

The proposed referral of this task from ECOSOC to an *ad hoc* committee involved a delay of one year in the presentation of the plan to the General Assembly. In putting it forward, the sponsors reaffirmed their demands for the establishment of a fund as soon as possible but recognized that the drafting of a detailed plan would require considerable time and expert knowledge, and that it would hardly be practicable for the Council itself to undertake the work in the first instance. The proposal may also have reflected a realization on the part of the chief proponents of a fund that their real interests might best be served at that point by Council action which would keep the issue alive and in the forefront and which at the same time would command the support of the advanced countries. In fact, the resolution as put to the vote was adopted unanimously except for the abstention of the three Cominform members, Czechoslovakia, Poland and the U.S.S.R.

The Canadian position on the question of the financing of economic development has been made clear on many occasions in the United Nations. Canada recognizes the tremendous needs, sympathizes with the peoples of the under-developed areas in their efforts to improve their living conditions, and is willing to help. Practical proof of this interest and goodwill has been shown by contributions to the United Nations Technical Assistance Programme, full support of the International Bank and participation in the Colombo Plan. The Canadian Delegation to the latest session of ECOSOC also expressed a positive interest in the proposal for an international finance corporation; if, on further examination, it is decided to set up this institution along the general lines set forth in the Bank's preliminary report, Canadian participation in it can be expected. It is Canada's considered view, however — and this view is shared by all the more economically advanced countries and, indeed, by a few of the under-developed countries —, that a central fund for international grants-in-aid, to be distributed for general economic development purposes, is an impractical scheme and would not provide for the most effective use of available financial resources. It is recognized that, in certain circumstances, grant aid is necessary but the funds which Canada is prepared to give in grants will, in the Government's view, do more to assist economic development if used for programmes worked out bilaterally with the receiving governments than if contributed to a common fund, administered internationally.

Moreover, in the problem of economic development, other factors besides the provision of finance are of vital importance. Unless financial aid is accompanied by sound internal fiscal policies and certain legal and social conditions, no amount of foreign capital will achieve its objective. Thus, appropriate measures of land reform, tax systems based on the national interest, and efficient public administration are just as essential to sound economic development as is financial support. Some progress is being made in these fields, with United Nations help and encouragement, but much more remains to be done if the available capital is to be put to the most effective use.