



STATEMENTS AND SPEECHES

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ECONOMIC AND TECHNICAL ASSISTANCE

Statement by the Minister of National Health and Welfare, and Chairman of the Canadian Delegation to the United Nations General Assembly, Mr. Paul Martin, Made in the Second Committee October 14, 1955.

The Canadian Government is acutely aware of the growing importance in world affairs of the part played by the United Nations in assisting in the economic progress of the less developed countries. We recognize that the more quickly standards of living throughout the world are raised, the easier it will be to maintain peace. The United Nations is showing through its concern with this problem its awareness that world-wide economic and social progress is fundamental to the establishment of permanent and world-wide security; its contributions towards this end are being made by a number of agencies and in a variety of ways. We in this Committee, through our agenda, focus our attention on the financing of economic development and on the Technical Assistance Programmes. We must not lose sight, however, of the valuable work being done in these fields by such agencies as WHO, FAO and UNESCO. It is essential that economic and social inequalities between countries, which are bound to be sources of dissatisfaction and of international tensions, be reduced to the degree that is humanly possible.

In this endeavour, the United Nations and certain of the Specialized Agencies are playing an important part; further, the countries, which, through their more favoured economic position, are able to assist and are assisting, can derive considerable satisfaction for the successes achieved so far. This international cooperation is a new element in international affairs. One has only to look back to pre-World War II days to see the distance travelled. There is little point here in referring to circumstances which have delayed a wider application of the principle of brotherhood; but this new and encouraging element reveals mankind at its best.

Our Secretary of State for External Affairs, Mr. L.B. Pearson, has referred to this co-operative activity within the United Nations as "one of the most heartening aspects of the international scene". In the same speech delivered to the Conference of the United Nations Associations in Canada, in Ottawa in May of this year, Mr. Pearson went on to say: "Anyone who is inclined to feel discouraged by the difficulties encountered by the United Nations in its efforts to resolve world political problems might well reflect on the extent to which the countries comprising it have been able to co-operate in meeting the challenge of economic development on a world-wide basis. The activities of the

United Nations in this field greatly surpass those of the old League of Nations and reflect a new spirit of international co-operation in this post-war period."

In his able report to this Committee, Mr. Philippe de Seynes referred to the great progress which has been made over the past ten years. He pointed out that this progress was not solely the result of the efforts made at the national level by governments and peoples. He said that "some credit at least is due to the system of international co-operation which has developed in a variety of forms since the war and, within which, the United Nations and the agencies centered on it have played a part which should not be under-estimated." We might say that his words "some credit at least" might be strengthened by stating that the co-operative activity within the United Nations in the field of economic development is unprecedented in international affairs and that we have good reason to be hopeful for the future.

The benefits are not all tangible and material. Undoubtedly, in tackling this work, in embarking on this new experiment, the United Nations has at times stirred the world conscience and has created a new awareness of the problems involved. At the same time, in debates such as the one which is now going on and in the work of the Specialized Agencies, those receiving assistance are reminded of their responsibilities in making these new co-operative ventures fully effective.

In order that this co-operative activity may attain the greatest possible success, it is, of course, important that the Organization function harmoniously and that its discussions reflect a genuine sense of concord. Unless, in particular, political questions are dealt with moderately and constructively, the prestige of the Organization will suffer, and opportunities to develop its operations in the fields with which we are directly concerned are bound to be adversely affected, since the conduct of the Organization as a whole will affect its actions in the vital problems of economic development. This was one of the considerations which the Canadian representative in the General Assembly, a few weeks ago expressed, his views on the importance of a sense of responsibility and of moderation.

In another sense, too, it is important that United Nations activities develop constructively and that the prestige of the Organization be raised. In so far as the United Nations fails to contribute effectively to the reduction of international tensions, heavy defence budgets in all countries must be maintained, and financial and technical assistance projects may have to be reduced or postponed. It is elementary to state that were it possible to arrive at agreement on disarmament, Canada for example, would with other nations, be able to look at the problems of economic development abroad with more serenity of mind and assurance of purpose.

There is another point to which I must refer. The principle of co-operative assistance is a developing one, but it will of course require some time to come to maturity. As it so does, the United Nations itself will develop in strength and effectiveness, for the climate in which nations may prosper will have improved. Greater effectiveness will lead to a greater confidence and this, in turn, will lead to greater support for the United Nations

in its endeavours in the fields of economic development. Meanwhile, we must be on our guard lest a feeling of frustration or of impatience develops. There are many projects which are better dealt with on a bilateral rather than on a multilateral basis. It is true that sometimes there is an understandable sensitiveness about accepting assistance on a bilateral basis which is not felt when collective assistance is given. Nevertheless, collective effort is something new both in international affairs and in the life of the countries which benefit from it. It is also a developing force and as experience gained can be applied, the whole process will continuously become more effective.

