



## STATEMENTS AND SPEECHES

INFORMATION DIVISION  
DEPARTMENT OF EXTERNAL AFFAIRS  
OTTAWA - CANADA

No. 52/52

### THE COLOMBO PLAN

An address by the Administrator of the Canadian participation in the Colombo Plan, Mr. Nik Cavell, of the International Economic and Technical Co-operation Division, Department of Trade and Commerce, delivered at the Empire Club, Toronto, December 4, 1952.

...World War II left the whole of Asia in chaos. An area which, in modern times, had not been prosperous and in which the worst poverty in the world is to be found, naturally suffered very heavily from the impact of war. It is an agricultural area easily susceptible to disruption. Large areas came out of the war without any established government at all, and with various factions fighting to fill the vacuum which existed. The flow of capital from Western Europe, the United Kingdom and the United States into the area had ceased, and whilst that flow had never been large enough to create much social and economic progress, nevertheless it had provided the basis for much of the industrial and agricultural development which had taken place in the last hundred years.

The disturbances consequent on the war had produced a natural reluctance on the part of private investors to risk their savings in the area, and yet if that area was to recover even a part of its former stability and be restored to its key position in world trade, then capital had to be made to flow in again, and these countries had to be brought back into the orbit of world trade before a stable world system could be established.

It had also become more and more obvious that if the free world were to be kept in existence, it would have to be expanded and strengthened, and that could not possibly be done if more of the Asian countries disappeared behind the Iron Curtain, as China had done.

Because of the fact that three-quarters of the people of South and Southeast Asia are members of the Commonwealth, the area is obviously one in which the Commonwealth is vitally interested. With such thoughts in mind the foreign ministers of all the Commonwealth countries met at Colombo in January 1950, to consider what could be done about the 570 million people in that area, who make up one-quarter of the population of the world and whose average diet, at that time, amounted to roughly twelve ounces of food grains a day.

This was a very significant and important meeting. It was the first time, for instance, that all the foreign ministers of the Commonwealth had ever met together in

Southeast Asia. It was the first time that India, Pakistan and Ceylon were attending a meeting of Commonwealth ministers on a basis of absolute equality and from the background of new and absolute sovereignty and self-determination.

It was from this first meeting that the Colombo Plan took its name, and that name has no other significance than the fact that the meeting took place in Colombo, the capital of Ceylon.

Arising out of that meeting, what is known as the Commonwealth Consultative Committee came into being. This Committee might be called the custodian of the Colombo Plan. It meets once every year to consider the progress of the Plan, to consult with the countries of Southeast Asia as to the progress of their various projects for economic development, and to produce a written report of its activities and those of the member nations working out the Plan.

The governments of the Commonwealth, through the medium of this Commonwealth Consultative Committee, have drawn up a practical plan of development for a six year period from the middle of 1951. The Consultative Committee has met, so far, in Sydney, London, Colombo, Karachi last year, and meets again next year in Delhi.

#### The Capital Background Of The Plan

Although the Commonwealth Governments initiated this Colombo Plan, they did so in no exclusive spirit. It was contemplated from the very beginning that all the countries in the area, whether members of the Commonwealth or not, would eventually be invited to participate on equal terms in whatever plan could be devised. It was also recognized that the capital required for the development of South and Southeast Asia was vastly greater than could possibly come from the Commonwealth alone.

It was always recognized that the Plan should develop in harmony with the work being done in Southeast Asia by the United Nations and its Specialized Agencies, and it was hoped that the United States would become more interested and would, through the medium of its own organizations, such for instance as the Point Four Programme, put more capital into the area - and this has actually proved to be the case.

The programmes of development in the area called for a total investment of roughly 5 billion dollars. It was anticipated that over the period of the Plan, the utmost that the countries of the area could provide by themselves would be £784 million (roughly \$2,252 million); £250 million (roughly \$750 million) could be obtained by drawing down their reserves of blocked sterling balances, and £834 million (roughly \$2,502 million), or some 45 per cent of the total, would have to be provided from other sources as outside aid.

