

## HOUSE OF COMMONS

Friday, 30th November, 1956

The House met at Eleven o'clock

## PRAYERS

[Mr. SPEAKER in the Chair]

## NEW WRIT

For Melton, in the room of the Right honourable Harold Anthony Nutting (Manor of Northstead).—[Mr. Heath.]

COMMONWEALTH  
DEVELOPMENT

**Mr. Speaker:** I have considered the Motion on the Order Paper and the Amendment thereto in the name of the hon. Member for Rugby (Mr. J. Johnson) and other hon. Members, which seeks to add:

"pending such action and having in mind that several dependent territories will shortly achieve independence within the Commonwealth; that such territories will continue to welcome British investment and aid to their economic development, is of opinion that a Commonwealth Development Corporation should be established, with adequate financial resources and powers to serve as Her Majesty's Government's main instrument for assistance to economic development in those present dependent territories which in future achieve independence within the Commonwealth; such new corporation should absorb the existing Colonial Development Corporation and be enabled to make use of that Corporation's organisation and personnel; and the powers of the new corporation should include power to establish or to operate through local development corporations in agreement and co-operation with governments which in future achieve self-government and desire to have such co-operation".

To propose the Question which that Amendment would imply, namely, "That those words be there added", would, it appears to me, restrict the debate from the general question in the Motion in the name of the hon. Member for Harrow, West (Sir A. Braithwaite) to the particular matter mentioned in the Amendment. As it is undesirable to restrict the debate, I do not propose to select the Amendment, but I should like to say that it will, on the Main Question, be quite in order to discuss the proposition which the Amendment contains.

11.7 a.m.

**Sir Albert Braithwaite** (Harrow, West): I beg to move:

That this House, being of opinion that the development of natural resources throughout the Commonwealth and in the Colonial Territories, for which the United Kingdom has special responsibilities, will contribute to the welfare and prosperity of all its peoples, and believing that the task of implementing that development is one that this country should devote its urgent attention to in partnership with other members of the Commonwealth, urges Her Majesty's Government to invite them to join in the setting up of Commonwealth machinery for that purpose.

I count myself singularly fortunate in having been successful in the Ballot and being able to put this Motion upon the Order Paper. I entered this House in 1926, and I have put my name down for most Ballots over that long period since, and never before have I been successful.

I am very glad to have this opportunity of bringing this subject to the attention of the House, because it is one of vital importance to us here and to the world. It concerns the future well-being of nearly 700 million people. The well-being of our island home has been built up over many decades around this great consortium of peoples. Our great shipping industry, our great steel industry, and the work of supplying food to our island have each formed an integral part of the great master plan of bringing together many different peoples all over the world.

It is unfortunate that differences divide us in this House. Over the past six weeks I have felt very unhappy at some of the things which have happened here. Today, we are discussing something to which all of us, for whichever party we speak, can render service and with which we are all in complete agreement. Whether our methods of approach be the same is one thing, but, on the major issue, we are trying to build a federation of independent sovereign Powers, all actuated by the ideal of working for the well-being of all and being good neighbours to one another, co-operating for the common good of themselves and of the world.

I yield to no one in recognising what this country has done. The progress which has taken place during the past era in each country of the world owes a good deal of its origin to this island. We fostered the development of the great Dominions, and it must be with feelings

of pride that we look to the great achievements that those countries are now demonstrating to the world.

The whole tenor of Commonwealth development is changing. There are emerging Powers which are to have self-government. Because they achieve self-government does not mean that they will not need our help and advice and our encouragement. These emerging Powers will probably come to rely on us more than ever for a short time until they have found their feet, and I hope that we in this country will do everything we can to support them in the strenuous efforts that they will have to make.

Finance is a funny thing. I am not at all sure that it is not getting too powerful for the world. The power of finance sometimes seems to get out of control and out of reason. It offsets some of the ideals and ideologies that we all want to put forward and it is to me a tragedy to see the difficulties that we encounter in playing a great part in the development of Canada in the form that we should do.

Canada is becoming one of the great countries of the world. Its mineral resources and the development that has occurred there are quite staggering. I have tried in my small way to interest as many people as possible to go to that Dominion. I took out a great consortium of civil engineers to see what we could do in connection with helping with the Seaway, but the difficulties of finance prevented our full participation. It is strange that it should be possible for the ordinary people of the country to go to practically any other part of the world but that they should be debarred from going to the United States and Canada, who are among our closest and nearest allies. The difficulties of providing dollars for people to go seem insuperable. We have not the facilities which I should like to see available in that direction but I hope that sometime in the near future a rearrangement may be possible on this very important subject.

Our shipping has been one of the main factors of world development for many generations, and has connected the countries. Now, our airlines are bringing us even closer together, and the fact that the radio and the telephone have brought practically every part of the world really close together makes it incumbent upon

us that we should examine this problem in an entirely new way.

Massive developments are going on in the world but our full participation is precluded because of some of the difficulties and responsibilities that we have undertaken. The fact that the population of this country have had to carry a burden of £7,000 million since the war for the production of armaments for the defence of the free world has altered entirely the economic structure of our balance of payments. In this great expenditure we have had to pay for imports with which to manufacture, and our balance of payments has left us short of moneys which would automatically have gone into development.

The high taxation that we have had to put upon our people has meant that ordinary investors, apart altogether from the Government, find it difficult to save to invest abroad, as they used to do. There are two kinds of development which are essential to the Commonwealth. There is, first, what I call the basic development which supplies the essential services—transportation, power and water—which are necessary for any industrial or social build-up. These services are very costly nowadays. When we consider the cost of the Canadian Pacific Railway and compare it with building a railway across Africa today, the increase in price and cost makes the two look almost quite different problems.

These facts must, however, be faced, for it is no use having these vast areas if there are no means of getting people there, getting goods away and getting them to a place where they can be delivered. And so I say that these basic developments, which should come first, particularly in the undeveloped countries, are a primary duty that we ought to examine with the greatest possible care.

I believe that, those developments having been undertaken, ordinary industry is in the main capable of following on; and with the industry following on, social progress can be made, education can be given and a build-up of life in those countries can be established, if only we can move along that kind of line. This conception of the Commonwealth is an idea which ought to be at the back of the mind of everyone in every part of our country, and in every part of the

[SIR A. BRAITHWAITE.] Commonwealth, because we are interdependent upon one another. Our system has made it so.

When the emerging Powers form their own Governments, they ought to qualify for membership of the board of directors, and they ought to be able to take their place in the advisory counsels of the Commonwealth as quickly as possible. They will want more help than the older established units, but there are so many of them now.

We see the emergence of Malaya, a very important part of our Commonwealth, where supplies of rubber for the whole of the Commonwealth are dealt with. There is the new Rhodesian Federation, which is moving on and which recently startled the world with its great Kariba scheme, which will generate electricity for the whole of that area. Then there is the emergence of Ceylon. We want the Ceylonese to play an important part in the Commonwealth. They have special responsibilities because of the special commodities which they produce, which are needed everywhere.

Then, as everybody knows, we are considering the emergence to independence next year of the Gold Coast, with its vast problem of how we are to finance the great Volta River scheme. That scheme is one of the most important schemes in the world at this moment. The production of aluminium and the development of the bauxite and the hydro-power to make it there will affect our economy very substantially. Practically all of our existing requirements are bought for dollars, but this new scheme is in the sterling area. Last year we spent £30 million in dollars on bringing aluminium to this country. How are we to tackle these vast schemes? This one plan will cost £300 million. With our depleted resources here how can we say with certainty that we are in a position to find such vast sums of money?

I think the time has now come in Commonwealth affairs for us to have a major change of plan. The grown-up parts of the Commonwealth must come in as partners and take part of the load and the responsibility which this country carries, remembering all the time that we are carrying a burden of armaments and of help in the defence of the free world which is for the benefit of all. Therefore, I feel that some modicum of this great

expense should be borne by the Commonwealth, and I am convinced that the time is ripe to take into consultation all the Commonwealth Governments, and to ask them if they will examine this problem with us, ask them to see what things we ought to do which will be for the greatest benefit of all, and ask them to establish a system of priorities for these works that we can carry forward in proper sequence. I am certain we shall find a response if we ask them to help in this direction.

I would now say something of the Colonial Development Corporation. It has done a great deal in our colonial affairs. After a rather difficult start it has now proved itself to be a useful and beneficial organisation. It has now 66 development projects in 21 Colonial Territories. Approximately £70 million has been committed, of which £40 million has been so far employed. In 1955 there was a surplus of £409,000 after paying Colonial Office interest of £307,000. An equally satisfactory report is expected in 1956.

The Corporation is continuing its policy of working in association with private enterprise, and in most projects now has commercial partners. There is also close co-operation with colonial Governments, and every effort has been made by the organisation to bring local people into participation.

The question of the borrowing limits of the Corporation will, if not tackled quickly, give rise, in the very near future, to some apprehension. The Overseas Resources Development Act, 1948, limited the Corporation's long-term borrowing to £100 million outstanding at any one time. The capital balance today, including special loans for earlier projects abandoned or retrenched, is now over £80 million. Further capital is required to bring some existing schemes to fruition, and is likely to amount to not less than £15 million, and the capital requirement for new proposals currently under examination would bring the total far above the statutory limit. It is too early in the Corporation's life for it to have been able to build up reserves for capital reinvestment, so if its work is to go on an extension of the limit is absolutely vital.

These emergent territories such as the Gold Coast, Malaya, Nigeria, the Federation of Rhodesia and Nyasaland, and the

Caribbean Federation which is to come are to be outside the Colonial Office purview, and under existing legislation the C.D.C. will be debarred on legal grounds from continuing to operate in those territories. That is a matter which needs to be dealt with in some way at an early date, so that there is no lag in the effort.

**Mr. James Griffiths (Llanelly)**: This is a very important point, and I hope that the Under-Secretary of State will say something about this today. As I understand it, though I may be wrong, the position is that the C.D.C. will be enabled by the existing Statute to continue its support to projects established in the Colonies while they were Colonies, but once they become independent the Corporation will be prohibited from investing more money in them after that date. That seems to be a problem, and I hope that the Under-Secretary of State will clarify the position for us.

**Sir A. Braithwaite**: I am sure that the C.D.C. would deplore any negative approach. I suggest that it is time for thought immediately to be given to re-equipping the Corporation with new terms of reference to forward the aims of the Government, in concert with other Commonwealth Governments, and to assist in economic development in any part of the Commonwealth where it is needed.

I say this because I have watched the operation of this Corporation. I consider that it is now experienced in the handling of public money. It has many associations with private capital. It has made contacts and established confidence with territorial Governments all over the Commonwealth. It is an efficient organisation ready to be used in still wider Commonwealth economic development.

**Mrs. Eirene White (Flint, East)**: I understand that we cannot in this debate anticipate a debate on forthcoming legislation, but if the hon. Gentleman has read the Ghana Independence Bill which has just been presented, he will have observed that the Government have made it clear in that Bill that the C.D.C. will not be allowed to continue there.

**Sir A. Braithwaite**: If that were so, I should deplore it, because I believe that here we have an instrument which, built

up over the years, has experience, has the personnel and the officials available for dealing with the various problems. It is very hard to build up such an organisation. It takes years to get it working on a satisfactory basis. Let us not throw away all the work that this organisation has done and start to build a new one, with all the expense involved. That organisation has already accumulated the knowledge which a new organisation would take a long time to accumulate.

While I wish to see an extension of the C.D.C., I should like to make it an instrument of an entirely new policy. I advocate the setting up of a Commonwealth development council, with representation from all parts of the Commonwealth, sitting as a statutory body to examine schemes and give out priorities. I wish to see in that council a proper Commonwealth finance organisation. Whether we call it a Commonwealth plan, or whatever we call it, we require to have an organisation which is truly Commonwealth in its ideas, for carrying out these big development projects.

Because I believe that this country cannot at the moment—I say “at the moment” because I think that our industrial investment in a few years’ time may not be as heavy as it is now and that we shall have the wherewithal to come back rather more strongly than we can today—carry this load by itself. I think we must have some Commonwealth participation in the responsibility for this work and this finance.

I visualise that over the next ten years this work will cost some £3,000 million, a vast sum of money. However, when we remember that this island has spent £7,000 million since the war on armaments, we may well consider that this other expenditure ought to be faced, for it is for the good of humanity in general and of the Commonwealth in particular. Since we have been able to find so much money already I feel that this other financial requirement, vast though it is, is not beyond our range. I feel it is not beyond our ability to get these projects moving, even on this scale.

We cannot, however, go out in the world anywhere and pick up £3,000 million as easily as all that. The job must be organised. I want to see a financial organisation under a Commonwealth council empowered to raise money



[SIR A. BRAITHWAITE.] for this purpose. I want us to be able to go out and borrow money, and I want the Commonwealth Governments to stand behind that borrowing with a guarantee of interest. It does not mean a vast guarantee when one looks round the Commonwealth and considers where a scheme of this kind could be provided.

A guarantee from the Commonwealth of £50 million might be quite sufficient for us to raise on world markets the necessary capital sums to carry out this project. If that is so—and I should like it to be examined very closely—I feel that we should be getting somewhere, and we should not have these continual crises in connection with schemes which ought to go on but have to be held back through lack of finance and equipment.

To give some idea of the value of these great schemes to the country, I would remind the House that on every major problem, whether it be railways, docks, harbours, power, or water supply, 33 per cent. of the total gross cost of a scheme is in respect of plant which has to be put to work to carry the scheme through. That points to a vast vista of business for engineering firms in this country and elsewhere, and it is something on which we can steadily build our own economy here and keep our people employed, if these schemes are enabled to go ahead.