In the meantime, there are projects which have been proposed and undoubtedly others which will be, which for economic reasons or lack of sufficient support, it is not practical to handle on a multilateral basis. It may be that the idea is good but that the time for making it effective is not propitious. There is some danger in pushing matters too far or in pressing for a course of action too soon. I believe that flexibility is required and that it would be harmful to adopt too rigid a position. Only what is possible of achievement through co-operation should be advocated and undertaken by co-operative action. In these matters it is feasible to advance only when broad and willing agreement is forthcoming. Attempts to force the pace may defeat our common purposes.

All these projects are being suggested or undertaken for the benefit of the so-called "under-developed" countries. The word "under-developed" has acquired current use but the term is often not particularly fitting and, at best, has an increasingly narrow area of application. The word "under-developed" is comparative, and in the whole field of human activity, the term is not always accurately descriptive. There are degrees of development in all countries. Even in the areas of economic progress, the nations that may appear to be in the forefront in some respects are in others in a transitional stage from one level of economic progress to another. Canada, for instance, a large land mass with a small population, is one country in such a stage of transition. Within recent years its pace of development has been quickening. We are fully conscious, therefore, of the driving forces behind the need for greater development in countries other than our own. We feel we have some kinship with those nations whose development needs are urgent.

I would like to turn my attention for a few moments to the current report of the Economic and Social Council, especially where that report touches on the problems of multilateral trade and convertibility of currencies. In my opinion, the Council is to be commended for focussing its discussions on the world economic situation and on the possibility of expanding world trade.

We think it is impossible to disagree with the observations contained in paragraphs 64 and 65 of the Council's report that the best way to achieve and maintain international economic equilibrium is to work towards the re-establishment of a multilateral trade and payments system. We also believe that the warning against the tendencies of governments to turn their efforts towards making themselves self-sufficient and arranging closely-knit preferential trading areas is sound. Canada hopes that the Council's

call to member states to support the established institutions which are working successfully in this field will be supported.

The question of the convertibility of currencies is a vital one, and we welcome the comments of the Managing Director of the International Monetary Fund that the international payments position of many countries has substantially improved and that during the past year there has been a much greater freedom from inflationary pressure than in recent years. It is encouraging to note his statement that "the momentum in that direction had not been lost". I think considerable satisfaction can be drawn from the statement in paragraph 316 of the report that "the Fund's procedures had been developed to the point that members could be confident that reasonable support would be forthcoming from the Fund".

Mr. Chairman, previous speakers in this general debate have referred to the part which atomic energy can play in the economic development of the less advanced or less favoured nations. We have noted the very interesting statement made by the distinguished delegate from India on this point. We note the satisfaction he has expressed for the arrangements made for the gift of a reactor between Canada and India. It is a reflection of the friendship and partnership between the two countries. It is undesirable to overestimate the time when great achievements from atomic energy will be available to the world. Much can be done in the early stages of development. Too much emphasis cannot be placed on the fact that we are just now emerging into a new field. As you know, Canada from the outset has supported the generous initiative of President Eisenhower. We were one of the sponsors of the Resolution approved by the General Assembly last year on the setting up of an international agency. As provided in the Resolution, we have been engaged with our colleagues in the drafting of the statute which has now been circulated to all member states. We have been concerned in these negotiations to ensure that all interests and all areas should be represented. We hope that the less developed countries which have been invited to comment will examine the Draft Statute from their special standpoint and will suggest such amendments and improvements as may be needed to provide for their requirements. We are determined that the agency should serve the common good and that it should provide an efficient framework for the development of atomic energy on a co-operative and mutually advantageous basis.

I would like to touch briefly on another matter of considerable importance and that is the need for increasing the flow of private capital to under-developed countries. Canada has repeatedly indicated that it recognizes this need and has taken action to facilitate private Canadian investment abroad. There are no restrictions on the access of foreign borrowers to Canadian capital markets. Canadian investors have been granted credits against their Canadian tax for income tax paid to foreign governments. Canadian corporations are given exemptions from tax on dividends they receive from foreign investments in which they own twenty-five per cent or more of the voting stock. The Canadian Government has actively sought to conclude reciprocal tax conventions with other governments for the avoidance of multiple taxation on foreign investments.

In addition, the Canadian Government has supported programmes which help to create conditions in under-developed countries which will attract an increasing amount of both domestic and international private capital. In the field of financing economic development I would mention the International Bank and the IFC. Canada is also contributing substantial amounts to reconstruction and development programmes such as the Colombo Plan, the Expanded Programme for Technical Assistance, the Korean Reconstruction Agency, the Palestine Reconstruction and Works Agency and the Children's Fund.

Canada strongly supports the use of the International Bank for Reconstruction and Development to augment the supply of funds for external investment in the under-developed areas. To this end, Canada has contributed close to 105 million dollars to the active resources of the Bank. Canada is one of the two members that has made its entire eighteen per cent capital subscription--in our case approximately 60 million dollars--available for lending. By selling bonds in Canada the Bank has obtained some 40 million dollars additional capital.

