraph 3, and 13, paragraph 1 (b), of the Charter and the guiding principle expressed by the Economic and Social Council in resolution 368 (XIII), namely, that international financial assistance and foreign investments should not be used as a basis for interference in the internal affairs or national policies of any State".

(b) By the representative of France, to insert in the fourth paragraph of the preamble, after the words "expanded flow of capital to under-developed countries" the following: "in conformity with the Principles and Purposes of the United Nations Charter".

(c) By the representatives of India and Saudi Arabia to delete the fourth paragraph of the preamble.

The Committee agreed at the same meeting, on a motion by the representative of the Netherlands, to refer the amendment by Czechoslovakia (A/C.2/L.214) and the verbal amendments listed above to the working group previously set up at the Committee's 270th meeting.

9. The working group held its eleventh meeting on 24 November 1953. It agreed, after an exchange of views, that the amendment by Czechoslovakia (A/C.2/L.214) and the verbal amendment by France (subsequently circulated as A/C.2/L.215) remained unchanged for consideration by the Second Committee.

10. At the 277th meeting of the Committee, the representative of Egypt proposed a sub-amendment to the amendment by France (A/C.2/L.215) replacing the words "in conformity with the Principles and Purposes of the United Nations Charter" by the words "within the framework of the United Nations". After a procedural debate, the representative of France withdrew his amendment and the representative of Cuba, who had already withdrawn his amendment in the working group, withdrew his amendment formally in the Committee. The verbal amendment by India and Saudi Arabia, which had been withdrawn by Saudi Arabia, was reintroduced by Pakistan. The Committee, at the same meeting, adopted, by 24 votes to 13 with 12 abstentions, a motion by the representative of Cuba to close the debate on the draft resolutions and amendments submitted under this sub-item.

11. The Committee, having rejected by 21 votes to 10, with 19 abstentions, a motion by the representative of the Philippines to vote on the draft resolution contained in the working group's report (A/C.2/L.212 and Corr.1) before the United States draft resolution (A/C.2/L.204), voted on the draft resolutions and amendments before the Committee with the following results.

12. The United States draft resolution (A/C.2/L.204) was adopted by 41 votes to none, with 13 abstentions. The text of the resolution is reproduced as resolution A below.

13. The draft resolution contained in the working group's report (A/C.2/L.212 and Corr.1) and the amendments thereto were voted upon with the following results:

(a) The verbal amendment by Pakistan to delete the fourth paragraph of the preamble was rejected by 28 votes to 4, with 23 abstentions.

(b) The amendment by Czechoslovakia (A/C.2/L.214), on which a roll call vote had been requested by the representative of Poland, was rejected by

26 votes to 7, with 22 abstentions. A substantial number of members of the Committee expressed their agreement with the principle contained in the amendment as being in conformity with the purposes of the Charter. The Committee, however, did not deem it necessary to incorporate the uncontested principle in the body of the resolution for various reasons, which were explained at great length in the meetings of the Committee.

(c) The draft resolution contained in A/C.2/L.212 and Corr.1 was voted upon paragraph by paragraph at the request of the representative of Czechoslovakia. The representative of Poland asked for a separate vote on sub-paragraph 4 (a) of the operative part.

Preamble

- The first paragraph was adopted unanimously.
- The second paragraph was adopted unanimously.
- The third paragraph was adopted unanimously.
- The fourth paragraph was adopted by 46 votes to none, with 7 abstentions.
- The fifth paragraph was adopted by 50 votes to none, with 5 abstentions.
- The sixth paragraph was adopted by 50 votes to none, with 5 abstentions.
- The seventh paragraph was adopted by 50 votes to none, with 5 abstentions.
- The eighth paragraph was adopted unanimously.
- The ninth paragraph was adopted by 50 votes to none, with 5 abstentions.

Operative part

- Paragraph 1 was adopted by 50 votes to none, with 5 abstentions.
- Paragraph 2 was adopted by 50 votes to none, with 5 abstentions.
- Paragraph 3 was adopted by 50 votes to none, with 5 abstentions.
- Sub-paragraph 4 (a) was adopted by 50 votes to none, with 5 abstentions.
- Sub-paragraph 4 (b), (c) and (d) were adopted unanimously.
- Paragraph 5 was adopted unanimously.
- Paragraph 6 was adopted unanimously.
- The draft resolution as a whole was adopted by 50 votes to none, with 5 abstentions.

The text of the resolution is reproduced as resolution B below.

