



CANADA

STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 64/23

THE CHALLENGE OF UNDER-DEVELOPMENT

Speech by the Secretary of State for External Affairs, the Honourable Paul Martin, to the Seventy-Fifth Anniversary Plenary Meeting of the International Committee of YMCAs of Canada and the United States, Cleveland, September 26, 1964.

I am deeply honoured by your invitation to address you on this anniversary occasion. Three-quarters of a century ago, the Young Men's Christian Associations of North America set out, in a spirit of brotherhood and service, to share their resources and skills with those of other countries. Three-quarters of a century ago, a movement began which was destined to transcend colour, creed and culture. Three-quarters of a century ago devoted and farsighted men in the United States and Canada recognized the need for a policy of hands across the continents, for helping people to help themselves, for training good citizens and good men.

The tributes that have been paid to you on your seventy-fifth anniversary by world leaders and statesmen bear eloquent testimony to the measure of your accomplishment. With a membership today in excess of 5 million, spread over more than 80 countries and territories, you can justly claim to be "a unique and penetrating force in the cause of world peace and justice". For peace and justice, in the final analysis, are concepts that depend upon men of just and peaceful disposition to give them substance. And it is men of that calibre and disposition who have been the products of the YMCA world service over the years -- the products of teaching and example but, above all I believe, the products of that bond of universal brotherhood which permeates all your endeavours.

Looking back over the past 75 years, we are bound to recognize, I think, that the world is no longer the far flung entity it then was. Advances in transportation and communication, in the interchange of knowledge and ideas, and in international organization and co-operation have made us all neighbours of one another. One of the consequences of this process has been to bring home to each and every one of us a problem of which we were only marginally conscious in former days -- the problem of the under-developed world. I think it would be particularly appropriate for me to say something about that problem on this occasion and to a gathering such as this.

When I speak of the under-developed world, I am speaking about the vast majority of countries in Asia, Africa and Latin America. Together they number almost 80. Most of them have only recently emerged to independent status. All of them are grappling with the problem of meeting the rising aspirations of their peoples. None of them can solve this problem in a purely national context.

Challenge Not Solely Economic

We tend to look upon the challenge presented by the under-developed world as primarily an economic one. But while there is much to support such an approach, it seems to me that it is neither a complete nor an adequate one. A moment ago I referred to the fact that many of these countries had only recently achieved their independence. It is natural that the achievement of independence should generate expectations that tend, sometimes by wide margin, to exceed what the governments of these new countries can hope to accomplish in the realm of practical possibility. And it is natural that, once the peoples of these countries begin to realize the full magnitude of the problems they are facing (problems of political organization, of social and administrative reform, of economic under-development, and of technological lag), there should be a degree of disillusionment and dissatisfaction with the existing order of things.

Although many of them are "non-aligned", it is significant, I think, that so far none of these countries has of its own volition embraced the Communist alternative of pushing forward their economic development in ruthless disregard of the aspirations of ordinary men and women. But there is no room for complacency in this situation. Disillusionment and dissatisfaction do not make for stability and unless the causes of disillusionment and dissatisfaction in these countries can be rooted out, we shall not count on them to play their appointed part in the maintenance of international peace and security. For we cannot assume that the pressure for a new and different order of things in these countries will abate. And if we cannot assume that, we must accept the fact that this pressure will remain a potential source of tension and instability. Furthermore, if we fail to help the governments of these countries to meet the aspirations of their peoples, we cannot discount the possibility that others will exploit our failure to do so.

