

WAR ON WANT

A PLAN FOR WORLD DEVELOPMENT

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ASSOCIATION FOR WORLD PEACE
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ISSUED BY
THE ASSOCIATION FOR WORLD PEACE
14 HENRIETTA STREET, COVENT GARDEN, LONDON

1952

This pamphlet is only obtainable from the *Association for World Peace* at 14 Henrietta Street, London, W.C.2.

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FOREWORD

THE ASSOCIATION FOR World Peace came into being as a consequence of a letter written by Victor Gollancz to the *Manchester Guardian* on February 12th, 1951. This letter, subsequently published in slightly altered terms in many other papers, made only two points, namely: (1) The need for keeping open the door to negotiations in all conceivable circumstances, and for negotiating "not in the mood of war but in the mood of peace," and (2) the need for taking action of some kind to meet the challenge presented to the world by millions of our fellow men and women living in destitution.

In taking up the second of these two points, the Association felt at once the need for a report, short enough for general reading, and yet sufficiently detailed and authoritative to present all the main aspects of the problem of world poverty to the British people. Therefore, while quickly publishing a pamphlet called *Tanks into Tractors* dealing only with general principles, the Association decided to set up an expert committee to prepare the fuller report.

The Rt. Hon. Harold Wilson, M.P., agreed to take the chair, and in the work of the committee he had the co-operation of Sir Richard Acland, M.P., Mr. Ritchie Calder, Mr. Leslie Hale, M.P., Dr. Rita Hinden, Professor W. Arthur Lewis, Miss Joan Mitchell, Mrs. Mary Rosser, Mr. E. F. Schumacher, Mr. Harry Walston, and Mr. Paul Yates. The Report was prepared by a Drafting Committee consisting of the Chairman, Sir Richard Acland, Mr. Hale, and Mrs. Mary Rosser. The Association, while expressing their deep sense of indebtedness to the other experts who gave so much time and work to the preparation and discussion of material for the Report, place it on record that the Drafting Committee alone bear responsibility for the terms of the Report.

CHAPTER ONE

THE PROBLEM OF WORLD POVERTY

The Facts of World Poverty

1. Two-thirds of all the men, women and children on earth to-day live their lives surrounded by squalor, hunger, disease, starvation, illiteracy and premature death. Such poverty is not new in human history: it is as old as man. But the industrial revolution in many countries has created a great gap between whole peoples who live in poverty and peoples who enjoy a high standard of life through the use of all the techniques associated with higher production. For the first time in history the peoples that live in poverty begin to know that their poverty is not an inevitable condition of human life.

2. Poverty is first a question of hunger. Defined as suffering from an identifiable deficiency disease, there is hardly an area in the world which is wholly immune from it; while for Africa, Asia and South America it is often the condition of whole communities. In New Guinea, for example, eight out of ten children die before puberty: scientific investigation shows that they are born of parents already wasted by malnutrition. A Persian social worker told this committee that in one Persian village surveyed in 1950, 82 out of 144 children in 33 families had died in childhood. Such examples could be multiplied from every under-developed country in the world.

3. With over 1,500,000,000 people in the world suffering from hunger, the continuing rise in world population faces mankind in this present century with the certainty of "crisis by starvation." The world population, 2,200,000,000 to-day, is estimated to reach between 3,000,000,000 and 4,000,000,000 by the end of the century. There are two more mouths to feed every three seconds. Food supplies are not expanding anything like as quickly as world population. There are to-day

300,000,000 more people in the world than in 1938: world food production is very little above pre-war. Moreover, the great rice-consuming areas of Asia are dependent on the precarious rice exports of Indo-China, Burma and Siam: should these be cut off by war or civil disturbance, the world problem would become immeasurably worse.

4. This is a matter of concern not only to the poverty areas; it will only be a matter of time before world food shortage spreads to the developed areas, especially those such as Britain which are dependent on imported food supplies. Starvation, like the plague, knows no national frontiers. Already we read—what would have been unthinkable fifteen years ago—the warning news of meatless days in Buenos Aires. Long before world population passes the 3,000,000,000 mark, the advanced countries of the Western world will find their rations falling year by year.

5. Poverty and hunger mean disease. Directly they bring the deficiency diseases;¹ but in addition sleeping sickness, malaria, yellow fever, typhoid, leprosy, yaws and many other of man's severest illnesses are concentrated on the poverty areas.

6. Consumption and use of industrial products is another index of poverty or wealth. The steel consumption of the United States in 1949 was 275 times that of Pakistan; its petroleum consumption 210 times that of India. In ratio to the population, there were nearly 20 locomotives in the United Kingdom for every one in India, 26 for every one in Pakistan; 100 road haulage vehicles in the United Kingdom, and over 250 in the United States for every one in India and Pakistan. The consumption of electricity per head of the population in the United Kingdom was 80 times that of India, and over 500 times that of Pakistan; the United States consumed 177 times as much electricity per head as India, and 1,200 times as much as Pakistan.²

¹ A great part of Dr. Josué de Castro's recently published *Geography of Hunger* (Gollancz, 1952, price 18s.) is devoted to an analysis of the extent of deficiency diseases in each country of the world.

² Figures calculated from a table given in *The Colombo Plan for Co-operative Economic Development in South and South-east Asia*, Report by the Commonwealth Consultative Committee (Cmd. 8,080, 1950, price 3s.), p. 10.

7. The Statistical Office of the United Nations, analysing the income of seventy countries in 1949, found an average income of some \$55 per head in South and South-east Asia, compared with \$773 in the United Kingdom and \$1,453 in the United States; it also found that the nineteen richest countries with only 16 per cent. of the population enjoy just over 66 per cent. of the total income, while the fifteen poorest countries, containing just over half of the people, had to live on less than 9 per cent. of the total income.¹

Why Declare War on World Poverty?

8. Mankind is thus challenged to declare war on the poverty of the under-developed countries of the world. But why, it may be asked, should we in the privileged countries make any special effort or do more than we are doing already? The answer is many-sided, and it is not easy to balance all its aspects against each other.

9. The first and simplest aspect of the answer is that we are rich and they are poor, and it is our duty to help them. Other reasons can be added, but in the end this shortest answer must be held uppermost. The attack on world poverty requires the people in wealthier countries to understand their obligations to the world community, and to be aware of the problems of less fortunate people. It requires our sympathetic and even humble attempt to understand their attitude and background and culture. We must not think of colonial development mainly in terms of providing markets for our products and employment in our factories; nor must we embark on costly projects like the groundnuts scheme primarily for the purpose of more margarine on British tables, and only incidentally with the idea of helping Africans. To quote *Tanks into Tractors*:

“Regardless of our own advantage, accepting wholeheartedly the prospect of material sacrifice, we should understand that the basic reason for attacking world

¹ The only significant countries omitted from the analysis were the colonial dependencies of European powers; had these been included, the comparison in the above percentages would almost certainly have been yet more striking.

poverty is that it is the right thing to do in the name of God and man."¹

10. But as there are many who are bound to doubt whether morality and idealism can alone carry the whole weight of effort that is needed, we do not hesitate to say that the supreme reason for action is supported by many others which may appeal more directly to those who would like to be counted as practical men of the world. First among these, the attack on world poverty is the most hopeful, and perhaps the only road that could lead to world peace.

11. We in the West deceive ourselves and over-simplify our thinking if we blame the whole threat to peace on the activities of Communist propagandists. If every Communist were overnight converted to a belief in all our best ideas about democracy, the threat to world peace would remain, and would sooner or later be intensified, so long as we live in a world in which one-third of the peoples live in comfort and two-thirds in poverty. As Mr. Gordon Gray says in his Report to the President of the United States:

"The economic stagnation, political unrest, and extreme poverty of most under-developed countries represents a growing threat to the rest of the free world. . . . Despite great obstacles, it is more important than ever to the security and well-being of free countries that social and economic progress be achieved in the under-developed areas."²

Democracy, it has been said, is a word which rumbles meaninglessly in empty bellies. The real answer to Communism in primitive areas is not military force or security measures. The standard of life in Communist countries is low compared with that of Western Europe and North America. But to the starving peoples of the East and of Africa such a standard would

¹ *Tanks into Tractors*, by Sir Richard Acland, M.P., and Leslie Hale, M.P. (Association for World Peace, 1951), p. 6.

² *Report to the President on Foreign Economic Policies* (U.S. Government Printing Office, 1950, price 40 cents), pp. 8-9.

represent a release from the hunger and poverty which dominate their lives. The compulsion of hunger makes them an easy target for Communist propaganda, and, in the absence of effective efforts on our part to show that their lot can be improved by other means, it is not for us to condemn them for listening to the sirens of Communism. Nor is it only a question of physical poverty here and now; if it were, some would argue against us, insisting that it is only when men are lifted a little out of utter degradation that they begin to entertain the aspirations which Communism can turn to good account. But is it argued that men should want for ever so that these aspirations should never rise? Those who are already the most socially conscious in under-developed countries are more concerned about prospects for to-morrow than about low standards of to-day; and if the free world is to sustain itself and ultimately to come to satisfactory terms with Communism, these socially conscious people in the poor countries must be assured that in association with the free world they can really get things done.

12. A smaller but still important reason for world development is its bearing on full employment. In the highly industrialised countries, even our present hopes of ending the race for armaments are for some of us tinged with our anxieties about the unemployment which might engulf us when the arms programmes are reduced. These anxieties could be mitigated if we resolved now to address ourselves to the immense task of helping to raise the living standards of about 1,500 millions of our fellow men.

13. Or we may consider the problem of raw materials where it is important to distinguish short from medium and long-term considerations. Here and there we shall find cases where the right first step towards the all-round development of an area (e.g. the building of a railway to bring out timber) would also tend to ease a material shortage presently felt in the industrialised countries. At the other extreme, the attack upon world poverty offers the only stable and long-term solution to the food and raw material problems of mankind, if only for the reason that many foods and raw materials are

only or mainly grown and mined in lands where poor people now live. Thus probably our children and certainly our grandchildren will be materially benefited by the attack on world poverty if it is successfully made.

14. It is right to stress these aspects of the matter, since they wipe out the idea that we are proposing an exercise in condescending charity from the rich to the poor. We propose in the truest sense a plan for world mutual aid in which the people of under-developed countries, as individuals and as communities, may whole-heartedly join without any feeling of inferiority. It is a co-operative effort first to bridge and then to close the gap which to-day separates the wealthy countries from the rest of mankind.

15. By contrast with all this, we must free ourselves from any idea that the attack on world poverty will immediately ease our raw material problems as a whole. On the contrary, it will accentuate them. Precious materials, rare key workers, scarce capital goods, which on a short view we should have preferred to turn to our own account, will have to be spared for others in the name of fair shares for all. Balance of payment problems will at first be accentuated by the financial cost of the war on want. On all these aspects of the matter it is only in the long run that the claims of our own self-interest coincide with those of morality.

Poverty and Population

16. Before examining in detail the measures necessary for world development, we must deal with one argument which is often used against it: it is the argument of rising population. "Why strive to increase food production," we are asked, "when all your efforts will be inevitably swamped by unrestricted child-bearing?"

17. This is a comfortable if harsh excuse, well calculated to ease the consciences of those who oppose, or at best fail to support, proposals for the world attack upon world poverty. But what is the argument? If the populations of under-developed countries were to-day almost stationary, it could

be argued that an increase in food supplies and alleviation of poverty would lead to higher birthrate and so cancel out the efforts made to help them. But in fact populations of almost all of the under-developed countries are already increasing at very rapid rates. Is it then argued that the privileged countries should make no particular or unusual effort about increasing world food supplies? And is it suggested that in due time the rising populations of the under-developed countries will and should be dramatically checked by famine and pestilence on an unprecedented scale and that the consequences of such a holocaust could be limited to the poverty areas alone? Anyone who is consciously so arguing must be assuming a world disaster in the 1960's at the latest, and a casualty list of some 250 million people. As we have seen, the casualties and the starvation would not be restricted to the under-developed areas.

18. We appreciate, of course, that we are here dealing largely with imponderables; but we believe that much current argument is at cross-purposes. The neo-Malthusians argue that any conceivable increase in production will be frustrated by even greater increase in population. At the other extreme is Dr. Josué de Castro, who concludes that the Malthusian bogey is a mere phantom; he argues that it ignores the great potential increase in agricultural production, and contends that there is a direct biological link between better diet and reduced child-bearing.¹

19. In our opinion, both these views contain an element of truth and neither can wholly defeat the other. There is world danger from increasing population. But there is evidence that

¹ Dr. de Castro produces some striking figures correlating food consumption with birth-rates, and also introduces a physiological argument designed to show that the higher the protein intake, the lower the birth-rate. He produces a table showing that Formosa, with a daily consumption per head of animal proteins of 4.7 grammes, has a birth-rate of 45.6, the Malay States, with protein consumption of 7.5, a birth-rate of 39.7. At the other end of the table, Sweden, with a protein intake of 62.6 grammes, has a birth-rate of 15.0, and the United States, with a protein consumption of 61.4, a birth-rate of 17.9. We are dubious of the value of international comparisons of this kind, for so many factors can be at work; moreover, we have failed to secure medical confirmation of the physiological theories he advances. Our own tentative conclusions are based on other arguments.

once a period of critical difficulty is passed and living standards become stabilised, populations become stable too. The Colombo Report reaches the conclusion that—

“In the longer run, experience suggests that a general improvement of living eventually exercises a steadying influence on the growth of population.”

20. It points to declining birth-rates already amongst the middle classes in some parts of its area, and finds that in East Bengal, families are generally smaller on holdings of ten acres than on those of five. Dr. V. K. R. V. Rao, the Indian economist, analysing the Colombo Plan, comments:

“The age of marriage has been steadily rising in India during the last three decades and is likely to rise still further. . . . Economic independence, afforded by greater opportunities for employment for women and changes in legislation conferring property rights on them, has begun to have its inevitable effect upon the willingness to bear children; while the remarkable increase in women’s education in the last two decades has further strengthened the tendency. . . .”¹

We believe that corresponding forces would operate in all the under-developed countries.

21. The argument between the neo-Malthusians and their opponents is, we believe, sterile and unproductive. What is certain is that if special action on a world scale is not taken, the worst Malthusian fears will be realised. The original predictions of Malthus in the 1790’s were falsified—or postponed—only by the opening up of vast areas of new food-producing territories in the nineteenth century. Once again Malthusian tendencies, with population outrunning the means of subsistence, are at work. Only if the world succeeds in increasing food production at a rate sufficient not merely to match but substantially exceed the rate of growth of population can the problem be solved. In the first stages of increasing food production we must expect birth-rates to

expand still more rapidly, and death-rates to fall: it is only in the long run, and if production rises sufficiently rapidly to bring about a real improvement in the standard of living, that the tendency to less rapidly rising populations becomes effective. No one can be certain about such indeterminate factors: the only thing that is certain is that if nothing is done to secure a dramatic increase in world food production we shall face a world crisis by starvation in the lifetime of most of us.

¹ In an article in *Lloyds’ Bank Monthly Review*, July, 1951.

NATIONAL AND INTERNATIONAL ACTION

22. Until World War II almost all the efforts made to develop the backward areas of the world were made by colonial powers, including in that term the Soviet Union, whose territory covered large and hitherto totally underdeveloped areas. During and after the second World War, the consciences of those in the advanced nations were quickened, and intensified colonial development on the one hand, and action by the newly-formed international agencies on the other, were brought to bear on the problem. Britain's action in granting self-government to the countries of India, Pakistan, Ceylon and Burma brought into being new national governments in South-east Asia, and the transfer of primary responsibility for development to those governments released a vast potential of nationalism and desire for self-help for this task. In this chapter we review the work done by Britain and her colonial governments and by United Nations agencies, including the activities which followed President Truman's Point Four. In the following chapter we examine in some detail a new experiment in Commonwealth co-operation, the Colombo Plan organisation.

Britain and Colonial Development

23. From the earliest days of the British colonial empire, the economic development of colonial territories was regarded as the function of private enterprise. Private individuals, trading concerns and chartered companies were encouraged to pursue the search for private profit wherever it led them. The rubber and tin industries in Malaya, copper, gold and diamond mining in many parts of Africa, sisal production in East Africa, sugar and bananas in the West Indies were

developed wherever private enterprise saw an opportunity of making profits. Great thriving industries were developed, but it was the profit of the developer and not the welfare of native peoples which was the driving force. At best, those natives who supplied the labour for these enterprises, and the local producers whose output was bought by British traders, gained a little in their standard of life; at worst, they were exploited and victimised, as the history of the Rhodesian copper mines has shown. Social development was slow, and confined in the main to small sums administered by colonial governors. Economic developments—railways, roads, port and harbour installations—were for the most part limited to the works necessary to support the major private enterprises of the area.

24. Colonial development in the sense that the term is now used was hardly an idea, let alone a policy, a quarter of a century ago. The first Colonial Development Act, passed in 1929, was a very limited measure by which £1 million per annum was authorised to be spent on development projects in the colonies, and as a result it was hoped to relieve the mass unemployment in the United Kingdom.

