

Even more recently an Industrial Development Bank has been set up to fill a gap in the private lending system - i.e. the provision of medium-term capital for firms that are not yet strong enough to be able to satisfy their needs from other sources.

I mention these things to emphasize two fundamental points that emerge from the recommendations of the Sub-Commission in regard to domestic financing. First, domestic financing in a rapidly developing country must take many different forms in order to meet many different needs; second, both governments and private enterprise have to work together towards the same goal.

The rest of the recommendations of the Sub-Commission relate in one way or another to the difficulties experienced by under-developed countries in getting capital from abroad. In this regard I wish to express particular thanks to the members of the Sub-Commission. They have faced the difficulties squarely. They have not pretended that there were easy ways out; they have not put forward simple panaceas; they have not been afraid to state truths which to some, at any rate, must seem disappointing.

We, in Canada, have depended very heavily throughout our history on capital from abroad to finance our development. This is still going on. Indeed we have probably never gone through an era of more rapid expansion and development than the present. Our towns and cities are growing, agriculture is improving its equipment, industry is expanding, and our natural resources are being opened up at an unparalleled rate. Great new oil fields are being tapped; new railways and port facilities are being pushed forward to exploit a vast deposit of iron ore; a mountain of titanium ore has recently been discovered close to the St. Lawrence River; and so forth. Capital from abroad is sharing with Canadian capital in developing these resources. I know that there are many special difficulties nowadays in the way of private international investment. Some of these have been referred to by other speakers. But our experience shows, I think, that private capital is, indeed, available from abroad to finance development if the conditions are right.

In this connection, I would emphasize, above all, the importance of what the Sub-Commission calls the "climate for investment" in an under-developed country. Investment that has come into Canada from abroad has never been based on any sort of treaty or declaration or inter-governmental arrangement. It has flowed in because investors abroad have been confident that there would neither be undue interference in their affairs nor any special discrimination against them.

With these things in mind, I want to say a word about the Sub-Commission's last recommendation - Recommendation No. 7. This relates to stimulating private foreign investment. The Canadian Delegation, from Canadian experience, leans toward the view of the minority of the Sub-Commission expressed in a footnote to that Recommendation. The minority emphasizes the matter of climate. The majority, on the other hand, is perhaps too much concerned with treaties, declarations and international agreements. These are not likely to do any harm, although, as the Delegate from Mexico has pointed out, they may encounter special difficulties in some countries; on the other hand, we question whether they will do much good. In any case, we must be careful not to think that the climate is fair merely because a particular government, seeking funds from abroad, promises fine weather. The weather depends on more than promises.

The Canadian Delegation is glad to note those parts of the report referring to the International Bank for Reconstruction and Development. No institution is perfect, but some of the critics of the Bank in the past seem to have misunderstood its purposes and the nature of its operations. These necessarily limit the amount and types of its loans. An institution such as the Bank is properly cautious in its early years. Apparently it is now feeling its way along lines which the Sub-Commission supports and which the Canadian Government supports also. We would, in particular, agree with the Delegate of the United Kingdom that it would be a great mistake to try to set up what