Population Outruns Development

Of course, the problem presented by the under-developed world is not a simple one and it is not capable of any single or simple solution. A few facts and figures will, I think, help to illustrate its scope. In the decade from 1950 to 1960, the countries of the under-developed world were able to increase their production of goods and services from \$110 billion to just under \$170 billion. This means that, at the beginning of the decade as at the end of it, these countries accounted for only three-tenths of all the goods and services produced in the free world as a whole. Over the same period the total population of these countries increased from 1,000 million

to 1,300 million people. That is a rate almost twice as high as that experienced in the advanced countries of the free world. When the growth of production is discounted by the growth of population, we find that the less-developed countries were able to increase their average per capita income over the decade by no more than \$25, from \$105 in 1950 and \$130 in 1960. In other words, per capita income in these countries rose by a mere \$2.50 a year. What is more significant is that during this ten-year period, the gap between standards of living in these countries and standards of living in the advanced countries widened in both absolute and relative terms.

These are depressing figures. They are particularly depressing in a world which has come to accept the need for economic growth as a central objective of government policy everywhere. The United Nations recognized the urgency of this problem at the General Assembly session three years ago, when it designated the 1960s as the "Development Decade". The specific objective of that designation was to achieve in each of the less-developed countries a minimum annual rate of growth of national income of 5 per cent at the end of the decade. Even if that objective were reached (and we must all hope that it can and will be reached), it has been calculated that it would take the less-developed countries 80 years to achieve current standards of living in Western Europe and 120 years to achieve those currently prevailing in the United States. Understandably, this is a timetable which the governments of the less-developed countries refuse to regard as practicable either in political or in social terms.

Need for Increased Investment

If the less-developed countries are to achieve higher rates of growth, they will need to have available a larger supply of investment goods. They will also need to be able to meet the rising demand of their peoples for consumer goods - including, particularly, food. Since their own capacity to produce the required goods is still limited, a substantial proportion of the increase in demand for those goods will need to be imported. The problem which these countries face is where to find resources to pay for that higher volume of imports which is absolutely essential if their economic development is to go forward at the requisite rate. They recognize that the solution of this problem lies primarily within the realm of their domestic efforts. They also recognize, however, that the resources they can command for this purpose will not, with the best will in the world, be adequate to the task at hand.

In essence, these countries are caught in a vicious circle -- their incomes are low because there is inadequate investment in their economy, and there is inadequate investment in their economy because the incomes which should be generating that investment are low. The less-developed countries are looking to the advanced countries to see this problem in a global perspective and to co-operate with them at the international level in creating the conditions that will enable the less-developed countries to break out of this vicious circle. They argue that, if this can be done, if the less-developed countries

can be brought to the point of self-sustaining economic growth, the result will be beneficial not only to themselves but also to the advanced countries. For it would mean the enfranchisement of millions upon millions of potential consumers, the opening up of vast new outlets for the growing productive capacity of the advanced countries, and a consequent expansion of world trade and world economic growth.

I have been trying to sketch in very broad brush strokes a problem which seems to me -- as I am sure it does to you -- one of the most crucial problems facing us in the free world today. In doing so I have spoken of the less-developed countries as a group. But the world does not, of course, divide so neatly into advanced countries on the one side and less-developed countries on the other. Development is a continuous spectrum and even among less-developed countries there are vast differences in the degree of development. Some of these countries have taken very substantial strides forward in the direction of expanding and diversifying their economies. Others are still a very long way from reaching that point. All the less-developed countries, however, will need to continue to rely for some considerable time to come on international co-operation with their own efforts.

Trade of Under-developed Countries

Before I venture to suggest what form that international co-operation could best take, I would like to say a word about trade on the part that trade has played in relation to the development needs of the less-developed countries. The fact is that these countries have not shared equally in the tremendous post-war expansion of world trade. At a time when their import requirements were becoming more and more pressing, the value of their exports increased at only about half the rate of those of the advanced countries of the free world. As a result the share of the less-developed countries in world trade declined from about a third in 1950 to just over a fifth in 1962. Over the same period, their trade balance with the rest of the world deteriorated from a sizable surplus to a sizable deficit.