25. In 1938 there were riots in the West Indies, as a result of which a Royal Commission was appointed to investigate. Its Report¹ revealed an appalling state of economic and social conditions. At about the same time the Colonial Office had itself carried out inquiries in other colonies and as a result of this as well as of the West Indies Report both the Colonial Office and Parliament acquired a new sense of urgency and saw the need for an entirely different approach to colonial affairs.

26. In spite of the outbreak of war, therefore, a new Colonial Development and Welfare Act was passed in 1940 greatly expanding the 1929 Act:

“The Secretary of State . . . may make schemes for any purpose likely to promote the development of the resources of a colony or the welfare of its people, and any sums

¹ Cmd. 6,174 of 1940. H.M.S.O., 6d.

required . . . shall be paid out of moneys provided by Parliament."

It allowed a maximum expenditure of £5 millions a year for ten years on development and £500,000 a year for research. So began a new and constructive approach by Britain to the problems of her colonies. Their local governments were encouraged to plan their own schemes of economic and social development, to exploit their own resources and raise their own standards of living.

27. The war itself, though it hindered development in some directions, stimulated it in others. Military requirements forced some progress, notably the fuller exploitation of urgently needed raw materials of which the colonies had valuable supplies, and in some cases the improvement of communications. Secondly, the colonies shared in the general political awakening, which led to a desire for greater self-government and hence for a higher standard of living, which could not be achieved without economic and social development. Some progress was therefore being made throughout the war years, and by 1945 548 development schemes had been approved under the 1940 Act, involving an expenditure of nearly £16 millions. In 1945 the Act itself was amended to allow an expenditure of £17½ millions a year up to 1956, with £1 million a year for research. This was a great improvement, though a small enough sum when £12 millions a day was being spent by Great Britain on the war effort. The fund was further increased in 1950 by an additional £20 millions.

28. After the war it became clear that the Colonial Development and Welfare Acts alone were not enough. Money had not only to be voted, but spent wisely, and for this three courses of action were seen to be necessary. First, development expenditure had to be planned. Secondly, various lines of research had to be explored before any of the development schemes could be sure of success. Thirdly, paper plans and money were not enough—*enterprise* was needed too.

29. First, then, as to planning. In September, 1945, the Colonial Office asked each colony to draw up a ten-year

development plan, so that projects could be co-ordinated and "welfare" and "development" schemes could, with Colonial Office guidance, be given a proper balance. The plans were to be financed under the Colonial Development and Welfare Acts, but allocations so made were to be supplemented as far as possible by colonial loans and colonial revenues—in fact, it was hoped that for every £1 granted by Parliament under the Act, £2 would be raised by the colonies themselves. Schemes were then drawn up and approved by the Colonial Office. Several have since been revised, owing to changed circumstances—rising costs and shortages of equipment, etc.

30. The problem, of course, has been how to allocate the money. Although proportions vary widely as between different colonies, of the 27 plans approved by 1951 the percentage expenditures were:

Communications	21·9%	Economic	26·4%
Social	43·2%	Miscellaneous	8·5%

Individual colonies have therefore to face the problem of how much to spend on "social overheads" in the form of education and health and welfare services, and how much on "economic overheads," such as transport and communications, power and irrigation. In almost all, however, a large proportion of money is devoted to agriculture, the basis of most colonial economies, and to communications, without which all development must be paralysed. In the Gold Coast, for instance, the approved plan involved the expenditure of £67 millions over a ten-year period, of which £27 millions were to be spent on improving communications. Of the £7½ millions economic programme for Trinidad and Tobago, 41 per cent. was to be spent on improving water supplies, and in British Guiana half the money spent up to 1950 had been devoted to drainage and irrigation. Expenditure on roads, railways and port installations figures largely in most development plans. Sierra Leone proposed a deep-water quay costing £700,000 for Freetown, and Tanganyika planned to spend £4 millions on roads. But education also has an important place, and so does research of all kinds—medical (leprosy,

malaria and sleeping sickness), geological and agricultural. The Colonial Office has in fact itself done a good deal since the war to encourage research in all these fields.

31. But development plans are not development. In 1948 the Select Committee on Estimates, in surveying the Nigerian Development Plan, criticised it as being not a plan, but a series of departmental estimates strung together. This criticism has remained very largely true both in Nigeria and elsewhere. Important gaps in development have thus been discovered. In the first place, the development plans appear to lack, both centrally and in the colonies, any driving authority to see them through. In Nigeria, for instance, in spite of the appointment of "development officers," there is no single adequately staffed authority nor any properly recruited government department whose function is the economic development of the colony. Colonial administrators have been charged with the task of colonial development for which they are often both untrained and unsuited. Secondly, whereas there are welfare schemes and public utility schemes being provided under the Colonial Development and Welfare Acts, there is very little *enterprise*. To provide economic and social overheads is one thing, and a necessary step, but to develop the colonies' resources and increase their wealth is another matter which has as yet received too little attention. This gap is being partly filled by the two development corporations whose functions are discussed below, and also by such means as the Regional Production Development Boards in Nigeria, which are playing an ever-increasing part in the development and use of the Colony's resources. These boards and the marketing boards are outside the ten-year plan, but they nevertheless have an important function in economic development. It is important here, as in the administrative service proper, to have the right men in the right place. For, in all colonial developments there have been the ever-present limiting factors of shortage of staff, no less than the delays in obtaining equipment, and increasing costs. Because of these deficiencies, the development plans have come to mean little more than a kind of supplementary budget—an extension of

work already being done, made possible by additional funds under the Colonial Development and Welfare Act.

32. To provide the "enterprise" which was conspicuously lacking from the Colonial Development and Welfare Act and the ten-year development plans, the Overseas Resources Development Act, 1948, set up the Colonial Development Corporation, with borrowing powers of £110 millions, and the Overseas Food Corporation, with borrowing powers of £55 millions. The former was "charged with the duty of securing the investigation, formulation and carrying out of projects for developing resources of colonial territories with a view to the expansion of production therein of foodstuffs and raw materials, or for other agricultural, industrial or trade development therein." The Overseas Food Corporation was given the more limited function of producing, processing and marketing foodstuffs and agricultural products. Its first task was to take over the groundnut scheme from the United Africa Company Managing Agency which had been specially formed to start the scheme in accordance with plans recommended by colonial agricultural experts and accepted unanimously by Parliament. In the event, the advice of some of the experts turned out to be less sound than had been expected, and the Corporation took over at a time that was difficult indeed. Nevertheless its experience in large-scale colonial agricultural development will be of great value for the future; and many of the physical assets which it created, roads, railways, the harbour, etc., are making a real contribution to the wealth of Tanganyika today. Contrary to a widely held view, the groundnut scheme is still in operation and is achieving significant results though on a considerably smaller scale than was originally recommended. The Colonial Development Corporation was instructed by the government to spread its risks more widely and has met with success as well as failure. In theory at least it meets an obvious need—the funds and expert technical advice and assistance required in large-scale colonial enterprise—which is often both lacking on the spot and not forthcoming from private sources. It has met with success where

proper prospecting was carried out, where the plan was not too ambitious at the start, and where competent management was provided. This has been the case, for instance, in the Usutu Forests in Swaziland, where development has been ahead of schedule and prospects of a profitable enterprise are good. After a poor start, the same can be said of British Guiana Consolidated Goldfields Ltd., which has also become a prosperous enterprise.

33. On the other hand, there have been disasters, as with the Gambia Poultry Farm. That colony was in need of agricultural development, but, it was proved later, was entirely unsuitable for the enterprise embarked upon. After investing nearly £1 million, the scheme had to be abandoned. Bad planning and bad management accounted for this and for some of the other failures.

34. It is perhaps too early to pass a fair judgment on the Colonial Development Corporation. It has recently been reorganised, substantially restaffed and, one might say, reorientated in that it is now confining itself to less ambitious but perhaps more rewarding schemes of development—64 per cent. of which are for primary production, particularly land development schemes in both agriculture and forestry. The necessity has been recognised for pilot schemes before launching on large-scale operations, and while experiments may be expensive, large-scale failures are more so. Furthermore, capital costs are heavy, and many enterprises cannot be expected to be productive for many years to come. But perhaps most important of all, the Corporation has come to recognise that it can achieve far more if its own enterprises are part of an overall development plan for a colony or colonial area.

35. There is one further point to which we would draw attention. The Colonial Development Corporation was required by Parliament to balance its accounts over a period of years, and was expected to use the profits of its successful ventures to offset the losses on its failures. But it is becoming rapidly clear that many of the most important ventures, e.g. rice production in Guiana, can be pushed through only at a

cost, and that there will not be the margin of profit on the successful projects to cover losses on the rest. Development of backward areas necessarily involves many projects, particularly those providing economic or social capital, which, however important or essential, cannot by their very nature yield a profit in five, or even ten or twenty years. C.D.C.'s duty to balance its accounts is incompatible with its task of promoting desirable colonial development. Its terms of reference should be changed, and Parliament should be ready to meet some financial losses, or, better, should be ready to meet the developmental, non-profit-making part of its work by a colonial development and welfare grant of some £15 or £20 million to C.D.C. itself.

36. Meanwhile, a movement of an entirely different order has been growing almost unnoticed from many different points and is to-day claiming ever-increasing attention from those who care about development in what are called "backward" countries. It was at first called "mass education"—a serious misnomer, despite the fact that an attack on illiteracy is almost always involved as part of the work. It is better described as "community development," and is something which starts on quite a small scale, in a single village, a group of villages, or at most in a single district. It always depends upon the inspiration of an individual or of a quite small team of men and women; and its essence is to win and create in the people at the grass roots a belief that with little or no material assistance and advice from outside, they have it in their power to begin to improve their own lot. Once this idea has been grasped, the possibilities are almost unlimited. New roads, small dams and irrigation works, schools, dispensaries, wells are made and built and dug; new handicrafts are adopted, or existing ones developed; standards of village hygiene are revolutionised; new ways of storing or cooking foods are adopted; farmers are ready to consider and adopt new methods of agriculture; conservatism is rejected and opportunities are opened for all that can be learned from science through the agricultural extension service; even farm boundaries can be altered by agreement to allow for the introduction, where

appropriate, of mechanical assistance in cultivation; co-operative organisation for buying and selling is readily taken up.

37. The pioneer work done on these lines in Eastern Nigeria has been told to the world in the film, *Daybreak on Udi*;¹ corresponding achievements can be recorded from Southern Rhodesia,² from the Fiji Islands and from Sarawak, as also from Kigezi in Uganda; they are also to be found in the work of the Sriniketan Institute of Rural Reconstruction, which started work in India as early as 1922, and in the development projects undertaken at Etawah and Gorakhpur in the United Provinces under the inspiration of a team of American workers led by Albert Mayer.³ In the Gold Coast in the summer of 1952 there is to be launched under almost exclusively African leadership an unprecedented attempt to attack illiteracy and to initiate community development in

¹ Compare Dr. Rita Hinden's account of the Udi Scheme in Nigeria: "At Udi, the initiative has come from the people themselves, though supported sympathetically by an imaginative District Commissioner. Labour has been given voluntarily to build roads, maternity clinics, schools, the whole village has participated in creating the buildings and services which the people actually wanted. This would certainly be one way of arousing a 'dynamic democracy.'"

² Professor W. K. Hancock, in *Wealth of Colonies* (Cambridge University Press, 1950, price 6s.), pp. 73-4, gives another example, from "the Reserves in Southern Rhodesia. The Native Agricultural Department there had at that time an annual budget of not quite £13,000—as compared with £248,000 voted in the same year to European agriculture. Its chief, Mr. E. D. Alvord . . . could not afford to purchase expensive contour-ridging equipment; so he improvised a ridging implement by putting together a railway sleeper and a gum pole: any native cultivator could do the same. He did not have money enough to run a demonstration farm; so he went through the reserves and found interested peasants ('co-operators' he called them) who were willing to take his demonstrators on to their holdings . . . the cultivator is bound to take notice if a little manure and a simple crop rotation double the yield of mealies on his own holding. Perhaps it is harder to touch the springs of communal action; but Alvord improvised a simple kind of enclosure, without any expenditure upon fencing, by rearranging the village huts so that they separated the arable from the pasture. When I was with him, he showed me a waiting list of thirty or more reserves which were asking him to come and rearrange their agricultural pattern in this way. I believed that I was at the beginning of an agricultural revolution. Money was certainly not its motive force: £13,000 a year do not go very far. It was an achievement of missionary zeal, or mass education. . . . Here was a man who knew his job and knew his fellow men—the most important part of his job. He knew how to carry them along with him in creative change; he had brought them to the point where they were pulling upon the administration to get things done instead of sullenly resisting its push."

³ See *Fifty Million Unemployed*, by Michael Young, a discussion pamphlet published by Transport House, price 6d.

every substantial village in the southern half of the country.

38. Indeed, the successes achieved in many small areas by this kind of community development have led some observers towards the conclusion that no major or expensive operations are required, and no special effort called for from the privileged countries, but that community development can do it all. This is not so. To begin with, the enthusiasm engendered by this kind of work can be killed stone dead if the "missing components"—be they cement or other building material, water-pipes, pumping gear, simple agricultural tools or even tractors—do not arrive at the expected time; and these items, though relatively cheap for any one little project, will add up to an immense total if community development is to cover the under-developed areas of the world as it must. In addition, it is no use increasing agricultural output and general prosperity in every little village, if the roads, railways and harbours of the country concerned cannot handle the immense increase in traffic that the increasing well-being will call forth.

"However the people may improve their village, all will be washed away if the local river floods its banks. Whatever may be done to catch and store purely local supplies of water, certain resources can only be tapped if giant dams are built. In fact, village self-help and regional development are complementary to each other."¹

39. It is right that we should describe at some length the Gezira scheme in Sudan, one of the largest and most successful and exciting schemes in the history of world development, and one which seems to combine within itself almost all the elements which are necessary for success. The Gezira is a triangle of land between the White and Blue Niles, with the apex at Khartoum. Over quarter of a century of communal development has transformed it into a productive and prosperous community. Until 1950 it was a triple partnership between the Sudan Government, the tenants and the "specialised management" of two companies holding concessions there. Revenue (from cotton sales) went as to 40 per cent. to the

¹ Michael Young, *op. cit.*, p. 11.

Government, an equal proportion to the tenants, and 20 per cent. to the companies. In 1950 the companies' concessions came to an end and the whole project passed into public ownership, the administration resting in the hands of a Board, consisting of 4 British and 3 Sudanese, responsible to the Sudan Government.

40. The basis of the project is irrigation. The Blue Nile is dammed at Sennar, and from the dam, through 80 sluices and 112 spillways, are fed the 3,000 miles of channels which irrigate a million acres of cotton and grain-growing land; 25,000 peasants farm the irrigated soil, growing cotton, millet, fodder, and small quantities of oilseeds and vegetables. Under a strict rotation of crops, each holding is divided into an oblong of cotton, an oblong of grain, an oblong of fallow land. The cotton is sold centrally through the Gezira Board, which receives the 20 per cent. of cotton sales which formerly went to the Companies and uses it for its own administrative expenses and to finance a wide range of social services. It has been estimated that the peasant's annual income has risen from £30 a year before the war to £600 a year in 1951. The Sudan Government is at present benefiting to the tune of £6 millions a year, a third of its total revenue, but in addition £750,000 a year is devoted to social betterment in the area. Thus in addition to the research establishments, pilot farms and other economic activities of the Board, millions have been spent on health, education, community centres, domestic water supplies, and recreational facilities.

41. An essential feature of the scheme lies in the participation of the peasants in its administration. Each village or group of small hamlets has its democratically elected village council, which discusses all aspects, social as well as economic, of the running of the scheme. The village councils send representatives to the block (or area) council, and these in turn send representatives to the central council. It is this feature and the clear fact that the scheme is run for the benefit of the community that cause the peasants to repeat to every visitor, "The Gezira is *ours*."

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42. If we were writing a report for international circulation, or attempting to evaluate the achievements of different countries in the development of under-developed countries, it would now be necessary to give some account of the work done by France and Belgium, and even Portugal and Spain, in their colonial dependencies. Still more, we should have to write about the immense sums contributed by the United States of America in Marshall Aid, in the Foreign Aid programme, and now under the Mutual Security Administration; and about the work done by individual Americans and by teams of American technicians working under the auspices both of Government and of private organisations to carry scientific and technical assistance to countries all over the world, particularly in South America and the Middle East; and, finally, we should be bound to refer to the achievements of the Government of the U.S.S.R., whose whole country was an under-developed area in 1917. But, as we are writing primarily for a British public, and as our purpose is only to examine the experience of the past and present in order that we may understand the problems and possibilities of the immediate future, we hope that friends in other countries will understand if we turn now to what has been done under the auspices of the United Nations.

International Action: the United Nations Agencies

43. Before World War II international action to promote world economic development scarcely existed. The economic and financial commissions of the League of Nations produced a number of factual reports. The World Economic Conference held in the Geological Museum, South Kensington, in 1933 was dedicated to restriction instead of expansion, and was a complete failure. The work of the International Labour Organisation, which produced some important reports on the *need* for world development, was confined mainly to working conditions and standards in industry.

