

include them because we realize that funds spent for relief and reconstruction do not contribute directly to economic growth as we are concerned with it here. But such funds have helped to prevent economic collapse in stricken areas, and they have been of further use to the countries concerned to the extent that they have relieved them of the need to divert foreign exchange from development to reconstruction. I think members of the Committee will agree that such expenditures should not be entirely ignored.

I mention these matters only to indicate that our recognition of the need of the less-developed countries for capital has been given expression in action which might be described as positive application of the principle underlying proposals for a United Nations capital development fund.

But our support in principle has not been based solely on the recognition of the need for more capital. It has also been based on the fact that until recently no international body existed able to provide capital on a large scale for non-bankable projects - projects, in other words, which are not directly self-liquidating. Projects of this kind are now, of course, universally recognized to be of fundamental importance for economic and social development. In the past, we have considered the absence of an international institution for channelling capital to such projects was a serious matter, and we were prepared to support measures aimed at filling the gap, provided they promised to be effective.

My Delegation has adhered consistently to these views over a period of years, Mr. Chairman. Nevertheless, as members of the Committee know, we have abstained from voting on previous resolutions directed toward establishing a United Nations capital development fund for the reasons I have already indicated, namely, non-fulfillment of the conditions which we believed were essential to its success.

More recently our attitude in the matter has been conditioned by the fact that the International Development Association was in process of formation and that the lack of an international agency for the channelling of funds to non-bankable projects appeared about to be remedied.

Since our last discussion of the matter, the International Development Association has come into being. Canada gave whole-hearted support