



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 57/5

ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

Excerpts from a Statement by Senator David Croll in the Second Committee of the United Nations General Assembly, New York, on January 8, 1957.

I do not propose, at this stage, to discuss SUNFED, industrialization or international taxation. Furthermore, while my country has, in recent years, developed dramatically from a predominantly agricultural economy to an industrial and commercial nation of world importance, I do not feel that it would now be appropriate to discuss Canadian economic experience at great length, worthy of examination and study as that experience may be.

Within the limitations which I have set myself, there are, nevertheless, a number of important questions concerning the economic development of the under-developed countries which I would like to discuss briefly before turning to the resolution before you which my Delegation has the honour to co-sponsor with the Delegation of Norway.

Canadians are an introspective people. We tend to be even harder on ourselves than on our friends. We have no real enemies. For example, there have been a number of books and statements made recently in Canada to the effect that Canadian politics are dull. If by "dull" one means stable, practical, progressive and constructive, then I think that any Canadian could accept this description without argument. Perhaps this type of dullness has advantages which it would be appropriate for me to mention with regard to current international economic problems. Countries who, like Canada, are countries embarking on economic development programmes must secure the confidence of other members of the international community and, in addition, enjoy those conditions of internal stability which are necessary for the success of ambitious development plans.

It is the conclusion of my Delegation that communist or dictatorial regimes, while capable of swift and ruthless action of a kind which is neither possible nor desirable under a democratic form of government, are liable to erratic changes of policy

and to violent economic fluctuations which endanger steady economic development. The Canadian Government sympathizes with and attempts to understand the problems of the under-developed countries which are evolving moderate democratic machinery under difficult conditions, and Canada has helped in the past and will continue to help in the promotion of those conditions of economic stability necessary to peaceful progress. No one can say to me, much talk and little done.

My Delegation is grateful for the authoritative statement made by Mr. De Seynes at the beginning of this debate. He referred at one point however to the differences in per capita growth between the developed economies and the under-developed economies. Other speakers, both during the discussions of the Economic and Social Council at its 22nd Session and at this meeting of the General Assembly, have drawn the conclusion that the gap between the developed and under-developed countries is increasing. My colleagues at this table with technical or political experience know that statistics can be made to mean anything. The rate of growth in per capita output in the developed economies may well be rising faster at the present time than per capita rate of growth in the under-developed regions, but I wonder if we are justified in drawing from this statement the conclusion that the relative or absolute gap between the economic welfare of the two groups of countries is increasing. The per capita output of many of the under-developed countries immediately after the Second World War was very low indeed. Great strides have, however, been made and it is quite possible that relatively modest statistical increases in per capita output in some less-developed economies in fact reflect important advances which will produce cumulative growth of per capita output in future years. I think it would be quite wrong for the members of this Committee to conclude from the very preliminary information available, that the economic development of the under-developed countries, far from advancing, was falling behind relative to the so-called developed countries. My Delegation does not believe this to be the case and considers that a close analysis of the progress which has been made, for example in India, Pakistan and Ceylon, will bear out our contention. In these countries and in other countries very great strides have been made which hold out great promise for the future and which are of substantive relative significance even when compared with the much more obvious advances which the so-called developed countries have made. Of course, as the Secretary-General has also pointed out, continued advances in the economies of the raw material importing countries are of direct benefit to the under-developed countries. What my Delegation would like to guard against is a feeling of pessimism or of hopelessness which in our view would be unjustified. Much remains to be done, but it would be economically unsound and politically discourteous to minimize the efforts of the under-developed countries and to suggest that they are still falling further and further behind in economic growth.

On the same general subject I would like to refer to a statement made by the distinguished Delegate of Bulgaria on December 14. He divided the world into three rough groups -- the highly industrialized countries with capitalist economies, the countries with socialist economies, and the under-developed countries. With all due respect to the Delegate of Bulgaria, my Delegation believes that any such divisions are nonsense and a mere play on slogans. For example, there are industrialized countries with socialist economies, capitalist countries with agricultural economies, socialist economies that are under-developed, under-developed countries that are capitalist but industrialized, under-developed countries that are socialist but agricultural. I could go on and on, Mr. Chairman, to show conclusively that it is neither possible nor profitable to suggest that there are clear-cut divisions of interest between specific groups of countries. Developed countries of all types have a common concern with under-developed countries, to promote overall economic development.

In this connection, I hope it will not be misunderstood when I say that Canada, like other countries, has heavy internal and international responsibilities which have some effect on its ability to assist in progress to rapid world economic development. For example, not long ago it became clear that the Canadian authorities were not being able to meet all the requests being made to us for technical experts in some engineering fields. The reason for this difficulty was, of course, that such personnel are in immediate and urgent demand in Canada, and that it was not possible to find as many of them for service abroad as we would have wished. Mr. Chairman, we can't give what we haven't got.