I hope that that consideration will be given and that this council will be formed, will get down to work, set out these priorities, and give us a report of what is required and can be done to the best advantage of the whole of the Commonwealth. In passing, I would also suggest that a great many things can be done to improve the food situation in the world through our own Commonwealth. The world food situation is not satisfactory, and the population of the world is increasing all the time. There are many parts of the world where there is under-nourishment and difficulties are appearing, and there are vast areas of our Commonwealth which can be dealt with if we can secure the necessary drainage and water supplies in those places.

Whilst we are in this precarious and difficult position in the matter of dollars, would it not be advisable for all possible countries in the Commonwealth to grow our coarse grains so that they could be

purchased within the sterling area without our having to pay dollars for them? We paid a very big bill last year for coarse grains which can be grown in many parts of the Colonial Territories, in particular, if encouragement is given, but all that depends upon the provision of transportation.

I want to say one or two things about particular schemes. One of the difficulties in Europe over the next ten to fifteen years will be the supply of coal to the whole of Europe. Years ago we were able to export 30 million, 40 million or 50 million tons a year from this island. The day has gone when we were an exporting nation. We are now a net importer of that fuel. It takes a long time to develop a colliery. Six or seven years pass before one gets any real results.

**Mr. J. Griffiths:** More.

**Sir A. Braithwaite:** Therefore, we must consider where we can get coal readily and easily. I know that all hon. Members do not agree with what I have done since the war, when I started digging coal, but 145 million tons have been obtained since, and whether the House agrees with the method or not, that has been a substantial contribution to our economy.

The same development can take place in the Colonial Empire, where the seams are much bigger and the coal is of just as good quality. The Colonial Development Corporation has spent £600,000 in improving coal mining in Tanganyika where there are unlimited quantities of coal of 1,200 B.T.U. value of coking quality. Already, after this expenditure, there has proved to be about 300 million to 500 million tons available. In Rhodesia the Wankie Colliery is going flat out and can be extended to supply a really good coking coal for the world, but there will be no development work there now, with the Kariba Dam coming along and the country going over to electrical motive power. Some of this coal may be surplus, because I understand that electrical smelters will be installed in the copper fields.

That coal can be cut and won at prices which sound fantastic to us in this country. On the basis of producing 10 million tons from each field, that is 20 million tons, the coal can be won, prepared,

screened and put into wagons ready for shipping at a cost of 17s. 6d. a ton, but there are no railways to take the coal away. I want to see a railway built to a good port in Tanganyika, and a West-East railway right across Africa to Walvis Bay. It would not only serve to develop that part of the world but it would give us an immediately supply, not particularly for our own country but to secure for us, through the Colonial Empire, the European markets which we have lost and which are now filled from dollar sources.

America is sending 40 million tons of coal to Europe this year. This was formerly our market. I cannot placidly sit down and allow the Americans to get all the trade which this island should have. I should like to do all I can to ensure that we get a bigger share of the market and build up our volume of trade and business in the proper way.

**Mr. A. Fenner Brockway** (Eton and Slough): The hon. Member said that coal would be produced more cheaply. Did he allow for the lower rates of pay which Africans receive, and has he no proposal for raising their standards?

**Sir A. Braithwaite:** I was not thinking of low wage-rates. I was talking of digging this coal with machines which will operate at much the same charges all over the world. Machines can be obtained which will dig 25 cubic yards at one time and do that 60 times to the hour.

**Mr. Brockway:** But men will still be employed.

**Sir A. Braithwaite:** Surely, and men with machinery of that kind can earn good wages. I am not trying to say that we should in any way use labour at rates which are not commensurate with the kind of development which is our responsibility.

The O.E.E.C. Committee stated in its booklet that Europe will be short of between 400 million and 500 million tons of coal a year in 1960. We could not manage without coal, even if we had atomic power everywhere tomorrow. Coal is the basis of many of the goods which we produce in industrial life, and good coking coal is vital to our iron and steel production, especially in

Europe. I see possibilities if this House and the Commonwealth will help to develop outlets for these products which will otherwise never develop.

The West-East railway I have suggested would serve the whole of Bechuanaland, one of the most fertile areas, where the C.D.C. has a good meat range. I am not keen on continuing to take all the Argentinian surplus meat if we can produce in the Commonwealth the meat which we require. Therefore I should like to develop those areas and get some more of our meat supplies from them. There again, however, the question of transport arises, and also the basic need to build up industrial life in those parts of the Commonwealth.

I understand that in Nigeria one of our great companies has discovered oil in quantity. I hope that that is true, and that this oil will be developed and exploited. I hope also that the Commonwealth will put sufficient money behind that enterprise to ensure that we have a steady flow of oil.

There is one other subject which I feel hesitant about mentioning, but which is always in my mind in my travels around the Commonwealth. In Alberta, apart from the wells now in operation, there is a great deposit of tar sand which contains the largest volume of known oil reserve in the world. There is a chemical process for getting oil out of the sand which I understand is economic. I should like to see our oil companies going further into Canada, particularly now that there is to be a seaway through, and trying to get our oil from that part of the world. Oil is vital to our economy, and our Commonwealth should help to provide it.

**Mr. J. Griffiths:** Provided that we do not sell out afterwards.

**Sir A. Braithwaite:** I could not agree more. I deplore the fact that we have had to deal with some of our oil supplies in that way.

I should not like to sit down without saying something about the value of American contributions to the Commonwealth. Personally, I welcome American capital coming into it, but I prefer it to come in under proper and fair terms. I do not like it to come in with a tied provision.

[SIR A. BRAITHWAITE.]

We hear much about the World Bank, the great organ of America, in which we have a share. More insidious is the Import-Export Bank of Washington, because every loan made by that bank is tied to American production, and nobody else gets a share in that. However, in these difficult times every dollar or pound that can be invested in the Commonwealth is a help.

Of course the World Bank has done good work for us in two or three directions, but the participation of Britain and the Commonwealth in its activities fell last year from 23 per cent. of its loans to 13 per cent. That is quite serious. The World Bank has put 347 million dollars into Africa and 259 million dollars into Australia. Those are substantial and helpful amounts but, whilst thanking our American friends, I hope they will realise that if they unbalance too much the two-way traffic between this country and our Dominions, where we can buy our food and raw materials, they are not rendering the service which they would be giving if they allowed us to have a bigger share of the manufactured products which go into those schemes.

For instance, we were very disappointed that the Kariba Dam contract went to the Italians. The bulk of the money involved came from the Commonwealth, but as a large part of it came from the World Bank this had to be a world transaction. Britain lost the contract. I suppose we can only blame ourselves, because we wanted more money and therefore we cannot grumble because we were priced out of the job. On the other hand, when large blocks of money come from this country and from the Commonwealth the work should go there. It is not just the physical carrying out of the work about which I am speaking, but also the machinery, and the other things going with it.

**Mr. Austen Albu** (Edmonton): Is not the hon. Gentleman rather contradicting himself? Has he not just said that if the Import-Export Bank of Washington supplies the capital, it should allow the plant to be purchased in this country? He really cannot have it both ways.

**Sir A. Braithwaite**: That may be so, but this is a Commonwealth of the British peoples, it is not the Commonwealth of the United States.

I conclude by commending my Motion to the House. I am glad to have had the opportunity to put forward these views, which I hold strongly and sincerely, because this is something which we can all work together for the good of everybody. I hope that the Government will look on this Motion with favour, and will call together the representatives of the Commonwealth as soon as possible, in order to see whether some of the proposals that I have suggested can be accepted.

11.48 a.m.

**Mr. Bernard Braine** (Essex, South-East): I beg to second the Motion.

I am sure the whole House will join with me in congratulating my hon. Friend the Member for Harrow, West (Sir A. Braithwaite) on his luck in the Ballot, on his wisdom in selecting this subject for discussion today, and on the thoughtful and constructive speech to which we have just listened. Whereas many of us are content to talk about, write about, or even sometimes dream about Commonwealth development, my hon. Friend practises what he preaches. Long after many of us are forgotten, engineering works undertaken by him in company with others all over the world will stand as monuments to British engineering genius, organising skill and business acumen. We are all grateful to him for having launched this debate in the way that he has done.

Many years ago, the late General Smuts said of the great association of sovereign States and Dependencies, then called the British Empire, that the term was misleading. He said:

"We are far greater than any empire that has ever existed, and by using this ancient expression we really disguise the main fact that our whole position is different, and that we are not one State or nation or empire but a whole world by ourselves . . . a dynamic system growing, evolving all the time towards new destinies."

I have always thought that to be an extremely apt description. The process of growth has continued. New States have emerged; new States are emerging. New patterns of relationship are developing: none of us can predict what final form the Commonwealth will take.

We are in the last stages of transition from a centrally-directed Empire to a loose partnership of equal and independent States. The idea of tutelage is

fast giving way to the concept of partnership. All this is healthy and inevitable and there is no reason to believe that the partnership will not continue to flourish.

If the system has held together up till now, it has been due, not so much to tradition or sentiment, or even the habit of association, as to the existence of very real material ties of mutual self-interest. As the remaining Dependencies move towards self-government, attain independence and exert mastery over their own affairs, so these economic ties loom larger. They loom larger because, as my hon. Friend has pointed out more than once, we need expanding markets for our engineering products, and the new countries in the Commonwealth, ever hungry for capital, need the goods and men and technical advice which we can supply. Thus, it seems to me that the survival of the Commonwealth really depends upon the importance that its members attach to membership of the sterling area, and engagement of favoured access to the markets, the capital and expertise which this country can provide.

I should like to consider for a moment the situation as we face it today. How far are we to fulfilling our traditional rôle as providers of capital for the Commonwealth and as suppliers of technical skill and direction? Here two assertions are relevant. The first is that, in recent years, we have failed in our traditional rôle of supplying capital on the scale that the Commonwealth requires. The second assertion is that the machinery necessary for canalising the export of capital goods and of providing expertise exists and flourishes here in London more than in any other part of the world. If both of these assertions are correct they lead to certain inescapable conclusions.

Take first the question of capital for Commonwealth development. Our capacity to supply capital, that is to say, to demonstrate to the world that the Commonwealth is, in fact, a going concern, depends on the attainment of three objectives. I know that the House has heard this over and over again, but I think that it is well worth while to remind ourselves of them. Let me take the three objectives together, because they interlock.

The first objective is the achievement of a substantial and continuing surplus on  
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our balance of payments. The second is the achievement of a surplus of total income over total consumption large enough to provide us with the means of re-equipping and enlarging our own productive capacity, so as to ensure that we are competitive in world markets and are able to supply the physical resources for development overseas. The third objective—and this is the one matter upon which one hears nothing but airy notions, and no practical suggestions at all—is the achievement of a proper balance in the allocation of resources available to meet our needs at home on the one hand and those of developing countries overseas on the other.

The truth is that, since the end of the war, we have fallen far short of the attainment of those three objectives, and at no time have we been in sight of achieving the £300 million to £350 million surplus to which my hon. Friend referred. He talked of the burden of defence, and I am in a substantial measure of agreement with him, although, of course, if we permitted our defences to run down, conditions might quickly prevail in the world which would make it impossible for us to earn our living.

It could be argued also that under successive Governments we have preferred to concentrate on the building of the Welfare State—a "Live for today, and let tomorrow go hang" state. That is probably a superficial view, but we certainly cannot plead poverty. I would recommend to the House a most interesting article in the July issue of the *Lloyds Bank Review*, by Professor F. W. Paish. The writer pointed out that, despite an increase of 70 per cent. in our real national income since 1913—a year in which our exports of capital, at today's prices, were in the region of £800 million—in the last three years, excluding the present year, our exports have averaged only £60 million a year.

This is the conclusion which Professor Paish draws:

"The failure of Britain to maintain since the war a margin of saving over domestic investment sufficient to supply out of her own resources more than a fraction of the capital needs, even of those countries in the Commonwealth which are accustomed to look to her for finance, is perhaps the most important cause of her decline as a world power."

That is a very serious conclusion. I am quite ready to admit—and no doubt

[MR. BRAINE.]

My third conclusion is that if we are to squeeze more capital out of this country, either under existing conditions or under conditions which we hope will develop when the Chancellor puts his promises into effect, and if we are to attract new capital from other sources, notably from Western Europe—I believe that is possible—then a great deal more requires to be done to bring home to people the opportunities which that development will provide. That is not an idle thought, because it happens to be a fact—those of us who study Commonwealth affairs know it to be a fact—that where interest is aroused, where prospects are discussed, where potential is measured and where government is sound—and I have particularly in mind Canada, Rhodesia and Australia—then there is not much difficulty in finding the capital for investment. There is not much difficulty, for example, in interesting a country like Switzerland which has become one of the greatest exporters of capital in the modern world. Indeed, there has been no difficulty in attracting Swiss money into massive projects in Australia, Southern Africa or in Canada, because the prospects are seen to exist, are understood and grasped.

Two interesting suggestions leap to mind. The first is the thought-provoking suggestion made by my hon. Friend this morning that we should have a Commonwealth Bank or a Commonwealth Development Agency charged with the task of finding the money for basic developments. After all, that is the kind of development which needs to be undertaken before any other kind of development is made possible. We have two agencies already existing in this country through which that kind of basic development is undertaken.

We have first the colonial development and welfare fund, from which money is passed to various Colonial Governments, and we have the Colonial Development Corporation. I should like to pay tribute to both. I think that they perform invaluable service to our country and to the Colonial Territories. But, as my hon. Friend said and Hon. Members pointed out during the course of his speech, we shall soon have to reconsider the future of these agencies.

The hon. Lady the Member for Flint, East (Mrs. White) reminded us that the Colonial Development Corporation is operating now in territories which will very soon become Dominions. I have a dislike of the word "Colonial". One good psychological change which we could make, if no other, would be to change the title of this organisation. I have in fact argued before now that the Colonial Office is an anachronism and ought to be abolished, and that we ought to have a new Ministry of Commonwealth Affairs to take account of the realities, changing needs and aspirations of the Commonwealth peoples, and perhaps one day—I started saying this about three or four years ago—those of us who agree with me will see that the necessary change is made.

