

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