44. Out of the misery and destruction of the Second World War was born the desire to create a better world and, no less important, some of the international machinery necessary to

create it. The Atlantic Charter of President Roosevelt and Mr. Churchill declared its authors' faith in the traditional freedoms, and laid claim on behalf of mankind to "freedom from want." In May, 1943, on the initiative of President Roosevelt, a Conference took place at Hot Springs, Virginia, from which sprang the United Nations Food and Agriculture Organisation, formally established at the Quebec conference in October, 1945. Article 55 (a) of the United Nations Charter declared:

"With a view to the creation of conditions of stability and well-being which are necessary for peaceful and friendly relations among nations based on respect for the principle of equal rights and self-determination of the peoples, the United Nations shall promote . . . higher standards of living, full employment and conditions of economic and social progress and development. . . ."

All Members of the United Nations Organisation agreed to—

"pledge themselves to take joint and separate action in co-operation with the Organisation for the achievement of the purposes set forth in Article 55."

45. But even more urgent than long-term food and agricultural development was the immediate post-war task of reconstruction of war-devastated areas. In November, 1943, therefore, the United Nations Relief and Rehabilitation Administration (U.N.R.R.A.) was created at Atlantic City, and the Agreement, signed by forty-four allied governments, gave it the duty of providing to the populations of liberated areas—

"aid and relief from their sufferings, food, clothing and shelter, aid in the prevention of pestilence and in the recovery of the health of the people,"

of making—

"preparation and arrangements . . . for the return of prisoners and exiles to their homes and for assistance in

the resumption of urgently needed agricultural and industrial production and the restoration of essential services."¹

U.N.R.R.A. was something entirely new. It was motivated by high ideals, and over a period of three years it succeeded in putting its ideals into practice. It had its setbacks, not only because it had no precedent to guide it, but also because it suffered severe growing pains owing to a top-heavy and in some aspects ill-conceived organisation. Born in time of war, it attracted many impractical idealists and still more of those hangers-on whose abilities did not qualify them, even at a time of labour shortage, for jobs elsewhere. There was waste—waste of time, talents and money. There were, of course, all sorts of difficulties to contend with, not only in adequately staffing such a vast and diverse organisation, but also in obtaining supplies while war still raged, and above all in getting those supplies shipped to where they were needed. Yet lives *were* saved from disease and starvation, the homeless were given homes, and industries were restarted, none of which would have happened without U.N.R.R.A. It provided material aid and technical assistance on a scale and with a degree of efficiency which pointed the way for future international development work in backward or war-shattered nations. It is here that U.N.R.R.A.'s importance lies. Its operations were brought to a close in June, 1947, owing to an unwillingness to provide further finance, fanned by a sudden outburst of economic isolationism in the United States, and to national preoccupation in other countries. But its lessons remain. U.N.R.R.A. did awaken a loyalty in its employees to its international ideals. It did eventually win the confidence, in greater or less degree, both of the governments of the countries which gave it the means of relief and of the governments and above all of the people in the countries to which the relief was brought. Its weaknesses were obvious. Its organisation was too large to start with, before its tasks were known. Its administration sank to appalling

¹ Agreement for the United Nations Relief and Rehabilitation Administration, 9th November, 1943 (reprinted in *The History of U.N.R.R.A.* (Columbia University Press, 1950, Vol. III, p. 23).

depths of incompetency, particularly where accountancy and personnel were concerned. It became subject, towards the end of its life, to political pressures, more particularly from the U.S., where lobbying tactics combining with the outbreak of the cold war became a threat to U.N.R.R.A.'s own international impartiality. But U.N.R.R.A. never let the Iron Curtain become a barrier. It took its relief to the far corners of Eastern Europe, and some of its most talented and inspired technicians and administrators were recruited from the U.S.S.R. and her satellites. In the four years of its life U.N.R.R.A. shipped \$2,900 millions worth of goods from the more fortunate countries to 17 war-devastated ones. And it did above all show that, given an ideal and given the will to co-operate, an enormous physical task such as rehabilitation or development on a world-wide scale *can be done*.

46. Other and permanent specialised agencies sprang into being: the World Health Organisation (W.H.O.); the United Nations Educational Scientific and Cultural Organisation (U.N.E.S.C.O.); the International Civil Aviation Organisation (I.C.A.O.); while the International Refugee Organisation (I.R.O.) and the United Nations International Children's Emergency Fund (U.N.I.C.E.F.) were set up later to continue work started by U.N.R.R.A. The International Bank for Reconstruction and Development, which, together with the International Monetary Fund, was set up following the Bretton Woods Financial Conference, had a special responsibility for providing finance for international development. The International Labour Office (I.L.O.) was taken over by U.N. from the former League of Nations.

47. Each specialised agency has served as a forum where international discussion can keep major problems under world-wide review, as a source of valuable statistical and technical information, and as a centre from which experts may be sent either as individuals or in small groups or missions to give technical advice on the subjects which each covers. Thus, in 1946 F.A.O. sent a mission to Greece to report on all the problems associated with rehabilitation and expansion of agricultural production. Missions to other

countries have dealt with nutrition problems, the control of animal diseases, forestry and soil conservation, food-preservation, the development of fisheries, the use of farm machinery and the development of irrigation schemes. W.H.O. has sent experts to assist various governments in dealing with malaria, tuberculosis and venereal diseases, with maternal and child health, and with various aspects of hygiene. An important part of its work has been to train local staffs to continue and follow up the work of the international experts. U.N.E.S.C.O. has provided study fellowships and educational equipment and sent missions to advise a number of under-developed countries on their educational problems. The International Bank has sent many technical missions to member states to study and advise on their economies and to assist in drawing up development programmes.

48. Meanwhile, the United Nations Organisation itself was developing the provision of technical assistance. In 1947, 24 experts were sent to advise nine different countries, and the first three U.N. missions were sent to Venezuela. In October, 1948, came the first combined operation by U.N. and its specialised agencies: a mission of experts from U.N., F.A.O., U.N.E.S.C.O., W.H.O. and the International Monetary Fund was sent out, at Haiti's request, to make a wide survey of that country's economy, and to recommend measures for development. The Report of that Mission,¹ published in 1949, is one of the historic documents on world development.

49. It soon became clear that the provision of technical assistance was the priority requirement. The General Assembly of U.N. in December, 1948, adopted a recommendation of the Economic and Social Council and set aside the modest sum of \$288,000 a year to provide fellowships, expert advice and other types of technical assistance. This sum was doubled the following year. In January, 1949, President Truman's Inaugural Address launched the "Point Four" Programme.²

¹ *Mission to Haiti—Report of the United Nations Mission on Technical Assistance to the Republic of Haiti*, U.N., 1949, price \$2.50.

² The relevant extract from the Inaugural Address is attached as Appendix A to this report.

He called for a "bold new program for making the benefits of scientific advances and industrial progress available for the improvement and growth of under-developed areas," and invited other countries "to pool their technological resources in . . . a co-operative enterprise in which all nations work together through the United Nations and the Specialised Agencies wherever practicable." Two months later the U.S. Government proposed to the Economic and Social Council a plan for expanded technical assistance, and as a result the Secretary-General of U.N., together with the heads of the eight specialised agencies principally concerned,¹ drew up a programme, which was approved by the General Assembly in November, 1949. In June, 1950, \$20 millions were voted for the period July 1st, 1950, to December 31st, 1951.

50. The programme laid down that technical assistance was to be provided only to nations who requested it, and only through the Governments of those countries. There was to be no interference in the internal affairs of the countries concerned, and experts were to be chosen who would have "sympathetic understanding" of the conditions and needs of the countries seeking assistance. At the same time, countries receiving advice were required to give full co-operation in providing information, and to give "full and prompt consideration to the advice given." They were to set up governmental machinery to ensure that their own technical, natural and financial resources are "mobilised, canalised and utilised" for development designed to raise the standard of living of their peoples. They were also to bear a substantial part of the cost of technical assistance—at least that part which could be paid in their own currencies—and were to publish information and statistics on the results achieved.

51. The Expanded Programme of Technical Assistance was to be operated jointly with the regular work of the United Nations and of the specialised agencies. Of the \$20 millions voted, \$17 millions were specifically allocated between the

¹ I.L.O., F.A.O., U.N.E.S.C.O., I.C.A.O., W.H.O., I.R.O., the International Bank and the International Monetary Fund.

U.N. and the agencies in fixed proportions,¹ the remainder being held back as a reserve fund. The International Bank and International Monetary Fund were to co-operate but were not to receive any of the central funds. A new section of the United Nations secretariat, the Technical Assistance Administration (T.A.A.) was established, and co-ordination of the activities of U.N. and the specialised agencies ensured by the creation of a Technical Assistance Board (T.A.B.) representing U.N. and the agencies chiefly concerned. An inter-governmental body, the Technical Assistance Council (T.A.C.) was set up to supervise the programme. The Council was to consist of representatives of the 18 member states,² who year by year make up the Economic and Social Council. Special arrangements were made to associate the Technical Assistance Administration and Board with other inter-governmental bodies concerned with development. For instance, T.A.B. has appointed a liaison officer to the Colombo Plan organisation at Colombo, and to the Organisation of American States, which runs a technical assistance training programme in Central and South America.

52. An idea of the extent of the work done by the United Nations and its specialised agencies can be gained from the *Record of Technical Assistance in 1950*, published by U.N. in 1951. It is summarised in Appendix B to this Report.

53. The organisation for supplying technical assistance is clearly developing, and if governments, institutions and individuals were even a little more alive to the urgency of the need so as to make greater numbers of expert technicians available for the work, the existing organisation could undoubtedly handle a great increase in the demand for technical assistance. But technical assistance is only one prerequisite for development. It is in the wider field, and particularly in the provision of finance, that progress is

¹ U.N. received 23 per cent., F.A.O. 29 per cent., W.H.O. 22 per cent., U.N.E.S.C.O. 14 per cent., I.L.O. 11 per cent. and I.C.A.O. 1 per cent.

² In 1951 these were Belgium, Canada, Chile, China, Czechoslovakia, France, India, Iran, Mexico, Pakistan, Peru, Philippines, Poland, Sweden, U.S.S.R., United Kingdom, United States and Uruguay.

inadequate. The Third Report of the United Nations Technical Assistance Board, issued in July, 1951, states:

“Within a short time many of the activities requested or carried out will have reached a point where substantial funds will be needed to carry forward the public and private programmes involved. . . . Considering the difficulties of capital accumulation in these countries where the annual income per person frequently averages less than \$100 and often much less, it is evident that substantial financial help from outside the country will be required to supplement local resources.”¹

54. What are the prospects for this substantial financial help? In 1949 the Economic and Social Council, in discussing the danger of unemployment, set up a Committee of experts to enquire into unemployment and under-employment in backward countries and the national and international measures required to deal with these problems. The Committee soon found that it could not reach any conclusions about unemployment and under-employment in isolation; they were part of the general problem of under-development. The Committee's 108-page Report,² issued in May, 1951, therefore deals with the whole question of development, and has been widely recognised as the most authoritative document on the subject. Its main conclusions are reviewed in Chapter IV, but it must be mentioned here because of its recommendations (Nos. 13 and 14) that the International Bank should gear itself up to lend \$1,000 millions a year to under-developed countries, and that the United Nations should—

“establish an International Development Authority to assist the under-developed countries in preparing, co-ordinating and implementing their programmes of economic development; to distribute to under-developed

¹ ECOSOC Document E/2,054, p. 29.

² *Measures for the Economic Development of Under-Developed Countries: Report by a Group of Experts appointed by the Secretary-General of the United Nations, U.N., 1951, price 5s.* Throughout this report it will be referred to as the *U.N. Experts' Report*.

countries grants-in-aid for specific purposes; to verify the proper utilisation of such grants; and to study and report on the progress of development programmes.”

55. A proposal on those lines came before the Economic and Social Council at its meeting in Geneva in August, 1951. It received warm support from many under-developed countries, but was opposed by the industrially advanced countries. Mr. Santa Cruz (Chile), President of the Council, commenting on the work of the Conference, praised the work of the technical assistance departments, and the new spirit of realism and frankness—

“with which we have faced the magnitude of the need for financing non-self-liquidating projects, which are absolutely essential to economic development, and must be financed by outright grants. But . . . I cannot conceal my disappointment that the Council has failed to fulfil the express recommendation of the General Assembly that it should propose practical methods to obtain an increased flow of capital for financing the development programmes of the under-developed countries.”

56. In January, 1952, however, the General Assembly of the United Nations, by a majority of 30 to 16, called for the preparation of a plan for the collection and administration of a large international fund for the economic development of backward areas. The success of this resolution is tempered, however, by the fact that—

“the United States and most of the other countries that would contribute the bulk of such a fund voted against the proposal. Earlier in the session, Representative Mike Mansfield of the United States had estimated that the fund would have to be set at \$500,000,000 to bring about any noticeable improvement in the standards of living of under-developed countries. To-day, he told the Assembly flatly that while defence spending continued at its present level

the United States could not make any contribution to such a fund.”¹

57. Before we conclude this review of the activities of the international agencies concerned with development, some account is required of the operations of the International Bank, since, in addition to the technical assistance programmes and the action of national governments, the Bank has the responsibility for financing the development of backward areas.

58. The International Bank was created, together with the International Monetary Fund, by the Bretton Woods Conference, and owed much to the pioneering thought of the late Lord Keynes. The two organisations were given different but complementary functions. The Fund was designed to deal with the relations between national currencies and with problems arising from short-term surpluses or scarcities of currencies. The Bank was charged with the task of providing funds on a long-term basis for the reconstruction of war-shattered countries and for the development of the backward areas of the world. It undoubtedly made a useful contribution to the rehabilitation of war-devastated areas, but in lending for development purposes it was inhibited for some time by fear that it would not be able itself to borrow sufficient money on the capital markets of the world to enable it to finance development schemes on any large scale. The recent success of its loan flotations both on Wall Street and in London have gone far to remove that fear. But it is still inhibited, as the *U.N. Experts' Report* comments, by a narrow interpretation of its articles of agreement, which have been read as forbidding any lending except for the purchase of equipment and materials for specific detailed projects.

¹ *New York Times*, January 13th, 1952. It should be noted that, against Representative Mansfield's estimate of a total fund of \$500 millions, the U.N. Experts' Committee had calculated that an annual flow of \$10,000 millions (of which at least \$3,000 millions would be required for new capital projects), into the under-developed countries from the rest of the world, would be necessary to achieve an increase of only 2 per cent. per annum in the national income per head of the under-developed countries. See paras. 102-4 below.

“In our judgment, what is important is to build up the capacity of under-developed countries to produce goods and services. The Bank should start from this point, rather than from a measurement of foreign currency needs. And if development succeeds, the transfer problem of meeting the debt charges should take care of itself. At present the Bank puts the cart of foreign exchange difficulties before the horse of economic development.”¹

The *U.N. Experts' Report* criticises the Bank for its entirely inadequate rate of lending:

“The Bank has been lending to the under-developed countries at a rate well below \$300 millions annually, and expects not to exceed this figure in the next few years. In view of the need of the under-developed countries for capital, the Bank cannot be said to be meeting the challenge of the circumstances. . . .

“The Bank has not adequately realised that it is an agency charged by the United Nations with the duty of promoting economic development. It should do everything that lies in its power to break down the obstacles to sound investment in the under-developed countries. The Bank should set itself to reach, within five years, some such target as an annual rate of lending of not less than \$1 billion a year to the under-developed countries. If it shows no sign of approaching this target, the whole question of the proper international organisation for the provision of adequate amounts of loan capital to the under-developed countries should be reviewed by the United Nations.”²

¹ *U.N. Experts' Report*, p. 83.

² Pp. 82-3. Compare also Mr. Gordon Gray, *Report to the President on Foreign Economic Policies*, 1950, p. 64, commenting on the combined work of the U.S. Export-Import Bank and the International Bank: “This volume of operations has not been adequate to meet the basic requirements for development, as both banks recognise.” Compare also Mr. Eugene Black, President of the International Bank: “I think we should frankly face the fact which others do not: they [the under-developed countries] cannot adequately accelerate the rate of their development if the only capital they receive is in the form of loans which they have a reasonable prospect of repaying” (in an address to ECOSOC at Santiago, March, 1951).

With these criticisms of the inadequate scale of the Bank's operations and its restrictive notion of its duties, we concur. At the same time it must be recognised that the Bank was created to fulfil a specific task. While the scale of its activities should be expanded, its directors rightly feel that they cannot be responsible for meeting the whole of the financial burden of world development. In particular, many of the types of project it can finance can be undertaken only as part of a wider, more comprehensive attack on the problems of a particular area. The Bank's loans are meant to be self-liquidating: unless its activities are backed up by outright grants to finance particular development projects which cannot be remunerative for many years ahead, the Bank cannot make its full contribution in the form of development loans for those projects which can, over a period of time, pay their way.