The Colonial Development Corporation itself in its Report, on page 9, says that there is need for re-thinking on this subject. The Corporation "... points again to the opportunity, advisability and indeed in its view duty of co-ordination of C.D.C. and C.D. & W. funds; governments might thereby meet essential but financially unremunerative elements, C.D.C. and its partners taking care of the rest." I hope that that recommendation, together with what my hon. Friend said this morning, will engage the closest, earliest and urgent attention of the Government.

My second suggestion is this. I think that it is generally agreed nowadays that comprehensive, continuous and early economic information is an indispensable tool of modern government. There is no businessman or industrialist in this country who does not consider it an indispensable tool of his own business. Therefore, I think that there is the strongest possible case for extending and improving the existing Commonwealth machinery for the collection and dissemination of economic information. In this connection I would like to make two suggestions.

First, Her Majesty's Government should widen the scope and extend the functions of the existing Commonwealth Economic Committee and discuss with other Commonwealth Governments how its services can be utilised more fully for the benefit of all. Second, Her Majesty's Government should examine with other Commonwealth Governments the possibility of making jointly or severally a continuous appraisal of Commonwealth

resources and development potential. In short, I am suggesting a Paley Report for our quarter of the globe.

The Paley Report was not an academic exercise. It was admirably conceived, carefully thought out, and, as I was told by American businessmen and industrialists when visiting the United States earlier this year, it has already had a massive impact upon the forward thinking and planning of American business and industry.

I ask my hon. Friend who will reply to the debate to bear in mind that within one year of the Paley Report being published the National Security Resources Board of the United States was recommending changes in tariff policy to encourage low-cost imports into America; was calling for more emphasis on technical assistance programmes in order to encourage mineral development overseas; was advocating loans for small mining companies and requesting more federal money for research into production methods and conservation of raw materials.

The Americans are not slow in these matters. It is high time that we followed their example. I suggest that the best way in which we could do so would be to get the Commonwealth Governments to agree to the proposal or, if they will not agree, for us to undertake the job ourselves in regard to the Colonial Empire. If we want to sell the idea of Commonwealth development to intending developers and businessmen, we must take our goods off the dusty shelves at the back of the shop and put them in the front window.

In all this, and in much else too, responsibility for giving a lead, setting an example and sparking the imagination rests squarely upon us in the United Kingdom and upon nobody else, because it is manifestly clear that, although we can no longer command adherence to our policies and desires in the modern Commonwealth—that day has gone—nevertheless we remain the only possible hub around which the system can revolve.

To me, Commonwealth development is an exciting adventure. It spells beneficial change and growth, enrichment of the world and enlargement of human happiness. It provides a real opportunity to reconcile healthy self-interest with the noblest of ideals. It

should command the highest priority in Government policy and planning. For these reasons I have the greatest possible pleasure in seconding my hon. Friend's Motion.

12.19 p.m.

**Mr. James Johnson (Rugby):** We all envy the hon. Member who finds himself lucky in the Ballot, and we envy the hon. Member for Harrow, West (Sir A. Braithwaite) today his choice of subject. We have listened, if I may say so with all sincerity, to two excellent speeches made in moving and seconding, and although some people object to the televising of our debates in this Chamber, I think that this morning that might have been done for the two opening speeches at least, if not for the one that is now following, particularly for those people in East and Central Africa, because a paper that goes out to East Africa and Rhodesia has been speaking solely on the Suez debates about the "howling mob in this Chamber." The atmosphere this morning and the sentiments which have been expressed show that all parties on both sides of the House are willing and able to help those people overseas who are suffering from a false idea about the Suez debates and also about our colonial debates.

For many years the Secretary of State for the Colonies has used a somewhat euphemistic term about our debates, and he has spoken about a "Council of State." I honestly feel that for once we might regard ourselves as a Council of State in this matter, because we all feel much the same. We wish to do all we can to develop these resources overseas, both in the so-called older white Dominions and in the emergent territories—the coloured Dominions. Next March the Gold Coast becomes a Dominion, and in 12 months' time, perhaps, Nigeria will also be one and, who knows?—there will also be the Caribbean and Malay Federations, and so forth.

The first two speakers have emphasised the enormous importance of opening up the hinterlands, with all their aluminium, bauxite and copper deposits, and getting those minerals to the coast. Nothing can be more important than docks, harbours, roads, railways and similar transport facilities. Lord Chandos—formerly Mr. Oliver Lyttelton, the Colonial Secretary—often talked about these schemes and said



[MR. JOHNSON.] that we could not invest a deficit. That is perfectly true.

A short while ago I was talking about the whole question of economic development in the African territories with the President of Liberia, Mr. Tubman. I said to him, quoting Lord Hailey, "It is obviously important that we should have education in Africa." I said that I felt that the biggest single job to do in Africa was that of educating these peoples, who are slightly behind us in cultural and technical development. He said, "By no means; what I want to do in Liberia is to build roads—and roads, and roads." He said that education could come along with it, but roads were what we must think of in this vitally important task of opening up this bush and hinterland and getting out the materials which we need so badly.

The hon. Member for Essex, South-East (Mr. Braine) spoke about the Paley Commission. I could not agree more that we need a high-powered, live commission to investigate our wealth and resources. We have not yet got a geographical atlas of the Colonies, never mind a geological one. We have no kind of geophysical survey. This is a fearfully important matter. I suggest that we should put upon this commission people of the calibre of Professor Arthur Lewis, and with the same high power to investigate the potential wealth lying in these overseas possessions.

I now want to say a word about the suggestion that we should have a Commonwealth Development Council. This is a fine concept, and I believe in it, but it will take time; it will take machinery, and also the good will and co-operation of all these sovereign equals of ours—our sister Dominions overseas. In the past this has not been too easy. One does not want to go into that here, but I would point out that the Canadians have their own problems and their own outlook upon world affairs, as we have seen in the last week or two. Our sister Dominions do not always see eye to eye with us. It will take time before we can set up the machinery for a Commonwealth Development Council, or any other kind of commission.

I now want to turn my attention to what I hope will be the happy future of the Colonial Development Corporation.

I was pleased to hear the mover and seconder speak of the Corporation in the terms they did. I only wish that they had spoken in those terms five, six or eight years ago, when the Corporation got a battering from hon. Members opposite when they were sitting on these benches. The Corporation was then made a political cockshy, and the scheme was made a cockpit for party politics. I hope that those unhappy days have gone. We should look upon the Corporation, and any other financial or economic medium of investment overseas as being an all-party effort. If there are local peccadilloes and deficiencies, let us not attack the Minister for them but rather look at the matter in the light of what is best for the Colony concerned, or for the Commonwealth and Empire as a whole.

I confirm what the hon. Members have said about Lord Reith, at the top, and the people below him. One hon. Member has criticised him earlier for what has been called the "pidgin English" of his reports. I would prefer to call it staccato language. But forgetting that, we must agree that he is indeed efficient. He has done a fine job of work, and whatever we may say about Gambia eggs and other exploits of his predecessors in the past there is no doubt, judging from the latest Annual Report, that he is doing a very fine job.

**Mr. Braine:** With respect, I should like to make it perfectly clear that the earlier criticisms of the C.D.C., to which the hon. Member referred, were due to the fact that so many schemes were rushed into without proper care at all, so that capital was wasted. Lord Reith had no responsibility for that. Under his wise management and direction the Colonial Development Corporation has been a resounding success, and we praise it now because it is yielding results.

**Mr. Johnson:** Accepting that for a moment, I would nevertheless point out that there have been schemes, since the Labour Government went out of office, which have involved a loss. There was the Lobatsi abattoir scheme, which lost over £500,000—but we did not batter the Government of the day because of that.

**Mr. J. Griffiths:** We made no party capital out of it. We set an example.

**Mr. Johnson:** Yes—and the Press outside played it down, unlike their attitude to the minor peccadilloes which occurred when the Labour Government were in office.

The hon. Member for Harrow, West said a word or two about the emergent territories—the Gold Coast and Malaya, and my hon. Friend the Member for Flint, East (Mrs. White) mentioned something about a Bill which is to be introduced in the future. We cannot talk about future legislation now, but it seems to show that there is no doubt that the Colonial Secretary has intimated his half-formed ideas about the future of the Commonwealth Development Corporation in Ghana. It appears that under existing legislation the Corporation will not be debarred from continuing to operate, but if it wants to widen or amplify its operations, or wants to begin new schemes in the Gold Coast, the proposed Bill will cause some difficulty. It is Clause 4 which specifically mentions this matter, and which gives us cause for anxiety. The Bill will be debated in the near future and we shall then be able to discuss the matter properly, but this intimation of the half-formed thoughts inside the Colonial Secretary's mind gives us cause for anxiety.

Like the hon. Member for Harrow, West, I deplore this negative approach—to use the words which the hon. Member used in his speech. I agree with what he says about widening the activities of the Corporation and naming it the Commonwealth Development Corporation. If one speaks to Malaysians, Nigerians or any other of our peoples overseas, one finds that they do not like the term "Colonial." We need not discuss the matter now, but there is certainly an atmosphere—I will not say a smell—about the word "Colonial." These people do not like it. They are now becoming men; they are leaving behind their former adolescence and are saying, "We are now in the Commonwealth." There is a lot in a name.

It may seem a small matter, but I support the idea that the Colonial Development Corporation should become a Commonwealth Development Corporation. It would mean a lot psychologically. The people in our overseas territories would feel happier and more nearly equal to the old white Dominions of Canada, New

Zealand and the rest. I deplore the negative approach which is foreshadowed in the Bill which we have been able to see in the Vote Office.

The Corporation has supplied finance in the past, and will continue to do so, for economically self-supporting development in these Colonies. What I do not like is that ever since this Government took office, more onerous financial terms have been imposed on the Corporation. I understood that the C.D.C. was meant to undertake marginal activities in which, for instance, City of London or any other capital would not be invested. Obviously, it was not meant to go into the Copper-belt mining, but it was meant to operate in marginal activities which, for example, could not get more than 2½ per cent, whereas private enterprise wanted 12½ per cent. or even 20 per cent. We then invested public money in those activities.

Since very onerous financial terms have been imposed on the Corporation, and since it must pay interest on the money loaned to it, it has had to look for other more lucrative activities as a business finance house. It has been criticised on this side of the House because of that. It has had to pay its way. It is in a different position from a concern which in certain circumstances need not pay interest on its equity shares; the C.D.C. has to pay back its interest each year. In these circumstances, the C.D.C. has gone into activities of a slightly different nature from what we thought it was intended to take up some eight years ago.

The other point I wish to take up is the fact that C.D.C. gives economic and technical advice. We have sent overseas more technicians than any other nation. In actual fact, we should send more than we do. I am appalled when I go to Northern Nigeria at the fact that the population there with 18 million cattle has only one or two white veterinary surgeons. In Sierra Leone, there is only one Scottish veterinary surgeon in charge of the cattle. Therefore, we need to send more technicians of all types, not only in the agricultural field but in other fields. The C.D.C. has been doing that and has been one of the chief vehicles in investing in overseas territories in this way.

Marginal territories, such as Ghana, will need more and not less help in the coming years. Therefore, it is vital that

[MR. JOHNSON.]

we should have a continuing policy and organisation. We must extend the activities of the C.D.C. to cope with the new and bigger demands of the Gold Coast and Malaya, and, of course, Nigeria. We should also see that the C.D.C. is associated with such activities as the Kariba Dam. It should be investing in these projects alongside American and Canadian capital. We want to maintain our share of such capital which means economic power and our political advice.

Another point to which we should pay attention is that if we in the United Kingdom find that we are in need of certain items which are in scarce supply we should look to those territories which can supply those commodities. C.D.C. capital in conjunction with other capital should be invested in such territories.

On the question of coal in Central Africa, I, of course, want Mtwara Harbour to be developed and the railway of Nachingwea to go up to the Songea coalfield. At the same time, I think we have to be careful concerning who exploits the coalfields. I should like to see a public company exploit them so that if Tanganyika becomes a black African State we can hand over these publicly-owned assets to it. They would form the economic foundation for its future when it is on its own, as the Ghana people will be next year. It is important that we should think in such terms. I speak as a Socialist, of course. We on this side of the House see the matter in this light in regard to these people who will need all the financial help they can get when they become independent.

I mentioned the Copperbelt. I am a little disturbed about investment in the Copperbelt, because I understand that some 60 per cent. of that capital investment is American money. I should like to see more of our money invested there because the Copperbelt is so important for the political future of the Central African Federation. I have said something on a previous occasion about the dispute in the Copperbelt, and I do not now propose to talk about it or to mention the names of the people who are doing the fighting there. I have dealt with the matter elsewhere and also in this Chamber.

If we are going to have Governors or Secretaries of State who antagonise the African population, and if such acts as

the picking up of fifty or more African trade union leaders in the Copperbelt are to be continued, that will not be conducive to a happy industrial atmosphere and good labour relations. It will mean less output than we bargained for when we began sinking our copper mines. Therefore, I beg the Minister to convey to the Secretary of State for the Colonies how we feel about this matter. The industrial dispute is a most unhappy one, but the political happenings are even more unhappy. The sooner we get a more congenial atmosphere in the Copperbelt and less of this industrial malaise, the sooner we shall get higher output and the more everybody, both inside and outside the House, will like it.

I am not qualified to talk about the alternatives to public investment in the C.D.C. or in the future Commonwealth Development Corporation. There is the Commonwealth Finance Development Company and the International Bank, like the World Bank which has invested at Kariba. I believe that the more Commonwealth capital which is invested in these territories the better. I would rather see more Commonwealth capital invested in this way than American money.

