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ASIA AND THE FREE WORLD

An address by Mr. Nik Cavell, of the International Economic and Technical Co-operation Division, Department of Trade and Commerce, to the Canadian Exporters' Association, Toronto, September 24, 1953.

The Complex World Situation

Unfortunately, we cannot these days think of any problem without first relating it to the very dangerous complex, confusing and frustrating international situation in which we find ourselves.

World Wars I and II created utter confusion, disruption of well-established trading routes, destruction of people, their homes, their property, their sense of security. The contestants in those wars are now falling slowly into their respective niches in a new and terrifying world in which two great powers, Russia and the United States have emerged as the leading protagonists of diametrically-opposed systems of government.

The struggle is not a new one. Human history from earliest times until now is one long record of the struggle of man for freedom and the establishment of a rule of law which would recognize and protect man's rights as an individual against the power of states, governments, and other aggregations of power. The fight still goes on, but whereas, in the past, those who sought - and all too often succeeded - in depriving men of their freedom were operating in relatively small areas, today the fight is on a world-wide basis and no nation can escape its outcome by hiding its head in the sand and pretending not to see its consequences. Lurking behind the situation, in all their frightening aspects, are the terrible weapons of modern war. In terms of human freedom, they mean that, if we lose the fight, we lose it for a long long time, perhaps forever. Force once established over the world can become absolute and that, together with the methods of the mass indoctrination of men's minds now available, could deal a blow to freedom from which it might never recover - and so, it seems, that man faces the greatest crisis in his history. What is he doing about it?

There is nothing much those in the grip of totalitarian power can do, even if they wanted to, so the question boils down to what we - who are still free - are doing to establish and maintain a free world. I do not propose today to talk about the defence measures we have taken here and in Europe. Obviously we must be prepared lest those who are trying to establish a totalitarian world decide to attack us with the dreadful atomic weapons we know they have - but that is not my field. Obviously, one of the most powerful factors on the side of freedom is the fact that large areas of the world are still free. It is

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some aspects of what we are doing to enlarge and maintain that area of freedom which I want to talk about today.

The Situation in Asia

It is an established statistical fact that two-thirds of the population of the world lives in under-developed regions; that in those regions per capita incomes average less than \$100 per year - in some areas very considerably less; that large numbers of the people in those areas have a daily diet which in caloric content is barely above starvation level; that this results in a condition of low energy considerably aggravated by those diseases which always follow malnutrition plus those which flourish in bad climates due to lack of sanitation, lack of pest control, medical facilities, safe water supply, and many other lacks too numerous to mention. Most of these under-developed areas are in Asia, and it is to Asia that I propose to confine my talk today.

We have only to think of the changes in China, the wars in Korea, in Malaya, in Indo-China, and the precarious nature of existing government in some areas, to realize the tremendous effort being put forward by the forces of Communism in Asia.

The aftermath of war was terrible enough in Europe, but it was even more devastating in Asia, where it resulted in changes which created political vacua which the Communists are trying desperately to fill.

Hundreds of millions of people in Asia have demanded, and obtained, full political freedom, have set up governments which are free and sovereign, and which today have problems the like of which are unknown elsewhere and which put crushing burdens on their leaders.

The partition of the old India into two new entities - India and Pakistan - for instance created a crop of problems of a complexity to tax the wisdom of a number of Solomons. Roughly fourteen million people moved, Hindus south into India, Moslems north into Pakistan, one of the greatest migrations in history. These movements of people have created great hardships, a vast army of refugees in both countries, complex problems concerning their property left behind and problems of re-settlement in countries already strained to the limit to provide for their people.

In addition to all their local problems, these new governments in Asia share with us all the international difficulties of our time, exchange problems, trade problems, and the difficulties of making progress and bringing about stability in a world divided against itself as ours is.

The problem of the free world is to find ways and means of assisting these governments to solve their problems by democratic means and thus to preserve the freedom of their people. As I have tried to point out, their most pressing problem is the mitigation of the terrible poverty of their people who will not wait forever to have something done for them and who are constantly exposed to the blandishments of the Communist with his spurious offers of quick economic advantage via the Russian route.

