

initial reaction of the management of the Bank was that a finance corporation would fill an important gap and should be effective in stimulating investment from private sources. It was stressed, however, that the report was based on a very preliminary study and that further examination and consultation with governments and investment communities would be required before the Bank could decide whether the scheme was practicable. ECOSOC agreed that the proposal was well worth pursuing and requested the Bank to undertake additional study and consultation looking towards a final decision by governments members of the Bank on the establishment of an international finance corporation.

Although substantial assistance in various forms has been provided for economic development over the post-war years, the under-developed countries in the United Nations have concentrated their efforts mainly on obtaining international grants-in-aid. Indeed, during the past 18 months, in spite of increased lending by the Bank, an accelerated technical assistance programme, and a fairly encouraging move toward the establishment of an international finance corporation, as well as bilateral arrangements for grants-in-aid outside the United Nations, the pressure has been stronger than ever for an international fund to disburse grants and long-term, low-interest loans. This campaign culminated in a resolution adopted at the sixth session of the General Assembly which called upon ECOSOC to draw up, for the following session of the General Assembly in 1952, a detailed plan for establishing, as soon as circumstances might permit, a special fund for grants-in-aid and for low-interest, long-term loans to under-developed countries.

The developed countries, while willing to co-operate in various ways in the promotion of economic development, are unanimous in their conviction that an international development fund is not a practical means toward that end. In particular, the United States — without whose participation a fund would be of negligible value — has steadfastly refused to depart from its policy of giving foreign aid through bilateral arrangements. It is not surprising, therefore, that the General Assembly resolution was opposed by all of the industrialized and economically advanced countries, including the United States, Western Europe, Canada and certain other members of the Commonwealth. These countries urged strongly, but in vain, that this resolution should not be forced upon the United Nations against a minority, without whose active support it could not be put into effect. They pointed out that since they were not prepared to contribute to an international development fund, it would be unrealistic and would give rise to false hopes to proceed with the drafting of a plan. However, the resolution was carried by a substantial majority.

When ECOSOC met at its fourteenth session in the spring of 1952, a group of the under-developed countries sponsored a resolution calling for the appointment of an *ad hoc* committee of experts to prepare the detailed plan required by the General Assembly and to submit their report to the Council in 1953. The resolution did not concern itself with the question of principle, but rather laid down a procedure for the execution of the General Assembly directive.