Some say a third alternative source of capital is that from the U.S.S.R. I should not like to see much U.S.S.R. money put into the Copperbelt or into any of our other Commonwealth Territories. However, that is something which we can look at over our shoulders. Unless the Secretary of State for the Colonies encourages the C.D.C. to develop, we shall create an uneasy atmosphere in the Corporation administration such as we have had among members of the colonial administration.

We all know how some months ago there was great anxiety over the future of our European colonial administrators in Nigeria, and in East Nigeria in particular. There was anxiety about their future because of Africanisation. Many European officials felt that they would lose their jobs to African administrators who were moving up in the Civil Service. Many Europeans asked themselves whether it was worth while going into the Civil Service because of this insecurity.

What is going to happen among the personnel of the Corporation? They will

feel that there is not much future in it for them. They will be inclined to join the copper companies, I.C.I., the N.C.B. or any other big concern which offers them a chance of promotion. If these people believe that the C.D.C. will dwindle and become less and less important as more of the Colonies become full Dominions, they will not be interested to stay with it.

I can think of one project in which it is vital to have a first-class young executive in charge. That is the housing scheme for Lagos. Lagos has some of the filthiest slums in the Empire. The slums of Lagos do want cleaning up. The Colonial Development Corporation can, and I hope will—there is a scheme on the stocks—provide for housing there in a way similar to what has happened in other parts of the world—Singapore and elsewhere.

At the moment the need is for a first-class young executive in charge. The Corporation will pay good money and advertise, but will not get the type of applicants needed from among the young and keen people coming to the Colonies if those people feel that the C.D.C. is a dwindling organisation which will be of less importance in the coming years, and that there will be no jobs in Lagos in two or four years time when the Nigerian Government take over. So it is important that the Secretary of State, in particular, should make clear what is the future of the C.D.C. We must make it clear, perhaps during the debates on the Ghana Bill, that there is to be a future for the C.D.C. and the Government should make clear its feelings in the matter.

Do this Government, and especially the Secretary of State, feel that the C.D.C. is worth developing? There are suspicions in Africa that the Government do not. The importance of the C.D.C. must not be allowed to dwindle, and this uncertainty must not be allowed to exist. People working in the Colonies must feel that the Corporation is healthy and will expand in the future. There is a great need for the Corporation. Many hon. Members of this House who visit the Colonies are told that the Corporation is doing a first-class job. So let us give it support and financial aid. Let us give it the "all-clear" for the next 10, 20 or 30 years.

12.41 p.m.

**Mr. E. H. C. Leather** (Somerset, North): I am happy to find myself in agreement with most of what the hon. Member for Rugby (Mr. J. Johnson) has said. As he said at the start, there is no doubt in the mind of any hon. Member that we all want to help. Whatever differences there may be among us about the methods to be adopted our desire is the same. But may I say to my colleagues on the Government Front Bench that there is always a great risk that after a nice, unanimous, friendly debate like this, they will go home with the impression that we are all pleased with them. I, for one, certainly am not, and I should not like them to think for one moment that I am.

**Mr. J. Griffiths**: The hon. Member may be sure that we on this side of the House are not satisfied with the Government.

**Mr. Leather**: I do not wish to follow the right hon. Gentleman too far in that point of view, because I do not want to turn this into a party debate. But I am sure that hon. Gentlemen opposite, and my colleagues on these benches, would support me when I say that we are not at all satisfied that the Government have yet got a grasp of the size of this problem; or that they are devoting the immense amount of energy and attention to it that the vast ranks of the Tory Party desire. I do not believe that there is any hon. Gentleman in my own party who would disagree with that statement—I am prepared to give way if anyone wishes to contradict me, but apparently no one does.

One question with which I wish to deal, and which I wish to take up with the hon. Member for Rugby—he and I have discussed this before—is whether productive industries, such as coal, should be developed by private enterprise or, as the hon. Member for Rugby desires, as nationalised industries; and in that desire the hon. Member was strongly supported by his right hon. Friend the Member for Llanely (Mr. J. Griffiths). I wish to say as strongly as I can that I do not disagree with him for party or ideological reasons. I disagree with him for purely practical reasons because I think that all experience shows that the Government way, the nationalisation way, is a cumbersome.

[MR. LEATHER.] wasteful and uneconomic way of doing the job. That is why I disagree with the hon. Gentleman.

If the argument were advanced, as it is sometimes by hon. Gentlemen opposite, that because the Government do the basic work, therefore the Government should have the fruits and the kudos, and make profits, help the taxpayer and relieve the burden of taxation, that is a perfectly logical argument. But all experience is against it. Even in our own nationalised industries we are unable—

**Mr. J. Johnson :** One can only compare like with like. In Africa and in the Colonial Territories there are at the moment two coalfields being exploited. There is the Enugu coal field. Would the hon. Gentleman state his view about the public corporation which is exploiting the Enugu pits in Nigeria? I should have thought it was successful, and one could compare south Tanganyika with eastern Nigeria.

**Mr. Leather :** The Enugu coal field is successful and I think that Wankie is successful. But in my view a much more effective method would be, not for the Government to go into the coal mining business, but to provide the railways, roads and communications. If those basic needs were provided by the Government, private industry could do the rest. Such a course of action would free Government capital to undertake something else. It would mean that if mistakes were made, the losses would fall on private enterprise and the taxpayer would not suffer. It would mean that the techniques of industry could be adopted, and, whatever one may say about them, they are far quicker, more efficient and supple than the techniques of the Civil Service. It would also mean that we could avoid political wrangling both in this country and abroad. People would be getting good wages where that state of affairs did not exist before, and good tax revenue would be yielded to the Exchequer. That is why I plead with hon. Gentlemen opposite—

**Mr. Griffiths :** May I intervene just to put this point, which I consider important? I do not make a party approach to this problem of how the Colonies should be developed. My concern is about the undesirability, when these territories

become independent, of the bulk of the capital in their country being, as they would come to regard it, foreign capital. It is the political implications of that which worry me, and not the party aspect. I am sure that the hon. Member will appreciate my point of view.

**Mr. Leather :** I accept the point made by the right hon. Gentleman. But, in turn, I would point out that, of all the countries in the world, the country which has achieved the most spectacular increase in its standard of living, namely, Canada, has done so almost entirely with the aid of foreign capital. While I agree that there have been parts of the world—particularly in the Middle East—where money coming from abroad has resulted in great nationalistic rows, surely we are beginning to get away from situations of that kind.

Take, for example, the efforts of the Government of the West Indies. Mr. Norman Manley, who is a friend of many of us, goes about pleading with capitalist millionaires, wherever they may be, to come to his country. He gives them tax concessions which would make the mouths of any British industrialists water. But he is quite right, because foreign capitalists, managers, and the people who understand their job are going to Jamaica, Trinidad and Barbados and raising the standard of living of the people there far faster than would be possible through Government action. And that is happening at no cost to the taxpayer. In addition, those going there are contributing a substantial amount to the taxes of the country.

Therefore, I plead with hon. Gentlemen opposite to keep an open mind about this matter. I, in common I think with most of my colleagues, take that view, not for political reasons, but because we say that all experience shows that if the Government provide the basic services, they will reap rewards many times over by allowing industry to do the rest, instead of trying to do it themselves. It has been revealed that Government techniques are unsuited for the job. I hope that I have done something to convince hon. Gentlemen opposite—

**Mr. Griffiths :** We will return to this argument.

**Mr. Leather :**—of the sincerity of our views and the reasons why we hold them

Now I turn for a moment to the subject about which my hon. Friends the Members for Harrow, West (Sir A. Braithwaite) and Essex, South-East (Mr. Braine) have spoken so eloquently. There is no doubt that we have made great strides since the war. While there have been failures by the party opposite and by our Government, I have never questioned the sincerity of the motives which lay behind their actions. The Colonial Development Corporation is now an excellent organisation. Like my hon. Friend the Member for Essex, South-East, when writing and speaking about it I have never hesitated to pay tribute to what it is now doing, and has been doing, since it was placed under sound management. That is the difference. It is now run by practical people and not just people with nice, kind intentions. That is what makes the difference.

We have the colonial development and welfare funds, and we have many other agencies, both private and semi-private. Government and semi-Government. But I believe that after having paid tribute and given all the bouquets that can be given, and rightly, to those who are doing jobs—to the excellent civil servants and administrators in all quarters of the Commonwealth—after having paid that tribute to everyone, beginning with our late right hon. Friend Colonel Oliver Stanley, and including the right hon. Member for Llanelli, who put his heart and soul into this when he was at the Colonial Office—having said all that, I still believe that there are five major charges against the present system, five major reasons why some fundamental rethinking should be done.

If at least the Commonwealth Relations Office would admit that there might be some cause to think about something that would be an improvement. So that there shall be no misunderstanding, I should like, before I go any further, to pay my sincere tribute to my right hon. Friend the present Colonial Secretary. From the moment he walked into his office he has been coping with one major world crisis after another. It is not fair to criticise him, and I am not doing so. I do not believe that he has had a free day to sit back and think and to gaze towards the distant horizon since he went to his desk in the Colonial

Office some four years ago. Therefore, I do not criticise him, but what I do criticise is that apparently nobody else has been doing any thinking either.

The first of my five charges, after having given all the bouquets and the credits, is that clearly the results are disappointing. Surely nobody, Government supporter or otherwise, will say that not only is this a marvellous show but that it is the best we could have done. That could not represent anybody's attitude. The results, however good, are disappointing to a degree.

My second is a purely practical charge. It is that at the moment, as has been most eloquently argued by my hon. Friend the Member for Essex, South-East, industry in this country is already grossly overtaxed. We really cannot suggest taxing it any more. Therefore, the possibility of doing any more from the revenue of this country is virtually nil, and we might as well face that fact. Indeed, I argue, as both my hon. Friends did, that if we taxed industry in this country less we should get more colonial development. I hope that hon. Gentlemen opposite will grasp the moral of that. If we consider the figures of colonial development capital, etc., used since the war, we see that far the biggest part of it represents profits ploughed back by existing companies. They have done far more than we have done in this House. That is a fact, and we cannot get away from it.

The only way to encourage and build up that sector, which is the biggest sector already, is not to tax it more but to tax it less. If, as I hope and pray, my right hon. Friend the Chancellor of the Exchequer comes here in April and is able to make some monumental cuts in industrial taxation, I hope that hon. Gentlemen opposite who are pleading for more colonial development will not oppose him, because if they do they will be going absolutely contrary to what they are saying today.

My third charge is that which I made to the intervention by the hon. Member for Rugby, that the political and Civil Service techniques are inevitably slow and cumbersome and cannot come to the point as quickly as—and with the flexibility of—an industrial or statutory corporation or a body such as the Colonial Development Corporation can do.



[MR. LEATHER.]

My fourth charge is this. Politics are involved in this: there is great good will—the Commonwealth idea, the Commonwealth *mystique*, which is so important—but, alas, even when we do the right thing under the present system the United Kingdom taxpayer, who has footed the bill, gets precious little credit. Many colonial politicians are my friends, and many of them, I think, are very good friends of this country, but it is in the nature of things, possibly in the nature of politicians like ourselves, that when some great scheme is put forward, when some millions of pounds of British taxpayers' money are ploughed into a great scheme somewhere, the credit goes to the domestic politician in the country concerned who has succeeded in gouging the most money out of the British Treasury. That is not particularly conducive to good feeling, nor is it in any way conducive to the Commonwealth spirit which we want to encourage.

My fifth charge is that, whatever may be said of all this, it is a solely United Kingdom effort: nobody anywhere ever regards it as a Commonwealth effort. It makes no contribution at all to the Commonwealth *mystique*. This is purely a job between Jamaica and London, British Honduras and London and Uganda and London. There is nowhere the wider conception of "Commonwealth," which I believe there ought to be, and which would be so easy to achieve if we could bring about the revolution for which we have been longing for such a long time.

I believe profoundly that the set-up at the top is basically wrong. I agree with what one of my hon. Friends said about that. The first thing which should happen is that the Commonwealth should be upgraded in Whitehall circles. With the very greatest respect to the noble Lord the present Secretary of State for Commonwealth Relations—and I express full recognition of his sincerity, conscientiousness and ability—it is a great tragedy that the question of Commonwealth relations is not the job of the No. 2 or No. 3 man in the Cabinet, and nobody any lower down the order of precedence than that. Until the matter of Commonwealth relations is made the responsibility not of just an excellent or good man, but of one of top two or three people in the Government, I believe we

shall continue to get the kind of tragedies in Commonwealth relations which we have had in the last two weeks.

Also, there must be a very big upgrading in the personnel in the Commonwealth service. If all who went out in the Commonwealth service were of the standard of Sir Saville Garner, who is now going to Ottawa, then Commonwealth relations today might not be as difficult, delicate and dangerous as they are. Sir Saville Garner is, alas, far from typical of the service. He is most exceptional and outstanding. I have been criticised before in these debates for mentioning names. I do not see any reason why we should not mention names. We cannot "pussyfoot" on all these matters. The fact is that the average standard and calibre of people in the service is not good enough. There are not enough of them, to begin with, and they are not of a sufficiently high calibre. Therefore, we get second-rate results.

Finally, on the question of the emerging territories, I entirely support the unanimous view of my colleagues on both sides of the House that it would be the greatest tragedy if we said that because Ghana, Nigeria or the West Indies or any other place changed its political status, bang goes the guillotine on the Colonial Development Corporation. That would be quite wrong. I am sure that it would be a serious blow to Commonwealth relations.

Also, by an adjustment at the top, by a regrouping of the two Ministries concerned, by a merging of the Commonwealth and Colonial services, by a broadening of the scope of the Colonial Development Corporation to make it a Commonwealth Development Corporation, including the emerging territories, we should take recognition of what is in fact happening in the Colonies. The Commonwealth no longer fits the machinery which exists in Whitehall. Today we do not simply have Dominions and Colonies as we had in 1939. We have a completely different animal as well. We now have a three-tier Commonwealth.