CHAPTER THREE

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.¹

The Genesis of the Plan

59. We now turn to a project based on the British Commonwealth countries in South-east Asia—the Colombo Plan. Since this has attracted great interest in this country, and is regarded as a major contribution to world development, since also the problems of the countries which it covers correspond to those likely to be met in other cases, we propose to review it in some detail.

60. A conference of Commonwealth Foreign Ministers, held at Colombo in January, 1950, decided that preliminary work should be done on a plan for economic development in South and South-east Asia and established a Consultative Committee for this purpose.² In May, 1950, the Consultative Committee decided to draw up a six-year programme for this area, and to invite certain non-Commonwealth countries to join in a comprehensive attack on poverty and underdevelopment in the area as a whole. In September, 1950, there was a Ministerial conference in London, representative of the Commonwealth countries concerned, which produced

¹ *Colombo Plan Report*. Cmd. 8080 of 1950, p. 63.

² The area covered included the Commonwealth countries of India, Pakistan, Ceylon, the Federation of Malaya, Singapore, North Borneo, Sarawak, Brunei, and in addition, Burma, Thailand, Indonesia and the Associated States of Cambodia, Laos and Viet-Nam (Indo-China).

the report now known as the Colombo Plan.¹ At this conference, Burma and Indonesia were represented by observers, while the governments of Indo-China and Thailand sent delegations to a joint meeting with the Consultative Committee. All these countries were invited to join both the plan and the Council for Technical Co-operation set up at the London conference, and to draw up development schemes on the same lines as those drawn up by the Commonwealth countries who produced the report.

61. The region covered by the Report has a population of 570,000,000 people, one-quarter of the world's population. It is a major source of raw materials: before the war it supplied nearly all the world's exports of jute and rubber, more than three-quarters of the tea, almost two-thirds of the tin and one-third of the oils and fats. Yet the people of the area live in great poverty. In India, the Report points out, the people live almost entirely on cereals, and in rationed urban areas the average consumption is about 12 oz. of food grains per day. In Pakistan, despite wide variations in temperature, 9 yards of cotton cloth have to meet the needs of a man for a year. Consumption levels in the area as a whole are in fact lower than before the war, owing to smaller crops and an increase of 10 per cent. in the area's population.

62. The food problem is dominated by the shortage of rice. In 1938 over 5½ million tons were exported from the principal rice-exporting areas of Burma, Thailand and Indo-China, but wartime devastation cut exports by 1945 to less than 1 million tons. Even in 1950, they were only about 2 million tons. In this connection, we feel we must draw attention once again to the dependence of South and South-east Asia on the rice exports of these areas. Should military operations or civil disturbance interfere with these exports—and already they are threatened—tens of millions would be faced with imminent starvation.²

63. What can be achieved by agricultural development is

¹ Cmd. 8,080 of 1950.

² Compare *Partners in Progress: A Report to the President by the International Development Advisory Board* (Washington, March, 1951), p. 31, "If 'Rice Bowl' Goes."

shown by the estimates made in the Report. In India, it is calculated, improvements in agricultural practice and technique, through the use of better seeds, of fertiliser and by extending irrigation works, could within six years expand the production of food-grains by 3,000,000 tons (8 per cent.), of cotton by 195,000 tons (30 per cent.), of jute by 375,000 tons (50 per cent.), and of oil-seeds by 1,500,000 tons (30 per cent.). Similar increases are possible in other areas.

64. The main purpose of the Colombo Report is to list the national development projects for the individual areas. There is no single "Colombo Plan"; it is rather a compendium of projects already prepared by the governments of the separate areas, and assembled and discussed in a single report.

65. The development programmes for the individual countries involve a total expenditure of £1,868 millions in 1951-7. This means an annual rate of development of £313 millions, compared with an actual rate in 1950-1 of £217 millions. The programmes cover agriculture, industry, fuel and power, and communications in roughly the following proportions:

	£ millions	Per cent. of total
Agriculture (including irrigation)	595	32
Transport and communications	627	34
Fuel and power	122	6
Industry and mining (excluding coal)	194	10
"Social capital"	330	18
	1,868	100

It should be pointed out that these figures are based on 1950 prices: inflation, higher materials costs and the pressure of rearmament on the world's engineering industries have pushed up prices very considerably since the Colombo Report was drawn up.

66. The projects included in these totals vary from huge, multi-purpose, T.V.A.-type developments costing over £30 millions to small local projects of a few thousand pounds or

less. There are 94 identifiable schemes of £1 million or more, accounting for £569 millions of the total, and on 71 of these, "significant expenditure," said the Report, would have taken place by June, 1951. In India there is the £37½ million Damodar Valley Scheme, designed to control the wayward Damodar and harness its disastrous floods for irrigation, power generation and navigation; the £22½ million Hirakud Dam Scheme, to control the floods of the Mahanad and supply irrigation and power for agriculture and rural industries; and the Bhakra-Nangal Dams to open up vast areas of desert and provide power for the cities of Northern India, including New Delhi. In Pakistan there are 22 separate schemes, including irrigation by Rasul tube-wells, and the Lower Sind Barrage which affects 3 million acres. In Ceylon there is the scheme to dam the Gal Oya River, designed to irrigate 100,000 acres now overrun by the jungle.

67. It is estimated that when the programmes are completed the following results should have been achieved:

Land under cultivation: increased by 13,000,000 acres, 3½ per cent.

Production of food grains: increased by 6,000,000 tons, 10 per cent.

Land under irrigation: increased by 13,000,000 acres, 17 per cent.

Electrical generating capacity: increased by 1,100,000 Kw., 67 per cent.

Men, Machinery and Money

68. Are these proposals practicable, and are they adequate? The proposals are certainly practicable in the sense that they are soundly planned, are based on work which is already in the main proceeding, and do not overload the economies. Many urgent schemes were in fact cut out, particularly in India, for fear of creating inflation or because they could not be fitted into the estimates of capital or technical assistance likely to be made available. But to judge their adequacy, it is important to understand the purpose in the minds of those

who drew up the Plan. It was recognised that the whole of the proposals taken together could not have the effect of raising the standard of living of the people in the area concerned. It was only hoped that, *if the proposals could be carried through in six years*, they would enable the countries to keep pace with the increase in population and to hold the standard of living without any actual decline. At the end of six years it was expected that they would find themselves with firmer foundations, consisting not only of physical assets such as dams and hydro-electric power, but also of the more intangible assets of practical experience and numbers of trained men; and it was hoped that from this foundation a further and quicker advance could be made so that in and after 1957 a more rapid rate of development might actually begin to bring increasing levels of individual consumption. This does not mean that the investments of the present six-year plan will, of themselves, bring increased living standards to the people thereafter; they will only lay the foundation for the much larger investment programme which will be required if standards are then actually to rise. These points are clearly brought out in the Report itself:

"The programme will do little more than hold the present position, but it will be apparent to everyone in South and South-east Asia that progress is being made. The strength of these programmes is that they are designed to lay sound foundations for further development; they aim to provide, in a six-year period, the indispensable basic development which will pave the way for improvement in the future."¹

The hopes thus expressed depend for their realisation on the punctual fulfilment of the programme planned; to see whether this is likely to happen, we must consider the three essential elements of men, material and money.

Manpower and Technical Assistance

69. Trained men are needed both for direct work and to

¹ Colombo Plan Report, p. 44.

train others. The various national schemes therefore cover the provision of training institutes, technical schools, research laboratories and other training centres. The chief need is for engineers, particularly those skilled in hydro-electric works, experts in soil science, agronomists, experts in jungle clearance and planning of new settlements, teachers to instruct in the maintenance of mechanical equipment and the introduction of power-driven machinery to small-scale industry. There is a need not only for the highly-trained men, but also for the middle and lower-grade technicians—the “N.C.Os.” of economic development. The expansion in education facilities includes the establishment of a new training centre for all Asians in Pakistan, a joint project of the Pakistan Government, F.A.O., the Economic Commission for the Far East (E.C.A.F.E.) and the International Bank. The output of trained men and women is planned to increase from under 150,000 to nearly 200,000 between 1949 and 1957. There is to be an increase in the number of students training abroad, and some 1,300 overseas experts, it is estimated, will have to be recruited for work in agriculture, engineering, medicine and education. Against the suggestion that equipment included in the Colombo Plan cannot now be delivered on account of the lack of technical men in the receiving countries, it is argued firstly that it was part of the original plan that the essential equipment should be sent with sufficient key technicians from overseas to ensure its installation. In addition, technicians cannot be trained in a vacuum. They are best trained either in the actual process of installing machinery, or on specific courses instructing them in the use of the actual types of machinery on which they will be employed.

Capital Equipment

70. The third requirement is for the capital goods themselves. The strain on the United Kingdom engineering industry since the war, despite its expansion and its magnificent export performance, has been such that there have been many delays and disappointments in the delivery of capital equipment ordered in 1945 and 1946 for development in

Southern Asia. It is true that the Indian authorities, relying on their sterling balances, placed large orders during and after the war; the Indian sub-continent in consequence became Britain's major export market for engineering goods. But the needs of home industry, and the priority which had to be given to dollar exports placed a severe limit on the so-called “unrequited exports” going to the East. Even before rearmament there was great disappointment in India and Pakistan at the rate of shipment. Now Western nations have assumed a new burden with the rearmament programme, which competes directly with engineering exports, especially in heavier equipment. Because of this, and raw material shortages, the difficulties of supplying the Colombo Plan area have become all the greater. The then Chancellor of the Exchequer, in his goodwill message on July 1st, 1951, at the inception of the Plan, referred to “the problems which rearmament and its consequent difficulties are causing.” A review of the prospects of the Plan at the same time commented that—

“during the last twelve months . . . on the side of actual imports of capital goods and essential consumer goods, the position has grown significantly worse.”¹

Finance

71. The biggest problem, and one left quite unsolved by the Report, is that of finance. In preparing the estimates of funds required, the Consultative Committee rightly stressed the need to hold a proper balance between internal and external sources of finance. In the Colombo Plan countries productivity and national income are so low that savings and taxable capacity cannot provide anything approaching the sums required. It is only as national income rises that domestic finance becomes available. At the start of the Plan, economic conditions were in some ways unexpectedly favourable. In September, 1950, large balance of payments deficits had been forecast for almost all the countries concerned. But

¹ Dr. V. K. R. V. Rao, in *Lloyds' Bank Monthly Review*, July, 1951.

almost at once export prices surged upwards, deficits were turned into surpluses, and in 1950-1 most of the countries, instead of drawing on their sterling balances, actually increased them. Since then export prices have fallen sharply, and the balance of payment position of many of the countries is correspondingly worsening.

72. The Report calculates that for a total programme of £1,868 millions (including £411 millions of imported capital goods), £1,030 millions can be raised within the countries, on the assumption that external finance is forthcoming. But the difference between these two figures does not represent the whole of the additional funds required. The Colombo Plan estimates rightly cover not merely the foreign exchange requirements of the programmes themselves (capital equipment, raw materials, payment for technical services, etc.); they are aimed at covering the whole prospective balance of payments deficits for the areas included in the Report.¹ On this criterion, the sums required from outside sources are set at £1,084 millions. £246 millions of this are planned to come from the final running down of the sterling balances accumulated during the war. There is thus a gap of £838 millions over the six years. The Report has no concrete proposals about the method of providing this sum.

73. On the financial aspects of the Colombo Plan we would make the following comments:

(i) The Colombo Plan, measured in financial terms, is an extremely limited attack on the problems of the area. It aims at spending on development projects £1,868 millions in six years, on an under-developed area with a population of 570,000,000—about 11s. per head per annum. The *U.N. Experts' Report* calculates that for a broadly corresponding area ("South Central Asia"), the economic development necessary to raise *per capita* production by 2 per cent. per annum would involve an annual expenditure of 87s. per head. These two figures are, of course, not directly comparable. The U.N. Experts' figure was a measure of the

¹ *Colombo Plan Report*, p. 59.

total gross investment required in the area, including normal capital investment, and the replacement of worn-out capital equipment: the Colombo Plan figure, as we have said, represents the additional new net investment required in a whole range of new capital developments. Yet when every allowance is made for the difference in the bases of these two figures, it is clear that the rate envisaged in the Colombo Plan is on a far smaller scale than that deemed necessary by the U.N. Experts for a minimal increase in output per head.

(ii) Yet the problem of financing even this limited rate of development is only stated—not solved. The only external source of finance programmed in the Report is the use of the sterling balances. In 1946-9 the balances were repaid at an annual rate of £92½ millions. The rate envisaged for 1951-7 is £42 millions per annum, less than half the 1946-9 rate. Thus many who have expressed pride at the United Kingdom's contribution to the Colombo Plan fail to realise that the countries concerned are now to draw upon their sterling balances at only one half of the rate at which they were drawing before the Plan came into effect. In terms of real resources, Britain's contribution to Asian development under the Colombo Plan is less than one-half of what she was doing without a plan.

(iii) No provision is made for the rest of the external deficit, £838 millions, or £140 millions a year. The possibility of loans by private investors overseas to private enterprise in the area, of loans by private investors to governments in the area, of loans by international institutions, such as the International Bank, and inter-governmental loans; this is discussed in the *Colombo Plan Report* in general terms. There is no reference to inter-governmental *grants*, or financial assistance from any international authority. The examination of the problem by the Commonwealth governments concluded with a hopeful look in the direction of the United States. The President of the United States has, in fact, asked Congress to provide \$150 millions for economic and technical aid, on a bilateral basis, to

countries of South Asia in the fiscal year 1952-3. But it is not generally realised that, apart from bilateral aid and defence votes, there is no prospect of U.S. financial participation in the Plan itself. Mr. Dean Acheson, the U.S. Secretary of State, was reported in the *New York Times* in February, 1951, as saying that the United States "would not participate in any arrangement for financing the programme." This statement was the subject of critical comment in this country, and the Treasury were led to issue a statement suggesting that any expectation of American participation in the financing of the Plan was—

"based upon a complete misapprehension. The essence of the Plan," went on the Treasury, "is mutual consultation between all participating Governments on matters of common interest affecting the economic development of South and South-east Asia, and the United States is now a full participant. But it has never been the intention that external finance for the development programme of individual countries should be provided on anything but a bilateral basis from the donors to the participants."

This statement, or, rather, the American announcement which gave rise to it, altered the whole conception. As the *Manchester Guardian* said:

"... This was hardly understood when the plan was published with such a flourish of official trumpets last November. Then it looked remarkably like a 'programme,' requiring specified sums of capital. And it is a programme, and not consultation, which will interest the hungry six hundred millions of South Asia. The trouble in the past has been that the United States has professed general interest in economic aid to South Asia, but, in default of such a plan, it has suggested amounts of aid which could effect painfully little. The Colombo Plan gave for the first time some idea of what is needed."¹

¹ *Manchester Guardian*, March 2nd, 1951.

73A. When this survey of the financial section of the Colombo Plan was in proof, there was published *The First Annual Report of the Consultative Committee on Economic Development in South and South-East Asia*;¹ despite the optimistic tone of this Annual Report, its principal conclusions, which are referred to in a postscript on pages 94 to 96 below, do not seem to invalidate our main findings.

74. Launched in high hopes, the Colombo Plan is now in great danger of collapse; Asian opinion is apprehensive and even cynical. Let an Indian² state how he sees it:

"... The psychological effect of a big Plan that fails to be implemented is far worse than that of a modest Plan that is actually realised; and nowhere in the world is this more true than in the Asia of to-day, where people are sick of paper plans and promises and are clamouring for results. . . .

"I must confess to a feeling of uneasiness about the meagre character of the progress achieved so far in regard to the implementation of the Plan. The Colombo Plan required for its success two things: national effort and Commonwealth effort. The former is in operation; national plans of development are already under way, and determined efforts are being made to secure larger volumes of domestic finance. But as regards Commonwealth effort, progress is slow. . . . Unless the machinery is completed, and unless it functions actively in all the three fields, viz. technical skill, finance and supplies, there is but little chance for the Plan as such to succeed. And the grand conception of a multi-lingual and multi-racial Commonwealth working in co-operation to raise living standards within the less developed parts of its area which underlay the Colombo Plan would really have been in vain."

¹ Cmd. 8,529, H.M.S.O., price 2s. 6d.

² Dr. V. K. R. V. Rao, *Lloyds' Bank Monthly Review*, July, 1951.

