



STATEMENTS AND SPEECHES

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THE ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED AREAS

Text of a statement at the Sixth Session of the United Nations General Assembly by Mr. Maurice Bourget, M.P., Canadian Representative on the Second Committee, made at Paris on November 27, 1951.

The agenda items which we are dealing with in this general debate all relate to the task of raising the level of production and the standards of living of the peoples of the under-developed countries of the world. This task is perhaps the biggest challenge to the conscience and ingenuity of the members of this Committee. The Canadian Delegation has listened with sympathetic interest to the eloquent pleas that have been made in this session by the spokesmen of such countries for an understanding of their problems. We recognize that there is no simple solution to such problems and that measures that have been appropriate in the past in the more industrialized countries of the world are not always appropriate in the case of many of the under-developed countries. Sheer poverty in some areas has created conditions under which it is impossible for such countries to produce more than enough to maintain the barest necessities for their sustenance, leaving no margin for the saving and investment and the development of skills that are necessary to improve living standards.

Nevertheless, we must also admit that important steps have been taken by the United Nations itself and in other independent collective or bilateral ways to give meaning to the recognition of the simple fact that all of us have responsibility for helping each other and, in particular, for narrowing the gap in standards of living which separates one group of countries from the other. If we consider, for example, the steps that have been taken in this direction since the General Assembly last met here, in Paris, in 1948, it will be seen that the problems have not been neglected. On the contrary, a number of new and unprecedented measures to alleviate the economic imbalance which exists between the various areas of the world have been taken during the last three years.

Foremost among these has been the establishment of the Technical Assistance Programme. The Canadian Delegation has listened with great interest to the tributes that have been paid to this programme from many countries who have begun to benefit from it and we think that this Committee should feel enormously encouraged by the progress that has been made so far. Last year, great advances were reflected both in the size and implementation of the programme and in the responsible way in which it was received by the recipient countries. We feel that this programme is a great practical achievement. Its development by ECOSOC has shown imaginative wisdom and foresight.

The potentialities of a technical assistance programme are almost unlimited having in mind the effects that the spread of technical knowledge will have upon economic and social development. Such assistance is an investment in prosperity in which all will share. We were struck by that part of the speech of the Honourable Delegate from the Philippines, in which he described the way in which his country had taken advantage of the facilities offered to it by the United Nations. As he has suggested, this programme brings together men from opposite ends of the earth. It is of paramount importance, therefore, that both those providing and those receiving assistance should demonstrate wisdom and responsibility in their joint operations.

Outside the technical assistance programme of the United Nations, but not unrelated to it, many other steps have been taken in the last few years by the free industrial countries to contribute towards the solution to this problem of under-development. One thinks of the multilateral and multi-various activities of the International Bank which is now well launched into its primary task of promoting economic development; one thinks also of the foreign assistance programme of the United States and other major industrial countries. Moreover, and I shall say more of this in a moment, there has been recently launched by some nations of the Commonwealth the Colombo Plan, which is a co-operative enterprise for achieving precisely the same ends as those which we are trying to achieve in this Committee. These activities have been promoted, so far as the contributing states are concerned, in all cases, without compulsion, without thought of individual or national gain, and without creating any threat to the political independence of the countries concerned. Such motivations are in direct contrast to those of certain countries represented on this Committee who have repeatedly refused to co-operate in any of these United Nations undertakings, despite the evidence that has been brought to this conference table of the great needs that remain to be met.

I should like to revert at this moment to the Colombo Plan. As members of this Committee know, my own Government, in conjunction with other Commonwealth countries, has set aside substantial funds for assistance to the economic development of South-East Asia and for the provision of technical aid. We do not regard the Colombo Plan as a substitute for a United Nations programme but essentially as additional or supplementary, the necessity of which was determined by the special political considerations of this area, and the close association which we enjoy together. This is a co-operative enterprise in which the recipients participate in the planning and the execution of the programmes. My own Government has been greatly encouraged by the enterprise exhibited by these countries and by the measures that they have taken in the domestic sphere to facilitate their own development by making the best use of such external assistance. The degree of co-operation which has developed during the planning and initial stages of this Plan augurs well for its future. In more recent months, we have been impressed by the understanding that they have shown with respect to the difficulties of supply which we have been facing and we, in turn, have gained a deeper understanding of the problems involved in utilising external assistance. Our Government has appropriated 25 million dollars for use this year. Recently under this plan Canada authorized 10 million dollars worth of wheat to go to

India to ease the ravages of a famine. In this connection the Indian Government was glad to agree that the funds obtained by India from the sale of the wheat to dealers would be used to finance essential projects provided for in India's plan of economic development.