Status of the proposal for the establishment of an international
finance corporation: report of the Economic and Social Council

14. The Committee had before it, at its 271st meeting, a draft resolution submitted by Costa Rica, Cuba, Ecuador, Egypt, Indonesia, Iraq, Pakistan and Saudi Arabia (A/C.2/L.209) by which, in section I, the General Assembly would (a) commend the International Bank for Reconstruction and Development for its efforts and expressed its appreciation of the Bank's reports on the proposed international finance corporation; (b) emphasize the beneficial effects the proposed corporation would have on the mobilization of financial resources in developed and under-developed countries in order to ensure additional resources for financing economic development in the under-developed countries; (c) look forward to the establishment, as soon as circumstances permitted, of an international finance corporation; (d) request the Bank to intensify its activities to seek the participation of public and private financial resources in furnishing the capital for an international finance corporation as envisaged in the Bank's reports on the proposed international finance corporation, and, with that end in view: (i) to analyse in detail the views expressed by governments and private financing circles concerning the methods of furnishing the capital for an international finance corporation, its function and operation; (ii) to conduct its consultations for the establishment of an international finance corporation and for securing its initial capital in a more intensive manner, and to report to the Economic and Social Council at its eighteenth session; and (e) request the Economic and Social Council to review at its eighteenth session the reports of the Bank on the proposed international finance corporation with a view to recommending the drafting of its statute and to report thereon to the General Assembly during its ninth session. In section II, the General Assembly would request that the study which was being prepared by the Secretary-General, pursuant to General Assembly resolution 622 C (VII), on the general role of private external capital should be examined by the Economic and Social Council during its seventeenth session with a view to recommending effective means through which external private capital would be made more readily available to under-developed countries. In section III, the Assembly would urge Member States to create favourable conditions conducive to the development of more

liberal trade relations among them, and to adjust as much as was practicable any existing disequilibrium in the terms of trade and payments between the highly developed and under-developed countries, in order to create circumstances in which sources of additional capital would be more adequately available to under-developed countries.

15. The Committee, at its 272nd and 273rd meetings, received amendments to the eight-Power draft resolution submitted by:

(a) Czechoslovakia (A/C.2/L.210) proposing to retain the text of the third paragraph of section II of the draft resolution, up to and including the words "seventeenth session" and deleting the remainder of the paragraph.

(b) Belgium, Denmark, Norway, Sweden and the United States of America (A/C.2/L.211) proposing to modify the third and fourth paragraphs of the preamble; in section I, operative paragraph 1 to replace the word "proposed" by the words "proposal for an"; in operative paragraph 2 to replace the words "the beneficial effects the proposed corporation will have on the mobilization of financial resources in developed and under-developed countries in order to ensure additional resources" by "that an international finance corporation could have beneficial effects in so far as it promoted the international flow of private capital"; to replace operative paragraph 3 by the following new paragraph: "Looks forward to the early completion of the studies on an international finance corporation requested of the International Bank"; in operative paragraph 4, to revise the preamble to read "Requests the Bank (a) to press forward with its consultations concerning the prospects of support from public and private financial sources for an international finance corporation as envisaged in the Bank's reports", to re-letter sub-paragraph (a) as (b), to insert before the words "views expressed" the words "questions raised and the", and also to replace the words "financing circles" by the word "institutions"; to omit sub-paragraph (b) and substitute a sub-paragraph (c) which would read "to report to the Economic and Social Council at its eighteenth session"; in operative paragraph 5, to replace the word "proposed" by the words "proposal for an", and to omit the words "with a view to recommending the drafting of its statute". In section II, third paragraph of the preamble, the amendments proposed to omit the

words "on the general role of private external capital", and to replace the words "with a view to recommending effective means through which external private capital would be made more readily available to under-developed countries" by "in order that early attention may be given to the problem of stimulating the flow of private external capital to under-developed countries". The amendments proposed also to delete section III of the joint draft resolution.

16. At its 274th meeting, the Committee received a revised text (A/C.2/L.209/Rev.1) of the eight-Power joint draft resolution, in accordance with which the General Assembly would, in section I, (a) express its appreciation of the useful contribution the Bank had made to the study of the question; (b) emphasize the beneficial effects the proposed corporation could have on the mobilization of additional domestic resources in the under-developed countries and on the flow of external capital into these countries in order to augment the financial resources for their economic development; (c) look forward to the establishment, as soon as circumstances permitted, of an international finance corporation; (d) request the Bank to (i) analyse in detail the questions raised and the views expressed by governments and non-governmental institutions concerning the methods of furnishing the capital for an international finance corporation, its functions and operation, (ii) conduct its consultations on the question of the creation of an international finance corporation and securing its initial capital in a more intensive manner, (iii) report to the Economic and Social Council at its eighteenth session on the subjects referred to it in sub-paragraphs (i) and (ii) above; and (e) request the Economic and Social Council to review at its eighteenth session the reports of the Bank on the question of creating an international finance corporation and to report thereon to the General Assembly during its ninth session. In section II, the General Assembly would request that the study being prepared by the Secretary-General, pursuant to General Assembly resolution 622 C (VII), on the general role of private external capital should be examined by the Economic and Social Council during its seventeenth session with a view to ensuring the steady flow into under-developed countries of private capital in adequate amounts, so that it might effectively contribute to the harmonious and adequate integration of the economies of those countries and to their economic and social development. In