CHAPTER FOUR

PROBLEMS OF WORLD DEVELOPMENT

75. We now turn to summarise some of the problems met in the work that has been done. These problems are not all met in every area, and the emphasis on each will vary as between one area and another. The order in which we deal with problems does not indicate any order of priority in which they have to be tackled; indeed, almost all authorities inquiring into the problem of world development insist on the need for an attack on the broadest possible front.¹

The Problem of Increasing Agricultural Output

76. This report started from the fact of world hunger. Unless we quickly produce more food we face crisis by starvation. And yet in many places the output of food is falling; in large areas it is appreciably less than before the war, and in some places far less than in the days of Caesar's wars in Gaul. Soil erosion, uncontrolled deforestation, overcropping, inadequate manuring, unscientific rotations and diseases of plants and animals and even of men are turning back the area of

¹ One of the best illustrations of this was given by Mr. Ritchie Calder in an account of a development scheme in a long-uncultivated tract of land at the foot of the Himalayas: "The recovery of the *terai* is one of the world's greatest stories. When the sprayers had swept away the mosquitoes and liberated the *terai* from malaria, as Gorgas once liberated Panama from yellow fever, the engineers could move in. Supplies of massive equipment were arranged through the Central Tractor Organisation, part-financed by the U.N. International Bank. Indian-manned, but with international advice, they levelled and cleared the jungle and, like giant beaters, drove the tigers, the elephants, the pythons and the cobras into reservations. The experience of the groundnut scheme in East Africa was turned to good account. The bush-clearing expert sent in by F.A.O. was Mr. Ronald Jessop, a British agricultural engineer from Tanganyika. With him went another British expert, Dr. R. O. Whyte, the ecologist. Other members of the team included Scandinavians, to train the Indians in handling and maintaining modern equipment, an American expert on pest-control, and a Dutchman to encourage secondary rural industries" (*New Statesman and Nation*, March 15th, 1952).

cultivation and diminishing yields. These processes have to be sharply reversed.

77. The most ubiquitous problem is to increase the yield of land now cultivated. And here the key to the future lies in the peasant village community. It is true that plantation economy still survives and may even be extended. At a future time it may have a great part to play either on co-operative lines or even on the model of the Russian collective farm. Conceivably there are areas in the world where men could still use the mass-production methods of the American or Canadian Middle West, but, as Professor W. Arthur Lewis says:

"There will be no expansion in colonial agriculture unless we put our backs into making peasant agriculture efficient and successful. . . . Nothing can be done unless the farmers can be brought to accept new ideas."¹

78. We recall what was said in an earlier chapter about community development, by which great increases in production can be brought about when peasant farmers see the effect of making relatively simple changes, such as the use of compost or fertilisers, the improvement of crop rotations, the better feeding or breeding of animals, or the use of better seed. In Java a new variety of sugar cane has increased yields by 50 per cent.; and plant geneticists have bred varieties of rice with two or three times the normal yield. Often the introduction of quite simple tools works wonders, as in Afghanistan, where an F.A.O. mission, by introducing the scythe for cutting a hay crop, has set off a minor agricultural revolution in the keeping of livestock. Patience and education are often essential, particularly with such problems as the overstocking of land with cattle treasured as a measure of wealth, or the readjustment of farm boundaries for the sake either of terracing against erosion or the use of tractors for the heavy tasks of cultivation.²

¹ *Attitude to Africa* (Penguin Special, price 2s.), p. 81.

² For a discussion of the cattle problem, see *Report of Nigerian Livestock Mission* (H.M.S.O., 1950, 5s.), with particular reference to educational work amongst Fulani cattlemen on p. 39; for an example of successful readjustment of farm boundaries, see *Journal of African Administration*, Vol. III, No. 1, p. 20.

79. Tractors and other heavy agricultural machinery, though not likely to work the easy miracles which were at one time expected, can help towards substantial increases in production when wisely used on co-operative lines or shared through some form of machinery service station. Once up-to-date methods are established, they have a strong power of spreading; and there is therefore a most urgent need to increase the number of men and women who can awaken the desire for improvement in the peasant villages of the world.

80. Where peasant communities practice monoculture or rely substantially on cash sales of their crops, there is always the danger of their being exploited by traders or beggared by violent fluctuations in world prices. There is no simple solution; for a government buyer is often regarded with as much suspicion as the private merchant—and sometimes rightly so. Some form of co-operative marketing arrangement, and the co-operative ownership of processing plants, with or without government participation, seem to offer the best and most hopeful answers to the local problems. The world problem requires international action, because world agricultural development will meet disaster if we do not control the fluctuations in primary prices which ruined whole communities in the 1930's. Schemes such as that proposed by an F.A.O. Commission in 1947¹ or those contained in the *Draft Charter for International Trade*² need to be implemented on a world scale. Pending such action on a world scale, any proposal to depart from present practices of long-term bulk purchase need to be most carefully examined to make sure that the interests of peasant farmers are not endangered.

81. The problems of peasant communities arise in their acutest forms where there is already serious overcrowding on the land. Due to avaricious landlordism, or to out-of-date systems of land-tenure, or simply to the sheer pressure of population, the world can show far too many areas where

overcrowded peasant communities have been driven to deplorably low standards of life; each family scratches out a wretched livelihood from a scattered collection of tiny patches of exhausted soil. All possible methods of increasing yield and restoring fertility need to be applied.¹ But in addition, the problem of overcrowded land requires the opening up of new areas and a resolute advance towards industrialisation.

82. Only a small part of the earth's surface is now cultivated. Of its 36,000 million acres, 11,000 millions are "climatically suitable" for crop growth. But of these, only 3,000 millions, or 8 per cent. of the whole, are actually under cultivation. Of 12,000 million acres of desert, large areas are demonstrably fertile if properly irrigated; and of these many flank the heavily populated, under-developed countries. Immense tasks of drainage and irrigation, flood control and clearance of jungle are waiting for man's serious declaration of war on want. Nor will all the work be confined to vast spectacular schemes on T.V.A. lines. All over the world there can be found patches of uncultivated land, each relatively small, but all adding up to an immense total, and often running close beside or indeed into the very heart of overcrowded country. In such places, much can be done by small-scale, unspectacular methods carried out by peasants using little or no machinery other than hand tools and requiring from outside only a little technical advice and the supply of quite small quantities of material and equipment, such as a hand pump, cement or a few hundred yards of iron piping. In addition to such methods as irrigation and jungle clearance, the development of new varieties of seed can contribute to the world's cultivated area; the Russians have bred wheat varieties suitable for semi-Arctic conditions, and F.A.O. coordinates the efforts of plant geneticists working on innumerable problems to produce seeds which grow where nothing grows to-day.

83. There are some parts of the world where we believe pressure of population and the battle against starvation will

¹ See *East African Agricultural Journal*, July, 1946, Vol. XII, No. 1: an article by J. W. Purseglove on land use in the over-populated areas of Uganda.

¹ *Report of the F.A.O. Preparatory Commission on World Food Proposals*, January, 1947 (Cmd. 7,031, H.M.S.O., 1s. 6d.), endorsed by F.A.O. Conference in Geneva, August, 1947.

² Chapter VI, Commodity Policy, of the *Draft Charter for an International Trade Organisation* (Cmd. 7,375 of 1948, H.M.S.O.).

force governments to re-allocate some of the land which is now reserved only for white farmers.

Industrial Development

84. Industrial development in under-developed areas is necessary not only for its own sake, but also to give employment to surplus agricultural population. The *U.N. Experts' Report* quoted figures to show that in parts of South-eastern Europe before the war 20–25 per cent. of the people could have left the land with no loss in agricultural production; in Egypt the figure was even 50 per cent.; and similar figures would doubtless be found in India and elsewhere. In such regions, a partial shift of surplus population from farm to non-farm employment is “a pre-requisite to any sound programme of agricultural improvement.”¹

85. Industrial development does not necessarily mean large towns. With electrification and the development of new materials, industries no longer need to be grouped round coal or iron-ore deposits. Simple local industries, using indigenous materials, handicraft and cottage industries, can supply the needs of many areas including some of the simpler needs of local agriculture; and where traditional crafts exist, can produce for export. The F.A.O. Preparatory Commission Report instances cottage industries in India (such as hand-spinning, weaving, knitting, pottery-making, and the development of simple machinery), the co-operative village industries of China, and the work done by the Agricultural Industry Service of the Agricultural Rehabilitation Division of U.N.R.R.A. In larger areas textile plants are a common feature of a quite early stage in industrial development: completely equipped mills are now being exported from Britain to Pakistan, a country which plans to be self-supporting in cotton spinning and manufacturing by 1956. Other industries may be developed to make use of locally produced raw materials: jute-spinning mills in Pakistan are an obvious example. Engineering industries, both light and heavy, and steel are the next stages in large-scale industrial development; these industries

¹ *F.A.O. Report*, Cmd. 7,031, p. 14.

play a significant part in the Colombo Plan, particularly in India. And in practically all areas the development of cement production is urgent and a prior requisite of economic advance. As soon as cement is produced, it creates its own demand.

86. Private enterprise has an important part to play in the provision of many industries, particularly those associated with mining, timber development and other industries providing raw materials for export to the more advanced countries. But when it comes to the establishment of light manufacturing industries, it will often be found that private enterprise is slow to take the first step simply because of the absence of a technically trained labour force. Even in the relatively small community of Puerto Rico, which enjoyed the immense advantage of tax-free access to the whole American market, this factor was found to be an obstacle, and was not removed until after the Government had taken the first steps by itself establishing one or two industries (cement and the manufacture of glass bottles) and by its putting up several factory buildings to rent to private firms on favourable terms. Once the ice had been broken in this way, a number of industries were privately established. In a different field the same sort of lessons can be drawn from the efforts of the British Government to deal with unemployment in our own Development Areas, where the Government not only took power by various regulations to steer new enterprises towards the areas, but also, through industrial estate companies, put up factory buildings for the very purpose of attracting new industries to the places where they were needed. Such methods might be used with great success in the early stages of industrialisation in under-developed countries.

Basic Services and Economic “Overhead” Capital

87. We turn now to consider the basic services of development—the “economic overheads” of transport, communications and power—before turning to the no less important “social overheads.” The needs of different countries vary, but there is almost always great need for improved transport and

communications, roads, railways, telegraph services, dock and harbour installations, power production and distribution, warehouses and storage space. The economic development of the Rhodesias, for example, the expansion of their output of coal, chrome and copper, has been limited in the post-war years by the inadequacy of port capacity and the rail links to the coast. Nigerian exports of groundnuts and coal have been and still are endangered by internal transport difficulties. The development of timber production is everywhere a story of the fight for transport facilities from forest to coast. The opening up of territory by road, rail and water communications is a prerequisite to agricultural and industrial development, and air transport is needed to open up remote areas. This is why a considerable proportion of colonial development and welfare funds is devoted to transport projects; and the Colombo Plan for South-east Asia and the survey of African rail resources recently commissioned by the Colonial Office show the importance attached to these developments.

88. In the Colombo Plan, against a total of £595 millions for agricultural projects (or 32 per cent. of the total planned development), transport and communications account for £627 millions, or 34 per cent. of the total, and fuel and power for £122 millions, 6 per cent. of the total. When it is recalled that the figure for agricultural developments includes most of the multi-purpose irrigation and hydro-electric projects, the high place given to transport and communications can be appreciated.

89. The provision of these economic basic services is emphatically not a function of private enterprise. They will hardly ever yield a direct profit, though by their contribution to economic advance their social dividend will be great. They are too risky a field for private enterprise, and even where successful the returns are unlikely to be attractive to private capital. Measured in balance-sheet terms, most of the railways, roads, docks, harbours, and telegraph services required in the under-developed areas will show a financial loss for a generation to come. Their real dividend will be shown in

their service to the developing community as a whole, for without them development will not be possible.

The "Social Overheads" of Economic Development

90. No less indispensable is the provision of "social overheads," particularly education, medical and hygiene services, housing and other essential social services. In the Colombo Plan £330 millions, or 18 per cent. of the total planned expenditure, are allocated for these purposes, nearly twice as much as the amount provided for the whole of "industry and mining (other than coal)."

91. The first two needs are health and education.

"In our opinion," says the *U.N. Experts' Report*, "most under-developed countries are in the situation that investment in people is likely to prove as productive, in the purely material sense, as any investment in material resources, and in many cases investment in people would lead to a greater increase of the flow of goods and services than would follow upon any comparable investment in material capital."¹

Over three-quarters of the earth's inhabited space, production is reduced by debilitating diseases such as malaria, yaws, hookworm, beri-beri, pellagra, sleeping sickness or bilharzia, and social service expenditure to reduce the incidence of these diseases is a direct investment in increased production. Many of these diseases are directly or indirectly associated with hunger and protein or vitamin deficiency. For instance, the *African Labour Efficiency Survey*, published by the Colonial Office, states that "malignant malnutrition" is one of the causes of low efficiency of railway workers in Kenya.²

92. We have referred to some of the efforts of the World Health Organisation to assist national governments to check and push back the frontiers of some of the most disastrous diseases. International action and national action are both

¹ *U.N. Experts' Report*, p. 52.

² Dr. de Castro, in his *Geography of Hunger*, devotes several chapters to an analysis of deficiency diseases and to the influence of hunger on various debilitating illnesses which, amongst other things, retards production. "Beri-beri," he points out, originally meant "I can't."

necessary, and first and foremost come measures to train enough doctors, nurses and, most important in fighting disease in the under-developed areas, the men and women of the medical orderly type. Hospitals, health centres, research institutes, medical facilities in schools; these are essential, and with them education and propaganda to persuade the population to make use of them.

93. Mr. Ritchie Calder, in the recent report of his special U.N. Mission to South and South-east Asia,¹ has given a graphic account of the great work going on at the world's health frontiers. It is a record of anti-tuberculosis injections in Borneo, injections in Indonesia for the treatment of yaws, the "miracle cure" for leprosy, anti-malaria spraying in Siam, the Himalayas and Afghanistan, milk distribution in Mandalay and anti-typhus treatment; of the establishment of maternity wards, midwifery training, mobile and floating dispensaries, children's wards, venereal disease control schemes, and the like; all these in the face of the primeval superstition and suspicion of the peoples of the East. It is a pointer to what is needed, on a far, far wider scale, if the attack on preventable disease and ill-health is to yield its full contribution to world development.

94. Education is a form of "investment in people" at least as productive as any form of investment in plant or machinery. Taking agriculture alone, the most obvious need is for agricultural extension officers, and yet, says Professor Lewis:

"There is not a single colony in the whole British colonial Empire, with the exception of Jamaica, that has an agricultural extension service anywhere nearly adequate to the job; indeed, many of the largest colonies can hardly be said to possess such a service at all."²

He estimates that an agricultural officer is needed for every 1,000 farmers. Clearly, such a ratio could never be achieved if they all had to be university graduates. But in Jamaica,

¹ Published in a series of articles in the *News Chronicle*, January-February, 1952.

² *Attitude to Africa*, p. 81.

local men are given a two-years' training in practical agriculture, and these serve the island-wide Agricultural Society, to which nearly all the peasants belong.

"What is important in Jamaica is not the particular form of organisation, but the spirit animating it—the feeling of the peasantry that this is something of their own. Mass education cannot succeed unless the masses wish to be educated; unless we can arouse among the people a desire for betterment and an opportunity to participate in something felt to have social value. In other colonies other forms of organisation will be more appropriate, and what is successful in one part of a colony may fail in another part. But the underlying method will always be the same, to interest the people in building up something of their own. Once a beginning is made, such a movement spreads like fire, and its achievements appear miraculous."¹

95. Nor is it only a question of training the extension officers. Quite apart from the need for innumerable "N.C.Os.," such as men to maintain tractors and keep accounts in co-operative societies, there is need to combat illiteracy in the community as a whole, for—

"Even in the case of relatively simple agricultural improvements already referred to . . . it is necessary to have a basic minimum level of education among the actual producers in order to achieve widespread advances in technology."²

It is such considerations as these that lead the U.N. Experts to suggest that a sum equivalent to 1 per cent. of national income could be usefully invested in all the processes associated with agricultural extension work, and they conclude: "We can think of no other investment that is likely to yield bigger returns in the immediate future."³

96. We have stressed the importance of education in relation to agriculture. It will be abundantly clear without detailed argument that education is at least equally necessary

¹ *Attitude to Africa*, pp. 82-3. ² *U.N. Experts' Report*, p. 29. ³ *Ibid.*, p. 53.

for any form of industrial advance. Nor is that all. The peoples of under-developed countries have a right to education for the fuller appreciation of life of which material advance is only a part.

97. One thing is clear to us: nothing could give the under-developed areas a greater sense of confidence in the genuine and disinterested desire of the advanced nations for development of the backward areas than a real and substantial programme of assistance to education in those areas. Without education there can be no advance: investment in education, in the ability of the under-developed areas to help themselves, the gift of something that is not dependent on an economic return, and cannot be withdrawn once given, is a contribution beyond all others which would create the belief that the advanced industrial nations were sincere in their desire to promote economic and social advance. We believe therefore that it is essential for the whole world to mobilise and organise its resources on a scale never previously contemplated for the task of teaching and training the teachers who will carry to the people all the forms of instruction, skill and knowledge which the attack on world poverty requires.

The Need for Capital

98. We have seen, in our review of the Colombo Plan, how the whole future of development in South-east Asia is threatened by lack of capital equipment and external finance. Any plan for development, in any part of the world, must face similar problems.

