

External Affairs  
Supplementary Paper

No. 57/4

ESTABLISHMENT OF A SPECIAL UNITED NATIONS FUND  
FOR ECONOMIC DEVELOPMENT

Statement by Miss Kathleen Bowlby in the Second Committee of the United Nations General Assembly on February 4, 1957.

The Canadian Government's general approach to the subject of the economic development of less-developed countries has already been discussed at some length in this committee on January 8. Furthermore, my Government's position on the Special United Nations Fund for Economic Development has been described on numerous occasions. Perhaps I might quote from the general statement which is contained in the Canadian reply to the United Nations questionnaire on SUNFED.

"The Canadian Government has in the past supported a special fund in principle but has opposed its immediate establishment. The Canadian Government's final decision regarding a fund of the type now under consideration would depend in large measure on whether it was satisfied that the organizational and administrative arrangements were such as to lead to efficient operation and that the fund would command sufficient support to enable it to operate effectively".

There is nothing I can add to that statement at the present time.

It is, however, necessary for my Delegation as for other delegations in this committee to take a position concerning the desirability of drafting statutes for the proposed SUNFED and, according to the draft resolutions which we have before us, concerning the desirability of considering further steps for the early commencement of SUNFED's operations.

The Canadian Delegation cannot support any resolution which calls for the drafting of statutes. In this connection my Delegation was impressed by the honest and forthright statement made on January 30 by Mr. Hoffman of the United States Delegation. We believe that it would be a great mistake to contemplate the drafting of statutes for SUNFED if it was likely that major contributors would not be able to participate in that work. It has been suggested that participation in the drafting of statutes does not necessarily carry with it a commitment to contribute financially to any proposal based on such statutes. My Delegation does not believe that it would be useful to draft statutes for a special fund without prior agreement that a special fund should be established. The United States position, as I interpret it, is an honest one; it is that without a decision to consider participating in the proposed special fund their delegation would not feel justified in helping to draw up a constitution for SUNFED. Any government which decided to contribute to a special fund would want to assist in the preparation of its statute. I think that is a reasonable position. If statutes are prepared without taking into account the views of potential contributors those statutes would have to be re-negotiated perhaps completely if and when those major contributors decided to participate. Premature draft statutes

could, because of the absence of comments during their preparation by major contributors, easily be unacceptable to those major contributors and make eventual participation by them less likely. All these questions are hypothetical but those delegations like my own which have participated in the negotiations preceding the establishment of the major United Nations organs, will perhaps agree that the time to discuss and negotiate different problems is during the preparation not after the publication of even a preliminary text of statutes. The drafting of statutes for any genuinely multilateral United Nations capital aid fund would be a very difficult undertaking if embarked on prematurely, by which I mean without the participation of representatives of all important points of view and without agreement in advance on some basic principles. It could seriously damage those prospects which may exist for the establishment of a SUNFED.

There is, however, a perhaps even more important reason for believing that it is not desirable at the present time to attempt to draw up a statute for SUNFED. The Canadian Delegation has participated actively in the work of the Ad Hoc Committee on SUNFED. In that committee, and this is not surprising, major differences of opinion emerged. In fact those differences were so serious and so numerous that it was difficult for the committee to carry out its mandate and, on the basis of an analysis of the replies of governments, to draft any conclusions at all. I am sure all delegations at this meeting are as familiar as I am with the report of the Ad Hoc Committee on SUNFED. Perhaps I might, however, draw attention to some of the features of that report which are of direct relevance to my present argument. Page 100 of Document E2896 of June 8, 1956 is undoubtedly the most significant part of this report.

In the first place, the committee emphasizes that the conclusions which it was able to draw should not be read by themselves but in conjunction with Parts 1 and 2 of the report. These first two parts consist of a factual summary of the comments of governments and of a purely statistical analysis of that summary. The report goes on to stress that the general pattern of the proposed special fund which emerged from the replies of governments merely brought together the most frequently indicated views on various aspects and did not take into account the diversity of opinions put forward. Furthermore, and I quote from the report, "the group of governments representing the most frequently indicated view on a particular aspect is not necessarily always the same. Consequently, it is possible that some features of the pattern which emerges are not fully consistent with each other". While the report noted "that there is support for the proposal to establish a special fund" it also noted that governments were not expressly requested to indicate to what extent they would be prepared to give a special fund their financial support and that governments, therefore, generally did not deal with this question. In the light of all these qualifications, I am obliged to differ with those delegations which have stated their belief that the Ad Hoc Committee's report represents a sufficiently advanced basis of agreement from which to proceed at once to the drafting of statutes.