section III, the General Assembly would request the Economic and Social Council to consider at its seventeenth session the report to be prepared by the group of experts appointed pursuant to General Assembly resolution 623 (VII) and, if possible, to propose recommendations for consideration by the General Assembly at its ninth session.

17. At its 274th meeting the Committee agreed to appoint a working group to consider the revised eight-Power draft resolution (A/C.2/L.209/Rev.1) and the amendments thereto by Czechoslovakia (A/C.2/L.210) and by Belgium, Denmark, Norway, Sweden and the United States of America (A/C.2/L.211).

18. The working group, presided over by the Chairman of the Committee, held two meetings on 19 and 20 November 1953 and prepared a report (A/C.2/L.213) in which it agreed to submit the following draft resolution to the Committee:

"Financing Economic Development

"The General Assembly,

"Bearing in mind that the general problem of economic development of the under-developed countries concerns both the under-developed and the more developed countries,

"Mindful that the economic development of the under-developed countries depends primarily on their own efforts and resources,

"Recognizing, however, that financial resources at present available in the under-developed countries are inadequate to finance the desired rate of economic development,

"Believing that additional external resources, both private and public, made available, as appropriate, within or without the framework of the United Nations, would greatly aid the under-developed countries in financing their development programmes,

I

"Bearing in mind resolutions 622 B (VII) of the General Assembly and 416 C (XIV) and 482 B (XVI) of the Economic and Social Council,

"Having considered the reports of the International Bank for Reconstruction and Development on the question of creating an international finance corporation (E/2215 and E/2441),

"Bearing in mind that the consultations and study requested below might indicate the practicability of establishing such a finance corporation in the near future,

"1. Expresses its appreciation of the useful contribution the International Bank has made to the study of the question;

"2. Emphasizes the beneficial effects the proposed corporation could have in so far as it would promote the mobilization of additional domestic resources in the under-developed countries and the flow of external capital into these countries in order to augment the financial resources for their economic development;

"3. Urges governments which have not done so to give early consideration to the merits of establishing an international finance corporation and to make known to the International Bank their views on the possibility of supporting such a corporation in time for the Bank to take them into consideration when preparing its report to the eighteenth session of the Economic and Social Council, as foreseen in paragraph 4 below;

"4. Requests the Bank to:

"(a) Analyse in detail the questions raised and the views expressed by governments and non-governmental institutions concerning the methods of furnishing the capital for an international finance corporation, its functions and operation;

"(b) Conduct its consultations in a more intensive manner on the question of the creation of an international finance corporation and on the prospects of financial support for it;

"(c) Report to the Economic and Social Council at its eighteenth session on the subjects referred to it in sub-paragraphs (a) and (b) above;

"5. Requests the Economic and Social Council to review at its eighteenth session the reports of the International Bank on the question of creating an international finance corporation and to report thereon to the General Assembly during its ninth session;

II

"Recognizing the importance of finding means to stimulate the flow of external private capital to the under-developed countries in order to accelerate their development;

"Mindful of General Assembly resolution 622 C (VII),

"Requests that the study which is being prepared by the Secretary-General pursuant to General Assembly resolution 622 C (VII) on the general role of private external capital be examined by the Economic and Social Council during its seventeenth session with a view to ascertaining under what conditions the flow into under-developed countries of private capital can effectively contribute to the harmonious and adequate integration of the economies of those countries and to their economic and social development;

III

"Recognizing the importance of fluctuations in the terms of trade and the effect of these fluctuations on the financing of the economic development of the under-developed countries,

"Requests the Economic and Social Council to consider at its seventeenth session the report to be prepared by the group of experts appointed pursuant to General Assembly resolution 623 (VII) and to make such recommendations as it may find desirable for consideration by the General Assembly at its ninth session."