Before 1939 Canada was a Dominion. She was completely self-governing domestically, but she had no armed forces. She had no diplomatic representation, and she did not want it. If Canadians got into trouble abroad, as one or two of us

sometimes did, they automatically phoned the British consul for help; there was no Canadian diplomatic representation. Canada took no part in international political treaties. She was a Dominion.

The new emergent territories are now moving towards a similar state. Nigeria, Ghana, Malaya and the British West Indies are entering upon that kind of state now, but it is a very different state from that of Canada today. Canada, Australia, New Zealand, India and Ceylon are today completely independent realms, having their own armed forces and taking their part in an international world organisation. They are a completely different kind of animal from what they were in the years up to 1939. There is now a three-tier Commonwealth. Until that is recognised in the machinery at the top and is made the first responsibility of one of the most senior Ministers, I do not believe we shall get anything else right.

I come now to the specific suggestions that I should like to make to my hon. Friend on the economics of Commonwealth development. I hope that my hon. Friend will give us some encouragement in the actual terms of the Motion moved by my hon. Friend the Member for Harrow, West, who urges the Government to invite the countries of the Commonwealth

"to join in the setting up of Commonwealth machinery for this purpose."

Whenever we have said, as many of us have, that we should get the Commonwealth together on this matter, we have been blandly put off with the reply that all the other countries are net importers of capital and therefore they are not interested. It really is time that somebody asked them whether they are interested or not. I secured a promise from the Government that this matter would be raised at the last Commonwealth Prime Ministers' Conference. But, of course, it never was; there was a reception that night and everybody had to go and put his "gongs" on and get dressed up, so Commonwealth economic development was not discussed.

I know that Canada, Australia, and New Zealand are net importers of capital; one does not have to be very intelligent to know that. I know also that they are very sensitive to this idea,

and they feel there is a great argument in favour of them taking some part in Commonwealth development. I know also that they feel very sensitive that they, having received so much capital from other people, would be, to say the least, ungracious if they could not find something or help in some way in a co-operative effort. Indeed, they are all contributing to the Colombo Plan anyway, and to the World Bank.

I hope that Ministers will not put us off any longer with this old answer about it not being possible. For goodness sake, they should go and find out. If, after having found out, they come back and say, "Leather, you are completely wrong; you have got it all upside down, and they will not play," I will eat humble pie and say no more. But for goodness sake let us go and find out. That would be a remarkable step forward.

I should like strongly to support the plea made by several hon. Members for a report on Commonwealth raw material resources. Ever since the Paley Report was published in the United States some years ago, we have pounded away at one Minister after another, asking why we did not do the same. If there are any adequate answers, I am afraid I have not been able to find out what they are. I hope that my hon. Friend will give this his most serious attention.

It is most important that the whole set-up of Commonwealth information services should be examined. This is an important part of the picture. Many hon. Members may have seen the excellent pamphlet on the subject of Commonwealth propaganda published by that most unlikely journal, the *Daily Mirror*. That pamphlet on Commonwealth propaganda and information services is just about as scathing as it could possibly be, and, in my humble opinion, it is absolutely true.

As my hon. Friend the Member for Harrow, West has said, there is here a big job for the Treasury to do on the whole basis of tax policy. I will not develop the point much further now, because I developed it in answer to the hon. Member for Rugby. The rôle of private industry in this matter is really the predominant rôle; it always has been and always will be. We might just as well face it. We are quite deliberately

[MR. LEATHER.] making it as difficult as possible for private industry to do its job. My hon. and right hon. Friends tax it almost out of existence, and hon. Gentlemen opposite abuse and threaten it at every possible stage. Between them, they are doing a darned good job in holding up Commonwealth economic development.

Turning now to the Colonial Development Corporation itself. As I have already tried to make clear, I am a strong supporter of the present régime. I agree with the suggestions which have been made by several hon. Members, particularly my hon. Friend the Member for Harrow, West; but, with respect, I do not think we need any new machinery. We have too much already. In the Colonial Development Corporation, we have already a played-in, successful, experienced management team of men who know the job.

Therefore, instead of setting up something new, whatever it may be called, the Government should make the Colonial Development Corporation their main instrument of policy. I want to see it greatly expanded. I want to see it acknowledged as a Commonwealth Development Corporation, and to see it develop its already most successful techniques as a Commonwealth Bank. Really, the argument about a Commonwealth bank is becoming quite academic, because that is what the C.D.C. is rapidly becoming. The reason for that is very simple; as I said earlier to the hon. Member for Rugby and to the right hon. Member for Llanelly, if one is wanting to make a profit with other people's money, the bankers have the answer to that; they have been doing it for a long time, and if we adopt their techniques we shall be adopting what is probably the most successful method of doing the job.

The Colonial Development Corporation has not yet tackled, because it has not been asked to tackle it properly yet, the problem of power and communications. This is something very much in the mind of my hon. Friend the Member for Harrow, West, and it is something to which one cannot too often draw attention. Up to now, it has been nobody's responsibility, so far as I know, to specialise in the development of these basic industries. If only we would provide, as

a proper, legitimate and practical task for Government and public enterprise, the railways, harbours and roads, private industry would do the rest, and would raise the standard of living of the peoples of the Commonwealth far faster than doles and hand-outs from this House of Commons.

There are many technical points concerned with the development and management of the Colonial Development Corporation which I should like to discuss, but I do not wish to delay the House further. I should like to end by saying that I hope that it will become a Commonwealth Development Corporation not only in name but in fact. It ought to have some capital from these other countries. I do not imagine that New Zealand will put up hundreds of million £s for the C.D.C., but I think she might put up a million or two. Also, I consider that it would be an excellent thing to have a New Zealander on the board. The same goes for all the other countries of the Commonwealth. If we are to spend millions of pounds a year in Nigeria, although it may be that the spending is done from this end, the money is in Nigeria, and I consider that it would be an excellent idea to have a Nigerian on the board. Let us make it a Commonwealth affair instead of, as it is still, a Whitehall affair—or, specifically, I suppose it is a “West End” affair, though I do not know whether that is worse or better. At any rate, it is something purely to do with us.

It would be so simple to inject into the Corporation the *mystique* of Commonwealth, the idea that this is a brotherhood which everyone can see working, with men from all parts of the Commonwealth taking an active part in it. If only, as a result of this debate today and as a result of my hon. Friend's very welcome arrival at the Commonwealth Relations Office, we can begin to get a little spark of initiative out of that place, we shall have done a good day's work.

1.10 p.m.

Mr. Austen Albu (Edmonton): The hon. Member for Somerset, North (Mr. Leather) is well known for his vigorous interest in this important subject, and I was glad of two things: one was that the hon. Member recognised that this debate ought not to continue necessarily without

controversy and the other was that he took it rather wider than it had so far gone, leaving the more detailed questions of Commonwealth development and looking at the wider political and administrative background. To some extent I want to follow the hon. Member's arguments, but I also want to deal in rather more general terms with the problems that face this country at least in participating in Commonwealth development.

The hon. Member for Harrow, West (Sir A. Braithwaite) is to be congratulated on his success in the Ballot and in the subject which he has chosen, but I could not help feeling when I listened to his speech that he was unhappy himself about the timing of this Motion. I can well understand that. The hon. Member for Somerset, North referred to the mystique of the Commonwealth, but it is an unfortunate fact that never in our history, perhaps, has the Commonwealth been so divided as it is at present; and to that the hon. Member referred also.

It is, I am afraid, a tragic fact that owing to the actions of Her Majesty's Government, most members of the Commonwealth are not at the moment looking to this country for a political or moral lead. One has only to refer to Mr Lester Pearson's very grave speech the other day. Nevertheless, we can all, in the Commonwealth, congratulate ourselves that the Commonwealth is not in any way near to being broken and that the ties that bind it together, in spite of what has taken place, are still extraordinarily strong.

Hon. Members have said that they are ties, first of all of affection, and that is undoubtedly true. They are, secondly, ties of mutual interest and hon. Members have referred to those. In the past, they have been of two natures. The first is the mutual interest of defence, which is no longer the case. No Commonwealth country, I think, looks to this country for its defence, certainly not, for instance, Australia, New Zealand or India, the defence of whose territory has always in the past been the argument for many of our strategic policies. Today, they look more to the United States.

Secondly, there are the ties of commerce and first of all of trade. We must face the fact that as far as the other

members of the Commonwealth are concerned, these ties will remain as long as we remain a substantial and fairly secure market for the products they produce. The second commercial tie is that with which this debate is mainly concerned, the ties that arise out of investment and development in the Commonwealth Territories.

I find it an ironical moment for this Motion to be brought forward today. What surplus is this country likely to have available in the next two or three years for investment abroad? According to the United Kingdom Balance of Payments White Paper (Cmd. 9871), during the last three and a half years the annual average net investment of the United Kingdom overseas has been about £175 million, or about half the figure which is usually considered necessary; but as the hon. Member for Essex, South-East (Mr. Braine) hinted, this figure may, in fact, be an exaggeration. It has certainly been falling in the last two years, and the hon. Member quoted Professor Paish's estimate that in the last three years British capital exports have amounted to an average of only £60 million a year.

If this debate is not to be utterly unreal, we have to ask ourselves seriously what the situation is likely to be within the next three or four years. There is no doubt whatsoever that this country—and it is admitted on both sides, I think, that it is from this country that the main capital for investment in the Commonwealth Territories must come—now faces a very serious balance of payments crisis and that we are unlikely to have any substantial sums left over for overseas investment at all, including investment in the Commonwealth. If the figure is to be any lower than it has been for the last three years, it will be negative. My own view is that it will be negative.

It is of course true, as has sometimes been pointed out, that if investment projects in overseas territories are supported from London by the London capital market, those projects themselves will compete for the products of the capital goods industries on which the proceeds of the loans are spent. To the extent that they are successful in competing for the products of the capital goods industries, they will themselves produce a balance of payments surplus.

[MR. ALBU.]

That begs two questions. The first is whether the finance is available from London and will be taken up on the terms at which it is available; and the second, what is the capacity of the heavy capital goods industries in this country which are required to supply this equipment? Let me deal first with the question of finance. The current rates of interest in London are making borrowing by developing territories very difficult indeed. Lord Reith, to whom so many hon. Members have referred in glowing terms—and I entirely support what they have said—has, at least in his two last Annual Reports, referred to the rate at which he now has to borrow from the Treasury and the cost to the developing territories of the loans or the investments which he is able to make in Colonial Development Corporation undertakings. He has to pay the rate at which the Treasury itself borrows and this is today a very high rate indeed. The result is that Her Majesty's Government, who, after all, are responsible for these rates, are regarded in the overseas territories as usurers.

Reference has been made to the Kariba Dam project. Let us consider the rates of interest paid on the loans from outside the territory itself for this project. Fifteen million pounds has come from the Colonial Development Corporation, which, I understand, is being paid 6½ per cent. for it; £3 million has come from the Commonwealth Development Finance Company at 6 per cent. or probably more; and £10 million came from the World Bank at 5 per cent., but I understand that as the instalments of this loan are called forward and as the World Bank sells them, they will return to the Federal Power Corporation half the difference between that rate and the rate at which the Bank itself sells the loan. The Federal Power Corporation, therefore, is likely to get back at least a fraction of 1 per cent. of the 5 per cent. which, on the face of it, it is paying, which is already 1 or 1¼ per cent. less than the cost of money raised in London.

The hon. Member for Essex, South-East referred to the fact that Switzerland is now becoming a source of capital for the Commonwealth Territories, but as he pointed out, this is on the whole mainly in those territories which are well established industrially, like Australia and

South Africa, where loans are raised at 3½ or 4½ per cent., and so on. These loans are not available for Colonial Territories, nor, I understand, for independent territories, except on conditions of payment in Swiss francs and other rather onerous conditions.

It seems, therefore, that if advantage is to be taken of capital of this sort, there is need for a Treasury guarantee for loans obtained outside the Commonwealth by Colonial Territories. There is also the important question of the trustee status of the loans raised in this country for the newly-independent territories of the Commonwealth or of other territories when they become independent. In the end, however, if we really mean to assist in the development, particularly in the basic industrial development of these countries, we shall have to give preferential or priority rates of interest for the loans which they wish to raise here. It is not fair, nor does it appear as if we are serious about our desire to assist Commonwealth development, if we charge them the rates of interest which may be necessary to restrain inflation in this country. They must, in other words, have some priority in the investment projects of the Commonwealth as a whole.

That is not by any means the only important factor in Commonwealth development. There are the matters of private investment, to which hon. Members opposite have referred, but perhaps even more important is some stability in the prices and a reasonable level of prices for overseas Commonwealth commodities. This is probably an even more important feature in Commonwealth development than some of the other things that we are discussing.

I suggest to the House that there may be some connection between the ability of the Swiss to invest abroad and the nature of their industrial production. Their industrial production is concentrated on the production of capital goods for transport, of electrical generating equipment, machine tools and instruments, the sort of products which are required in the early stages by developing territories. That brings me to the question of our own ability to supply what developing territories themselves need.

Hon. Members, particularly on the other side of the House, have referred to the importance in the early stages of investment in the basic services and basic industries. If one examines the figures of any of the various organisations which are concerned with development overseas or the plans of those countries, one always sees that money first of all is spent on transport and secondly on power, and very often power plus irrigation, and then on basic industrial plant.

Of the World Bank's loans, more than half have gone on transport and power. Last year, 40 per cent. were accounted for by power development, and 30 per cent. by transport. The Colonial Development Corporation's list of projects is headed by power, which takes 26·3 per cent. of its expenditure. It does not itself undertake investment in transport. Of the whole planned expenditure under the second Indian five-year plan, including agriculture and welfare services, transport and communications account for 29 per cent., and irrigation and power for 19 per cent. Out of the total of £821 million allocated for industrial investment, the producer goods industries, that is to say, industries for the production of chemicals, fertilisers, steel, cement, metallurgical industries, and so on, account for £570 million and the amount for investment in the capital goods industries is £117 million.