This has happened, in large part, because of the structure of the trade of the less-developed countries. Nine-tenths of their exports consist of primary commodities. Indeed, some of these countries rely on one or two such commodities for the bulk of their export earnings. Now it so happens that the demand for primary products has not in recent years proved to be anywhere near as dynamic or as stable an element of world trade as the demand for manufactured goods. This has naturally been reflected in the level of the export earnings of the less-developed countries and in the terms of their trade with other countries. It has also convinced these countries that only a greater diversification of their economy is likely, over the longer term, to enable them to improve their position in world trade. In the meantime they feel that their weak economic position should somehow be given greater recognition in the present world order.

Suggested Guide-Lines

I suggested earlier in my remarks that I could see no easy panacea to the problems of the less-developed countries. There are, nevertheless, some broad guide-lines that have emerged from recent experience and I should like, before concluding, to indicate to you what they are.

First, the less-developed countries themselves will continue to have to carry the main burden of mobilizing the resources required for their economic development. In this, however, they should be able to count on international understanding and international co-operation.

Second, we, as members of the international community, should do what we can to provide more aid in support of sound economic development programmes carried out by the less-developed countries.

Third, we should keep under review the terms on which our aid is made available to these countries to make sure that the burden of repayment being assumed by them is not beyond the measure of their capacity.

Fourth, we should continue to share the benefits of modern science and technology with the less-developed countries. We should do this through scientific and technical exchanges, through the provision of training and research facilities, and through the secondment of qualified experts.

Fifth, we should recognize the growing dependence of the less-developed countries on earnings from their exports, by making access for those exports to our markets as liberal as possible. We look to the forthcoming "Kennedy round" of trade negotiations to make a substantial contribution to that end.

Sixth, we should take particular account of the great dependence of these countries on exports of primary commodities by looking into further possibilities of stabilizing commodity prices by international agreement. Because the problems presented by each commodity are different, these possibilities are likely to differ from one commodity to another. But unless an effective solution is found to this problem, the less-developed countries will continue to face a situation in which they are expected to carry out long-term development programmes on the basis of uncertain export expectations.

Seventh, we should bear in mind that, if the less-developed countries are to achieve a more equitable share in world trade, they will have to rely more and more on exports of manufactured goods. We should be prepared, each of us, to play our part when the time comes in opening our markets to those goods.

We in Canada and in the United States have, I think, followed policies that have taken fair and reasonable account of the interests of the less-developed countries. We recognize, however, that more needs to be done if these countries are to be enabled to improve their standards of living at an acceptable rate. If all the advanced countries -- those of the Soviet world no less than those of the free world -- were prepared to share in that task, I am convinced that none of us should have to carry an unfair burden.

There is no prohibition that I know of against carrying coals to Cleveland. If there was such a prohibition, I should certainly be held to have infringed upon it. For I am well aware that your organization, which prides itself on being the oldest organization in the field of international assistance, needs no reminder of the magnitude of the challenge of a world in which affluence and poverty are so unevenly distributed. But I am also convinced that, if we are seriously to face up to that challenge, this would call for a new spirit and new attitudes. And I found it difficult to think of a gathering of men where that new spirit and those new attitudes were more likely to find reflection than in your gathering here this evening. Seventy-five years ago your organization dedicated itself to the concept of world service. The world has changed in those 75 years, but the need for world service remains undiminished. If anything, it has become more pressing than ever before. If we have in mind -- as surely we must have in mind -- the urgent aspirations of men and women the world over for a better, a more secure, a more dignified life, then there is only one conclusion for us to draw: we are all in world service today.

We have moved a long way towards what you so aptly describe, in your proclamation of policy, as "a sharpened sense of the interdependence and common aspirations of mankind". I would like to think that our progress has been progress in the Christian way of life. For, if there is any central theme to our Christian faith, it is surely the dignity of man and his equality in the sight of God. I know that it is this conception of world service as living religion that has guided you and will continue to guide you in all your work. As you enter upon your fourth quarter century, may God's guidance and God's blessing be with you.

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