

No. 60/2 ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

Statement by Dr. R.P. Vivian,  
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on November 18, 1959.

...Many speakers in the general debate on economic development of under-developed countries have undertaken to analyze the major economic problems facing the world at this time. A great deal of stress has been laid on the unequal rates of growth in the under-developed countries as compared with that of the more developed countries. The situation has been described in somewhat pessimistic terms by many speakers. All speakers have agreed on one point: the United Nations must continue assuming its responsibilities for finding answers to the complex economic and social problems that the world faces today.

In considering the problem of development, my Delegation was struck by a remark made by Mr. Philippe de Seynes, Under-Secretary for Economic and Social Affairs, in his admirable statement at the beginning of our debate on this item. He said: "Equilibrium cannot be achieved by any simple, universally applicable prescription". A little later, he spoke of the "mutual interaction of the various economic sectors". My Delegation wishes to take a little time to comment upon these ideas and perhaps enlarge upon them.

The world is witnessing a unique phenomenon. By a process that began about 10 or 15 years ago, we have come to see all parts of the globe embark upon determined efforts to develop their resources; to industrialize; to break the age-old pattern of subsistence living with its accompanying ills of malnutrition, disease and short life expectancy. Certain successes have been achieved already, but, paradoxically, these have compounded the problem in its other aspects.

Great advances have been made in the application of elementary rules of hygiene. As a result of this, there has been a rapid increase in the live birthrate and a significant reduction in the rate of infant and child mortality. The population figures predicted for the end of the century are truly alarming; increasingly more people will have to be fed. At the same time the rate of agricultural production in under-developed areas is not increasing as rapidly as necessary to keep pace with their population increase, and at the same time improve the general level of nutrition.

In a country's effort to develop its human and physical potential, especially in the early stages, economic and technical aid is essential. It is, however, even more important for a country to reach a stage, as soon as possible, when it can generate its own capital for development by the products of its own industries and by the processes of international trade. My colleague from Ceylon has made an excellent summation when he said:

"The real answer to the problem lies in international action which will enable under-developed countries to generate increased incomes through their own sources and sustain them at reasonable levels".



The phrase "the processes of international trade" is a simple one, but these processes are fraught with very serious problems, which are not so simple to overcome, as every trading nation knows. Trade is basic to Canada's livelihood; without it we could not continue to enjoy our present standard of living or hope to better it.

At the Commonwealth Trade and Economic Conference held in Montreal in September 1958, the subject of trade was discussed at some length. The Conference, in its report, reaffirmed the common objective of "freer trade and payments". In so doing it recognised the basic fact that a significant increase in trade was obligatory if countries, especially those in the less-developed regions, were to improve the levels of living of their people.

One of the principal economic lessons the world has learned is that narrowly bilateral trading arrangements are frequently self-defeating policies, and also work against the expansion of world trade.

The establishment of the General Agreements on Tariffs and Trade and the International Monetary Fund has been of great significance in breaking down the barriers that the former complex of narrow and restricting agreements had erected. Canada has firmly supported both institutions and has played an active part in them. By the terms of membership in these institutions, countries are committed to non-discrimination in trade, as the GATT and the IMF are designed to achieve currency convertibility and the elimination of trade and exchange difficulties.

The prevalence of severe foreign exchange difficulties in many parts of the world following the Second World War frustrated the achievement of the multilateral system for a number of years. More recently, however, with the improvement of economic and financial conditions, especially in Europe, there has been considerable progress.

While we can express some satisfaction at this trend, there still remains the necessity to guard against the dumping of commodities, or the distribution of subsidized goods, to the detriment of other producer countries who must live by fair trade at world market prices. We have seen in recent years the serious adverse effects on the economies of primary producers of the dumping of such products as wheat, cotton, tin and aluminum.

It is certainly the prerogative of this Committee to examine general commodity problems and give its advice and recommendations on them. The United Nations, however, has its organs for dealing with specific commodities and their problems. My Delegation does not believe that the Assembly is a particularly appropriate forum for the examination of one or other particular commodity. We would hope that, under this item of our agenda, no proposals for the consideration of particular commodities will be pressed. If they are, my Delegation will view them in the light of what I have just said. We should, however, hope that this Committee will adopt a resolution on trade and commodities re-emphasizing its belief in the objectives of the GATT, the CICT and the other international bodies that are working for the progressive liberalization of trade and payments and for some solution to the vexing situation caused by severe fluctuations in commodity prices.

At the outset of our general debate on development, the distinguished Chairman of the Brazilian Delegation analyzed for us the importance of the process of industrialization in the general framework of economic development. We in Canada can testify to the fundamental changes which industrialization brings about in a country.



Before the 1939-1945 war, Canada relied almost exclusively upon the production of primary commodities. A tremendous expansion of our industrial capacity occurred during this war. Although we still rely heavily on our primary commodities for our world trade, our manufactured products are contributing increasingly to this trade. Many of our industries still serve only the home market, but these allow us to save our foreign exchange for the purchase of goods that we cannot produce economically.