I would now like to turn to the pattern of the special fund as it emerged with all the above qualifications and to note some of the contradictions of even this limited pattern. One of these contradictions was suggested by the distinguished representative of the United States the other day. It is the contradiction between a fund which would finance "more especially economic and social infrastructure projects" and possibly even broader programmes on the basis of an initial sum "centring around the range of 200 to 250 million dollars". It is obvious that a fund of that size would

have to be carefully distributed as governments would undoubtedly request to undertake in all the under-developed countries all the types of projects which have been mentioned. There is a possibility that governments may come to believe that there is an immediate prospect of additional vast sums of money being made available through the United Nations for large scale projects in all the under-developed countries. As the Canadian representative to the Ad Hoc Committee on SUNFED remarked:

"It seemed more likely that even if some sort of SUNFED were set up, bilateral aid programmes would not disappear but would indeed, for many years to come, be the largest source of aid for the under-developed countries".

In this connection, my Delegation was impressed by the statement which the Director-General of FAO made recently in this committee, and I would like to quote briefly from it. Mr. Sen stated -- and his remarks should not, of course, be read out of context being concerned primarily with questions relating to a world food reserve:

"As we have said in our report, there is quite a close parallel here with the other forms of international economic assistance, such as the United Nations Technical Assistance Program, the lending activities of the International Bank, or the kinds of operations that would be undertaken by SUNFED. In all these instances, the fully international activities are not exclusive but run alongside separate, and in some cases much larger, bilateral programs for similar purposes".

A SUNFED of even \$200 and \$250 million, and delegates are now talking in terms of \$100 million, would have to restrict its activities regionally or functionally. It would have to concentrate on some particular region or on some particular kind of activity or some combination of both. Neither of these two problems, and particularly the question of the distribution of SUNFED's resources whatever their amount, has been fully explored in the Ad Hoc Committee. How could draft statutes be prepared without some agreement on these general points? Would all governments be prepared to commit themselves to the production of a draft statute in advance of some agreement on these points?

There is another serious difficulty which emerged during the discussions in the Ad Hoc Committee on SUNFED concerning the type of contributions which would be made for a special fund. On the one hand, the fund would be expected, according to the majority of the replies of governments, to be extremely flexible and to undertake a wide variety of projects. My Delegation, like others, has studied and appreciates the urgency and immensity of the problems facing the under-developed countries. But it is difficult to see how the laudable and important objectives of SUNFED could be carried out if the contributions to the fund were to be made in an unusable form or were not capable of conversion into the type of projects for which the under-developed countries want and need assistance. Our committee has only recently finished discussing a problem of this kind connected with the Technical Assistance Programme. It will be equally difficult to solve in relation to a capital aid fund.

There were many other problems revealed during the proceedings of the Ad Hoc Committee on SUNFED which are still unresolved. I have referred to the above problems only to illustrate the very serious difficulties which would face any body which attempted to draft statutes on the very limited basis of agreement which now exists concerning the operational and administrative

organization SUNFED would require. It is my Delegation's opinion, therefore, that while it would be neither profitable nor realistic to attempt to draft statutes under present circumstances, there is something to be said as an alternative for a further investigation by the Ad Hoc Committee of the principles and problems connected with the establishment of SUNFED. Such an investigation could result in a clearer understanding of the issues involved and consequently in more satisfactory discussion of the SUNFED proposal at future sessions of the Economic and Social Council and at the General Assembly.

My remarks concerning the drafting of statutes apply equally to the preparation of an operational programme. Perhaps even more unfortunate than drafting statutes for a fund which did not come into existence would be the situation created if the governments of the less-developed countries were encouraged to submit lists of projects only to find that none of them would be implemented because of lack of agreement on the organization of SUNFED or because of a lack of funds.

The representative of Poland has reminded us that the SUNFED problem is essentially political not financial. We fully recognize the political elements involved. Concerning SUNFED, the question is, are both donors and receivers prepared to conduct their programmes of economic assistance multilaterally through the U.N. rather than bilaterally?

This is an issue which all governments including both donors and receivers will want to consider carefully. My Delegation hopes that the resolutions before us can be modified to provide for further useful investigation and a better understanding of the SUNFED question on a basis of co-operation between all concerned.

LIBRARY E A / BIBLIOTHÈQUE A E



4 4264010 3E03