The eight-Power joint draft resolution (A/C.2/L.209/Rev.1) and the amendments thereto (A/C.2/L.210 and L.211) were then withdrawn by their respective sponsors. 19. At the 278th meeting, the representative of Indonesia proposed, and the Committee agreed, the deletion of the words "to be" before the word "prepared" in the second paragraph of section III of the working group's draft resolution (A/C.2/L.213).

20. At the Committee's 279th meeting, the draft resolution contained in the working group's report (A/C.2/L.213), as amended, was voted upon with the following results. The representative of Poland requested that the draft resolution should be voted upon paragraph by paragraph.

Preamble

The first paragraph was adopted unanimously.

The second paragraph was adopted unanimously.

The third paragraph was adopted unanimously.

The fourth paragraph was adopted by 36 votes to none, with 5 abstentions.

Section I

The first paragraph of the preamble was adopted unanimously.

The second paragraph of the preamble was adopted unanimously.

The third paragraph of the preamble was adopted unanimously.

Paragraph 1 was adopted by 44 votes to none, with 5 abstentions.

Paragraph 2 was adopted by 43 votes to none, with 5 abstentions.

Paragraph 3 was adopted by 43 votes to none, with 5 abstentions.

Paragraph 4 was adopted by 44 votes to none, with 5 abstentions.

Paragraph 5 was adopted unanimously.

Section II

The first paragraph of the preamble was adopted by 44 votes to none, with 5 abstentions.

The second paragraph of the preamble was adopted unanimously.

The operative paragraph was adopted unanimously.

Section III

The preamble was adopted unanimously.

The operative paragraph was adopted unanimously.

21. The draft resolution as a whole, as amended, was adopted by 46 votes to none, with 5 abstentions. The text of the resolution is reproduced as resolution C below.

22. The Second Committee therefore recommends to the General Assembly the adoption of the following resolutions:

ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

Resolution A

The General Assembly,

Having noted Economic and Social Council resolution 482 A (XVI) of 4 August 1953,

Desirous of strengthening the United Nations in its mission of guarding the peace and security of all peoples and of promoting higher standards of living and conditions of economic and social progress and development in under-developed countries,

Looking forward to the time when sufficient progress in internationally supervised world-wide disarmament will make it propitious to devote additional resources to assist development and reconstruction, particularly in the under-developed countries,

Adopts the following declaration:

"We, the governments of the States Members of the United Nations, in order to promote higher standards of living and conditions of economic and social progress and development, stand ready to ask our peoples, when sufficient progress has been made in internationally supervised world-wide disarmament, to devote a portion of the savings achieved through such disarmament to an international fund, within the framework of the United Nations, to assist development and reconstruction in under-developed countries."

Resolution B

The General Assembly,

Having considered the Report on a Special United Nations Fund for Economic Development (E/2381) submitted by the Committee of Nine appointed by the Secretary-General in pursuance of Economic and Social Council resolution 416 A (XIV) of 23 June 1952 and General Assembly resolution 622 A (VII) of 21 December 1952,

Mindful of the aim expressed in the preamble of the Charter "to employ international machinery for the promotion of the economic and social advancement of all peoples" and of Articles 55 and 56 of the Charter,

Believing that, especially in the present state of world tension, the social and economic advancement of the under-developed countries can contribute towards the achievement of international peace and security,

Confident that an expanded flow of capital to under-developed countries would contribute to the solution of the basic economic problems of our time, both for under-developed and developed countries,

Considering that the use of international machinery for financially assisting the acceleration of the economic development of the under-developed countries contributes to the achievement of an expanding and stable world economy,

Noting that the efforts made and the activities undertaken so far by and under the United Nations for the economic development of the under-developed countries have proved beneficial and represent a marked advance in economic co-operation among nations,

Bearing in mind the recommendations contained in Economic and Social Council resolution 482 A (XVI) of 4 August 1953 relating to a Special United Nations Fund,

Considering that the General Assembly should keep under review the question of the establishment of a special fund and, in particular, be attentive to any changes either in world conditions or in the attitudes of the governments of Member States, which might be propitious to the establishment of such a fund in the near future,

Hopeful that conditions favourable to the establishment of an international fund will be created in the near future and that savings from internationally supervised world-wide disarmament will provide additional means for financing the economic development of under-developed countries, and will further the aims and objectives of such a fund,