As you all know, Ceylon, India and Pakistan hold large sterling balances accumulated during the war years. By specific agreements with the United Kingdom, these countries anticipate that they will utilize roughly the equivalent of \$700 million of these reserves in their

development efforts over the Colombo Plan period. This was the British contribution to the Plan, and, considering the financial state of Great Britain over the last few years, it was a particularly generous one.

Turning now to the countries which have made grants, and converting those grants to their dollar equivalents for easier understanding, Australia has promised the equivalent of \$75 million over the six-year period of the Plan, about \$20 million of which she has already made available. New Zealand will give the equivalent of \$9 million for a period of three years, and has already made about \$3 million available. Canada contributed \$25 million during the fiscal year 1951-52, and has now contributed \$25 million for the present fiscal year, making a total of \$50 million so far.

In addition, the International Bank has made development loans to India and Pakistan amounting to roughly \$45 million. United States assistance has aggregated about \$250 million, which includes the emergency wheat loan to India amounting to \$190 million. The United States has also granted assistance to Burma, Cambodia, Laos and Viet Nam, amounting to \$40 million for 1951-52. The Ford Foundation began operations in the area during 1951-52, and anticipates, I understand, an annual expenditure of about \$5 million for a period of some years.

Foreign financial assistance, therefore, to Ceylon, India, Pakistan, other Southeast Asian countries and the United Kingdom colonial territories has thus amounted to very roughly \$400 million during the period covered by the first year of the Colombo Plan.

#### Why The Colombo Plan At All?

I think the next question we have to ask ourselves is why we engaged in this operation at all, and it is a question which is very frequently thrown at me.

It has been said that a nation cannot exist half-slave and half-free. World events today show that a free democratic world cannot exist half-fed and half-starved, and once again we are much concerned with the maintenance of a free democratic world. To maintain such a world, we fought two world wars, which contributed their own quota to the dislocation and chaos of our established social and economic systems.

Twice we have determined upon noble ventures in international co-operation. In the case of the League of Nations, our efforts failed and the result was World War II. The terrible results of that war are still so evident that I need not go into them today.

But it is well that we pause here and reflect on the fact that although we defeated in those two wars the particular brand of totalitarianism we were fighting at that time, we have since found no effective way of coping with the much more sinister, diabolical, worldwide totalitarian force which bedevils the affairs of the world at the present time. It is well also that we remember that the free world has lost Poland, Hungary, Rumania, Czechoslovakia, Bulgaria, Albania and East Germany in Europe; and that Communism has made a great inroad in Asia by taking over the 500 million people of China, and

is busy day and night softening up, and preparing, other populations ready for the day when they too can be made satellites of an ever-growing world of terrible totalitarian slavery of the human mind and body.

At San Francisco in 1945, we started out with great hopes on the new endeavour, not realizing that although we had destroyed the power of two successive waves of totalitarianism, a third was rising which would be an even greater menace to democracy and human freedom. We have now been reluctantly compelled to admit that the present totalitarians have no intention of co-operating with us in the foundation of the kind of world that we want, but which, quite obviously, they do not want at all, and we face the fact that the world once more has to be made safe for free men; that, insidiously, this terrible force is creeping up on us, and that, for the most part, we sit helpless when we need not be helpless, failing to come to realistic grips on a world scale with this clever, diabolical network of lying propaganda, of insidious intrigue which will destroy our free civilization unless we combine together all the remaining forces for good in the world, and go to work realistically to combat the ever-growing influence of totalitarian force.