In the statement which the Canadian Delegation made during the General Debate, reference was made to the role in the United Nations of the lesser or middle powers of which Canada is one. The Canadian Delegation suggested that there was an important part to be played by the lesser powers in UN affairs, when they acted with a recognition of their responsibilities. If, on the other hand, they concern themselves only with national, group or racial interests then the chances of useful co-operation with the great or super powers will be diminished. There are important areas in which the lesser powers can help in developing constructive programmes for the improvement of conditions in the less-fortunate areas of the world. My Delegation believes that the emphasis must be placed on co-operation arising from a recognition of mutual self-interest, if constructive advances by the United Nations in the economic aid field are to be made. In our country there is a saying. "You can lead a horse to water but you can't make him drink." Passing resolutions that do not carry those middle and great powers whose support is essential will not always achieve the desired results.

Another general question which I emphasized in my speech on the United Nations Technical Assistance Programmes is the importance which the Government of Canada attaches to the joint implementation of economic development programmes. Economic aid

should not be regarded as a one-way street. Both the donor and the receiving governments have important financial responsibilities. What is more, external aid can, in the final analysis, provide only a minor proportion of the total resources, administrative and financial, required for rapid economic development. I believe that this is as the under-developed countries themselves would wish it. Theirs is the major role, ours is the minor role. They do what needs to be done with our help and thus learn to do it in time without our help. Mr. De Seynes has suggested that it is natural to think that the major economic burden of changing conditions in the world should be borne by those best equipped to do so. In my view each country is best equipped to change its own conditions of economic under-development, there being ample scope and necessity for assistance from abroad. Self-help is the best help.

I would now like to turn to the question of the motives which underline foreign economic assistance. Why are the countries of the West assisting the countries of Latin America, the Middle East, South and South-East Asia and other areas? It is really not good enough even to be right for the wrong reasons. I believe the so-called developed countries should carefully analyze their motives in providing economic assistance and as clearly as possible express these motives so that the under-developed countries can understand the reasons for which this assistance is being offered. Mr. Pearson has said "We cannot purchase reliable allies or real friends and we should not try to do so." The relationship between the helper and the helped is a difficult and complicated one. As Shakespeare put it "Neither a borrower nor a lender be, for loan oft loses both itself and friend". I expect many will have read Milliken and Rostov's study of a new United States economic policy. In that paper a similar analysis is put forward which comes to the conclusion that economic aid should not be designed or expected to make friends. It is equally clear that economic aid should not be intended to result in a copying by the receiver of the economic or political policies of the donor. So far as Canada is concerned, we cannot do better than to quote Mr. Pearson again:

"The genuine desire of Canadians to help others who are less fortunate, the recognition that the more quickly other people's standards of living rise the better off we shall all be, the conviction that economic and social progress are essential to a durable peace, the judgment that the resources of most of these countries are capable of supporting a fuller and richer life, the evident effort which the people of these countries are themselves making to improve their conditions, and the sympathy which we as citizens of a relatively young country feel with those who are trying to establish their own nations on a new and durable basis -- all of these seem to me to be solid and fundamental reasons for providing assistance."

If we do not have clearly in mind why we are providing economic aid or if we provide it for the wrong reasons, I have come to the conclusion on the basis of my short experience here that the peoples of the under-developed countries will be the first to recognize our error. They neither ask for alms nor charity and nothing we give is given in that spirit. We recognize their rightful insistence on the equality of peoples and the management of their own resources without interference. We hope our assistance will serve as a bridge of understanding and freedom between peoples of different races, outlooks and traditions.

International economic assistance is a new idea. The free giving of aid from one sovereign country to another sovereign country is a recent development and can almost be considered to have begun after the end of the Second World War with the generous programme of assistance to Europe which is known as the Marshall Plan. It is important, therefore, to maintain and protect this new idea in the hope that it will develop into a secure basis for international co-operation, and peaceful progress.

I would also like to suggest on the basis of Canadian experience that the giving of economic aid brings benefits to the giver as well as to the receiver. For Canada the economic benefits of the aid programmes we have undertaken have been marginal in the extreme. Much more important has been the understanding of the problems of many areas with which my country would not have been closely connected had there been no programmes of assistance to the less-advanced countries. Canadians have found that they have a great deal to gain from contact with the ancient cultures of Asia for example, and that these benefits are real and important.