It says much for the millions of Asia that so many have so far turned a deaf ear and have chosen the slower way of democratic constitutional government, but it also puts a great responsibility on their governments to prove to them that the way they have chosen is the best and will really produce for them a better way of life. This responsibility is not that of those governments alone, it must be shared by the whole free world if that world is to be kept in being and strengthened to the point where it is practically unassailable by sheer weight of numbers and the strong cement of a grim determination to be free and to preserve all that human freedom means. But here we must remember one of the sayings of Confucius: "An empty stomach does not dwell on high principles". In other words, a hungry man will follow any banner which has the word "food" written on it. Now let us see what the free world is doing in co-operation with the free governments of Asia to write the words "food and betterment" on its banner.

The Aid Agencies

There are many agencies engaged in aid to Asia and I will try to give you a brief description of them and what they are doing. I will take first the United Nations.

The ideal of technical assistance was embodied in the United Nations Charter itself. The United Nations Specialized Agencies now working in Asia are:

- (1) The International Labour Organization;
- (2) The Food and Agriculture Organization,
- (3) UNESCO (the U.N. Educational, Scientific and Cultural Organization)
- (4) The World Health Organization,
- (5) The International Civil Aviation Organization,
- (6) Children's Emergency Fund.

The programme of aid in which these agencies are engaged embraces: transport; industry; labour; education; science; finance; and health and welfare. These agencies send out experts in an endeavour to take the skills and knowledge of these many fields of endeavour to those places where they are most urgently needed - I have seen many of these experts at work on such fundamental and diverse problems for instance as: water-development, agricultural expansion, home building, adult education, artificial-rainfall experiments, geophysical research, technical schools, better health programmes and so on.

The next aid agency I want to talk about is the United States aid given under the Mutual Security Acts of 1951 and 1952 and operated in the past as the Point Four Programme, and the Economic and Technical Assistance Programme, both carried out in the field by TCA, which stands for the Technical Co-operation Administration. This has now been reorganized under the new administration and is now called the Foreign Operation Administration.

Under this programme, the United States has entered into a series of agreements with the Governments of India, Pakistan, Thailand, Vietnam, Laos, and Cambodia for aid which runs from the provision of fertilizer, transport, power and other public works, to handicraft development, education, public administration, public health, fisheries development and many other services. I do not want today to burden you with any more figures than I can help and will therefore content myself with saying that obviously such a programme runs into many millions of dollars. In fact, if wheat loans and direct aid are taken together, the total figure for the years 1951-2 and 3 amount to nearly \$300 million.

Another organization which has performed a substantial service in Asia is the International Bank for Reconstruction and Development. Not only has the Bank made loans which have made major development projects possible but it has sent many highly qualified individuals and missions to the area which has greatly helped local governments and officials. Further, the Bank's reports and published documents are of inestimable value to those of us who work in this very difficult aid field.

The Bank, as you all know, is composed of 54 member countries and makes loans all over the world. Today, I will confine my attention to the loans it has made in Asia - four loans have been made direct to India for railways, agricultural machinery, electric power, flood control and irrigation, and a fifth for iron and steel production, which India guarantees. These amount in all to \$113,500,000.

To Pakistan, the Bank has made two loans amounting to \$30,450,000 for railways and agricultural machinery.

To Thailand, three loans have been made amounting to \$25,400,000 for railways, irrigation and port development.

The Bank has also made a loan to a country in which we are all interested - Iraq. It amounted to \$12,800,000 and was for flood control and irrigation. The total in the four countries amounts to a little over \$182 million.

I come now to two what we might call, for want of a better name, "private agencies" working in Asia. The first is the Ford Foundation. It has established a \$4,500,000 - programme in India and is working jointly with the United States on community development. It is financing the local costs for 30 village-worker training centres, in which the United States Technical Co-operation Administration is bearing the external cost. This foundation has also established fifteen pilot village development projects in India and now has an office in Pakistan where it is also working out a programme.

The second of the "private agencies" is the American Friends Service Committee, which is carrying out a programme in India in co-operation with the U.S. Technical Co-operation Administration. This programme consists of a community project in Orissa and an educational project in Madhya Pradesh - and that brings me to the one remaining aid agency.