Having said all this, one must recognize that, so far as the immediate future is concerned, a new situation has developed during the last twelve months. This new situation is bound to influence the objectives and the plans of the major industrial countries of Western Europe and North America. I refer, of course, to the necessity that events in Korea have imposed upon all of us for strengthening the military defences of the free world. In the case of my own country, the new defence obligations that we have assumed as the result of our decision to stand with the free countries in mutual security arrangements, will absorb more than half of the total national budget and will be a strain upon the Canadian economy beyond anything ever experienced, except in time of all-out war. We have found it necessary to make drastic increases in taxation, to curtail consumption, to restrict investment in all sectors of the economy which are not essential to defence and to leave partially unsatisfied the crying need for housing and other social amenities. The measures taken to strengthen the defences of the free world, in short, are going to affect drastically the operations of the Canadian economy. Our own development and our own levels of consumption cannot avoid being retarded. This being said, it will be realized that, for several years, there will not be the scope for any kind of expanded programme of aid towards economic development that might have been thought possible a few years ago.

As the delegate for India remarked a few days ago, a reduction in defence expenditures would release important funds for economic development. The Canadian people are deeply conscious of this, and hope that the day is not too far away when the fear of aggression will have been removed, so that we may all once again turn our efforts to the tasks of improving the social and economic conditions of our own people and of others. Let me not be misunderstood. We, for our part, have no intention of losing sight of the needs of the under-developed countries. We shall continue to support the United Nations Programme of Technical Assistance. We shall continue to encourage the International Bank to expand its activities and, if appropriate, to make more of our subscribed capital available to the Bank for its purposes. We are continuing to carry through with the agreements reached with our fellow members of the Commonwealth in Asia under the Colombo Plan.

Of course we recognize that the present scarcity of certain materials and equipment must, of itself, impose limitations on the rate at which development programmes can be implemented. In this connection, we believe that, through the medium of joint international action, supported by domestic control measures, the under-developed countries will continue to obtain access to supplies of essential equipment and materials.

What I am saying, and the Canadian Delegation wishes to be perfectly frank in this matter, is that the present strains on the economy are such as to make it impossible for us to implement any new and large-scale commitments for

assisting the development of the under-developed areas for the time being. We do not think that we have enough resources to permit a larger defence vote, to maintain domestic investment and consumption and to allow a higher volume of external aid. We have told our own people that sacrifices are necessary and we should be lacking in honesty if we did not declare that this is not the occasion to assume additional external commitments of the kind that have been urged before this Committee, or the kind contemplated in the Experts' Report. There is another implication arising out of the present threat of aggression in the world today. Much has been said in the past of the great need for private capital in facilitating the development of under-developed areas. My own country's experience has demonstrated the latter is an essential part of any economic expansion programme. The turbulent political situation in many areas of the world today with the accompanying element of military insecurity has curtailed drastically the flow of private capital to such areas.

We believe that the representatives of the under-developed countries have shown a real understanding of the dangers to which the free world is exposed and appreciate the character of our present limitations. For that reason, we find it less difficult than would otherwise be the case to stress the need for realism. We consider that the resolution on economic development passed at the last Session of ECOSOC was a realistic one and is wholly compatible with the spirit of Article 55 of the Charter. The Canadian Delegation is not convinced that it would be in harmony with the spirit of the Charter for the United Nations to pass a resolution on such a vital question, which through force of circumstances, many nations would be unable to implement. So far, and this is indeed to the credit of the United Nations, member-nations have largely resisted the temptation to adopt fine resolutions which could not be observed. I suggest it would be folly to debase the currency of United Nations resolutions and to risk the future of economic development by passing a resolution which would be premature at this time, and which as the delegation for Brazil indicated, might well raise false hopes. I trust and believe that the representatives of the under-developed countries around this table understand and appreciate these views.

