

not want, any—shall I say—abject appreciation. We try to avoid that. In other words we try to work in the Colombo Plan on a basis of cooperation with the people in these underdeveloped areas.

*By Mr. Jutras:*

Q. You spoke earlier of capital assistance for this work. I wonder if you could explain that in a little more detail with reference, for instance, to capital expenditure made up of counterpart funds? Is all the capital expenditure made up of counterpart funds?—A. Not by any means. What we mean particularly in this connection is this: the number of agencies now has increased—the United States, the United Nations, ourselves, other Colombo Plan members and so on—and for every project which is inaugurated in a country there is a certain amount of rupee expenditure which the people of the country concerned must necessarily carry out themselves—the building of concrete structures, and so forth, which of course we cannot send out to them. All this costs money and the more aid they accept the more these poor countries find themselves in need of rupee funds in order to carry out their share. Therefore we have had to help them out in the creation of rupee funds by sending out commodities which they can use to provide monies upon which they can draw to meet their rupee expenditure. We have a certain control of these funds; we can direct to which projects they should be applied, and so forth. But the great majority of our projects provide capital equipment manufactured in Canada and sent out to the country concerned. The cement project, for instance, at Daudkhel in Pakistan was manufactured in Montreal and is now out there and practically erected—we expect cement production to begin very shortly—and the locomotives for the rehabilitation of the Bombay railway system are being built in Kingston; a lot of the material for our fishing project for Ceylon is coming from the Vancouver area. So there are two sides, capital equipment from Canada and rupee counterpart funds.

Q. When you do send out goods for the counterpart funds, that goes to the central government, I take it?—A. It goes to the central government and the central government makes it available in the provinces concerned.

*By Mr. Patterson:*

Q. You said a little while ago, Mr. Cavell, that the need was unlimited in these countries. Would the limiting factor in practice be the lack of funds or the lack of proposed projects on the part of the nations concerned?—A. I think there are any number of projects; there are a lot of projects for which they would be glad to receive help from one or other of the agencies.

Q. Then the limiting factor would appear to be the lack of the necessary funds from the Colombo Plan?—A. That would be one of them, yes.

Q. Do you work on the principle of matching funds in these projects at all, or is it just what is made up of what you refer to here as the generation of counterpart funds? Is that their contribution, or do they supply a certain amount?—A. In many of these projects their contribution is greater than ours.

Q. There is no set rule?—A. No, we have to check them one by one according to the needs of each project. There is no set rule.

Q. I know I am evidencing some ignorance because some of these terms are new to me, but with respect to these goods which are sent out for the generation of counterpart funds, are those gifts?—A. Yes. We have dealt only with grants or gifts. We have made no loans. We try, of course, to choose things which will disrupt ordinary trade the least. Ceylon, for instance, being short of food, has to import vast quantities of flour every year, so we try to make a contribution in flour without seriously disrupting ordinary trade channels. A lot of flour comes from Canada anyway, and in that case all we do is pick up the check, and instead of Ceylon paying, we do.