99. The preoccupation of many of the leading nations of the world with rearmament places a sharp limit on the amount of engineering equipment which can be exported for world development. But even when defence production takes a smaller proportion of the national income of those countries, there will still be major problems to be solved, involving some recasting of the pattern of production in most of the advanced countries. Since World War II Great Britain's engineering industry has come to account for half of the total value of her total exports, against a third in 1938. It may need to develop

still further. While world development may, in one area ^{and} another, temporarily stimulate the demand for consumer goods, in the long run our task, and that of other advanced countries, will be to supply capital equipment. Textile machinery rather than textiles, capital equipment rather than consumer goods will predominate in our export trade to the under-developed areas.

100. The industries of the advanced nations will have to give much more thought to the needs of the under-developed areas, qualitatively as well as quantitatively. British industry was slow to develop the production of certain of the heavier types of civil engineering equipment, until the Government provided a guaranteed market. In the event, when the plant was produced, demands in the sterling area alone have proved to be far in excess of what the industry could supply.

101. But the mere supply of capital equipment is not the only, or the chief, problem. Transcending even that is the question of finance, for it will be the willingness of the advanced countries to make available adequate funds, and to translate their decisions into command over physical resources, which will determine the pace of world development. In Chapter III we pointed out that of a total requirement of £1,868 millions for the Colombo Plan, it was estimated that £1,084 millions would have to come from external sources. £838 millions of this have still to be found. We pointed out also that the external finance required was not to be measured merely in terms of the total cost of imported raw materials and capital equipment: a realistic plan meant full coverage of the net prospective overseas deficits of the developing countries.

102. The most authoritative estimate of the capital required for world development was made by the U.N. Experts' Committee. Clearly the requirements depend on the pace and scale of development assumed. They took as their assumption an annual transfer out of agriculture of 1 per cent. of the total working population into non-farm employment. This would be sufficient to raise industrial output by more than 10 per cent. per annum. They further assumed an annual expendi-

utre by the under-developed countries of 1 per cent. of their national income on agricultural extension services and research, and a further 3 per cent. per annum in investment in agricultural capital on and off the farms. This, it was estimated, would require an annual capital investment in agriculture of \$3,864 millions. For industry they assumed an annual expenditure of some \$2,500 as the amount of capital required for each person newly absorbed into non-agricultural work. This gives a total annual investment outside agriculture of \$15,270 millions: 70 per cent. of this would be required for Asian countries alone. The total *annual* investment required, therefore, for agricultural and non-agricultural development together is estimated at \$19,134 millions. It was estimated that the product of this amount of investment and transfer of resources would be sufficient to raise the output per head by 2 per cent. per annum, which must be regarded as the minimum to secure a real advance in standards of living.

103. The U.N. Committee's estimates are summarised in the table below. The high figure for the Far East, it should be noted, is largely explained by the tremendous developmental problems of China. This figure has an important bearing on the possible participation of the U.S.S.R. in world development, which we discuss in paragraph 138, below.

	For industry, \$ millions	For agri- culture, \$ millions	Total, \$ millions
1. Latin America	1,580	960	2,540
2. Africa (excluding Egypt)	1,780	528	2,308
3. Middle East (including Egypt)	940	360	1,300
4. South Central Asia ¹	4,360	960	5,320
5. Far East (excluding Japan) ²	6,610	1,056	7,666
Total	15,270	3,864	19,134

¹ "South Central Asia" includes India, Pakistan, Ceylon, the Maldive Islands and the adjacent areas of Nepal and Bhutan.

² "Far East" includes Burma, China (including Formosa), Korea, Mongolian People's Republic, Philippines, Thailand, British Borneo, Federation of Malaya, Hong Kong, Indonesia, Indo-China, Macao, Timor, Singapore and New Guinea.

104. The *U.N. Experts' Report* goes on to estimate how much of this annual requirement of \$19,000 million can come from domestic savings in the under-developed countries themselves. Net domestic savings in these areas in 1949 amounted to some \$5,240 millions. Domestic savings therefore fell short of the amount required by some \$14,000 millions, or £5,000 millions, per annum. Some part of this could, no doubt, be found from improved measures for channelling domestic savings—and hoarded money—into productive development: some would come from increased savings arising out of the higher production and national income as development proceeded. But the *Report* concluded:

"Even when allowance is made for these increases, however, it remains the case that a 2 per cent. increase in the per capita national incomes cannot be brought about without an annual capital import well in excess of \$10 billions. . . ."

105. This is the most authoritative estimate of the transfer of capital required. It compares with an average capital inflow into the under-developed areas in the 1920's of some \$500 millions a year, and a current inflow, including grants and loans, estimated by the Experts' Committee at not more than \$1,500 millions, and "probably nearer \$1,000 millions." *The required rate is therefore some ten times as great as the current capital inflow to the under-developed areas.* Yet, as the *U.N. Experts' Report* points out, it is not beyond the capacity of the developed countries to provide. The aggregate national incomes of Western Europe, Australasia, the United States and Canada are about \$350,000 millions. 3 per cent. of their aggregate national incomes would provide the necessary \$10,000 millions. Such a proportion is not an impossible target: loans and grants from the United States in the past five years have been running at 3 per cent. of her national income. In an earlier period, 1907-13, the United Kingdom was exporting capital at the rate of 7 per cent. of her national income.

106. It is, of course, perfectly true that the world could not begin to develop the under-developed countries at the rate of

\$10 billions per year now, or in 1953 or 1954; because even if the money and material were available they could not be absorbed for want of the necessary detailed planning and the trained staff that would be required to cope with a programme of such a size. This, however, merely serves as an additional reason, first for not allowing any new practical development to be held up for want of finance, and then for pressing forward at the utmost speed with developing the organisation, making the plans and training the personnel required for larger developments in the future. We shall return to this point in our final chapter.

107. The U.N. Experts' estimate, \$10 billions (\$10,000 millions), measures the challenge facing the advanced nations of the world. It is quite clear that without a major revolution in the minds of men in those areas and radical changes in international organisation, it is a challenge the world will not begin to meet. Private lending certainly will not provide more than a small fraction of the amount required. It is true that, as Mr. Gordon Gray says in his *Report to the President*, foreign private investment was the traditional means of financing the net imports of under-developed countries. But private buying of foreign government bonds, once the main form of overseas investment, has now virtually ceased, while the private purchase of the bonds of private enterprises operating abroad has, in the words of the *U.N. Experts' Report*, "never been large, and is not likely to become significant." Mr. Gordon Gray's examination¹ leads him to the conclusion that private overseas investment cannot solve the problem; 92 per cent. of the \$800 millions lent abroad on private account by United States concerns in 1947-9 has been direct investment in their own overseas operations or in subsidiary companies; 74 per cent. of this direct investment was in oil, and thus confined to the relatively few countries which possess exploitable oil resources. Apart from investment in oil, only \$128 millions went into Latin America, only \$28 millions went into other under-developed areas. Mr. Gray considers that private investment can and should do much more in the development

¹ *Report to the President on Foreign Economic Policies*, pp. 49-73.

of mineral resources, mainly in the Western Hemisphere and possibly some parts of Africa. But the very high rate of return on investment within the U.S. competes with all but the safest and most profitable overseas developments. As the *U.N. Experts' Report* shows, the average rate of return on U.S. foreign investments in 1948 was 17 per cent., compared with about 14 per cent. on U.S. domestic investments.¹ No under-developed country could pay anything approaching this rate on its borrowings.

108. Mr. Gordon Gray concludes his examination with these words:

"... Only a few hundred million dollars, at most, is likely to be invested in under-developed countries outside the Western Hemisphere in properties not related to oil. Taking into account the known obstacles, and the uncertain effectiveness of the limited measures that can be taken to overcome them, it must be frankly recognised that private investment cannot be expected to solve the problem of financing development alone."

109. The U.S. Export-Import Bank and the International Bank are working on far too small a scale to provide any hope that they can fill the gap. In the year ending June 30th, 1950, the Export-Import Bank made new credits of \$328 millions, against \$134 millions by the International Bank. But though the *U.N. Experts' Report* comments favourably on the work of the Export-Import Bank, and suggests that Canada and certain countries in Western Europe should set up similar institutions, and though Mr. Gray calls for expanded lending authority for it, both reports conclude on a discouraging note. Reviewing the combined work of the two banks, Mr. Gray says:

"This volume of operations has not been adequate to

¹ Compare *Partners in Progress*, p. 79: "At present, returns from investments abroad after all taxes are deducted are not sufficient to offset the great risks of business failure under strange conditions, exchange risks, and other extraordinary risks of foreign investment. This is especially true in view of the counter-attractions of domestic investment, which offers high returns and less risk."

meet the basic requirements for development, as both banks recognise."

By far the largest financial contribution to the under-developed countries comes from the United States of America, mainly through the Mutual Security Administration. Apart from the immense grants made for military purposes, the American Administration is asking Congress to agree to the expenditure in 1952-3 of \$626 millions for economic aid to under-developed countries. Subject to the decisions of Congress, it appears that \$196 millions will go to the Near East and Africa,¹ \$22 millions to Latin America, and \$408 millions to Asia and the Pacific.² We shall show in paragraph 125 that there are deep psychological problems raised by international aid given on a bilateral basis; and apart from that, it is unreasonable to suppose that any one country will ever foot the bill shown to be necessary by the *U.N. Experts' Report* unless other industrialised countries make a fair contribution in accordance with their needs.

110. It is for this reason that the U.N. Experts' Committee conclude with three major recommendations on finance:

(i) that the International Bank should set itself the objective, to be reached within the next five years, of lending \$1,000 millions annually to under-developed countries;

(ii) that the United Nations should establish an International Development Authority which would, amongst other tasks, distribute to under-developed countries grants-in-aid for specific purposes; and

(iii) that the United Nations should explore the possibility of establishing an international finance corporation to make equity investments and to lend to private undertakings operating in under-developed countries.

The Role of the Governing Authorities in the Under-developed Areas

111. A great part of this report deals with the part to be played by advanced countries in promoting the development

¹ Perhaps as much as three-quarters of this sum will go to Turkey and Greece.

² Perhaps as much as one-quarter of this sum will go to Formosa.

of the backward areas. But this does not detract from the tremendous tasks facing the governments of the under-developed areas themselves. A programme of economic and social development neither can nor should be imposed from outside. A great part of the initiative, a great part of the work, and an appropriate part of the financial cost must come from the countries themselves. This underlines the need for good and efficient governments in these areas. Unfortunately, in too many of the countries, not least in the Middle East and South America, the governments and leaders of the community are neither sufficiently inspired with the desire to raise living standards nor willing to accept the sacrifices and changes in habits of thought which are necessary.

"In our judgment," says the U.N. Experts' Committee, "there is a number of under-developed countries where the concentration of economic and political power in the hands of a small nucleus class, whose main interest is the preservation of its own wealth and privileges, rules out the prospect of much economic progress until a social revolution has effected a shift in the distribution of income and power.

"There cannot be rapid economic progress unless the leaders of a country at all levels—politicians, teachers, engineers, business leaders, trade unionists, priests, journalists—desire economic progress for the country, and are willing to pay its price, which is the creation of a society from which economic, political and social privileges have been eliminated. On the other hand, given leadership and the public will to advance, all problems of economic development are soluble. We wish to emphasise that the masses of the people take their cue from those who are in authority over them. If the leaders are reactionary, selfish and corrupt, the masses in turn are dispirited, and seem to lack initiative. But if the leaders win the confidence of the country, and prove themselves to be vigorous in eradicating privilege and gross inequalities, they can inspire the masses with an enthusiasm for progress which carries all before it."¹

¹ *U.N. Experts' Report*, pp. 15-16.

112. The first thing that is demanded of governments, says the *Report*, is that they should be efficient and honest. This may be a counsel of perfection in countries where skilled technicians and administrators are scarce, and where there are no traditions of honest administration. But they must at least be willing to devote an adequate proportion of the budget to the economic and social investment—roads, communications, education, public health and so on.

113. The extent to which local governments will need to intervene in economic affairs depends on the conditions of each individual area. In nearly all they will have to go a good way beyond the functions normally exercised by governments in Western capitalist economies. In reviewing the needs of agricultural and industrial development, we have indicated some of the measures they will have to take. The *U.N. Experts' Report* stresses the importance of prospecting and market research. Market research should be undertaken by governments before too many hopes are placed on particular forms of primary or industrial production.

114. A second function to which the *U.N. Experts' Report* draws attention is the provision of financial institutions to mobilise local savings for economic development. Most studies of the possibilities of development stress the need for canalising local savings, and for the provision of working capital to farmers and industrialists. Few of the under-developed countries have financial institutions adequate for the task with which they will be faced.¹

115. The most important function of the local governments will be the preparation of a development plan, embracing the economic and social development schemes, their co-ordination one with another, plans for mobilising local finance (both by savings institutions and taxation), and estimates of the foreign exchange, capital equipment and technical assistance required. Important as the initiative of the advanced industrial nations will be, in the last resort success or failure in the plan for world development will depend upon the willingness and ability of local governments to draw up

¹ Compare *U.N. Experts' Report*, Chapter VI, "Domestic Capital Formation."

comprehensive national plans, to see them through, and resolutely to apply the controls and financial measures necessary for their implementation.¹ The work of local governments, of large and small territories alike, in preparing national schemes for inclusion in the Colombo Plan shows what needs to be done, and what can be done.

The Need for Partnership

116. The attack on world poverty can be carried through only by a successful partnership between the advanced and the under-developed areas. The capital, technical manpower, and know-how of the advanced areas need to be linked with the efforts of local governments, locally recruited administrators and technicians, to raise the standard of living to the required level and at an adequate rate. This problem of partnership is one of the thorniest in world development. The utmost tact and goodwill are needed in the approach. Dr. Rita Hinden, in her *Commonsense and Colonial Development*, points out that although for many years the colonial peoples had criticised Britain for neglecting their lands, and for failing to invest and plan on their behalf, some recent British efforts to put this right have aroused resentment.

"The partnership so often visualised by British spokesmen, between the mother-country and the dependencies, is looked upon with open suspicion."²

Announcements of development schemes in terms of the advantage accruing to the Western consumer have done untold harm. To stress "cheap margarine for the British housewife" or the development of a treasury or armoury for the benefit of the West naturally arouses the utmost suspicion.

117. Not only do motives and the form of presentation of new projects require the clearest thought and highest ideals; the operations in the field, and particularly in the seats of

¹ *Ibid.*, Chapters VIII and IX, "Development Planning: Techniques and Priorities."

² *Commonsense and Colonial Development* (Fabian Society, 1949, price 1s.), p. 39.

government, require the most careful handling. Leadership without dictation, help without the appearance of charity, financial assistance without harping or strings—these things are essential. The excesses of some of less tactful E.C.A. (Marshall Aid) country missions present a warning; yet E.C.A. and O.E.E.C. at their best provide a useful lesson to follow.

118. Belated "clearance" with legislative councils is not enough. Dr. Hinden shows the harm that was done in embarking on the groundnuts scheme without any reference to the Tanganyika Legislative Council. Local governments, and particularly the peoples themselves, should be brought into consultation at every stage. They must not be given the idea that they are to be the menial hewers of wood or drawers of water; they must participate at every level. Hence the need for education and training, and the development of democratic institutions.

The Need for Organisation

119. This, then, leads up to our final problem—that of organisation. Given the materials for development—equipment for agriculture and industry; given the economic and social services which must go with it; given the funds to provide those services; given too the degree of co-operation without which any development must fail—given all these, there yet remains the huge task of getting development *done*. Without adequate organisation, the whole vast project of world development will fail or at best waste much of its funds and forfeit much of its goodwill. Here the lessons of history are plain. U.N.R.R.A. suffered throughout its existence from its unrealistic organisation and some deplorable staff work at the start. It and other organisations, both national, such as C.D.C., and international, have laboured under the appalling burden of incompetent or inappropriately trained personnel—a competent staff is the *sine qua non* of a successful enterprise. No plan for world development can afford to repeat these mistakes. It must be so organised as to be capable of facing and solving the vast multiple problems set out

in this chapter—raising money, obtaining priorities, providing technical assistance, appreciating local conditions and human relations as well as wider issues, and avoiding waste of manpower, materials and money. Such an organisation, embracing as it does international, metropolitan and colonial governments, highly organised authorities and local committees in under-developed areas, will be no easy matter to construct. But in the last resort the scope and the success of world development will depend on this machinery and on the ability and integrity of the personnel whose life-work development will be.

PLAN FOR WORLD DEVELOPMENT

The Problem Restated

120. We may summarise the main conclusions which stand out from our review of the problems of world development in the following terms:

(i) The principal need is not for the introduction of fundamentally new techniques, but for an expansion and extension of the best work now going on. What is now almost the hidden activity of a few unknown teams of experts must become the publicly acknowledged concern of all mankind in the next half-century.

(ii) Though large-scale public works—hydro-electric and transport projects—have their important part to play, the greatest development will be achieved by vast numbers of relatively small projects, each relatively cheap, but requiring in total an immense amount of capital investment.