Other delegations have suggested that this debate on economic development should consider whether economic assistance should be given multilaterally through the United Nations or bilaterally. (When we come to a discussion of SUNFED my Delegation will suggest that sharp distinctions between these various forms of assistance need not be drawn. Canada has been happy to participate in a number of bilateral economic aid programmes arranged under the canopy of the Colombo Plan. It is probable that bilateral aid programmes will continue to form the largest source of economic aid to the under-developed countries. It should also be recognized that in bilateral economic aid programmes, individual projects are selected and carried out on a co-operative basis. The receiver has comparable responsibility with the donor.

However, as Mr. Pearson has stated, "It is also very important that the United Nations should be brought more closely into the international economic assistance picture. If the United Nations can play an increasing role in this field, we can, I believe, avoid an unhappy situation in which international aid becomes a source of competition amongst some and a cause of suspicion among others". The Canadian authorities have noticed an increasing interest in multilateral rather than bilateral programmes and for this reason Canada accepted election to and participated actively in United Nations bodies directly concerned with problems of

multilateral economic aid. However, as we have seen recently in this Committee and in the Economic and Social Council, a purely UN multilateral fund involves important concessions on the part of both donor and receiver.

Proposal for UN Economic Registry

I now turn to the resolution which you have before you and which has been sponsored by Canada and Norway. what will be the purpose and relation of this resolution and the study for which it provides at future discussions of economic development in the United Nations and ECOSOC?

At each meeting of the Second Committee and the Economic and Social Council, the economic development of the under-developed countries is the most important subject. The Secretariat prepares various papers for the debate, including a world economic survey. There is also a United Nations survey of the international flow of private capital and there are reports of the progress made on all the various United Nations programmes of economic aid. An extended discussion of the possibilities for the establishment of a special United Nations fund for economic development also usually takes place. In these discussions there has never been, up to the present time, any general survey concerning all the economic aid programmes. Our resolution would provide for a general study which should make it possible for United Nations discussions of economic development in the future to take into account all the various aspects of the subject and of the scope and nature of the questions still to be settled. At present our right hands seldom know what our left hands are doing. Our suggestion is designed also to facilitate co-ordination between aid programmes, by providing information which will be useful to those countries who are able to undertake such programmes. Surely a better knowledge of all existing programmes of economic aid will also be of assistance in discussing the programmes of economic assistance on which the United Nations is now engaged. We think the time has come to place all our cards on the table - face up.

It has been suggested that a good deal of the information which the Secretary-General would include in the proposed survey is already available. Certainly a number of studies for particular purposes and of particular regions have been carried out by various public and private organizations. I do not suggest for a moment that when this resolution is passed the result will be any immediate addition to the resources of economic aid now available to the under-developed countries. What I do suggest, however, is that it will be useful to know what these resources are and how they are being used.

The resolution itself is largely self-explanatory. A few specific comments might, however, be useful.

The first paragraph, I believe, very clearly reflects the purpose of the resolution. In fact my Delegation was surprised to find how directly Articles 55 and 56 of the Charter of the United

Nations apply to this particular question. This resolution is designed to promote the co-operation, both joint and separate, for the promotion of the economic development of the under-developed countries which is described in Article 56.

The Secretary-General is asked to make a preliminary factual survey of international economic assistance. This is to be mainly a statistical survey. The Secretary-General is asked, however, in the light of his experience with this preliminary survey, to report on the most suitable methods for carrying out such surveys. We have left it to the Secretary-General to collect the necessary data. The Secretary-General would, therefore, be expected to prepare a statement of the grants, the loans, the technical assistance; in short, the assistance which could be appropriately classified as economic aid for this purpose. In making this survey he is instructed to use the readily available governmental and intergovernmental information, and to concentrate on the three-year period ending December 31, 1956. We would also expect that, while the Secretary-General would not list individual projects in his report, he would give us some indication of the type as well as the amount of aid involved, and of the economic sectors in which this aid was used. The Secretary-General is to submit this survey to the 24th Session of ECOSOC. This does not give the Secretariat very much time but past experience allows us to expect a comprehensive and useful document by that time. It would then be for the Economic and Social Council to consider what further action it should take.

The final paragraph calls upon member governments and specialized agencies to co-operate with the Secretary-General as may be necessary in implementing this resolution.

I trust all Delegations will appreciate the spirit in which the Canadian and Norwegian Delegations have brought this economic Registry idea forward. It is difficult to see how any suggestion which will make UN discussion of assistance to under-developed regions more profitable could fail to obtain the unanimous support of this Committee.

My Delegation regards the discussions of the economic development of the under-developed countries as the most important subject before the Second Committee. I join with others in hoping that the United Nations can contribute to the solution of the immense tasks before the less-fortunate areas of the world which have fired the imaginations of all the peoples engaged in the common tasks of raising living standards and promoting stability and peace.