The Colombo Plan

For the benefit of anyone who does not know what the Colombo Plan is and how it originated, I will give a brief account of its history.

It was conceived at a meeting of Commonwealth foreign ministers, held in Colombo, Ceylon, in January 1950. The objective of the meeting was to review the broad economic aspects of the international situation with special regard to South and Southeast Asia. It was pointed out that the area comprised 570,000,000 people, which was one quarter of the population of the world, and that those people had long felt the pressure of poverty and hunger. It was felt that the realization of self-government in the area made possible a new approach to that problem, and that the new sovereign governments, through a vigorous development of all their resources, could obtain a fuller life for their people.

The various governments of the area, and particularly India, Pakistan and Ceylon, had prepared development plans which formed a basis for action.

At the initial Colombo meeting a process of Commonwealth consultation was started and a Commonwealth Consultative Committee was brought into being which meets once a year. It met last year in Karachi and will meet again shortly in Delhi.

It was recognized from the outset that the funds which were required for the effective development of the area were considerably more than could come from the area itself and from Commonwealth countries outside the area. Plans were drawn up for development over a six-year period from the middle of 1951. These plans were for capital development in the area and for a technical assistance scheme.

This Colombo meeting had considerable significance. It was the first time that all the foreign ministers of the Commonwealth had met in Asia, and it was the first time that India, Pakistan, and Ceylon attended such a meeting on a basis of complete equality and from a background of absolute sovereignty and self determination.

The Colombo Plan, as envisaged, calls for \$5 billion of capital over the six-year period for the Commonwealth countries in the area. At least \$3 billion of this must come from outside the area.

Commonwealth contributions towards this \$3 billion have been as follows:-

Over the six-year period the United Kingdom will assist by the release of blocked sterling balances held by the receiving countries, it is estimated that these releases will amount to roughly \$900 million.

Australia will contribute at least \$75 million over the six-year period.

New Zealand promised the equivalent of \$9 million over the first three years.

Canada has given \$25 million each year, which means \$75 million so far for capital assistance, plus \$400,000 each year for technical assistance - that is, for the sending out of technical experts from Canada and the training here of students and others from Southeast Asia.

Now let us see what the Colombo Plan has actually done so far:

Australia has supplied wheat, farm machinery, electrical equipment, locomotives and flour.

New Zealand has given a considerable sum for the establishment of a medical institute, earth-moving equipment for dam building, aid towards the establishment of a cement factory and another sum for the establishment of a dry-farming research station.

Canada's Part in the Plan

The Canadian contribution to the Colombo Plan has so far been divided between India, Pakistan and Ceylon so far as capital assistance is concerned. In technical assistance, the training of people and the provision of experts we have covered a much wider field.

We are now in the third year of the plan. In the first year we gave India \$10 million-worth of wheat. She was in a famine year and badly needed the food, but the plan was never envisaged as a relief agency but rather as a permanent contribution to the economic development of backward countries. However, when our Commonwealth partners have a famine, we have to help them. Actually the wheat served a three-fold purpose. It relieved the famine, it saved foreign currency in purchasing food, and when sold on the Indian market it produced rupee capital or, as we call them, counterpart funds, which were used to assist in the building of the Mayurakshi dam, which will produce 400,000 tons of food annually as a permanent contribution to the Indian food problem.

In the same year, we assisted the Bombay State Transport system by a gift of \$4,500,000 - worth of buses and trucks. Bombay State was very badly in need of this equipment, and we could produce it quickly. While I was there this year I saw it in operation helping to keep the docks clear, carrying peasants to their markets and providing communication in back areas where there had been little or none previously. This project made a considerable improvement in the ability to keep the port of Bombay clear and in transport facilities throughout the province.

In Pakistan in the same year, we entered into an agreement to provide a cement plant which will be located in the Thal area, and which will provide cement for housing and for lining the canals. Thal is a huge development scheme into which a large number of refugee families will be incorporated, but first housing has to be provided and water has to be carried through the thirsty desert for their cultivation. We also started in that year the aerial survey project which, in my opinion, is one of the most valuable things we have undertaken in that area. Pakistan urgently needs some industrial capacity and before she can have that she must know what minerals she has, where to look for them, and so on. The resources survey will give her this information. We also gave Pakistan, that year, railway ties -

and in this we collaborated with the International Bank which had given the railway a loan - for the rehabilitation of much of her railway track. In the Thal area, which I have already mentioned, an experimental farm is being set up so that animals will be available for the settlers. Australia, New Zealand and ourselves have equipped this farm. Canada's contribution being \$200,000 - worth of farm machinery.