1. Expresses its great appreciation of the work of the Committee of Nine;
2. Invites governments of States members of the United Nations and of the specialized agencies in the economic and social field to transmit to the Secretary-General their detailed comments both on the recommendations contained in the report of the Committee of Nine and on the degree of moral and material support which may be expected from them for such a fund;
3. Decides to appoint the present President of the Economic and Social Council, Mr. Raymond Scheyven, to examine, with the assistance of the Secretary-General, the comments of governments submitted in response to the invitation contained in the preceding paragraph; to collate and where he judges necessary to request elaboration of such comments, if desirable by direct consultation with governments; and to submit to the Economic and Social Council at its eighteenth session an interim report on his work, and, in any event to the General Assembly at its ninth session, a final report together with his comments with a view to assisting it to make such recommendations as it would find possible which could facilitate the establishment of such a fund as soon as circumstances permit;
4. Requests the Secretary-General to:
 - (a) Provide Mr. Scheyven with all necessary assistance and facilities;
 - (b) Transmit to the governments specified in paragraph 2 above the report of the Committee of Nine, together with the records of the discussion on the subject at the eighth session of the General Assembly;
 - (c) Circulate as soon as possible to the governments specified in paragraph 2 above (i) the comments submitted in response to that paragraph, and (ii) the final report of Mr. Scheyven, and submit a summary of the comments of governments to the General Assembly at its ninth session;
 - (d) Prepare a working paper, for submission to the Economic and Social Council, on the extent and methods of co-ordination which may be desirable or necessary between the activities of such a fund, the Technical Assistance Board and such of the specialized agencies as may be engaged in tasks relating to the economic development of under-developed countries;

5. Requests the Economic and Social Council to study at its eighteenth session the working paper referred to in paragraph 4 (d) above and to transmit it, together with its views, to the General Assembly at its ninth session;

6. Decides to include in the agenda of the ninth session of the General Assembly a separate item for consideration of the results of the steps provided for above.

Resolution C

The General Assembly,

Bearing in mind that the general problem of economic development of the under-developed countries concerns both the under-developed and the more developed countries,

Mindful that the economic development of the under-developed countries depends primarily on their own efforts and resources,

Recognizing, however, that financial resources at present available in the under-developed countries are inadequate to finance the desired rate of economic development,

Believing that additional external resources, both private and public, made available, as appropriate, within or without the framework of the United Nations, would greatly aid the under-developed countries in financing their development programmes,

I

Bearing in mind General Assembly resolution 622 B (VII) of 21 December 1952 and Economic and Social Council resolutions 416 C (XIV) and 482 B (XVI) of 23 June 1952 and 4 August 1953 respectively,

Having considered the reports of the International Bank for Reconstruction and Development on the question of creating an international finance corporation (E/2215 and E/2441),

Bearing in mind that the consultations and study requested below might indicate the practicability of establishing such a finance corporation in the near future,

1. Expresses its appreciation of the useful contribution the International Bank has made to the study of the question;
2. Emphasizes the beneficial effects the proposed corporation could have in so far as it would promote the mobilization of additional domestic resources in the under-developed countries and the flow of external capital into these countries, in order to augment the financial resources for their economic development;
3. Urges governments which have not done so to give early consideration to the merits of establishing an international finance corporation, and to make known to the International Bank their views on the possibility of supporting such a corporation in time for the Bank to take them into consideration when preparing its report to the eighteenth session of the Economic and Social Council, as foreseen in paragraph 4 below;
4. Requests the Bank to:
 - (a) Analyse in detail the questions raised and the views expressed by governments and non-governmental institutions concerning the methods of furnishing the capital for an international finance corporation, its functions and operation;
 - (b) Conduct its consultations in a more intensive manner on the question of the creation of an international finance corporation and on the prospects of financial support for it;
 - (c) Report to the Economic and Social Council at its eighteenth session on the subjects referred to it in sub-paragraphs (a) and (b) above;
5. Requests the Economic and Social Council to review at its eighteenth session the reports of the International Bank on the question of creating an international finance corporation and to report thereon to the General Assembly during its ninth session;

II

Recognizing the importance of finding means to stimulate the flow of external private capital to the under-developed countries in order to accelerate their development,

Mindful of General Assembly resolution 622 C (VII) of 21 December 1952,

Requests that the study which is being prepared by the Secretary-General pursuant to General Assembly resolution 622 C (VII) on the general role of private external capital be examined by the Economic and Social Council during its seventeenth session, with a view to ascertaining under what conditions the flow into under-developed countries of private capital can effectively contribute to the harmonious and adequate integration of the economies of those countries and to their economic and social development;

III

Recognizing the importance of fluctuations in the terms of trade and the effect of these fluctuations on the financing of the economic development of the under-developed countries,

Requests the Economic and Social Council to consider at its seventeenth session the report prepared by the group of experts appointed pursuant to General Assembly resolution 623 (VII) of 21 December 1952 and to make such recommendations as it may find desirable for consideration by the General Assembly at its ninth session.