

industrial countries should waive this essential pre-condition and agree to the establishment of an international fund without further delay. This attitude perhaps fails to take fully into account the very real problem of how to persuade the citizens of a democracy to accept additional heavy financial burdens for international development projects at a time when defence expenditures remain high. Certainly, Mr. Chairman, this is a problem which can not be ignored in Canada where 50 per cent of the National Budget is devoted to meeting our military commitments in the Far East and in Europe and in building up the defences of the North American Continent. A realistic appraisal of the international situation would not indicate that the time has yet come when Canada can afford substantially to reduce its defence commitments.

In his report Mr. Scheyven justifiably pointed out that countries considered as potential contributors to international development projects very often have serious economic and investment problems in the domestic sphere. The economy of Canada, for instance, is still in the process of transformation from one based largely on primary production to one with a complex and diverse range of industry. The pushing back of Canada's northern frontiers, together with the launching of huge development projects such as the St. Lawrence Seaway, involve heavy capital expenditures and inevitably restrict our ability to contribute to large-scale assistance plans like SUNFED.

There are other compelling reasons why my delegation considers it unwise to push ahead too hastily with the establishment of new capital lending plans. In the first place, there is an evident need that the proposals for the Special Fund and the International Finance Corporation should be re-examined in the light of the other new projects in the field of international finance. During its last session, the Economic Commission for Europe asked a special committee to study ways and means of financing the economic development of Southern European countries; this committee was asked to submit suitable proposals early in 1955. Only a few days ago, the United Nations Economic Commission for Latin America presented a report recommending that a special loan fund be established, with a minimum target of one billion dollars a year, for investment in development projects in Latin America; this report is to be considered at Rio de Janeiro next month by the Ministers of Finance and Economy of the American states. It would appear to be advisable, and indeed essential, that before the members of the United Nations are asked to approve additional investment plans, there should be a careful over-all examination of the ECE and Latin American proposals, as well as of existing arrangements in the field of international finance, with a view to an effective co-ordination of effort and agreement on priorities.

In her able address in the Second Committee last week, the distinguished representative of Sweden urged that before new plans for assisting economic development are launched, the members of the United Nations should ensure that existing programmes, such