When China moved behind the Iron Curtain and allied herself to the forces of totalitarianism, the free world lost a population of roughly 500 million lovers of freedom who could, and should, have been part of our free world, who should have developed the resources of their notoriously hard-working people in the development of a free people co-operating with a free world. That world absolutely cannot afford losses on this scale and if it is to survive, we must recognize that Asia, and particularly Southeast Asia, stands today at the crossroads as never before in history, that they are for the most part sovereign nations who can still control their own destinies, and that the manner in which they control them is of no less consequence to us than it is to them. Once more the cause of human freedom is at stake. Within the last few years millions of men and women have been deprived of their liberty, torn from their homes and families, tortured and worked to death in labour camps. - Once more totalitarians lust after world domination and have shown clearly that they will use any methods to attain it: lying propaganda, the confusion of men's minds, the exploitation of every trouble spot in the world. They exploit poverty and human misery for their own ends, and always behind their activities is the threat of force which has erupted into war in Korea and Malaya; internal chaos in Iran, Egypt, and numerous other places. This constant background of the threat of force has plunged the world into the greatest armament race of all time. The free world must be prepared with a defence against this threat of armed aggression.

But at the same time it must put its own house in order. No longer can the plight of the great mass of the populations of Asia be ignored. No longer are they prepared to accept the deplorably low standard of living, which has been their lot for far too long; they are going forward, using such capital as they have, training their young men to positions of great responsibility and working towards a new future.

At the beginning of this year, I visited Burma, India, Ceylon and Pakistan, and what struck me most about all these countries, and particularly about India and

Pakistan, was the new spirit I found there. They are now on their own. They have attained complete freedom and they realize that their destiny is in their own hands. They are determined that their future shall be considerably better than their past has been. They are working - and working with great industry and intelligence - towards a better economic future within the framework of their own philosophy. They are determined to remain free and not to fall again under the domination of any world power, and in this we must sympathize with them and help them, if we want to keep them in the free world we are trying to build.

It is an opportunity which can easily be lost unless we go about our approach to them in a way which they find acceptable. The first thing they ask of us, is that we shall treat them on a basis of equality. Their cry is: "We are people, even as you are people". Their second plea is that we shall recognize and respect their philosophies, religions and ways of life, and not try to make them copies of ourselves - which, firstly, they do not want to be and, secondly, could never be even if they did.

#### The Colombo Plan So Far - Capital Co-operation

Not let us see what the Colombo Plan has actually accomplished since it started in the middle of 1951.

Australia gave 8.7 million Australian pounds, divided between India, Pakistan and Ceylon. As far as possible, this aid was in the form of Australian commodities. Sixty thousand tons of wheat and 27,000 tons of flour went to India. Five thousand three hundred tons of flour went to Ceylon. To Pakistan, Australia sent agricultural equipment, mining equipment and items required for a general public works project.

New Zealand made grants of £250,000 each of India, Pakistan and Ceylon. They stipulated that these were to be spent on projects which would be of lasting value to the recipient countries. An all-Indian medical institute is arising as only one part of these New Zealand grants.

Under the agreement for the release of sterling balances, the United Kingdom supplied such things as railway locomotives, agricultural tractors, commercial vehicles, machinery and other iron and steel products.

And now I come to what we in Canada did with our \$25 million for the fiscal year 1951-52. We allocated this money: \$15 million to India and \$10 million to Pakistan. Let us look at the Indian programme first:-

The basic problem of the Indian economy is food - it would be more accurate to say, is the lack of food. In a good year, India grows roughly 45 million tons of food, and this is always at least 5 million tons short of her normal requirements. Also, we must remember that she has very few good years. Last year, for instance, she was faced with a very severe famine in Madras and also in Bengal. It is obvious that in a famine year, the 5 million tons of normal shortage can easily amount to as much as 6, 7 or 10 million tons of food grains, depending on the severity of the famine. To make up this shortage, India must dig into her slender resources of foreign currency

and buy food abroad. A large proportion of the aid programme for India is devoted to the solving of this food shortage.

The Indian Government asked us for 10 million dollars worth of wheat to help her famine condition. It was never contemplated that the Colombo Plan should be a food relief measure, but, nevertheless, how could we refuse our Commonwealth partners, suffering from a severe famine? And so we resorted to the device of the counterpart fund. We sent the wheat and India created a counterpart fund of approximately its equivalent value in rupees, some at least of which she will obtain by the sale of the wheat to her Indian distributors.

