

Addendum for
External Affairs
Supplementary Paper No. 54/30/UN9/7

(Please attach to original)

ECONOMIC DEVELOPMENT
OF UNDER-DEVELOPED COUNTRIES

(For "October 12, 1945 and November 16, 1954" on original
Supplementary Paper, read "October 12, 1954 and November
16, 1954.")

The General Assembly in plenary session on
December 10 adopted unanimously the resolution
which had been adopted unanimously in the Second
Committee on November 16.

No. 54/30/UN9/7

ECONOMIC DEVELOPMENT OF UNDER-
DEVELOPED COUNTRIES

Texts of statements on October 12, 1945⁵⁴, and November 16, 1954, by Senator Charles B. Howard, Canadian Representative in the Second Committee of the ninth session of the United Nations General Assembly, New York, on agenda item 25 - Economic development of under-developed countries.

Note: The text of a resolution adopted by the Committee and the results of the voting are included at the end of the statements.

May I take this opportunity to congratulate you on your appointment as Chairman of the Second Committee. I consider it a great honour to have been called upon to represent Canada in this Committee and to be associated with you and the other distinguished representatives in its work.

The General debate on economic development which has occupied this Committee for the past week has once again demonstrated, Mr. Chairman, that there is little disagreement among members of the United Nations about the importance of international action to improve living standards in many parts of the world. The Canadian Government is among those which have given concrete evidence that they are fully aware of the serious problems arising out of the unequal distribution of wealth among nations and of the need to accelerate the economic development of under-developed countries. The magnitude of these problems has been underlined in the valuable report of Mr. Scheyven who, in reviewing arguments for and against the early establishment of a Special United Nations Fund for Economic Development, pointed out that the campaign against poverty is a vast operation and that the Special Fund, by itself, cannot resolve existing difficulties.

The Canadian Representative in the debate on economic development during the eighth General Assembly, indicated his support in principle for the eventual establishment of an international development fund. Canada also joined in the declaration contained in Resolution 724A of the eighth Assembly whereby the members of the United Nations undertook to ask their peoples, when sufficient progress has been made in internationally supervised world-wide disarmament, to devote a portion of the savings achieved through disarmament to such an international fund, operating within the framework of the United Nations.

During the present debate, the representatives of some countries have expressed their opinion that it was unwise to subordinate economic development to disarmament. They suggested that the time has come when

industrial countries should waive this essential pre-condition and agree to the establishment of an international fund without further delay. This attitude perhaps fails to take fully into account the very real problem of how to persuade the citizens of a democracy to accept additional heavy financial burdens for international development projects at a time when defence expenditures remain high. Certainly, Mr. Chairman, this is a problem which can not be ignored in Canada where 50 per cent of the National Budget is devoted to meeting our military commitments in the Far East and in Europe and in building up the defences of the North American Continent. A realistic appraisal of the international situation would not indicate that the time has yet come when Canada can afford substantially to reduce its defence commitments.

In his report Mr. Scheyven justifiably pointed out that countries considered as potential contributors to international development projects very often have serious economic and investment problems in the domestic sphere. The economy of Canada, for instance, is still in the process of transformation from one based largely on primary production to one with a complex and diverse range of industry. The pushing back of Canada's northern frontiers, together with the launching of huge development projects such as the St. Lawrence Seaway, involve heavy capital expenditures and inevitably restrict our ability to contribute to large-scale assistance plans like SUNFED.

There are other compelling reasons why my delegation considers it unwise to push ahead too hastily with the establishment of new capital lending plans. In the first place, there is an evident need that the proposals for the Special Fund and the International Finance Corporation should be re-examined in the light of the other new projects in the field of international finance. During its last session, the Economic Commission for Europe asked a special committee to study ways and means of financing the economic development of Southern European countries; this committee was asked to submit suitable proposals early in 1955. Only a few days ago, the United Nations Economic Commission for Latin America presented a report recommending that a special loan fund be established, with a minimum target of one billion dollars a year, for investment in development projects in Latin America; this report is to be considered at Rio de Janeiro next month by the Ministers of Finance and Economy of the American states. It would appear to be advisable, and indeed essential, that before the members of the United Nations are asked to approve additional investment plans, there should be a careful over-all examination of the ECE and Latin American proposals, as well as of existing arrangements in the field of international finance, with a view to effective co-ordination of effort and agreement on priorities.

In her able address in the Second Committee last week, the distinguished representative of Sweden urged that before new plans for assisting economic development are launched, the members of the United Nations should ensure that existing programmes, such

as the Expanded Programme of Technical Assistance, are consolidated and strengthened. My delegation agrees wholeheartedly with this position. Certainly, the difficulties experienced in meeting the modest budget of the Expanded Programme, the Childrens Emergency Fund, the Korean Relief Agency and other United Nations programmes give ground for serious doubts about the wisdom of initiating even more ambitious schemes at the present time.