(iii) A very large part of the necessary development, particularly in the initial stages, consists in the provision of social and economic overheads (schools, hospitals, transport, etc.) which cannot yield any direct financial return; and therefore, although individual industrial projects have their part to play, the real task of providing the essential framework of development cannot be left to private enterprise.

(iv) Success in world development depends absolutely upon the response to the challenge which is made by the peoples and governments of under-developed areas; yet these cannot be expected to make the necessary efforts unless they are reasonably assured that these efforts will be

matched by the supply of finance and materials without which their best endeavours would fail.

(v) The present rate at which development is being financed is quite inadequate. Against an estimate of a required rate of over \$10,000 millions per year, probably little more than \$1,000 millions are being provided, and this largely for such industries as oil.

(vi) The world is not yet training anything like the necessary numbers of technicians of all ranks and skills.

(vii) There is no really adequate organisation in the world for getting the work done.

(viii) There is not amongst the people of the world, and particularly amongst the people in the privileged countries, a sufficient sense of urgency in relation to the whole problem, nor is there a sufficient understanding for the need to develop new and better human relationships between the peoples of privileged and of under-developed countries.

An International Development Authority

121. It is the considered view of those who have co-operated to produce this report, as it was of the six experts responsible for the *U.N. Experts' Report*, that the tremendous obstacles in the path of world development cannot be overcome without the establishment of an international development authority, charged with the task, and provided with the means, of promoting the economic and social advancement of the under-developed areas of the world.

122. Such an authority would be called upon to undertake the kind of functions described in the *U.N. Experts' Report*:

(i) To decide upon and administer the distribution of grants-in-aid for the specific purposes listed, and to verify their utilisation.

(ii) To co-operate with under-developed countries in preparation and co-ordination of plans of economic development by affording general assistance, and where necessary, by providing the services of technical experts

and by giving grants-in-aid for the preparation of plans of economic development.

(iii) To help in implementing development plans, especially in the procurement of scarce resources, e.g. capital goods, technical personnel.

(iv) To make periodic reports regarding the preparation and progress of plans of development, to provide for continuous study of the problems of economic development of under-developed countries.

Grants-in-aid would be available for such purposes as research and education including agricultural extension services, technical schools, farm schools, local universities, schemes for training technicians abroad, and assistance to departments of governments, research institutes or universities, wherever located, working on development problems; public health programmes emphasising preventive medicine and nutrition before curative medicine; subsidies to medium-term and short-term farm credit; and improvement of rural public works—roads, rural water supplies, land reclamation, drainage, soil conservation and afforestation.

The Case for an International Development Authority

123. Our belief in the need for an international development authority is at variance with the attitude of the United States and United Kingdom Governments at both the ECOSOC Conference at Geneva in August, 1951, and the meeting of the U.N. General Assembly in Paris in January, 1952. Both these Governments felt that there was no reason to think that existing agencies were not adequate to the task. The ECOSOC conference, while accepting most of the more limited recommendations of the Committee of Experts, stalled on the proposal for an international fund and a development authority, contenting itself with a request to the Secretary-General to consult with the International Bank and other agencies, "to formulate a series of methods deemed practicable for dealing with the problem of grant assistance and to report back to ECOSOC."

124. Our support of the proposal for an international development authority is no reflection on the existing international agencies whose work was reviewed in Chapter II.¹ All have their part to play, and, with the exception of the International Bank, are playing their part with varying degrees of success. What is required is a powerful agency not only to co-ordinate the development work of the existing agencies, but also to take the lead in actively *promoting* development schemes, and ensuring that the finance, supplies, capital equipment, technicians, and the preparation of plans for social and education work, are forthcoming. There is to-day no "programming and progressing" authority to ensure that the development schemes, taken together, are advancing at the required rate, or to ensure that all the factors of production, all the resources, administrative and material, are ready, available and on the job. The experience of wartime production shows that any task which needs to be tackled with urgency requires a department, and ultimately a man, with a sense of mission and responsibility, a sense that a particular amount of work must be put in hand, organised and progressed in a given time, and that all subordinate and associated departments must be forced up against the time schedule necessary if his programme is to be achieved. There is no agency or individual in the United Nations service charged with the duty of seeing that all the agency and national programmes add up to a total designed to increase the output of the under-developed areas by 2 per cent. per head per annum.

125. It is felt in some quarters that while there is some need for international co-ordination, this could be entrusted to the

¹ Cf. speech of Mr. Santa Cruz, President of ECOSOC, in opening the ECOSOC Conference at Geneva, July 30th, 1951, in which he "recognised the efficiency and usefulness of the specialised agencies in general, but . . . also stated that their work was split up and lacked the necessary co-ordination. . . . There was a big field of potential activities that was covered by no specialised agency. This untouched field, and the scattered nature and lack of co-ordination of the various activities, have caused me to ponder the possibility of . . . uniting some of the activities of the present specialised agencies under a central executive body. By giving to such a body other functions not covered by the existing international machinery, the far-reaching problem of world production and consumption would be dealt with as a whole."

technical assistance departments of the United Nations, and that the financing of individual projects should be left to bilateral arrangements (e.g. between the United Kingdom and Nigeria, the United States and Indonesia, etc.), with the use of the International Bank where appropriate. Such a proposal seems to us totally inadequate. In the first place, the Technical Assistance Administration neither has nor could have the authority to co-ordinate and programme the work of the older agencies. It exists for a specific purpose. To give it directing and progressing powers would be like instructing the Appointments Department of the Ministry of Labour to progress the war production effort, when what was required—and indeed established in World War II—was a Ministry of Production. Moreover, to stress bilateral agreements between countries as an alternative to international action entirely ignores the attitude of the peoples and governments of the under-developed areas. There is no doubt at all that deep suspicion is directed against bilateral financial arrangements; and that nine-tenths of this suspicion would be dissipated if instead it were proposed that all under-developed countries should take part in a scheme of world mutual aid in which all the privileged countries co-operated in trying to narrow the gap which separates them from the great majority of mankind. Only recently we have seen that the Burmese Government has declined American aid, and that a Cabinet crisis has been precipitated in Indonesia on the problem of accepting such aid for fear of being too tightly tied to the strategic and political purposes of the American Mutual Security Act.

126. The establishment of an international development authority, adequately equipped with powers, staff, and funds, would be taken by the world, and particularly by the under-developed areas, as a signal that the advanced countries had fully pledged themselves to an effective programme of world development. It would give hope to hundreds of millions. It would give encouragement to industry in many countries to develop production of equipment and other supplies necessary for the under-developed areas. It would give encourage-

ment to technicians and others willing to take up international development as a career, and to colleges and institutes able to train them. It would do much to overcome the suspicions of the peoples of under-developed areas about the motives and sincerity of the advanced nations: it would give governments greater confidence to widen their horizons and feel that they could devote themselves to the difficult and apparently unrewarding tasks and sacrifices involved.

The International Development Authority at Work

127. It is not for us in this report to set out in detail how the authority should organise its work. That is a matter for the conference establishing the authority, and, more particularly, for the authority itself. But it might be useful to give some idea of its possible functions.

128. Its first task would be to prevent the decline in present living standards which would otherwise result directly from the increase in the population of the under-developed areas. Its second task would be to aim, at the earliest possible date, at a rate of development sufficient to realise the U.N. Experts' minimum target of an increase in output of 2 per cent. per head per annum. This would mean working up, as we have seen, to a rate of influx of capital into the under-developed areas of \$14,000 millions, or £5,000 millions a year. A decision to establish the authority and to charge it with the required rate of development would involve a corresponding decision to see that, by the use of existing agencies, and by funds directly provided, such resources would be forthcoming. This would involve a contribution by the advanced countries of, on the average, some 3 per cent. of their national income, though the richer countries would naturally be required to make available a higher proportion of their national income than the others. For the United Kingdom, the contribution might well work up to some £350,000,000 to £400,000,000 per annum, to be made available by a secure annual vote, and carrying with it a willingness and a determination to make available for export, if necessary with the use of controls, a corresponding volume in goods and services.

This would mean maintaining, in place of Britain's present serious deficit on overseas trade and payments, a permanent surplus corresponding to these figures, and action in internal and external economic affairs to safeguard it from attrition.

129. The authority's primary task would be to stimulate the preparation of properly planned national development projects and to make grants-in-aid to assist their fulfilment. Where schemes were already in operation, but limping through lack of equipment, technical assistance or finance, it would be empowered to help. But although no individual project should be held up for want of international assistance the aim would be to include individual projects as quickly as possible in national development programmes. In helping to draw up national programmes it would as far as possible work through and with existing organisations—the U.N. specialised agencies, the Economic Commission for Asia and the Far East and the projected Commissions for the Middle East and for Africa, the Colombo Plan secretariat, the Organisation of American States, etc. In special cases it would join with the appropriate economic commission and national governments in drawing up plans for the whole area covering two or more countries.

130. One of its principal functions in its early years would be to assist national governments in drawing up national master plans, covering the economic and social schemes, individual capital projects, and requirements in terms of foreign exchange, material supplies and technical manpower. It would be responsible for organising missions, including representatives of the specialised agencies and independent experts. It would certainly have to have its own representatives accredited to the governments of those individual countries to which it had granted aid, very much on the lines of the U.N.R.R.A. country missions. Where existing plans were inadequate, or national governments slow to prepare programmes, it would be the duty of the country missions to assist them, and where necessary to lead and stimulate them into action. They—and experts brought in at the request

of national governments—would advise on administrative changes and developments necessary to make the programmes a reality.

131. Centrally and regionally it would be responsible for making estimates of the technical manpower required by world development as a whole, and for making arrangements for providing common services, such as training facilities. It would—directly or in association with specialised agencies—establish staff training colleges, either centrally or in particular regions, on the model of the Pakistan training centre. One of its chief tasks would be to organise an adequate flow of trained personnel. The problem is not so much a lack of experts in the world: what is required is a change of outlook on the part of national governments, institutions—and individuals—to ensure that they are available in the areas where they are most needed, particularly for the task of training local technicians, teachers, administrators, and foremen. An important step forward would be the establishment of a career service designed to attract the best administrators and technicians from all over the world.

132. It would concern itself also with other scarce resources—capital equipment, steel, and so on. Surveys would be made of prospective supplies and national and international authorities stimulated to increase production. It would be responsible for arranging the transfer of particular types of equipment from one area, where a scheme was nearing completion, to similar projects in other areas. In special cases, it might, directly or through national governments, enter into long-term contracts or production guarantees to call forth adequate production.

133. In wartime the whole resources of the belligerent powers were mobilised to produce new scientific developments which would help to win the war. Britain produced radar, devices for fighting the magnetic mine, the Mulberry harbours, anti-fog devices, the pipeline-under-the-ocean (P.L.U.T.O.), and even schemes for using icebergs as aircraft-carriers. In the world war against want the same ingenuity and the same willingness to match resources and science

against the enemy will be required. Far too little thought has been devoted to producing the machinery and equipment needed for the specialised problems of world development. Western manufacturers have sought far too much to export to the under-developed areas equipment designed for Western needs. The whole of engineering research and adaptation has been directed towards meeting the requirements of the advanced nations. A relatively small concentration of effort and resources on such things as equipment for jungle clearance, or steam engines using locally available fuels, could place revolutionary weapons in the hands of those fighting the war against want. The mobilisation of this effort and these resources would be an important part of the work of the international development authority and of the governments associated with it.

134. The authority would be responsible also in all international conferences for watching the interests of world development in general. It would almost certainly find it necessary to recommend to the appropriate authorities that international allocations were necessary for particular scarce materials, such as fertilisers or feeding-stuffs, or, where international allocations were already in force, to press for adequate allocations for purposes of development.

135. The authority would clearly have to be armed with executive powers to enable it, on the invitation of the national government of an individual under-developed area, to step in and organise particular development projects, either directly (with its own staff) or by placing the work out to contract. This would mean having powers to procure equipment and other supplies and to undertake all executive development functions. There would be no question of its supplanting such bodies as the Colonial Development Corporation in British colonial territories, or of its duplicating the work of colonial governments. But in other areas where such developmental facilities were not available to the governments concerned, it would be empowered to step in on request. And there would be nothing in its charter to prevent colonial bodies, whether C.D.C. or colonial governments, from seeking its assistance.

136. There are many other aspects of its work on which decisions would have to be taken, but it is important to repeat that in all its work it would be the duty of the authority not merely to ensure that no worthwhile scheme were allowed to languish through lack of finance or other assistance, but also to make certain that the preparation of schemes and the progress of development proceeded at a rate sufficient to realise the target of an increased production in the under-developed areas of not less than 2 per cent. per head per annum.

Political Problems associated with the Establishment of an International Development Authority

137. The authority would have to face up to the political problems as they arise, but there are two major subjects which must be mentioned.

138. The first is the question of the association of the U.S.S.R. and other so-called Iron Curtain countries with the authority. This is a problem to be posed rather than discussed, for the possibility of organising international development on a one-world basis depends very much on an easing of international tension generally. So far the U.S.S.R. and most Eastern European countries have refused to join the U.N. specialised agencies, and unless there were a marked *détente* in international affairs it is unlikely that they would join co-operatively in the work of the international development authority. It is not for us to speculate on future trends in world politics: it is sufficient to say that, given a *détente*, the adherence of a co-operative Russia would make possible a wider scale of world development than if the Western nations had to stand alone. The position of China as the major under-developed area, to which we have drawn attention in paragraph 103 above, is sufficient to show the importance of the U.S.S.R.'s being associated with the task. If it is not, China will presumably be out of the programme. This will mean a reduction on both the credit and liability sides of the world development balance-sheet: it will also mean a serious breach in the comprehensiveness of the attack on the world problem. But if there were no relaxation of world tension, that should

not be used as an excuse for abandoning the scheme. It is not dependent on the adherence of the Soviet Union and her satellites. Indeed, on the assumption that the cold war continues, the Western nations would tend to regard the development of under-developed areas as an essential measure in combating the kind of conditions in which totalitarianism can flourish. But it must be emphasised that an attack on world poverty restricted to the Western nations would be limited both in its geographical coverage and in its intensity.

139. The second political problem arises when we consider the relations between the International Development Authority and the governments of the under-developed areas. In a number of these areas, as the *U.N. Experts' Report* makes clear, mass poverty is often associated with the existence of governments representative of a narrow privileged class, often of governments whose corruption matches their failure to raise the standard of living of the masses. Large grants of funds from the authority might well be regarded as subsidies to such governments which are frequently the main obstacle to economic and social development. It has the right—indeed the duty—to insist that development capital is not wastefully used. In particular, it will need to satisfy itself, and member governments, by inspection and the appointment of appropriate international officials, that funds provided from international sources are used for the purposes for which they were subscribed. Secondly, it must be able to ensure that funds allocated for particular purposes are used for those purposes as efficiently and productively as possible. The authority must be able to satisfy itself that the supplies thus obtained are efficiently and equitably distributed; this is particularly important in the case of foodstuffs, clothing, etc., which might easily become the subject of black-market dealing and profiteering. Moreover, in many cases development authority funds allocated for particular purposes will be unproductive unless particular complementary policies agreed upon for operation by the national government concerned are effectively fulfilled.

140. The degree of "interference," as in the case of E.C.A.,

would depend upon the ability and willingness of the government concerned to take all steps necessary to make the development authority's contribution to development effective. In extreme cases, where the domestic government could not give the necessary guarantees, the authority would not be a contributor to development. In other cases, where guarantees, once given, were not honoured, the authority might have to withdraw its mission and its aid. There would be no question of having relations with opposition parties or groups in order to effect changes in government; on the other hand, the publicity given to withdrawal, and the right, on which the authority must insist, to publish reports of its findings about the country's economy and its reasons for withdrawal, might have a powerful effect in mobilising public opinion. This would be particularly effective when a contrast could be drawn with the amount of aid and the progress of development in neighbouring countries blessed with more progressive governments. In these ways it would be taking action which might lead to political change. Indeed, its very existence should create a world-wide ferment of hope and resolution out of which political courage would grow. World development cannot succeed without it. The authority, and the member governments which established it, should not shrink from this necessary consequence of their activities. Their work is, of its very essence, revolutionary: and where political changes are necessary and possible, it should be recognised that the only way to contain a revolution is to accept it and work with it. World development cannot proceed on the basis of an alliance with oppression and reaction.

The Responsibility falling on the Advanced Nations

141. The responsibility falling on national governments is not confined to those of the under-developed areas. The governments of the advanced countries, too, face a challenge going far beyond their membership and financial support of an international development authority. They have a duty to do all in their power to make available technicians and other experts, capital equipment, steel and other resources

vital to development. Those with responsibilities for colonial territories have a duty not merely to promote economic and social development in those areas, but also to recast their trading policies in such a way as to avoid any suspicion of exploitation. Colonial development projects should be designed and undertaken in the forms best fitted to promote the economic and social welfare of the dependent territories: this means not only voting sufficient funds, but maintaining controls and disciplines to ensure that the physical needs of development are met. In long-term contracts and bulk-purchasing arrangements prices should not be depressed through the use either of political or economic power.

