



STATEMENTS AND SPEECHES

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METHODS OF FINANCING THE ECONOMIC DEVELOPMENT
OF UNDER-DEVELOPED COUNTRIES

Statement made by Mr. Alphonse Fournier, Minister of Public Works, Canadian Representative to the Eleventh Session of the Economic and Social Council, in Geneva, on July 11, 1950.

I must begin, like other Delegates, by offering my compliments and congratulations to the members of the Sub-Commission on Economic Development. It was their task to review the obstacles which prevent increased investment in under-developed countries. Their work was indeed complex; many factors had to be considered. Some of the obstacles exist in the under-developed countries themselves; others in the capital exporting countries; and still others in the relations between the two. Not only was the task complex - it was also delicate. Their report is at once realistic and at the same time clear and tactful.

The Canadian Delegation can in general accept the recommendations of the Sub-Commission, with the possible exception of Recommendation No. 7 in regard to which the Sub-Commission itself was divided. When their report is referred to the Economic Committee of this Council, we shall have a number of detailed comments and criticisms to put forward. At present, however, when we are considering the report broadly, we have no objection to raise.

The first group of recommendations relate to the money that under-developed countries can raise internally from their own resources to finance their own development. I am glad to see that the members of the Sub-Commission emphasize the diversity of the problem; some things must be done by governments, some must be left to private initiative.

In this field we in Canada have had a good deal of experience. Not so very long ago, in the early years of this century, our own country would have been classed as under-developed; indeed there are large parts of it that should still be described in this way. In our country, which has come so far in the past fifty years, we have all sorts of financial institutions. Some of them are local - close to the soil and close to the people. I have in mind the Caisses Populaires in my own Province of Quebec. These are co-operative organizations. They gather the savings of thrifty farmers and townfolk and make them available to local commerce and agriculture. The people in charge know local conditions; they also know local people. At the other extreme we have our great commercial banks with a system of branches extending in many cases all across the 3,000 miles of our country from sea to sea. These banks gather savings from millions of depositors. They move money from one section to another, thereby helping to develop under-developed areas. In addition, we have our stock markets and bond markets and life insurance companies, providing outlets for savings, and indeed encouraging savings. These also provide sources of capital for industry, commerce and agriculture, for urban development and for other governmental needs. All of these institutions that I have mentioned are privately owned and operated, although they work under government legislation and general supervision for the protection of the public.

In addition, the Canadian Government has taken positive steps, where necessary, to create central machinery. A central bank, the Bank of Canada, has been set up to give general guidance and leadership in financial matters.