In the year 1952-53, we were again requested to send some wheat to India, which we did, on the same terms that the proceeds of the sale of the wheat should be utilized for some constructive project. We also entered into an agreement whereby we would supply the electrical equipment for the Mayurakshi project. The power will be used to give the peasants cottage industries and to service their agriculture by providing power rice mills, oil seed crushers, etc. Power looms will make some cloth for them and these cottage industries will take up their time when they cannot get on their land. In their big locomotive factory near Calcutta, India had a number of locomotives on the floor for which they could not obtain the boilers, so we undertook to send 40 boilers as a permanent contribution to their transport system.

In Pakistan in 1952-53, we were also asked for wheat. You will perhaps remember that Pakistan suddenly found itself short of food early this year and that both we and the United States were asked to help out which we did. The same conditions will apply to this wheat as to that we gave India, and the proceeds of its sale will be used in some permanent project.

We also have set aside \$3,400,000 - worth of funds for a project known as Warsak. This is nineteen miles from Peshawar and not too far from the famous Khyber Pass. It will dam up the Kabul River and provide power and irrigation to assist Pakistan's endeavour to settle the tribesmen. What I saw all through the area this year, and what Pakistan has done in the tribal country, is nothing short of marvellous. I saw schools all through the area, not only for boys but for girls as well, and only those who know the frontier can realize what a great advance that is. We also sent out to Pakistan, in that second year, three aircraft which will be used to keep the locust pest under control. It is useless to spend money growing more food if locusts eat it all up, and locust control is becoming a "must" in all these countries.

In the second year we did something for Ceylon. The trouble in Ceylon, as in all these countries, is insufficient food and a low protein content in the food that is eaten. We therefore undertook to assist Ceylon in establishing a really efficient fishing industry. We sent out two boats built on our West Coast, which were equipped with all kinds of scientific instruments. We also sent out a trawler. We are now in the process of manufacturing a refrigeration plant so that fish caught can be held until it can be marketed. At the present time, after a few hours it has to be thrown away. Several years ago Ceylon, from its own resources, built a very fine power plant in the Gal Oya area, where they are trying to put in settlers to relieve a very serious congestion on the west coast. Having built the plant, they had no funds left to build a distribution line and we have undertaken to do this for them. The hope is that once power is available industries will settle on

the east coast, more settlers will move in and the dry belt in Ceylon will become inhabited once more. It used to be a very prosperous area when, in the twelfth century A.D., a progressive king of Ceylon built catchment basins which held all the rainfall and irrigated what is now a dry zone.

Modern engineers say that if they had to do it all over again they would put these catchment basins exactly where the king put them. What they do not know is how he made his calculations so accurately. The Food and Agriculture Organization of the United Nations is engaged in a project to clear the jungle from these basins so that they can again catch water which now rushes uselessly to the sea.

In the third year of the plan, which is this year, I have just returned from another tour of the area. On these tours I conferred with the Central Government, state governments, engineering departments and tried to work out with them what would be the most useful contribution that Canada could make.

At the present moment, for India we have under consideration, some further assistance to the Indian railway system. I went up into Assam and looked into a project known as Umtru which, if we undertake it, would provide power and some irrigation in an endeavour to better the lot of some of the backward tribes in Assam, which borders on Tibet. Fruit grows there in great abundance and canneries could be set up. The people are very fine weavers but need power machinery to produce enough of their product for export. The Government of India is very anxious to have this border area made more prosperous, and if we can reach an agreement we will help them to do it.

Another project I looked into was transmission lines for the Madras area. There has been a drought in Madras for six years now and the condition of the farmers in the area is pitiful. They have been compelled to dig their wells so deep that bullocks can no longer pull up the water. It has to be pumped, and in some wells I saw it even has to be lifted by two pumps.