If there is to be any reality in our discussion of Commonwealth development, and in our desire for it, and if we mean business when we say we want to help Commonwealth development, we have to ask ourselves not only whether the capital is available in financial terms in this country, but whether we can supply the capital goods which that financing is intended to purchase.

One can go round and round in a vicious circle in this matter, because the point is that if we cannot we shall have inflation, and if we have inflation in this country, we have, at any rate under the present Government, higher rates of interest and a reduction of capital export. In the end, the whole question of Commonwealth development depends on whether we can or cannot supply the type of capital goods which are required by the developing territories overseas.

This is a matter for the Government. It is their responsibility. However, I would suggest that we now face a most serious problem, because we are faced with a need for massive investment in basic industries at home to safeguard our supplies of energy. Discussions are taking place and suggestions are being made to deal with the situation which we now face in regard to energy supplies and to ensure that we are not again placed in such a situation, and the suggestions are that we should build super tankers, double the atomic power plant production, have more rapid railway electrification, and so on.

Every one of those projects requires the use of very scarce resources here at home—for instance, heavy steel, steel plates, constructional steel, and this at a period when steel output is probably going to fall because of the shortage of oil on which so much of it now depends. We shall need, therefore, to build a new steel mill to produce the types of steel that will be required, and that itself will take a considerable time.

All these projects are competitors for qualified engineering designers, technicians and craftsmen, and they, incidentally, are exactly the types of experts whom we need abroad in the Commonwealth Territories to assist in their development. In addition, these needs of investment at home must conflict with the needs of our export industries in general, which are increasingly dependent on capital goods, especially in developing territories.

Finance, therefore, is not enough. It has been said that the advantage of a highly industrialised country is that it has a good, solid, heavy industrial base. In other words, it has got over the hump of its own heavy capital investment. The tragedy of the present time is that to some extent we ourselves have need to undertake heavy capital investment here at home, and to that extent, we are ourselves an under-developed territory. If we also considered the needs of capital investment and employment of resources for railway modernisation, for shipping, and so on, one can see how difficult a task it will be for us to play our part in the Commonwealth development which all of us in this House so urgently desire.

I entirely agree, therefore, with those who have said that what is needed is the



[MR. ALBU.] establishment of a system of priorities in the use of investment resources for Commonwealth development and for home development. If we do establish a system of priorities, which is, of course what we have to do, we have to face what it means, and the responsibility which we in this House have for the sacrifices it may mean for our own people. In that system of priorities Commonwealth development must be given as great a share as we can possibly manage at the present time. The question of what that share should be is for this House, but the machinery, the question of how it is to be done, can, perhaps, be decided afterwards. But it must be done. Unless there is a system of priorities in the allocation of the resources required for our Commonwealth development when they are in extremely short supply, the job, in my opinion, will not be done at all.

1.38 p.m.

**Mr. Ronald Russell** (Wembley, South): The hon. Member for Edmonton (Mr. Albu) mentioned earlier in his speech that the country was suffering from a balance of payments crisis. I am not going into an argument with him about the severity of that crisis, and in particular I shall not delve into past political history, but I do not think that anybody will deny that we certainly have a severe balance of payments problem.

I hope that we shall pay much more than lip service to Commonwealth development in future years. We have been far too much inclined to pay lip-service to it without doing very much about it in years gone by. I want to make one or two suggestions of how, I think, we can help in the solution of the balance of payments problem.

There is the question of the commodities which we buy from the Commonwealth. It is one which I think we ought to probe. I have been looking at the figures of wheat imports into this country over the past ten years. We have always regarded the Commonwealth as a great wheat growing area, and Canada is certainly one of the biggest wheat growing countries in the world, and so is Australia. It is, therefore, surprising to find that since the beginning of 1946 we have spent £137 million on buying wheat from the United States, and slightly less, £133 million, on buying wheat from Australia.

We spent much more than that, of course, and absolutely rightly, on buying wheat from Canada, and the Canadians, so far as I know, have no complaint about the amount of wheat we buy from them, but the Australians have, and I gather that their dissatisfaction over their exports of wheat to this country was one of the reasons why they sought renegotiation of the Ottawa Agreement, which was carried out only recently, and of which we have not yet had the conclusion. There is a shining example of how we could have bought more from Australia and thereby enabled Australia in her turn to buy more of our manufactured goods if we had so arranged things that we could have cut down our imports of wheat from the United States and taken more from the Commonwealth of Australia.

I know that there are difficulties in that it was in 1938, on the insistence of the United States Government, that we abolished the duty of 2s. a quarter which was levied on foreign wheat up to that time from 1932. That was a great tragedy. It was done on the insistence of the United States and, I think, with the co-operation of the Argentine. I know that under existing obligations under the G.A.T.T. we cannot restore that duty, but at least we should think of some other means of ensuring that we buy more wheat from Australia and less from the United States.

It is not as if we were under any obligation to consider our balance of trade with the United States either. Speaking from memory, I think that we bought from the United States last year about two and a half times as much goods as we sold to her. Therefore, we can well afford, without fear of retaliation against our own exports, to buy less wheat from that country and rather more from Australia.

There is another product which is not grown in large quantities in the Commonwealth and which therefore could be used to provide more finance for Commonwealth development—that is maize. Over the last ten years we have spent no less than £142 million on buying maize from the United States, and that, of course, is a dollar import, as is wheat. Yet I am quite sure that if we set about it in many parts of the Commonwealth and in the Colonial Territories as well there could be found areas which would

grow maize in large enough quantities to supply the needs of this country and possibly of other parts of the Commonwealth.

Some progress has been made in buying from South Africa. The quantity has gone up from £58,000 worth in 1953 to over £3½ million worth last year, and the figures for the first ten months of this year show a slightly greater improvement. But that is nothing like enough. We bought £3·6 million worth from South Africa last year but we still bought £28 million worth from the United States. There is a great opportunity to save dollar expenditure and incidentally to provide for more Commonwealth development by concentrating upon maize-growing in the Commonwealth. If my right hon. Friend carries out the suggestion embodied in the Motion of inviting the Commonwealth to consider certain machinery for carrying out Commonwealth development, I hope that one of its earliest considerations will be how we can save the drain on our dollar resources which is now caused by the purchase of maize from the United States.

My hon. Friend the Member for Somerset, North (Mr. Leather) complained of a sort of lassitude in some Government Departments about Commonwealth development. I am not indicting any present or past Minister, but there should be much greater Commonwealth-mindedness about the Treasury in these matters. I was very glad, as I am sure were all hon. Members, when the Chancellor of the Exchequer announced last April the concession on taxation which I think he hopes to introduce this year for Colonial companies, but the Treasury must be much more Commonwealth-minded in its attitude to the taxation of these companies and in dealing with the Commonwealth generally.

I think sometimes that Treasury mentality is back in the 1890s, before the late Joseph Chamberlain stirred the imagination of the country and we started to take a great interest in the Empire. I should like to see that pre-1890 attitude abolished altogether and to see a much more Commonwealth-minded attitude inspire the whole Department.

My hon. Friend the Member for Somerset, North and my hon. Friend the Member for Essex, South-East (Mr. Braine)

complained of the use of the word "Colonial", and I should like to endorse what they said. I tend to be conservative as well as Conservative, and I do not like change unless it is absolutely necessary, but I think that it is necessary to get rid of a word which is now completely out-of-date. Its disappearance would have a great effect particularly on our relations with the United States. There are many parts of the Commonwealth which do not like the use of the word "Colonial", and compared with the time when the United States occupied that position in the Colonial Empire I do not think that there is any part of the Empire today which is a Colony in that respect.

Last year I found on a visit there that Jamaica does not pass any legislation affecting its two dependencies, the Cayman Islands and the Turks and Caicos Islands, without first consulting the people of those islands. In other words, what are called the dependencies of Jamaica are not regarded there as Colonies. The word is completely out-of-date and I should like to see it abolished.

I support the suggestion made by my hon. Friend the Member for Essex, South-East that the Colonial and Commonwealth Relations Offices should be reorganised and combined under one Commonwealth Minister, whose title would be a matter for consideration. The tiers of the Commonwealth should be placed under one head. It is wrong to put territories which formerly had Colonial status and are moving towards self-government and those which are self-governing into two different categories under two different Ministers. It would be of great benefit to the Commonwealth as a whole if they were combined under one Minister.

**Mr. Brockway** : I am glad to note that the hon. Member is in favour of abolishing the word "Colony," but does he also want to abolish the system of colonialism? Over large parts of Africa there is no consultation whatsoever with the African people, as he suggests there is between Jamaica and its dependencies.

**Mr. Russell** : I would remind the hon. Member that Jamaica and its dependencies has been under British guidance for hundreds of years, whereas most of Africa

[MR. RUSSELL.] has been under our care for only a century. There are degrees of development which territories have reached, and we must have regard to that, but compared with 200 years ago when the United States was one of our Colonies the colonial status all over the Commonwealth is vastly improved.

1.40 p.m.

**Mr. A. G. Bottomley** (Rochester and Chatham): I join in congratulating the hon. Member for Harrow, West (Sir A. Braithwaite) in bringing this subject forward for discussion in the House today. I am equally pleased to find that there is such unanimity among us. I have my doubts whether that would have been possible in the past. I was a little amused to find that earlier defenders of private enterprise should now condemn Government Departments for having so long failed to pursue these admirable developments which we on this side of the House have always said could be better carried out by public rather than by private enterprise.

The unanimity expressed in this debate lies in the fact that the objective of all of us is that the Colonial Territories should develop into full self-Government. My own view is that we are living too close to history fully to appreciate the great work of the Labour Government in granting complete freedom to India, to Pakistan, to Ceylon and to Burma.

That is the pattern which has been followed, and now other Colonial Territories next year and in subsequent years will be developing in exactly the same way. I think and hope that, whilst achieving their political freedom, they will remain inside the Commonwealth. I think they will realise that there is great value in remaining within this great Commonwealth of nations, as India, Pakistan and Ceylon have recognised. It was a little unfortunate that earlier action was not taken in connection with Burma. Burma certainly has some regrets being outside the Commonwealth, as I know from talks with many of her leading statesmen, but that is a sad story.

Then there are the older sister countries—Australia, Canada, South Africa and New Zealand—not excluding the United Kingdom, which is a Dominion in exactly the same sense as the other

countries. I believe all members of this Commonwealth recognise that not one of them stands to gain anything by resigning, and that if they were outside they would become isolated and weak, with less influence in the counsels of the world.

What we are trying to do today is to show that, in the same way as we have achieved political success, it is possible also to develop economic success. Sometimes we tend to think that great economic development means vast industrial schemes and huge agricultural projects. Those are valuable, but to my mind comes also the need for homes, for hospitals, for education, for decent wages, because without these things it is not possible to develop the others. We recognise, too, that to be successful an industrial economy must have electric power, transport, water and communications.

When we are thinking in terms of this kind of development, it is well to remember that 70 per cent. of the population in the Dominions, or in the Colonies of Asia, Africa and the West Indies, is employed upon the land and that those who are employed there often do not produce enough to feed themselves. One way by which we could encourage them successfully to develop their economy would be by urging them to produce not only sufficient for themselves but a surplus of stores and supplies with which to pay for services, thus making a market for the goods they produce in due course.

Perhaps at times we ought to give more thought to the need for spades and forks, so that this work can be done side by side with the large and elaborate agricultural and industrial projects about which we hear so much. However, in this respect we must be careful not to upset the delicate balance of food production and consumption, since that can result in rapid increases in the cost of living, with disastrous effects upon the economy of the country or have over production which could also be bad. So where there is transference of power to Colonies there is need for a planned economy, both economically and socially.

In this connection there is need of administrative staff for those Colonies which are emerging into full Commonwealth status. India, for instance, has realised this, and as a result there is probably more British administrative staff in

India today engaged in executive work than there was previously if we exclude those occupied with political work. So I urge the Under-Secretary of State for Commonwealth Relations to recognise that there may be a great need of administrative help.

Sometimes I wonder whether our own people realise how valuable it is to develop the economy of backward countries. Recently I noticed that the General Manager of Barclays Bank (Overseas) Limited, speaking to a conference of industrialists, said that if there could be an additional cash income of £5 per head per annum in the Colonial Territories, it would increase their purchasing power by over £400 million a year. There is no need for me to stress the importance to the United Kingdom, as a manufacturing and trading nation, of getting our share of such an increased demand.

Not only do the Colonies require administrative staff but, as has been mentioned before, they want technical staff. Her Majesty's Government should therefore take deliberate steps to encourage skilled personnel to work for a period in the under-developed areas. If this personnel is encouraged to do so, the Government should ensure that on returning to employment after a term of service abroad there should be no loss of superannuation or promotion rights. In this connection the Government should set an example which I hope would be followed by local authorities and industrialists. Surveyors, teachers, doctors, as well as other persons interested in developing the economy, would be required. I hope, therefore, that the Government will give thought to that suggestion to see whether it is possible to act along the lines I have suggested.

The Government might also consider in this connection a scheme whereby trained personnel, instead of undergoing National Service, could undertake two years in the Colonies. At the same time, in providing staff for the Colonies there might be a pool of regular Civil servants. At the moment there is a tendency for the poorer sections of the under-developed territories to get the least qualified staff because they are unable to pay the higher salaries, when possibly they need the most highly qualified staff because of the state of their country. Colonial Governments

could pay into a central fund from which the expenses could be met and, as a result, Civil servants could be paid on the basis of qualifications and not on the basis of the territory in which they work.

