

the easy way, obtaining large investments of capital from abroad, until our productivity was such that we could produce not only our own capital, but could begin too to repay foreign capital or to invest abroad ourselves.

The Russians have done by choice what the British did faute de mieux, and have tried to pull themselves up by their own bootstraps. It is not generally recognized that the essential feature of the famous, or should I say infamous, Russian Five-Year Plans was a highly organized forced reduction in the standard of living of the Soviet peoples: and ruthless regimentation to make this forced reduction possible.

The tremendous development of Soviet industry has of course been achieved at the cost of a drastic impoverishment of the Russian people. Though there have been increases in their standard of living in recent years, these have not been nearly enough to offset the drastic reductions during the 1930's. A detailed and objective study published a few months ago by the Harvard University Press concludes that the Russian workers' real wages in 1952, twenty-five years after the beginning of the Five-Year Plans, were still substantially lower than when these forced industrialization programmes began.

Two weeks ago, speaking in Washington, the Prime Minister of Japan, Mr. Yoshida, succinctly summed up the two industrialization methods as follows:

"The Communist way to get new capital is to lock the doors, draw the blinds, and put the screws to its people. With terror, forced labour, confiscation of property and wealth, and inhuman demands on the populace, the Communists are able to create new capital.

"That is not our way. We of the free world will have to do the job - in the proud American phrase - 'the hard way'; out in the open, by the free will of free men, subject to all the political risks that democracy involves. But help must come from outside if improvement is to come fast enough to be effective."

Mr. Yoshida went on to recognize that the World Bank, the United States Foreign Operations Administration, and the Colombo Plan together have been supplying about \$400 million a year of capital to South-East Asia. He continued:

"Important as this is, it represents about a tenth of what is required to keep pace with Communist China."

You will notice that whereas I called the Communist method of industrializing "the hard way", Mr. Yoshida applies this term rather to the method of democratic development with outside