From the counterpart rupee fund thus created, with our consent and co-operation, she devoted those rupees to the further development of the Mayurakshi dam project in West Bengal. This project will irrigate 600,000 acres of land. It will hold the Mayurakshi river in control, and this river will not again rush down in flood, drowning the peasants and washing away their homes, as it has done periodically for hundreds of years. When the whole area is settled and the irrigation is completed, at least 400,000 tons of food will be produced, which, as you can see, will make quite a contribution towards cutting down the 5 million ton annual shortage.

Now if enough of such projects can be developed - and there are many others actually started or on the drawing boards - you can see how India is going about solving her food shortage.

India also asked us if we would lend our aid to another problem. The State of Bombay is a highly populated and very poor State. Its transport system has fallen into a dangerous state of decay. It is just as important in India to be able to distribute food when famine hits, as it is to have the food to distribute. It is also important that when you put people on the land, they should be able to get to local markets and exchange at least some part of what they grow, for the purchase of their normal needs.

All this was seriously disrupted in the State of Bombay. The Bombay Transport Commission had been brought into being under the control of some able Indians and a British general who had spent the whole of his life in Indian transport. But they were short of capital and could not buy the equipment that they needed to set up a proper transport system; and so, at the urgent request of the Government of India, we aided the State of Bombay and gave them \$5 million worth of up-to-date buses and trucks. A large proportion of these are now actually on their way to Bombay, and, when they are in operation, not only will the State of Bombay be better able to handle famine should it hit, but the normal life of the peasants and other poor people of the State will be greatly benefitted by these new transport facilities. Bombay is a great port, and ample transport facility is the life blood of any port.

Turning now to Pakistan, we run into a different kind of problem altogether. When nations split, disastrous things happen to their economies. When Germany was split in two, her industrial half and her agricultural half became separated. Exactly the same thing happened when

Pakistan split from India. India got most of the industry and lost the Punjab, which was the great 'bread-basket' of the old India. Pakistan got the bread-basket but had no industry at all.

To balance her economy, therefore, she urgently needs industrial undertakings, and these she is trying desperately to establish. It must be remembered that she is the newest country in the world, having been in existence for little more than five years and having to start from scratch with absolutely nothing at all. When I was in Pakistan this year, they were showing me the tents in which the Government first started in Karachi, without even pencils, rubbers, paper and the other elementals of a new government. Can you imagine a government without paper?

When Pakistan and India split, one of the greatest migrations in the whole of human history took place. Roughly 14 million people moved; very roughly, 7 million Hindus moved south into India, and an equal number of Muslims moved north into Pakistan. I have no time today to dwell on the gruesome happenings of that terrible migration. It suffices to say that it left both countries with a huge army of starving refugees. Pakistan has roughly 7 million of them. Now 7 million refugees are a political menace to a well-established country. They are a major national disaster to Pakistan, and something has to be done about them. What Pakistan is doing, is to set up new areas of irrigation and to try to settle them on the land as quickly as possible.

One such area, and by far the largest, is the Thal area in the Northwest Punjab. This is an area which will be irrigated from the Indus River. It is now a great sandy, thirsty waste. Thousands of miles of irrigation canals will have to be built, and every inch of those canals must be lined with cement. Houses have to be erected, villages built, roads put in - all requiring vast quantities of cement. It became obvious that the only practical solution was to build a cement mill right in the area. Fortunately, the limestone and other raw materials necessary are available. We decided, therefore, to assist Pakistan by building and erecting this cement mill for her, and this will take up about \$5 million of her \$10 million grant from Canada. The work is now underway, and we hope to have the mill out there and erected within two years.

If a nation is to be industrialized, she must first know what raw materials she has - and this Pakistan did not know. We arranged with her for an aerial resources survey of her country, and a Toronto firm, which took this contract, has now its men and 'planes in Pakistan actually operating on such a survey. Within two years, we hope to have produced a resources survey map, which will give indications of what natural resources are available and where they are most likely to be found. I do not think we could have made a better or more fundamental contribution to the future of Pakistan, than to undertake this job for her.