It is only the fact that Madras is an advanced province electrically that has saved it at all. Recently they have increased their power production from several plants and now need distributive equipment for an extensive rural electrical development scheme. Peasants will then be able to rent pumps and so irrigate their land and keep themselves going until the rains come again.

In Pakistan we have already agreed to an extension of our aerial survey. In view of the food shortage which Pakistan ran into last year, we are now going to photograph West Pakistan from a land use point of view to see where more agricultural development is possible, where irrigation schemes would be likely to pay and to provide a background against which the Food and Agricultural Organization and Pakistan's own Agricultural Department can work. This we hope will prove to be a very valuable project.

We have also appropriated some more money for Warsak and it has been agreed that a firm of Canadian consulting engineers will re-design the project and supervise its erection. Canada will supply the electrical generating equipment.

There are several other schemes that we are looking into. One for instance, known as the Ganges-Kobadak Scheme, is now being examined by a competent Canadian engineer who has just gone out. There is an area in East Pakistan where a shift in a large river has dried up six smaller ones, throwing a large area out of cultivation. By a far-seeing pumping scheme, water can be put back in these six rivers and they can be used for irrigation purposes and bring two million acres of land into cultivation again. This would have the effect of giving East Pakistan an exportable rice surplus whereas now she has only just enough to get along on and not always that.

These are the kind of things we are trying to do. There are always those who think we should be doing something else and, of course, there is no limit to what needs to be done. What we have tried to do is to find projects which will make a real contribution to the economic development of the countries we are trying to aid in Southeast Asia and at the same time, are within our own competence to execute.

What of the Future?

It is very difficult in these uncertain times to look too far into the future and yet we must make up our minds whether we intend to control our own destiny or whether we do not. If we look back into history and study the downfall of earlier civilizations, we find that usually they were better in every way than the barbarians who overrun them, but at the critical moment they were not big enough to see the next step and take it. It could be the same with us. The building of a safe free world is not an easy task, but if we fail to do it the lamps of human freedom and happiness can go out for a very long time. A free world cannot be, if more than half its people are starved and diseased.

There is no section of the community which is not concerned with this task and none more so than the business community. Freedom, within the framework of democratic government, is vital to business success. It seems to me that the secret, if there is a secret, of the success of the North American continent, is the freedom of business, the ability of business units to make decisions and to act quickly and efficiently on them within a proper framework of law. The ability to take decisions and carry them out quickly without hampering restrictions is what makes for success, and if we can be right a reasonable number of times, probably the business will prosper. It is this freedom to act and to cooperate which will always beat the totalitarian state.

In Asia, two great nations, India and China are developing side by side, both have drawn up plans for the future, both have the same problems. India is attempting to develop and fulfil her plan on democratic and constitutional lines. China is following the ruthless Russian pattern. The rest of Asia is watching. Obviously, China can use methods in her totalitarian state which India cannot and will not want to use. We must remember that this is one phase of our own fight for freedom and give all the help we can. The aid programmes, about which I have been talking today are but stop gaps. Today they are important, but if these nations are to make real progress, means must be found whereby they can attract capital, they must get into the swim of world trade. There are many difficulties in the way, we

Canadians can help to remove them. Above all, we must convince these people that we are concerned about them, that we want them to be prosperous, that we want them to remain free and sovereign states working out their own futures. That means that we must really get to know them and understand their difficulties. We must forget the silly idea that they are mysterious inscrutable beings, they are people just as we are people, with the same hopes and fears and aspirations. Their friendship, as I well know, is a rewarding experience.

The potential mineral and other wealth of Asia is colossal, they have what they need for progress, except capital and the all important technical education. That we can assist them to get, as on a small scale we are already trying to do.

Undoubtedly, the greatest power in Asia is the people. There is no quick or certain route to the freedom from want and disease which they seek but they will not wait forever. If our system cannot help them, can we blame them if they adopt another which is so constantly urged upon them?

Fortunately, there is still time, but not too much. A number of Canadian businessmen have become interested in the area, more could well do so. The free world we seek can be built, it can be made strong with the strength which only freedom can give, but not without our Commonwealth partners and the other peoples of Asia - who still have a choice.

If we make the necessary sacrifices, someday we and they can look at our children and know that never will they be the slaves of a totalitarian state.

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