Mr. Chairman, my delegation's belief that it would be premature to establish the Special Fund now does not mean that Canada has little interest in the economically less-developed countries. The real assistance which Canada has given, and is giving, to help these countries in their own efforts to improve economic conditions is a matter of record. Since World War II, the Canadian people have made available over two billion dollars to the rehabilitation of countries devastated by war and to international programmes of technical assistance, reconstruction and relief. Last year our contribution to the United Nations Expanded Programme of Technical Assistance was doubled and, at \$1,500,000, was exceeded only by those of the United States and the United Kingdom. My country is particularly active in the programmes of economic development in Asia which were under review at the meetings of the Colombo Plan in Ottawa last week, and to which Canada has already contributed \$102,000,000.

Canada is also doing its share in the field of international finance. The entire Canadian subscription to the International Bank -- approximately \$60,000,000 -- has been made available for lending and re-lending without any of the restrictions imposed by other contributors. The Bank has, in addition, been able to increase its funds by the flotation of two bond issues in the Canadian market for \$15,000,000 and \$25,000,000 respectively. There are no restrictions on investment abroad by Canadians which, on a per capita basis, exceeds the very heavy United States private investment in Canada.

In considering its approach to proposals for new international development funds, Canada, in common with other countries, has therefore had to balance its real sympathy with the needs and aspirations of less developed countries against the requirements of its own economy and defence and the conviction that more harm than good can result from premature implementation of ambitious plans. As I indicated earlier, Canadian representatives have indicated support in principle for the plan for the eventual establishment of an international development fund. However, until my government is convinced that the operation of this fund can proceed on a sound basis, Canadian contributions to the economic development of under-developed countries will continue to be made through existing channels such as the Colombo Plan and the United Nations Expanded Programme of Technical Assistance.

My Delegation has voted in favour of the resolution contained in document A/C.2/L.233 as representing the most acceptable compromise which could have been reached between the widely divergent points of view on the question of the early establishment of an international development fund.

The Canadian attitude towards this fund was, I think, made quite clear last month in my statement during the general debate on economic development. In supporting this resolution my Delegation interprets its provisions in the light of the considerations advanced in that statement. I would at this time only wish to associate myself with the views expressed this afternoon by the distinguished representatives of the United Kingdom and the United States.

It is our hope that the conditions which might make SUNFED possible, as outlined in a resolution adopted by the General Assembly last year, may be realized before too long.

Mr. Chairman, the resolution was adopted after long and difficult negotiations. I should like at this time to pay tribute to the representatives, both of the materially under-developed countries and of the industrialized countries, who took an active part in its preparation. Their spirit of compromise and accommodation made possible the broad basis of agreement on which this resolution rests.

Voting Results

Following is the text of a resolution (U.N. Doc. No. A/C.2/L.233) adopted unanimously by the Second Committee on November 16, 1954:

The General Assembly,

Mindful of the determination expressed in the preamble of the Charter "to employ international machinery for the promotion of the economic and social advancement of all peoples", and of the obligations of the United Nations and its Members under Articles 55 and 56 of the Charter,

Recalling its previous resolutions and those of the Economic and Social Council on the need to provide financial assistance through international co-operation for the economic development of the under-developed countries and, in particular, on the proposal to establish a special United Nations fund for economic development,

Taking account of all relevant documents prepared in pursuance of the above resolutions,

Bearing in mind the increasing progress made in obtaining the support of Governments for such a fund,

Having examined the final report of Mr. Raymond Scheyven (A/2728 and Corr.1 English only) prepared in pursuance of General Assembly resolution 724 B (VIII), and the statement made by him in the Second Committee of the General Assembly (A/C.2/183),

1. Expresses the hope that a special United Nations fund for economic development be established as soon as practicable;
2. Expresses its great appreciation of the work done by Mr. Scheyven;
3. Extends the appointment of Mr. Scheyven for another year in order that he may continue his consultations with Governments, and elicit in the course of his consultations the views of those Governments which have not so far indicated them, on the recommendations contained in the report of the Committee of Nine and on the support which may be expected from them for such a fund, and in order that he may undertake such work as is specified in paragraph 5 below;
4. Urges Governments to review their respective positions as regards extending their material support to a special United Nations fund for economic development, in accordance with changes in the international situation and other relevant factors, both national and international;
5. Requests Mr. Scheyven to prepare, with the assistance of the Secretary-General and of an ad hoc group of experts selected by him in consultation with Mr. Scheyven, and on the basis of consultation with the Technical Assistance Board and the specialized agencies concerned as well as of the report of the Committee of Nine and the comments of Governments, a further report giving a full and precise picture of the form or forms, functions and responsibilities with such a special United Nations fund for economic development might have, and especially the methods by which its operations might be integrated with the development plans of the countries receiving assistance from it. Such a report should also consider the working relationship of such a fund with the Technical Assistance Board, the International Bank for Reconstruction and Development and other specialized agencies concerned, the United Nations regional economic commissions and existing programmes in the field of economic development;
6. Requests Mr. Scheyven to make to the Economic and Social Council, and the Council specially to consider at its twentieth session, such report as may then be possible on the results of his missions and to present his final report to the General Assembly at its tenth session, so that the General Assembly may consider the report together with such comments as may be forwarded by the Economic and Social Council on the report made to it earlier;
7. Requests the Secretary-General to provide the above-mentioned ad hoc group and Mr. Scheyven with all necessary assistance and facilities.



