

STATEMENTS AND SPEECHES

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No. 58/45 THE COLOMBO PLAN: PROGRAMMES AND PROBLEMS

Statement by Mr. Sidney E. Smith, Chairman of the Delegation of Canada, Second Session of the Ministerial Meeting at Seattle, Washington, on Tuesday, November 11, 1958.

We welcome this opportunity to discuss the operations of the Colombo Plan and the programmes and problems with which we are individually and collectively concerned. During the years of its existence, the Colombo Plan has provided the world with outstanding examples of the feasibility of co-operative efforts by peoples of differing traditions and divergent ways of life, and of the possibility of bringing their efforts to a successful conclusion. It seems to me that the Colombo Plan also has a particular significance in that it embodies the concept of the interdependence of nations and has done much to promote wider acceptance of this concept throughout the world.

My strong impression is that there is an increasing desire in those countries which have achieved a relatively high standard of living, to help other countries to increase their well-being. This, I venture to suggest, is one of the most remarkable developments in international relations of the past decade or so. There is clearly a genuine feeling on the part of both individuals and governments in the more developed countries that the wide differences in standards of living that confront us represent not merely an economic problem, but also a human problem.

The emphasis in our efforts through the Colombo Plan is on the concept of co-operation, because it forms the only basis for success in our endeavours. As we share common efforts and common burdens, however, we also, I suggest, share common benefits. I am sure that those of us who have been able to supply technical personnel, value the experience that our engineering contractors and our other experts have gained at first hand by their participation in South and South-East Asia in new projects and programmes in a wide

variety of fields related to economic development. We in Canada attach particular importance to our contact with students, teachers, professional men and administrators who have come to Canada from the Colombo Plan area to see what we are doing in fields in which they are active in their own countries. Such personal communications are of value not only because they encourage an exchange of technical knowledge, but also because of the contributions they make to the development of understanding and mutual respect.

That is an important factor in our co-operative efforts. Beyond the immediate benefits arising from personal relations between our peoples, there are broader benefits which, in due course, we may expect to share. As the development of our joint programmes bear fruit, and as the economies of the countries in South and South-East Asia move forward with increasing momentum, the demand generated by increases in national wealth in this region will certainly provide a significant stimulus to world trade. In this, all countries, developed and less-developed alike, may expect to participate and from it they may all expect to benefit. In the broad perspective, therefore, the fortunes of the developed and less-developed countries are linked towards the goal of prosperity and a richer life for their people, not only in human terms but in economic terms as well.

Substantial progress in economic development has already been achieved, but much remains to be done. I think also that sometimes we have a tendency, a very understandable but nonetheless potentially dangerous tendency, in taking a justifiable pride in our achievements, to gloss over the setbacks we have met. It is well, therefore, to pause from time to time as we are proposing to do this week, to take a searching look at our plans and programmes. I think the draft report which we are now considering does well to draw attention to some of the difficulties which have arisen or have become more acute since we last met. However, it also reflects the increasing experience in countries represented at this meeting in understanding the nature of these difficulties and in working out ways to deal with them. There is, for example, increasing recognition of the need to ensure that technical skills are developed at a rate sufficient to make the most effective use of the capital and natural resources available. There is increasing recognition, too, of the fact that industrial development does not in itself ensure a sound and prosperous economy; obviously it must be meshed into a well-balanced development programme. For example, as the draft report points out, agriculture must, in much of the Colombo Plan area and for some time to come, provide the major part of employment and income.

We are all aware, of course, that there is in the world as a whole a shortage of resources available for development. We are also aware that there is considerable competition in the claims upon these resources. Wherever, therefore, we can avoid duplication of effort and perhaps achieve a genuine saving in resources, we should be prepared to explore the means of doing so. In this context, I think of the possibility of making available to several countries the facilities available at technical and other training institutions. In this way we can ensure that not only our own efforts but the efforts of our neighbours are exerted to best advantage and to the ultimate benefit of the largest number of people.

Fresh Impetus to Economic Aid

Against the background of problems and achievements outlined in the draft report, Mr. Chairman, I now refer briefly to the fresh impetus which has been given this year to the concept of international assistance for economic development. Four initiatives which have been taken within the past few weeks will have a significant effect, I believe, on the problems with which we are concerned.