My Delegation, therefore, welcomes the initiative of the Brazilian Delegation focussing attention on the need for providing a new impetus in the field of industrialization. The United Nations has already undertaken useful work in this field, but we believe that it would be appropriate at this time for the Economic and Social Council to examine the work which the UN has done. The Council would then be able to advise the General Assembly on what machinery, such as a functional commission or other type of body, could be useful in filling such gaps as exist, and co-ordinating the activities already being undertaken in this field. My Delegation believes that the Economic and Social Council should be given broad scope in making its evaluations of this problem. We should not attempt to tie the hands of the Council by restricting its examination to one preconceived solution.

...I should now like to turn to the question of capital assistance through the United Nations. Canada recognizes that multi-lateral programmes have a significant part to play in aid to under-developed countries. There exists a need on the part of these countries for much greater amounts of capital than are now available. The Hon. Donald Fleming, Minister of Finance, expressed the Canadian Government's recognition of this need at a recent meeting in Washington to discuss a new multilateral capital assistance institution, the International Development Association. In giving Canada's views Mr. Fleming said:

"We in Canada have examined carefully the various features of the United States proposal. We are satisfied that funds, beyond the amounts which the Bank can be expected to provide, and on terms less onerous than those which the Bank must, in its nature, charge, should be made available to the less-developed countries for economic development."

Mr. Fleming concluded his remarks by emphasizing that the opinions which would be expressed at the time that the articles of agreement for the Association were formulated would have a bearing on the attitude of members when making their final decision regarding the association, and I quote - "each country remains free to consider the report of the Executive Directors and to decide, in the light of all the circumstances, whether or not to become a member of the new Association."

The Second Committee has for many years discussed the setting up of a capital development fund, SUNFED. The basic problem of creating a multilateral source of capital for development, of a size sufficient to make a worth-while contribution to the many needs, was in the minds of all who took part in the Washington discussions on IDA. These same preoccupations are the ones that have stimulated the SUNFED discussions over the years.

My Delegation, although subscribing to the principles of a UN capital development fund, has in the past cautioned against the establishment of SUNFED in the prevailing circumstances. The major potential contributors were, and still seem to be, unwilling to support the early establishment of SUNFED. They have argued that the demands of defence preclude the release of large sums for development. In recent months we have seen the beginning of a more promising political



climate in the world. We can only hope that this will lead to a workable agreement on disarmament and genuine peace. We have, however, been disappointed in this in the past. Certainly, the question is not an easy one and could well take much more time before it is resolved. It seems to me that, whatever the disarmament prospects are at this time, something must be done to increase the available amount of capital assistance. Canada is therefore examining the proposals for IDA with particular sympathy, although we have expressed certain reservations concerning the arrangements as viewed by some. IDA would seem to have the approval of the major potential contributors, whether or not there is an early agreement on disarmament. IDA therefore offers concrete prospects at this time.

Under these circumstances, Canada must reserve its position on any other new capital assistance organization until there has been sufficient experience with the operation of IDA to judge its effectiveness and determine whether any additional arrangements are needed.

Many delegations have expressed views on how the IDA might be set up and what methods and procedures might be used for the formulation of its programmes and policies. Arrangements have been made so that the Governors of the Bank would be kept informed on these discussions. To emphasize the importance of these views, this Committee might formally pass the records of its debates on IDA to the Bank. The Governors of the Bank, while drafting the Charter of IDA, will doubtless wish to take note of the opinions expressed in this Committee.

My Delegation stated during the consideration of the progress and operation of the Special Fund that there were many forms of assistance available to the less-developed countries. Each has its advantages. Countries requiring assistance are able to select the type of aid which is best suited to the task which they have in mind. The United Nations document on assistance available to under-developed countries is a useful guide. The United Nations has performed a valuable task in making this information available. My friend and neighbour from Ceylon analyzed most cogently the various sources of capital for development, both bilateral and multilateral, governmental and private. He gave instances how each in turn assists the development of his country. It was a valuable illustration of a co-ordinated approach to the problem.

We in Canada are particularly aware of the usefulness of private investment. We believe that this form of investment has many advantages and Canada has relied upon it heavily for its own development. Some delegations, on ideological grounds, have expressed doubts about private investment. Canada can testify that the dangers attributed to it have been exaggerated. To borrow some words used in another instance by Sir Winston Churchill, the situation may be summed up in the following way: Some regard private investment as a tiger to be feared. Others regard it as a cow to be milked. But we prefer to regard it as a strong and reliable workhorse, which will pull the national cart along the road of development.

In conclusion ... my Delegation would like to re-affirm its belief in the usefulness of the free and frank discussions which annually take place under the development item in this Committee. The task with which we are all concerned here is one of devising means, as rapidly as possible, for the social and economic improvement of the condition of the vast majority of mankind.





As I stated at the outset of my remarks, the task is extremely complex since, as I have tried to point out, the problem is made up of a series of interrelated factors, some weighing more heavily on some parts of the globe, others affecting a different group of countries. The consideration here of all these problems - assistance, surpluses and dumping, trade and trade barriers - at one time, serve to underline their complexity and, as Mr. Philippe de Seynes reminded us, their interrelation. It also serves to keep in proper balance the suggested ways of dealing with individual aspects of the problem. We would hope that continued use is made of this forum for general discussion, so that the more specialized United Nations bodies will receive guidance in their particular work, and be enabled to carry out their functions more effectively. . . .



