



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 51/6

CANADA AND THE COLOMBO PLAN

A Statement made in the House of Commons by
the Secretary of State for External Affairs,
Mr. L.B. Pearson, on February 21, 1951.

A little over a year ago the Foreign Ministers of the Commonwealth countries met in Colombo to consider many of the urgent political and economic problems then facing Asia. Out of their discussions a Consultative Committee on South and South-East Asia was created which was charged with examining economic problems of the area and preparing appropriate recommendations. This Committee, which drew its original membership from seven countries -- United Kingdom, Australia, New Zealand, India, Pakistan, Ceylon and Canada -- met in Sydney last May and in London last September. Its most recent meeting, in Colombo, ended yesterday (Tuesday).

The United States, with the unanimous agreement of the seven original members, recently joined the Consultative Committee. In announcing his government's acceptance of this invitation, the Secretary of State in Washington, on January 24 of this year, said that it afforded his country the opportunity "for further co-operation with the countries of South and South-East Asia in their efforts toward economic and social development". Representatives of the following non-Commonwealth countries also attended the recent meeting in Colombo: Burma, Cambodia, Vietnam, Indonesia, the Philippines, and Thailand.

During 1950, when the United States was continuing to carry such a heavy burden of foreign aid, it was, I think, appropriate that the Commonwealth countries should examine together some of the pressing economic problems of South and South-East Asia. These were not new problems, but they were ones to which the Free World had not previously given adequate attention. The Commonwealth countries did good work, therefore, in bringing together in one report an analysis of the needs of the countries which comprise four-fifths of the area of South and South-East Asia.

Since the Plan was drawn up there have already been significant economic changes which are bound to affect its progress, at least in its initial stages. The burden of rearmament, which the Western countries have been forced to take on, is having major economic consequences. The prices of many of the raw materials produced in South and South-East Asia have gone up sharply. This advantage has been offset to some extent by the rising cost of the

goods which the Asian countries must import. Even more serious are the difficulties in obtaining delivery of critically needed goods. Most regrettable, there has been a serious falling off in India's food supply owing to drought in some regions, floods in others, and locusts in still others. This has imposed a very real human and economic problem on India.

The Colombo Plan calls for a capital development programme in Commonwealth countries of South-East Asia totalling about \$5 billion over a six-year period starting this year. Of this \$5 billion it is expected that about \$2 billion will be raised internally and about \$3 billion will come from external sources. Private capital is one source, though in the present international situation it cannot be as important as it should be. We also hope that the International Bank will be another source for financing some of the larger projects. So far as government contributions are concerned, the United Kingdom has announced that its contribution over the six-year period will take the form of sterling balance releases, at a high and fixed rate, grants for colonial development, and loans floated in London, amounting to well over 300 million pounds or more than 900 million Canadian dollars. Australia has announced that it will provide 7 million pounds sterling, that is nearly 21 million Canadian dollars, in the first year; and that over the six-year period its contribution will be not less than 25 million pounds sterling, that is, nearly 75 million Canadian dollars.

The Canadian Government has been giving very serious consideration to the course of action which should be recommended to Parliament. We have been conscious that Canadians, as individuals - and this has been clearly reflected in the Press from one end of the country to the other - wish to contribute to the success of this Plan.

This desire of the people of Canada, to extend assistance, has also been clearly shown in the debate on the speech from the Throne. It was reflected by the remarks of the Leader of the Opposition, (Mr. Dr w) when he expressed his confidence that members of the House would support all practical measures which will bring hope and encouragement to those who are in such great distress in so many parts of the world. It was reflected also in the remarks of the member for Rosetown-Biggart, (Mr. Coldwell) when he called the Colombo Plan the most imaginative ever adopted by the Commonwealth countries.

The Government, therefore, authorized Mr. David Johnson, our High Commissioner in Pakistan and our delegate to the recent meeting of the Consultative Committee, to state that the Canadian Government would ask Parliament to appropriate \$25 million as its contribution to the first year of the Plan, provided that it was clear that other contributing countries would be making appropriate contributions so that the broad objectives of the Colombo Plan might be realized.

The United States representative at the Colombo meeting said that his government welcomed the initiative of the countries participating in the Colombo Plan; that the Plan itself appeared to offer a basis for genuine co

economic progress and that the United States intended to co-ordinate to the greatest extent possible the programme it had undertaken, or might undertake, in the area with those programmes under the Colombo Plan.

I should also inform the House that we are immediately opening discussions with the Indian Government to see whether they would wish that some of the funds we provide this year under the Colombo Plan should be spent on Canadian wheat for their famine-stricken country. As yet, we do not know exactly what types of wheat, available in Canada, will be of use to India, nor, of course, do we know what next year's crop will be. However, it is our hope that some wheat may be provided to the Government of India in connection with the Plan. This wheat would, I imagine, be sold by the Indian Government to the people of India under its rationing system. The money so raised could then be devoted to capital developments. In the Colombo Report it is clearly recognized, especially in the case of India, that imports of food as well as imports of capital goods may serve in attaining the objectives of the Plan.

At the same time as we open discussions with the Indian authorities we shall open parallel discussions with the Pakistan authorities.

In conclusion, perhaps I might read to the House the last sentence of the Colombo Report which summarizes, so eloquently, our hopes for the success of the Colombo Plan.

"In a world racked by schism and confusion it is doubtful whether free men can long afford to leave undeveloped and imprisoned in poverty the human resources of the countries of South and South-East Asia which could help so greatly, not only to restore the world's prosperity, but also to redress its confusion and enrich the lives of all men everywhere."

S/C