In the latter half of September, the Commonwealth Trade and Economic Conference in Montreal stressed "the great importance of more rapid economic progress in the less-developed countries". This recognition was translated into concrete undertakings on the part of a number of Commonwealth countries to add to the measures that they were already taking to meet the problem of economic development. At the annual meetings of the International Bank and the International Monetary Fund in New Delhi early in October, very substantial progress indeed was made towards a decision to increase the resources of these two organizations. Such increase would, on the one hand, mobilize more capital for loans to under-developed countries and, on the other, would help to maintain a higher and more even flow of world trade through assistance to countries which experience balance of payments difficulties. I mention also the decision taken last month by the General Assembly of the United Nations to establish the Special Fund. That decision, we hope, will result not only in some direct assistance to the under-developed countries but, more important perhaps, it will also help to expand the capacity of these countries to attract new capital from private and public sources by creating conditions under which such investment can be more effectively utilized.

Finally, the fourth initiative relates to the strong and wide-spread desire to find solutions to commodity problems. I recognize, Mr. Chairman, that this is not directly related to the business of this meeting. There is, however,

a very close link which we all recognize between the serious difficulties encountered by a number of countries which produce primary commodities, and the capacity of those countries to sustain a reasonable rate of economic development. Here, again, the Commonwealth Trade and Economic Conference held in Montreal formally recognized the serious problems caused by the existence of wide fluctuations in commodity prices and the need for immediate action. To this end, Commonwealth countries agreed to take part in whatever commodity-by-commodity examination as might be required, and expressed the hope that other countries would be prepared to join in such discussions. In this connection, I am sure that we all welcomed the statement made by President Eisenhower yesterday that the United States is prepared to join in discussion, where special difficulties may arise with respect to particular primary commodities, to see whether a solution can be found.

Canada's Part

In all these initiatives, Mr. Chairman, I am glad to say that Canada is playing a full and active part. We have agreed to contribute our share to the proposed expansion of the resources of the International Bank and the International Monetary Fund. We have pledged a contribution of \$2 million to the United Nations Special Fund for the first year of its operation. And, with specific reference to the Colombo Plan, we have undertaken, subject to the approval of the Canadian Parliament, to increase our annual contribution for the next three years by roughly one-half from the current level of \$35 million a year to \$50 million a year. In their forward planning, countries may find it helpful to have this early indication of the Canadian Government's intention to contribute in larger measure to the Plan. We have also signified our intention to enlarge our aid programme to The West Indies Federation and to our Commonwealth partners in Africa.

During the fiscal year ending in March 1958, my Government allocated over \$39 million from the Colombo Plan fund to assist in the financing of agreed projects located in the region. A substantial part of this amount was used to provide additional financing for projects which have been under way for some time, such as the atomic reactor in India and the Warsak hydro-electric project in Pakistan. Our partners in these and similar undertakings would, I am sure, agree that the progress made towards their completion in the last year has been most encouraging. Since the inception of the Plan, we have found that the difficulties which inevitably arise in the execution of joint projects have steadily diminished. This improvement reflects, I think, not only a

better mutual understanding of the conditions and methods governing the execution of such joint projects, but also, and more importantly, a deeper appreciation of each other's problems.

A substantial part of our allocation in the year 1957-58 was used to provide metals, such as aluminum and copper. This is not a new feature in our aid programme; we have provided metals in the past, but never in such large quantities. This shift in the content of our programme was made at the request of the countries themselves and reflects the changes in the needs of these countries brought about by the process of economic development. We have tried, and will continue to try, to make our programme as flexible as possible.

During the current fiscal year, Parliament voted an additional \$35 million for assistance under the Colombo Plan. Discussions with a number of member countries are quite far advanced and agreement on projects should be reached in the near future. This brings the total Canadian contribution to the Colombo Plan since its inception to over \$231 million. This figure does not include \$21.5 million in grants and \$35 million in loan funds made available to Colombo Plan participants for the purchase of commodities.

In conclusion, Mr. Chairman, I assure you of the continued warm support which public opinion in Canada is giving to the policy of the Canadian Government to co-operate with the less-developed countries in their economic development programmes. We realize, of course, that most of the effort and most of the burden must be and is being shouldered by these countries themselves. On the other hand, we recognize that, when all has been done that can be done, there will remain a need for assistance from abroad, both by way of private investment and by means of resources made available by governments and international institutions. It was this recognition that led us jointly to bring the Colombo Plan into being some eight years ago. I think we can take pride in the results that we have achieved in close co-operation with one another. This co-operation will lead us to the objectives we all seek.

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