While the International Bank for Reconstruction and Development and the International Monetary Fund are providing a most useful service, it became evident, as time passed, that there was need of another agency in the field of financing economic development. As a result, and after due consideration, an International Finance Corporation -- the charter of which, by the way, Canada strongly supports -- is in the course of being set up. We announced last year at the ninth session our agreement in principle to participate. When it is, Canada will participate in the Corporation's activities and purchase \$3,555,000 worth of stock. Experience will show how useful this Corporation will be but great hopes attend its establishment.

Equally encouraging developments have occurred in the area of Technical Assistance. The Regular and Expanded Programmes of Technical Assistance are playing a role of increasing importance in economic development. Within its ability, Canada has been a contributor of some substance to this work. In doing so we have harnessed our willingness to our capacity. With modesty, we think our contribution has been one from which we can derive satisfaction. I am sure that other delegations share with the Canadian Delegation our gratification in observing the Programme as a whole. Particular satisfaction is derived from the reduction in administrative costs which not only results in greater efficiency, but makes possible a more effective use of monies available. This satisfaction should not prevent us, as Mr. de Seynes pointed out, from continuing our attempts to render the programme more stable and hence more effective. Speaking of money, Mr. Chairman, this would seem to be the appropriate moment for me to say that Canada, as a large contributor to Technical Assistance, will announce at the Pledging Conference that we again intend to contribute. This statement will be made and expanded upon by my colleague, the Secretary of State for External Affairs.

Canada's expression of satisfaction at the progress of the programme would be incomplete did we not commend Mr. Owen, the Executive Chairman of the Technical Assistance Board, and Dr. Keenleyside of the United Nations Technical

Assistance Administration, for the productive work that is being done under their guidance. I am sure, too, that you will wish to join me in paying tribute to the many hundreds of technical and educational experts, drawn from many lands, who in so many parts of the world are serving, often at great personal sacrifice and often experiencing hardship, the great cause of social and economic co-operation in international affairs.

It may not be inappropriate for Canada to point to the assistance being rendered outside the United Nations, either on a bilateral basis or through collective plans. I have particularly in mind the Colombo Plan for which Canada has made available some one hundred and thirty million dollars in the last five years. Regardless of the strength of any nation's economy we think that this contribution is no mean one, and we are happy that we have been able to make such a contribution which is playing its part in bringing beneficial results to South and South East Asia.

Mr. Chairman, the contributing nations are given to stressing their contributions. As a contributing nation Canada hopes that its mention of her contributions has been within the bounds of modesty. We are compelled to be modest because we realize that monetary contributions do not tell the whole story of economic development and Technical Assistance.

The fact is that external aid to the less favoured nations is a marginal factor in economic development. It is accepted by most people that by far the greater part of the development programmes must and does come from within the less developed countries themselves. I think we must bear this in mind.

However, the part played by the contributing nations is equally worth remembering. This, I think, can best be illustrated by quoting again our Secretary of State for External Affairs, Mr. Pearson, when he said, "The fact that external aid may often be marginal does not, however, make it unimportant. Many a garment might unravel if it were not for the hem. In much the same way the fabric of economic and social life in many of these countries is strengthened by the function which outside assistance performs and by the evidence which it brings of widespread interest, sympathy and support."

It is partly because of this effort on the part of the less favoured countries to help themselves that Canada has been anxious to contribute within the limits of her capacity, in the belief that, by assisting other nations, Canada is rendering a service to them and to herself as well. We in Canada, do not like the terms, "less favoured", "underdeveloped", they imply inferiority, which is far from our minds.

Even well developed countries have development problems of their own which impose limits on what they can contribute to plans of external assistance. Questions of priority and proportion in the allocation of national revenues are always amongst the most difficult that governments have to face. Nevertheless, it is of course true that countries which are developing their own resources are thereby increasing their potential ability to assist in the future development of countries less economically advanced.

In conclusion, and to summarize our approach to the problems faced by our Committee, let me say that from us Canadians any attempts to improve economic and social conditions in the world generally, and particularly in the so-called "under-developed areas", are bound to elicit a favourable response for reasons of duty, of natural human sympathy and of broad self-interest within the contract of our financial capacity to meet these exigencies.

Also, as a young and developing country we have a natural understanding of the aspirations and the needs of peoples who, in some respects, share our position. Our inclination is to do what we can to assist them and as I look at our record, it seems to me that we have not been entirely unsuccessful in expressing our feeling in a practical and, I hope, a generous fashion.

But the Charter itself has established a connection between the preservation of peace and the improvement of social and economic conditions in the world. There can be no assured peace as long as all possible efforts are not made to reduce poverty, sickness and ignorance. Perhaps these cannot be reduced as fast as we might wish. But we do not fail in our solemn obligations when we try to contribute to the maintenance of peace, not only in attempting to solve political problems, but in supporting to the limit of our ability and capacity the hopes and aspirations of all peoples for a life of security, dignity and justice.

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