Both these schemes could be operated by a central clearing agency, in which both the temporary and the permanent staff could be pooled, and which could be drawn upon by the Colonial Territories. All applications for staff would be made to such a central clearing agency which would supersede the present system, by which there is a short term of duty and the civil servant is transferred at the very moment when he is doing his best work.

Much emphasis has been placed in this debate on the part played by capital. I agree that it is important. At the moment all these territories are in the sterling area, but we know that one of the hall-marks of national sovereignty is for a country to have its own national bank. I think, therefore, we shall find that the currency boards will disappear. When that happens the new countries with their own Governments will have control over their balance of payments, their foreign exchange, their credits and their capital investment.

If we are not prepared to co-operate to the full, those countries will leave the sterling area, which will be bad for us as well as for themselves. We must recognise that we are not doing all we can to encourage such countries to remain in the sterling area. For instance, high and fluctuating rates of interest bedevil the development of the Colonial Territories. The United Kingdom is saving less and less out of an increasing income. It is wrong for us to expect the Colonies to continue paying 5 per cent. for essential investments whilst we in the United Kingdom are foolishly spending our resources on cinemas, luxury flats, blocks of offices, highly decorated espresso cafés and—if I dare mention petrol in present circumstances—far too many petrol stations have been built. Indeed, Government policy now seems to be less petrol for more petrol stations.

What is wanted—and this is the policy of the party which I represent—is a return to investment controls, with low interest rates. Time and time again I have pleaded with the Government for something like this, but they are

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doctrinaire in their approach. They say that the Bank Rate is the best regulator of investment. If they accept that and really want to keep the Colonial Territories within the sterling area, then the Colonies should be able to borrow money for development projects at low fixed-interest rates.

The Government have, of course, been providing lots of long-term capital for the Colonies but, at the same time—as has been said in this debate—we have been borrowing lots of money on short-term credit. From the end of 1949 to the end of 1955, the sterling balances rose by £700 million. The latest aggregate figure to 31st December, 1955, £1,280 million.

Let the House compare that kind of help that we are getting from the Colonies with the kind of help that we are giving to them. It is true that we are making grants from the colonial development and welfare funds, but they have never exceeded £17 million a year. If we take into account grants in aid—or grants for specific purposes—or even private investment, we find that we have borrowed more money on short-term than we have given to the Colonies in long-term credits. Therefore, we cannot over-estimate the increasing importance of assisting the Colonies to raise their low living standards by giving them as much economic aid as possible, and certainly more than we have given up to the moment.

Reference has been made to the fact that Ghana and Malaya—and other territories will follow in due course—are to get complete independence. In 1955, the West African territories earned £28 million worth of dollars, and Malaya earned 68 million worth of dollars for the sterling area. It is not very tempting for those countries, with a dollar advantage, to remain in the sterling area unless we encourage them in the ways that I have suggested. The best way of keeping them in is to provide them with the help they want, without taking from them what are, in many cases, exorbitant rates of interest.

It is, again, in our own self-interest to do all we can, because the Commonwealth has such an important place in the future world trading position. I can give an illustration to show that we are rather selfish in the way in which we handle the

question of trade and Commonwealth development. If we exclude the United Kingdom, the total Commonwealth imports were about £9.3 per head in 1955—that is, in the Colonial territories. In the United Kingdom, the figure was £77 per head.

There are things to be learned from that. One is that we certainly have far too high a standard of living as compared with the less fortunate members of the Commonwealth, who are our sister nations. On the other hand, we do not want to reduce our standard of living. There is a chance to raise theirs. If their standard of living can be built up to a figure higher than that £9.3 per head there is an increased opportunity for trade. There is, therefore, more scope for building up trade. It is also possible by these means to encourage those countries to remain in the sterling area.

I venture to suggest that it is in their own interest to remain in the sterling area because, by being in the Commonwealth, the difficulties that small nations experience in doing their own banking and backing their own currency are eased if geared to a world organisation. In the sterling area we have a world-wide currency organisation.

We should have those countries in with us on a basis of equality. I suggest to them that, however tempting it may be for them to leave the sterling area, no small country can stand alone in that respect today. They must either remain in the sterling area, join the dollar bloc, or come within the Soviet orbit. I believe that if they are wise they will realise that there is greater value in remaining in the sterling area than in going to one of the others.

We have also to help the Colonies by making it possible for them to have more stability in the prices they get for the commodities they provide. As is well known, the basic commodity of the Gold Coast is cocoa. It amounts to about 70 per cent. of the exports. To give some idea of the fluctuation in commodity prices, cocoa was fetching £500 a ton in 1954. Today it fetches about £200 a ton. Malaya produces rubber. If there is a 1 cent. drop in prices, the Malayan Government lose £233,000 in export duties. I think that nothing could better assist these countries than an international price stabilisation scheme.

That needs international co-operation. What can be done by the Government, however—and here I return to something very familiar to hon. Gentlemen very opposite—is to adopt something in which we believe on this side. We believe in long-term trading agreements and in bulk purchase. We believe that they bring stability. During the war, as we know, we had to resort to them. From 1941 onwards, when we were in grave peril, the State had to import all foodstuffs and raw materials. It was the only way in which we could keep some stability in prosecuting the war.

One reason for adopting it was not because the then Coalition Government believed in long-term trading and bulk purchase in the same sense as we do, politically, on this side, but because they knew that it was the only way to protect the value of sterling. Nobody would deny that sterling today is in a very precarious position. By that means we were able to be sparing, and make the best possible use of our currency.

When the Labour Government went out of office in 1951, there were 49 of those bulk purchase agreements in the Commonwealth. These were ended by the present Government, but obviously the Colonies did not think that a wise thing to do, because most of them have continued, by statute, centralised marketing agencies. In one part of the world which I was fortunate enough to visit two years ago—Kenya—the European settlers, who usually favour the beliefs of the party opposite, saw to it that they kept their long-term agreements for pool selling as the most effective means of marketing their coffee.

I believe that bulk purchase and long term trade agreements is the best means by which the United Kingdom can get adequate supplies at moderate prices, and enable us also to ensure a fair distribution. Price control would keep down the cost of living. If we would only resort to this kind of development, it would help to direct both buying and selling in the sterling area, with much advantage to the manufacturing and primary-producer countries concerned.

What we are all hoping to do is to secure, not only for ourselves but for the Commonwealth as a whole, a balanced economy. There is a tendency, in think-

ing of Colonial development, to give aid to those sources which are predominantly able to produce the wealth. The debate has shown that there is a need to diversify and to build up alternative sources of wealth. We do not want rubber to be the sole dollar-earning commodity in Malaya, nor cocoa in the Gold Coast. We have to avoid economic dependence on single commodities which leave the Colonies so vulnerable. The hon. Member for Harrow, West referred to the possibility of an oil find in Nigeria. Whenever oil is found and whenever a mineral is found a royalty should be imposed on it heavy enough to satisfy the welfare needs of the population and give them some encouragement that development of their land will be as profitable to them as to those of us who seek to exploit it.

Tribute has been paid to the Colonial Development Corporation, an excellent body. It could do much of the work which hon. Members have mentioned this morning. Instead of being used as a finance corporation, it should become an investment corporation. It ought to be made responsible for development work anywhere in the Commonwealth and not just in the Colonies. The Corporation is in a position to secure co-operation on the work which, with its experience and skill, it can best do, through regional bodies with other European Powers, particularly in Africa, certainly by association with the Colombo Plan in Asia. Above all, we know that the Corporation is ultimately responsible to the House. I join with others in paying tribute to the work it has done and commend it as a useful body to take over much of the work and endeavour to which we have referred today.

On this side of the House, in our Colonial policy we have said that if we were in power we would now endeavour to make available one per cent. of the United Kingdom national income for making grants for work in underdeveloped areas. I know that that is not as much as the hon. Member for Harrow, West mentioned earlier in a similar Motion, but I believe that it is realistic. It is not too much, but it is a beginning and something which we should shoulder and give without political strings.

The United Kingdom has a special responsibility. It is all very well to suggest these developments, but from where



[MR. BOTTOMLEY.] is the capital to come? We are short of capital both in this country and the Commonwealth. That is one of my reasons for strongly believing in the Special United Nations Fund for Economic Development. That organisation could do the job and the Government should be in the forefront to seek the immediate establishment of that.

Of course, it is the United States which is holding up the Government. The United States has unfortunately shown that it is reluctant to provide money except for its friends and in a way which will contribute to the security of its friends and the security of the United States. That is United States policy, but I think it short-sighted. I will quote only one example, that of Indo-China, where the United States poured in aid and spent about 899 million francs, considerably more than it contributed to the Colombo Plan, by which means it could probably have brought more stability to that part of the world with more hopes for democracy than it could by pursuance of its present policy. We cannot alter that policy, but I urge the Government to consider whether they cannot go ahead without the United States.

There is no need to wait for general disarmament. If the Government were prepared to take the lead and pay £10 million to £15 million to S.U.N.F.E.D., that would encourage contributions and we would reach the target of £90 million subscribed by 30 nations. That is not asking too much. I do not want to be unduly political, but the military cost of the invasion of Egypt will be about £50 million in the current financial year—some people say it will be more. A grant to the Special United Nations Fund for Economic Development would be much more important to the United Kingdom than adventures in Suez or elsewhere.

The debate has had as its strength the fact that we already have as a Commonwealth a vast trading and communications link. That must be supported and strengthened, but we should all remember, whatever kind of development takes place, that our main concern is for people. Mere material progress is not sufficient. In the United Kingdom we are fortunate to have a close association with the United States both in language

and culture. We have to be realistic, however, and recognise that the United States, with 7 per cent. of the world's population and producing more than 50 per cent. of the world's manufactured goods, will have a great influence in the world whatever other countries may do. Together we make one of the hopes of mankind. Both the United States and we must remember that the philosophy which we follow as members of a highly industrialised western society may not be that best suited to a colonial people.

The Commonwealth is a unique political structure. It comprises a quarter of the world's territory and population and is not held together by a conquering military power. The principle is the spirit of liberty. In this British Commonwealth we have vast accumulated wealth and latent resources. I am sure that I speak for the whole House when I say that the British Commonwealth provides a basis for an orderly and stable world of justice, peace and liberty and we ought to do whatever we can to strengthen it.

2.6 p.m.

**The Under-Secretary of State for Commonwealth Relations (Lord John Hope):** It may be convenient to the House if I intervene at this point. I have listened with great interest to the speech of the right hon. Member for Rochester and Chatham (Mr. Bottomley). He ranged very wide, as he was bound to do, and at the beginning of his speech made some specific suggestions which I should like to bring to the notice of my right hon. Friend the Secretary of State for the Colonies. The suggestions were for his Department. Later the right hon. Member ranged into the realms of Foreign Office responsibility when he talked about the great possibilities of S.U.N.F.E.D. Time was when I had a little to do with that, but those days are behind me. The right hon. Member knows as well as I do the reasons why the Government cannot yet contribute to S.U.N.F.E.D. Indeed, he gave one of the reasons. So far as I know, the situation is exactly the same as when I answered a Question on the subject a few months ago.

I should like to say a few words of a personal nature, that I consider it a very great honour to have been appointed to my present office and I want the House to know that so far as I can I will do

my very best to see that the interests of the Commonwealth, so far as Her Majesty's Government in the House of Commons can forward them, will be so forwarded. I thank my hon. Friend the Member for Somerset, North (Mr. Leather) for the kind observations he made about my appointment. I appreciated them doubly, coming as they did after a rather general censure in his speech.

**Mr. J. Griffiths:** He still has hope for the hon. Member.

**Lord John Hope:** I am obliged to the right hon. Gentleman for that sentiment and possibly for the pun, although I do not know whether that was intended.

The background to the debate can be said to centre around machinery. There are many topics into which one can stray in an effort to be helpful in both colonial and Commonwealth matters, but I believe that the House would prefer me to concentrate on whether the machinery by which Commonwealth development is inspired and discussed is adequate. That is really what is behind the Motion. That is what is really in the minds of right hon. and hon. Members on both sides of the House.

Hon. Members will, I trust, forgive me if one or two remarks that flow from me seem to be rather trite, but I am aware that speeches made in this House go outside it, and it is not very often that we have a chance of a debate which has a definitely Commonwealth background to it; I think that there have been really very few. It is against that observation that I should like to say how very strongly impressed I have been, in applying myself to what was likely to be said in this debate, by what in fact is involved in independence so far as the Commonwealth countries are concerned.

It seems to me that it is not always recognised, and I am not saying this at all in connection with any speeches made in this House, but I do not think that it is perhaps recognised everywhere, that independence means what it says. Our Commonwealth sisters are not only constitutionally independent; they are economically independent, too. We are not, of course, a federation—that word did crop up in the speech of one hon. Member, but I think that he meant it in a general way—but it is important to

recognise that we are in no way a federation. In saying that I am doing so deliberately because I want to emphasise that if we were a federation then, of course, central control of some sort, whether political or economic, would be very much easier.

What we are is a family of completely equal and completely independent nations. What holds us together can best be described in a word used by several hon. Members—*mystique*. We can define what we think *mystique* means and give examples of it; and our minds go instantly to the Crown. Nevertheless, the more one tries to define exactly what our relationship is, the more one is struck and the more one must be struck by its amazing flexibility. I think that that must be so politically and economically. That is the first impression which struck me so forcibly when I was thinking of this debate.

The second impression concerns the extraordinary extent—this is perfectly familiar to hon. Members who have spoken more than to myself, having just come, as I have, to a close study of these questions—to which they are all net importers of capital. I heard an hon. Member earlier in the debate remind the House that whenever there was any request to the Government to launch out more strongly and forcibly into the realms of development in the Commonwealth, they were always apt to answer, "Oh, well, we are the only exporters of capital." It must be very irritating to go on being reminded of that fact. Nevertheless, it is the duty of the Minister to say that that fact is inescapable.