We were impressed by the common sense approach which the Greek Delegate demonstrated in his speech earlier in this debate. We are in agreement with his views that there are a number of prerequisites to the establishment of an internationally developmental authority. Ample evidence of this lies in the fact that recognition has been given by both the industrial nations and the lesser developed countries to the necessity of establishing in the latter areas a suitable domestic institutional framework for mobilizing and channelling their domestic resources and effectively utilizing such assistance as may be given. Some progress in this direction has been made but there still remains much to do before we reach the stage where the most effective use could be made of developmental capital.

Frequent reference has been made to the Report of the Experts which was considered at the Thirteenth Session of the Economic and Social Council. The Canadian Delegation fully agrees with the Experts on, and I quote from their Report, "the advantages to be derived from the removal of all obstacles

to free and equal opportunity which blunt the incentive and discourage the efforts of the peoples". Similarly, their recommendations concerning land reform, abolition of privileges based on race, colour, cast or creed, the establishment of taxation upon an effective basis, a programme of mass education, commend universal support.

However, there are some parts of that report with which we do not agree. The Experts sought to indicate considerations which should be borne in mind in determining the relationship between governmental and private activity. The Canadian Delegation believes that these are matters for which it is difficult to establish a formula. In each case, an appropriate measure of central planning should be determined in relation to the particular needs of the community and the state of its economic, political and social organization.

We feel that there are some factors which may not have been fully considered by the Experts. For example, we wonder if undue stress has not been laid on the more dramatic approach implicit in the immediate establishment of higher industrialized projects to the neglect of agricultural development as a basis for subsequent industrial growth.

In other words, while the Canadian Delegation is in agreement with a large part of the Experts' Report, and while we feel it is a most useful step towards the achievement of an ultimate aim, we are convinced that the ideas in it must be merged with other related studies and its recommendations considered in conjunction with contemporary conditions and circumstances. We also feel, in particular, that this Report must be read in the light of the new strains being experienced by the economies of the industrialized free nations.

Despite the existence of certain (and we hope, temporary) limitations which effect international progress in this field, our delegation feels that the momentum behind our international efforts can and should be maintained.

We feel that the United Nations can continue to move ahead in a number of ways. We feel that there is ample scope for further improvements in the implementation of the technical assistance programme. Indeed many delegates have already given us indications of the places where further progress can be made. We believe, moreover, that the International Bank can continue to expand its activities in the under-developed countries, and that detailed studies of the possibility of its promoting a scheme to provide equity capital would be well worth while.

My delegation would also like to suggest more advantage could be derived from existing development programmes now under way by better co-ordination of the activities of various agencies. Amongst these, we include not only the United Nations projects but the activities of Colombo Plan and the United States foreign assistance programmes. We feel that the United Nations could make a most useful contribution by recommending closer co-ordination between these various projects so as to avoid waste and duplication, and to make a greater use of the pool of available resources. Such co-ordination, we believe, could be effectively achieved at the working level. This could lead to the establishment of regular, although informal contacts between those responsible for the organization and direction of these programmes under the

guidance of the recipient governments. There have been a number of other practical suggestions for making better use of existing facilities, many of them coming from the underdeveloped countries themselves. We feel that this Committee should give the fullest consideration to all such ideas as being a realistic approach to problems of economic development.

In conclusion, the Canadian Delegation would like to remind the Committee of the fact that our own country is engaged in a large scale programme of economic development and that we ourselves continue to be importers of capital. My Government has taken action substantially to increase our production of materials greatly in demand throughout the entire world. By bringing more of our national resources into use we shall contribute materially to the economy and well-being of the whole free world. It will require the most judicious use of our resources if Canada is to maintain this development while, at the same time, continuing to provide foreign aid and assistance on a scale already assumed. We must succeed in this if we are to continue to provide for a future participation in programmes designed to improve living standards and general economic health throughout the whole free world.



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