142. Britain has a special colonial responsibility extending over five continents. She bears a primary charge for the Colombo Plan: this Plan must not fail. Even during the period of rearmament, the highest priority compatible with other essential programmes should be given to money and supplies for the Colombo Plan, while, in anticipation of an international development authority, surveys should be put in hand to extend the Plan to cover other projects. A Colombo Plan for Africa is no less urgently needed; while the necessary steps are being taken for the establishment of the international authority and of an Economic Commission of Africa, the detailed work necessary for individual projects should be put in hand for all the areas for which Britain is responsible. France, Portugal, Belgium and Spain should be pressed to take similar action in their territories.

The Time Factor

143. Every report on the need for economic development of the under-developed areas has stressed the urgency of the problem. Men and women are dying of hunger to-day. The world population is increasing at a rate of between 2,000 and 3,000 every hour. Yet the experience of both pre-war and post-war attacks on the problem has gone to show that, even after a decision has been taken to promote some necessary development project, some years are required to draw up the necessary physical plans, more years to mobilise the finance,

equipment and technical experts required. A decision is needed on the international development authority *now* to have any hope of making a real start on world development five years hence.

144. This is one reason why we have not examined the question of a possible clash between expenditure on Atlantic defence and expenditure on world development. Few would deny that both are necessary if the world is to remain at peace: current controversy is centred on the scale and pace of rearmament, and on the balance between defence expenditure and other programmes. But, at least on present plans, the "hump" of defence expenditure is scheduled to be passed in 1953 or 1954: after that it is the stated intention to maintain defences but to call on fewer physical resources for building them up. If this is so, then the resources required by any large-scale development programmes put in hand by an international development authority established in 1952 or early in 1953 should be available, *given the willingness to make them available*. This does not imply, of course, that there is no clash, either in financial or in real terms, between present defence expenditures and development plans already in progress: our examination of the Colombo Plan shows the apprehensions that already exist on that score. And clearly a decision to divert a proportion of the increased expenditure voted for defence purposes, whether in the United Kingdom or in the United States, for development in the Colombo Plan countries could do much towards bridging the finance gap that the Colombo Report reveals, as well as towards improving delivery prospects of capital equipment.

Action Now

145. The fact that there is a time factor does *not* mean that there is a breathing space. The very urgency of the problem and the time required for translating abstract resolutions into concrete developments underline the urgency of international agreement on the political issues now. **It is therefore our considered and unanimous view that Her Majesty's Government in the United Kingdom should take the**

earliest possible opportunity to propose the establishment of an international development authority and that by every means open to it, by diplomacy and open publicity, it should seek to mobilise the maximum international support for this proposal. Furthermore, the United Kingdom Government should propose in the United Nations, as a matter of urgency, that all nations should set aside a fixed proportion, say 10 per cent., of the funds allocated for defence expenditure in 1952-3, for world development.

146. In preparation for this step, the Government should seek to create a public opinion in this country in support of it and should invite the co-operation of all political parties and peace organisations to demonstrate that it has united, national, all-party support. Its full implications, the great hopes it carries for the future of the world, on the one hand, and the cost and sacrifices it will involve, on the other, should be made clear from the start. There should be no misunderstanding about this: it will involve sacrifices for the people of this and every other advanced country playing its full part in the work and financing of world development, sacrifices of some part at least of that higher standard of living which might reasonably be expected to result from a continued growth of productivity in the Western nations. It will mean higher prices for many of the products of primitive countries as their standard of life rises, and as the advanced nations come more and more to forswear cheapness as the be-all and end-all of commercial contracts with the rest of the world.

147. In the long run, there can be little doubt that the development of the under-developed areas will be to the benefit of peoples in the advanced Western countries. But it may take a generation or more for this benefit to be felt. In the short run it will mean sacrifices. Whether these sacrifices will be relative (that is, relative to the standard of life we might have enjoyed but for expenditure on world development) or absolute (involving a positive fall in the standard of living) cannot be estimated without some assumption about the future levels of defence expenditure and the state of international relationships. If defence expenditures were to level

off, more particularly if the U.S.S.R. were to become a co-operative factor in world affairs, the whole of the annual requirement of \$10,000 millions or so would be found without any reduction in existing standards. Indeed, world development could be achieved simultaneously with a marked rise in the standard of life of the Western nations. But on any likely assumption about world politics and the needs of defence, world development will involve some sacrifice, relative or absolute, in the standard of living of the British people. With all that is at stake, we do not believe that they will shrink from it.

148. This mobilisation of public opinion, the national lead that must be given to a divided and timid world: these call for a sense of urgency and a willingness to take decisions on a scale and with a courage equal to the task that faces us. For, in the concluding words of the Colombo Report—

“There is no time to lose.”

APPENDIX A

THE FOURTH POINT OF PRESIDENT
TRUMAN'S INAUGURAL ADDRESS,
JANUARY 20TH, 1949

Fourth, we must embark on a bold new programme for making the benefits of our scientific advances and industrial progress available for the improvement and growth of under-developed areas.

More than half the people of the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and to more prosperous areas.

For the first time in history, humanity possesses the knowledge and the skill to relieve the suffering of these people.

The United States is pre-eminent among nations in the development of industrial and scientific techniques. The material resources which we can afford to use for the assistance of other peoples are limited. But our imponderable resources in technical knowledge are constantly growing and are inexhaustible.

I believe that we should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realise their aspirations for a better life. And, in co-operation with other nations, we should foster capital investment in areas needing development.

Our aim should be to help the free peoples of the world, through their own efforts, to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burdens.

We invite other countries to pool their technological resources in this undertaking. Their contributions will be warmly welcomed. This should be a co-operative enterprise in which all nations work together through the United Nations and its specialised agencies

wherever practicable. It must be a world-wide effort for the achievement of peace, plenty, and freedom.

With the co-operation of business, private capital, agriculture, and labour in this country, this programme can greatly increase the industrial activity in other nations and can raise substantially their standards of living.

Such new economic developments must be devised and controlled to benefit the peoples of the areas in which they are established. Guarantees to the investor must be balanced by guarantees in the interest of the people whose resources and whose labour go into these developments.

The old imperialism—exploitation for foreign profit—has no place in our plans. What we envisage is a programme of development based on the concepts of democratic fair-dealing.

All countries, including our own, will greatly benefit from a constructive programme for the better use of the world's human and natural resources. Experience shows that our commerce with other countries expands as they progress industrially and economically.

Greater production is the key to prosperity and peace. And the key to greater production is a wider and more vigorous application of modern scientific and technical knowledge.

Only by helping the least fortunate of its members to help themselves can the human family achieve the decent, satisfying life that is the right of all people.

Democracy alone can supply the vitalising force to stir the peoples of the world into triumphant action, not only against their human oppressors, but also against their ancient enemies—hunger, misery and despair.

APPENDIX B

SUMMARY OF THE MAIN WORK OF UNITED NATIONS AGENCIES CONCERNED WITH WORLD DEVELOPMENT

(i) *United Nations*

Under the 1950 "regular" programme of U.N., 16 countries¹ received advice from experts on problems of economic development. 93 economic development fellowships for study in 13 countries were awarded to candidates from 26 countries. 32 fellowships and 25 scholarships in public administration were awarded in 1950 to candidates nominated by 23 member countries. A seminar in public administration was held at U.N. Headquarters, attended by high officials from 19 countries.

The Expanded Technical Assistance Programme began to operate effectively only in the last three months of 1950, but by the end of December 145 projects, requiring 513 experts, were begun or scheduled in 38 countries, while another 150 applications were being examined. Of these 38 countries, 15 were in Latin America, 9 in the Middle East, and 8 in Asia and the Far East. 265 requests for technical assistance were received by the end of 1950 from 55 countries, 48 of these for action by U.N.'s Technical Assistance Administration, the remainder by specialised agencies.

(ii) *International Labour Organisation*

Most of I.L.O.'s regular technical assistance work in 1950 was for improving manpower resources and for training technicians. Several institutes were set up to help Asian countries to obtain

¹ Afghanistan, Bolivia, Brazil, Burma, Chile, Ecuador, Haiti, India, Iran, Lebanon, Mexico, Pakistan, Paraguay, Philippines, Thailand and Yugoslavia.

trained industrial workers and technicians. A million-dollar programme was launched to aid the migration of workers from European countries suffering from unemployment to countries needing workers for development. Missions were sent to over 30 countries which sought technical advice and assistance.

(iii) *Food and Agriculture Organisation*

As part of its regular work, F.A.O. helped a large number of countries with plans to increase crop and cattle production, and to develop forestry, fisheries and nutrition projects. It expanded the work of the International Rice Commission, established in 1949, for which it provides the secretariat and skilled advice. Over half the world's population depends on rice for its principal food. The second session of the Commission produced the first international co-operative programme for breeding, selecting and exchanging rice seed. To develop livestock production in tropical and sub-tropical areas, F.A.O. arranged a conference in Lucknow of livestock breeding experts from Europe, the Near and Far East and Africa. Seed specimens were sent to various parts of the world for experimental purposes to improve crop production. Two catalogues of wheat-breeding and rice-breeding stocks were published. An experimental programme in introducing hybrid corn seed was in operation in some 20 countries of Europe and the Near East, and is being extended to South-east Asia. F.A.O. experts were assisting cotton production in Yugoslavia, Egypt and Haiti. Action was taken in many countries to combat animal and plant diseases and insect pests: locust control schemes were conducted in Central America and the Near East, campaigns against rinderpest in the Near and Far East, and against fruit diseases in Mexico. Advice was given to many countries on soil erosion, fertilisers, farm implements, land conservation and utilisation, drainage and irrigation, forestry, fisheries (including the development of a fish-farming project in Haiti), food processing and storage and rural welfare and agricultural co-operative organisations.

(iv) *International Civil Aviation Organisation*

I.C.A.O. provided advanced training to aviation officials from 12 countries, and advice and technical missions on many subjects connected with aviation, training and the development of the administration of civil aviation.

(v) *United Nations Educational, Scientific and Cultural Organisation*

Missions and experts were sent out by U.N.E.S.C.O. to many countries, particularly Bolivia, Burma and India; a pilot project was developed in Haiti, designed to combat illiteracy and raise living standards. A centre was founded in Mexico to provide material and experts for education campaigns in Latin America. 51 fellowships were awarded. Nearly \$2 millions were provided in 1947-50 as subsidies to scientific and research organisations.

(vi) *World Health Organisation*

Extensive operations were undertaken by W.H.O. in the form of campaigns, health demonstration schemes and vaccination drives to combat such diseases as yellow fever, tuberculosis, malaria, venereal diseases, rabies, whooping cough, leprosy, smallpox, yaws, diphtheria, and trachoma. A special scheme was developed for Africa south of the Sahara, for which a conference was held to intensify malaria control. Advice was given on maternal and child health services in Latin America, Asia and Europe, while special assistance was given to the United Nations International Children's Emergency Fund (U.N.I.C.E.F.), to regional organisations, such as the Pan-American Sanitary Bureau, as well as individual governments. Experts, equipment and medical services were sent to countries all over the world; 300 fellowships were awarded.

(vii) *International Bank for Reconstruction and Development*

The Bank provided technical assistance over a wide area of subjects to ensure that its loans were effectively used. Even in cases where loans were not sought or granted, member countries requested and received technical advice. 35 countries were visited by Bank missions and officials, including Abyssinia, Brazil, Chile, Colombia, El Salvador, Guatemala, India, Iran, Iraq, Nicaragua, Pakistan, Philippines, Syria, Thailand, South Africa and Uruguay.

(viii) *International Monetary Fund*

The I.M.F. gave technical advice to many of its members on fiscal and financial problems. A mission was sent to Honduras to advise on the establishment of that country's first central bank; another to Chile to advise on economic conditions there; a third,

at the request of U.N., to assist the U.N. Commissioner in Libya on banking and currency problems; and a fourth to the Philippines to advise on methods of foreign exchange control. Training programmes were started in techniques for dealing with balance of payments problems.

POSTSCRIPT

ON THE 30th April, as this report was in proof, there was published the report of the Karachi Conference referred to on p. 49 above. It shows that during the first months of its actual operation the cost of the Colombo Plan has been increased, partly by rising prices, but partly by the inclusion of important new projects. For example, a £30 million Rural Development Plan has been added in Ceylon; in Pakistan a single agricultural project is now being worked out by U.N. experts which may add as much as £175 millions to the total; in India there has been an increase in the area to be irrigated and the power to be generated in the first effective year of the Plan, and, mainly as a result of increasing American assistance, there is to be a widespread multiplication of such Community Development projects as have been pioneered at Etawah¹ at an estimated cost of as much as £190 millions. As a result of such changes, the authors of the Report are able to estimate that "notwithstanding the increase to be expected in India's population, *per capita* real income should slightly increase." On such lines as these, the Report reads as a document written by men moved by a guarded optimism, or at least by men desiring a guarded optimism in their readers.

¹ See paragraphs 36 and 37 above.

But what about finance? The position about sterling balances is this year rather complex, and slightly more favourable than is likely in later years. We saw in paragraph 71 above that in 1950-1 (the year preceding the actual inception of the Plan itself) most of the countries encountered less than their expected financial difficulties owing to the temporary upsurge in their export prices.¹ They were able to meet the cost of imported capital goods and of internal development expenditure out of genuine trading and budget surpluses. In addition, instead of drawing upon sterling balances they actually increased them, so that they are this year in a position, if they chose, to draw at rather more than the agreed rate of £42 millions per annum. According to the Report, India is likely to draw £56 millions, and Ceylon about £7½ millions; Pakistan's drawing, not specifically stated in the Report, may turn out to be between £6 and £8 millions.

But what are the needs? India, at the time of drawing up the Report, was calculated to be facing the prospect of a balance of payment deficit of £150 millions, but "this estimate is based on export and import prices prevailing at the end of 1951, since when there has been a further deterioration in the terms of trade"²; in Ceylon, "the future trend of the balance of payments position is likely to be towards overall deficits,"³ which in the current year might be prudently estimated at about £10 millions; Pakistan may reasonably expect this year to break even on trading account. Meanwhile, however, Pakistan expects that £43½ million of her development costs will remain uncovered by revenue, and the corresponding figures for Ceylon and India are £11½ millions and £95 millions respectively.⁴

Against the needs thus revealed, the sources of overseas

¹ India's exceptional case must be mentioned where the favourable effect of export prices (rising on an average less steeply than those of the other countries) was offset by the effects of the disastrous drought in the summer of 1951; the financial position would have been impossible but for the American loan of £70 millions to cover the importation of food grains which, at 5½ million tons, were just over double the estimate.

² *The First Annual Report of the Consultative Committee*, p. 24.

³ *Ibid.*, p. 12.

⁴ Figures calculated from pp. 33, 14 and 24 of the *Report*.

finance presently in sight are grants of £21½ millions from the United States (£18 millions to India and £3½ millions to Pakistan); grants of some £15 millions from Australia, Canada and New Zealand (£9 millions to India, £5½ millions to Pakistan and £½ million to Ceylon); loans of £11½ millions from the International Bank (£8½ millions to Pakistan, £3 millions to India, and negotiations proceeding with Ceylon for a loan which is unlikely to become effective in the current year); and grants of £1½ millions from the Ford Foundation (£1 million to India and £½ million to Pakistan).

If trading balances improve through a genuine increase in export prices, the position will be easier. If they are made to improve by draconian import cuts, the financial strain will be reduced; this will, however, simply mean that the countries are financing their development programmes by direct reduction in the standard of living,—the exact opposite of the whole purpose of the Plan. As things now stand, however one looks at it, there appears to be an uncovered gap of at least £100 millions, and maybe of almost £200 millions. In future years the possibility of drawing on sterling balances will be less favourable; and in 1957, just as we meet the planned opportunity and necessity for much larger investment programmes,¹ the sterling balances will disappear.

We cannot therefore share in the qualified optimism which seems to be the objective of the authors of the Report. On the contrary, the more carefully the figures in the Report are studied, the more they seem to us to offer a complete vindication of the much more anxious forecast with which we ended our survey of the prospects of the Colombo Plan.

¹ See paragraph 68, above.

(ADVERTISEMENT)

AN INTRODUCTION . . .

I am grateful to the authors of this Report for the opportunity of introducing, to those who do not know of it, the work of the British Committee of *The Congress of Peoples against Imperialism*.

It is no accident that a group of Asian and African countries have been recently taking the lead in the United Nations for Peace and World Development. All Colonial Peoples passionately desire both. They have suffered from economic exploitation and now want economic co-operation.

During the last four years the major national democratic movements in the British and French Empires have become federated in *The Congress of Peoples against Imperialism* which covers twelve countries in Africa and Asia. The British Committee co-operates continually with the Colonial Peoples through the Congress. It is doing good work in Parliament and among the public.

Those wanting further information about the Congress may have it from Mary Klopper, Organising Secretary; those wanting to support it should send contributions to Mr. Leslie Hale, M.P., Treasurer; the address in each case is 21 Strutton Ground, London, S.W.1.

FENNER BROCKWAY,
*Executive Chairman of
The Congress of Peoples against Imperialism*