To any country trying to develop, communications are vital, and Pakistan was fortunate in obtaining a loan from the World Bank for the rehabilitation of her railways, largely for converting them from coal to diesel operation, because she can obtain fuel-oil but has no coal. Her

tracks, however, were in a very bad condition, and thousands of miles had to be relaid to accommodate the diesels. Since we have a wood industry in this country, we agreed to give her nearly \$3 million worth of wooden railway ties, to help her with this task. These ties will shortly be on their way to Pakistan.

In the Thal area, where we are building the cement plant, we are also assisting with the development of an experimental farm, from which it is hoped to supply the settlers with draft bullocks, buffalo, good seed and expert advice. We are supplying agricultural machinery, tractors, ploughs, etc., to a value of roughly \$150,000.

#### The Colombo Plan So Far - Technical Co-operation

One of the very great needs of the whole of the Southeast Asian area is men and women trained in various technical skills. Practically the whole work of the United Nations and much of the U.S. Point Four endeavour is devoted to that huge problem. The Colombo Plan also is working in this field. Canada gives \$400,000 yearly to technical assistance work under Colombo Plan auspices and \$850,000 yearly to aid the United Nations in its work in that field, and our Colombo Plan work falls into two parts: capital and technical, that is, technical experts going to Asia and, by far the larger section, people from Southeast Asia coming here in search of training in all kinds of skills. In all, including training work we have done in Canada for the United Nations, nearly 300 people have been here for training in the last year or so. Their courses have covered a wide field: agriculture, health, railways, fisheries, hydro-electric, general engineering, administration, geology, education, forestry and statistics.

I want to mention particularly one field in which, I think, we have attained some success. It is vitally important that senior officials in Southeast Asia be made aware of what we have to offer in technical assistance, only if such men are prepared to co-operate can a satisfactory programme be evolved; and so we have invited various missions here, composed for the most part of senior officials who cannot be spared for more than three months or so. These missions have so far been composed of groups from India, Pakistan and Ceylon, who have toured this country looking into our facilities in such divergent fields as roads and bridges, hydro-electric development, medicine and public health, and agriculture.

There is one mission I would like particularly to mention, which was not composed of senior men. It was a mission of twelve young Pakistani boys who had just entered the civil service of their country. They were all fine, clean-cut, young fellows. They started here with an interview with the Prime Minister who not only welcomed them to Canada but told them something about his job in this democratic country. They saw members of the Cabinet and learned something of their jobs, and so they went down deeply, by interview and lecture, into all the ramifications of our federal government system. Then they toured the provinces; they were particularly interested in Quebec and in seeing how we had solved our two-language problem, because they have, not a two, but a many-language problem. They dug into our municipal problems, and so, from one end of Canada to another, they studied the workings of a well established democratic



country. We kept them out of hotels so much as possible, and put them up in homes. The result was that they made many friends with whom they are corresponding. I am reasonably sure that those twelve young men will enter on their careers with broader minds and an affection for Canada, which will last them all their lives.

This particular piece of our technical assistance effort did what I would like to be sure that the whole world-wide technical effort is doing: it made us twelve real friends in Asia.

### The Future Of The Colombo Plan

Well, so much for what we have done. Now what about the future? We shall again give India some wheat, probably about \$5,000,000 worth. I hope we shall be able to provide more assistance towards the completion of the Mayurakshi dam project.

We are working on the details of several projects for India and Pakistan, about which it is too early yet to talk, and we have entered into a fishing and refrigeration project for Ceylon, upon which we shall probably spend one million dollars before we are through, and we are looking at another project for Ceylon.

This business of working out suitable projects with our Commonwealth partners in Southeast Asia is not an easy one. We have to take into sympathetic consideration all the time their shortage of top, well-trained personnel with whom we can co-operate. We have to remember always that they are proud, independent powers with definite ideas of their own about the needs of their people. They work from an entirely different religious and ideological background, but we have with them the link of their faith and belief in human freedom.

One criticism frequently heard about the Colombo Plan and other programmes of aid to Asia, is that, compared to the problem, any aid we could give would be hopelessly inadequate, so why do anything?

