

the Sub-Commission calls a "bargain basement" in the Bank. In other words we would not want to add to the Bank a new department which would receive money on terms quite different from those applying to all the rest of the money available to it and which would lend that money out on different terms from the rest, and for different purposes.

I am sure we all feel grateful to the Delegate from Australia who set forth so clearly and so helpfully the points at which the report of the Sub-Commission agrees with the Experts' Report on Full Employment and the points at which they disagree. They are agreed, apparently, that private lending is not going to fill all the needs, particularly the need for financing the "social overhead" of under-developed countries; but the experts differ as to how these needs might best be filled. The Australian Delegate called our attention to three possibilities. First, as the Full Employment Report suggests, a new department might be added to the International Bank; as I have said already, the Canadian delegation could not support such a proposal. Second, the Sub-Commission's report revives the idea of a new and separate international institution; on this point I would agree with the feeling expressed by the Australian Delegate that there are, perhaps, enough international institutions already. Third, he suggested action by individual governments. He did not comment on this proposal but it seems to me that if we are not going to accept either of his first two proposals we may be led to accept the last.

What, then, is the problem that may confront individual governments? Private investment, together with the International Bank, should be able to meet those requirements for capital that show some reasonable prospect of return on a commercial basis; but we are left with loans to under-developed countries involving, in the words of the Sub-Commission, "an element of grant". This is where we run into difficulties. And the difficulties are quite natural, especially in democratic countries. I have already spoken about the economic development that is taking place in my country. This development is going ahead "on its own steam"; the Canadian Government is not subsidizing it; there is no "element of grant" involved. People in my country will naturally ask why, if their own development is not subsidized, they should be asked to subsidize development in countries where, perhaps, the "climate for investment" has not been so favourable. Now I would not say that it is impossible, for my country or any other, to make international grants through an international agency in some great emergency; we, like others around this table, gladly contributed our share to the UNRRA. But I think, in retrospect, we will agree that this was an unusual sort of operation and an unusual sort of international organization. I think it is true to say that, in the past, when democratic countries have from time to time been willing to make loans involving an element of grant, they have preferred to do so directly. Loans involving grants have been made from the individual countries supplying the funds to the individual countries, or groups of countries, receiving them on terms mutually acceptable to givers and receivers. I believe that, if we cast our minds back over financial events since the war, and perhaps over earlier periods as well, we shall agree that this has been the general pattern of international finance in the past and that it is likely to continue in the future.

I have said enough, Mr. President, to indicate the general approval which the Canadian Delegation gives to the report of the Sub-Commission. There is much more work to be done in exploring the problems of investment in under-developed countries. We shall have to decide at a later point in our agenda how this work should be carried on; whether by the Sub-Commission or by other bodies. Our Delegation leans towards special studies by specialized groups, and we feel strongly that there are limits to the usefulness of broad generalized studies purporting to cover all types of conditions in all under-developed countries. Each under-developed country differs from every other under-developed country that needs capital from abroad. Thus our Delegation welcomes intensive studies of the