There is one answer to that kind of criticism: it is, that all our aid is trying to do is to help these people to help themselves. Always we must remember that they are using their own capital resources with ours on the same projects. We are only helping where we can and trying to give training and experts who can point the way. We have to be prepared fully to recognize, and to work with, the present trends of the whole Asian area. What are those trends?

### Trends In Asia

Frequently we hear about the nationalistic tendencies of Asian people, but we need most carefully to examine these nationalisms, and if we do, we find them tending to seek out their ancient cultural backgrounds. They do not seem to be seeking nationalism as we Westerners understand the term. The followers of Islam, for instance, in every Muslim country - excepting only those under Russia's domination - are looking to, and trying to bring about, a resurgence of Islamic civilization and a co-operation between Muslim countries to blend and strengthen the Muslim world. The leaders of Burma today are a band of devout Buddhists. Mahatma Gandhi, still the

idol of India, was a devout Hindu and his teachings have had, and are still having, a profound effect on India's thought and development today.

All over Asia, and particularly in Southeast Asia, there is an overwhelming tendency for these peoples, now free from Western domination, to return to their own indigenous cultures, and to endeavour to work out their destinies in their own ways. The Communists, of course, pretend to go along with them, but we know, and they are beginning to find out, that the final aim of Communism is the destruction of all indigenous cultures and the stamping out of all religions and every philosophy and ideal, except that of militant Communism.

Here is a wonderful opportunity for the free world, if only we can find the unity of purpose necessary to embrace it. We could make it clear, and stand by it as a cardinal principle, that the free world we are trying to bring into being and expand, is broad in its concept as well as free; that all cultures are welcome within it and can, once a part of it, develop in their own way their own religions and other philosophies to the full, consistent only with maintaining the personal freedoms of their peoples.

This, I feel, together with the material aid we are already supplying, would tend to attract our Asian brothers towards us, and would give us a free world policy and a cohesion, which is now so palpably lacking.

Gradually, under such a policy, we might begin to combat the effects of the flood of Communist literature which pours into the area, and particularly into India, at the present time. Literature which is obviously heavily subsidized and offered for sale on every bookstall, well printed, mostly in Russia, Czechoslovakia or China, and sold for the equivalent of five or six annas; whereas our Western books cost from five to ten rupees. There is not much doubt about which gets the most circulation!

If we of the free world could evolve a policy with which free Asia could really co-operate, there is still time to bring a vital free world into existence. Such a powerful world would have to be based on sound international law which encouraged and upheld the self-determination of all peoples and defended their right to maintain their own indigenous religions, cultures and backgrounds. But time for the creation of such a world is running short and before we can have such a world, we Westerners must search our own souls. We must shake off our apathy, forget our arrogance and broaden our minds. We must find a way to give our Commonwealth partners, in Southeast Asia particularly, a sense of really belonging to our free world. We must try to capture the minds of the youth of Asia with ideas that are more dynamic than those of the totalitarian Communism they are imbibing today in their millions.

If we are prepared to admit for one moment that our free world has no dynamic ideal which can compete with Communism, then we may as well also admit that human freedom and our Christian civilization have no future. The truth is, of course, that in freedom and democracy we have a dynamic challenge to Communism which can defeat it utterly, but only if we realize in time that Communism can win simply by our default, by our lack

of the will, determination and, above all, the understanding of the situation which faces us.

Unfortunately, we must be prepared for war lest the modern set of totalitarians attack us, but let us also fully realize the terrible nature of modern war and the fact that it could deal a blow to our civilization from which it might not recover for a decade. But if we seek, whilst there is yet time, to lay plans for a free world which will attract and not repel our free brothers in Asia, we can become so strong that the Communist world will not dare to attack us. The Commonwealth has a great part to play in expanding and holding together the free world.

The fact that the Commonwealth has six times as many Asians in it as it has Westerners, shows clearly the great part it can play if only we can win their support and real co-operation; and, without their support, a continuing Commonwealth is meaningless and a free world with real strength impossible of attainment.

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