Those are the two main impressions that struck me so forcibly, and it is against the background of those impressions that I must say what I wish now to say. I hope—and I want to say this—that the House will see that there is no intention whatever of either turning our backs on our sister nations in the Commonwealth so far as future machinery is concerned or of hiding our heads and trying to pretend that all is well where it may not be.

It was said by one of my hon. Friends that it was not enough for any Government to recite what in fact had been done for the Commonwealth in the past and what was being done at the moment—that is never enough—and I would not

[LORD JOHN HOPE.]  
dissent from that proposition for one moment. I think that for any Government to be complacent about achievement is a very bad thing for their own sake, and nothing could be worse than for us to be complacent about the Commonwealth. I do not believe that any Government here or anywhere else will ever be in a position to be so.

Nevertheless, because one does not often get a chance in this House to tell the story, I think that it may not be unwellcome if I give one or two examples of what in fact is being done. I want to confine my remarks on this point to the independent Commonwealth countries rather than to the Colonies.

First, as every one knows, Canada is in a particular position in regard to the United Kingdom contribution to its development in so far as it is the only Commonwealth country outside the sterling area. That obviously makes for special difficulties for us, but I do not think that anyone would deny that our investment has been relatively high; and I do not believe that on the whole—and I deliberately say “on the whole”—our industrialists complain very much about the facilities for the provision of dollars for direct investment in Canada. In addition, firms wishing to transfer capital and expand the activities of their existing subsidiaries, have, I think, usually been allowed to do so.

**Mr. H. A. Marquand** (Middlesbrough, East): Concerning Canada, the hon. Gentleman said that no one could deny that our investment had been relatively high. Has he any figures to give the House as to what is the proportion at the moment of Canadian development being carried out by United States capital and by United Kingdom capital?

**Lord John Hope**: I am afraid that I have not the figures but I will try to get them and let the right hon. Gentleman have them.

In Australia, the United Kingdom is still by far and away the largest capital investor.

**Mr. F. A. Burden** (Gillingham): With regard to Australia, there is one great difficulty for British investors there. It is that the Australian Government are disinclined to allow them to have the

freehold of any properties which they require for development, and that applies particularly in respect of cattle rearing in the Northern Territories. There has been some relaxation. I understand that recently the Australian Government have in fact given the freehold of 14 million acres to American companies. Would my hon. Friend do his utmost at all times to ensure that wherever possible freehold shall be given in order that investors from this country can really invest with the full knowledge that they will be able to secure full development of the properties?

**Lord John Hope**: That is a perfect example of what I meant by independence. That is a matter for the Australian Government entirely, but I have no doubt that my hon. Friend's intervention will be noted and I will do my best to see that it is. Further than that, of course, I cannot go.

What I was going to say about investment in Australia is this. In 1952, 1954 and 1956, out of a total face value of paid-up capital and issued shares in Australian companies or investments of £202 million, £233 million, and £274 million, respectively—in Australian pounds—the sums contributed by the United Kingdom were respectively £137 million, £160 million and £186 million. That represents about 68 per cent. of the total investment. The next greatest investing country in Australia—the United States—was responsible for 18 per cent. of the total investment.

These figures take no account of the reserves of the Australian subsidiary companies controlled by oversea parent companies, or of adjustments necessary to allow for the difference between the movement in the face value of capital and debentures and the actual amount of paid or received profit, or of undistributed profits of Australian subsidiaries accruing to the oversea parent companies.

In New Zealand, there is a project for the Murupura pulp and paper scheme, for which the New Zealand Government raised a £10 million loan in the London market in 1953; a general purposes loan for the same amount in 1954, and another £5 million in 1956. By virtue of that scheme the forest resources of the North Island of New Zealand will be exploited, and paper mills will be constructed which, when in full production, are expected to

represent the biggest single industrial scheme ever projected in that country.

I now turn to India. In November, 1955, Associated Electrical Industries Limited were appointed consultants to the Government of India for the establishment of a heavy electrical manufacturing industry in that country. The appointment was for fifteen years. The company will advise the Government of India on the design and construction of factories and the ordering of plant, and on training schemes for Indian engineers. The agreement with the Government of India will provide for financial participation by the company by way of loans which, by 1970, will amount to about £2 million.

Then, a consortium of British firms forming the Indian Steelworks Construction Company, and known as I.S.C.O.N. have secured a contract with the Government of India for the construction of a steel works with a capacity of between 1 million and 1½ million tons at Durgapur, and the entire civil engineering work will be carried out by I.S.C.O.N. The total cost of the scheme is £102 million, of which about £56 million has been incurred in the United Kingdom. To assist in the financing of the sterling costs the United Kingdom Government have agreed to make available to the Government of India a credit of up to £15 million, with British banks giving credit facilities of £11½ million.

In Pakistan, the achievement centres round the gas industry. Oil was found in the 1880s north of Sui, in Baluchistan, but commercial production proved impossible for a very long time. It was after the 1939-1945 war that Pakistan Petroleum Limited came on the scene—a company in which the Burmah Oil Company holds 70 per cent. of the capital. That company restarted aerial and ground surveys in 1950, and, after heavy expenditure on survey work, gas was struck in commercial quantities in October, 1952.

After a tremendous amount of work in a fearful climate, a 320-mile long pipeline was laid across the country. In order to supply gas to consumers in Karachi another company was incorporated in February, 1954. So the story went on. The fact is that about three-quarters of

the money which has gone into the Sui scheme was subscribed in one form or another by the United Kingdom. Besides this expensive financial backing, Britain made a contribution of technical knowledge and provided most of the equipment for the pipeline, including the pipes themselves. The pipeline was finished early in April, 1955, three months ahead of schedule, and the work was carried out under very trying climatic conditions.

As the House knows, United Kingdom investment in the Federation of Rhodesia and Nyasaland has been on a very substantial scale since the war. No records are available of the very large amount of ordinary private investments, but loans raised on the London market by the Federation and the territorial Governments between 1946 and 1955 amounted to over £60 million. In addition to this, the Colonial Development Corporation, of which we have heard so much today, has invested about £7 million in the Federation, and has agreed to lend a further £15 million for the Kariba hydro-electric scheme. Under the Colonial and Development Welfare Acts, grants amounting to over £8 million have been made available since 1946 in Northern Rhodesia and Nyasaland. These are just some examples of what has been done. They are no cause whatever for complacency, but, equally, they should be noted and remembered.

I now want to say a word about the machinery which is available for development. The House has already heard much about it, and I certainly want to add my very sincere praise for what has been done by the Colonial Development Corporation. I will say later a little more about what some hon. Members want done about it, but that is one part of the machinery which is available. Then there is the Commonwealth Development Finance Company Limited, or C.D.F.C. Once again we are building up a fearful series of initials which are very much like each other but which stand for entirely different things.

The Commonwealth Development Finance Company was set up in March, 1953, and is a channel for private capital. I do not think I need say any more to define the Company, because it is quite familiar to all hon. Members.

**Mr. Marquand :** I do not wish to interrupt too often, but the hon. Member gave us some figures about investment through the Colonial Development Corporation, and went on to talk about the Commonwealth Development Finance Company. He did not give us any figures for that company. He said that it was started in 1953. We should very much like to know how much has passed through that channel.

**Lord John Hope :** I am not certain that I have those figures. I thought that it was time that I got away from figures. I am trying to recapture the broad structure and pattern of the matter. I have no figures of what has been through that company. The figures I have in connection with it will not be of any use to the right hon. Member but, once again, I will try to help him later.

The next part of the machine which is available is provided by the Colonial Development and Welfare Acts themselves. In this case they provide grants rather than loans. In connection with the machinery which is available, I do not believe that anyone has mentioned the Export Credits Guarantee Department which has played a very valuable part in the whole of this operation. Then there is the Colombo Plan, but that goes farther afield than purely Commonwealth countries, although, as hon. Members know, it includes some.

I do not think that hon. Members will need me to remind them of the other more obvious sources such as the London market itself, the International Bank, and the rest. The point is, and the question arises, whether that machinery, such as it exists, is sufficient for the purpose or not. On the whole, I am bound to say that our view is that it probably is sufficient, but I do not want to be dogmatic about it, and before I have finished speaking the House will see that there is no intention of not seeing whether more can be done.

However, I am bound to say that the difficulty as it strikes me, and this has been mentioned by one or two hon. Members already in the debate, is concerned much more with the shortage of capital than with the shortage of machinery through which the capital can be channelled. That is something which has

to be faced by everyone, whatever they want done.

**Mr. Bottomley :** The hon. Gentleman says, quite rightly, that there are many institutions dealing with capital investment and that too little capital is being invested. What are the Government going to do to make sure that more capital is invested and that there are fewer institutions?

**Mr. F. M. Bennett (Torquay) :** On the point which my hon. Friend was making about the Commonwealth development machinery and why there was no reason to broaden it at this stage, I would say that, so far as I could understand the earlier argument, it was the fact that as we were the only net exporters of capital there was no way to bring in other Commonwealth capital. But if in that context we are talking about machinery being sufficient at the moment, we should recall that those countries which it is said cannot contribute because they are not net exporters of capital are already contributors to the World Bank, although they are not such exporters of capital. Therefore, why cannot they belong to a Commonwealth institution of the same sort if they already belong to an overseas international one—the World Bank?

**Lord John Hope :** It is not for me to say that they will not or cannot. That is one of the things that will be dealt with later. The question of the right hon. Member for Rochester and Chatham was not strictly relevant to the machinery. He asked how we were to get the money. I am here to try to help the House to see whether or not we can streamline the machinery available. There are all sorts of things to be said about the availability of money. Although they have nothing to do with this debate they are, of course, connected with the question of development. What I have tried to say to the House is that it is not enough, in our view, to produce more machinery in the hope that by so doing more money will be available.

**Sir Patrick Spens (Kensington, South) :** The shortage of capital available makes it very important that it should be directed into the most productive and the most profitable channels. The only doubt that I have—and here may I say that I have to disclose a personal interest as a director of an institution that contributes very

large funds—is whether there is any machinery that really makes sure that there comes on to the London market, or any of the other possible sources, the most urgent, the most productive and the best projects in the interests of everybody.

**Lord John Hope :** I think that the broad answer is that one has to take the picture as a whole. I do not think that one can predicate or invent a new system of reliability, judgment or trial for Commonwealth development that does not apply to other similar ventures in terms of investment. We all know the sort of tests that people have in mind when they are thinking of investing money, whether they be Governments, private individuals or firms. Those sort of tests must be constant throughout the field, and where in the Commonwealth there is a good chance of an investment paying, then, of course, the investment will be forthcoming. Of course there have to be spheres such as those of which the Colonial and Development Welfare Acts take account where the actual return in terms of profit must take second place. That is recognised.

Some quite definite and positive suggestions were made both by the hon. Member for Harrow, West (Sir A. Braithwaite) and other hon. Members on both sides of the House as to what could be done. One hon. Member asked whether we could not have some form of Commonwealth group to examine and co-ordinate the development of natural resources. I was interested to note that no hon. Member mentioned a group which does exist. Though I dare say it does not fill the gap entirely, it is doing much behind the scenes. Indeed, what it is doing will very soon come in front of the scenes.

A great deal of work has been going on in respect of raw material development in the Commonwealth. That research has been undertaken by a committee called the Commonwealth Economic Committee which was established in London and is supported by all independent Commonwealth Governments. The Colonial Office, of course, is also represented on it. We are now awaiting the present study of the matter by that Committee, and, as I said to the hon. Member for Eton and Slough (Mr. Fenner Brockway) a day or two ago, it is hoped that that Committee's recommendations

will be ready for publication during the next few months. Obviously, I cannot anticipate what will be in the Report, but it is a body which seems to go at least a fair distance towards that for which the hon. Gentleman has been asking.

I want the House to get a balanced view of what is being done in terms of the machinery being worked; that is all. This Committee was not mentioned in the debate by any hon. Member.

**Mr. J. Johnson :** Could we be told who is the chairman of this Committee, who are its members and what the publicity for it has been?

**Lord John Hope :** I do not know what the publicity is, I am afraid, but I will let the hon. Gentleman have all the details about it after the debate. All I know is that all the High Commissioners are automatically members of it.

That was one suggestion for a Commonwealth group. The establishment of a Commonwealth bank is another suggestion. That may or may not commend itself, but I would certainly want to look into the suggestion. Again it is quite clear what sort of difficulties I am bound to have in front of me when contemplating that matter.

Thirdly, and this I think embraces what is in the Opposition Amendment, the idea that the C.D.C. should be widened and expanded to include Commonwealth development under its wing seems to have recommended itself to a remarkable degree to hon. Members on both sides of the House. On the face of it, I can quite see that that is an attractive suggestion, but I do not think that it is being obstructive or uselessly negative to ask the House to face the difficulty which it is creating for itself, if it really wants that to be done. That is not to say that we should not in some way have a co-ordinating group, although I think there are many difficulties in terms of centralisation about that. But hon. Members are asking that some corporation should handle investment and development in dependent territories as in independent territories—

**Mr. Leather :** Hear, hear.

**Lord John Hope :** The cheers were obviously intended to disprove my implied suggestion. But I seriously ask hon. Members to put the difficulty fairly to themselves.



[LORD JOHN HOPE.]

We get right back to what I said at the beginning of my speech; either a Commonwealth country, like any other country, is independent, or it is not. If it is, it must be primarily responsible for its own development, whether political or economic. That is quite a different thing from saying that a co-ordinating group as a whole is necessarily unworkable, but I think that the particular suggestion which has been made would be unworkable. We cannot have the same statutory body handling development in territories for which this Government is solely responsible and in independent countries as well.

**Sir A. Braithwaite:** The hon. Gentleman would not suggest that these emergent countries which are coming out of colonial status now will be comparable with the present independent territories in their new state. It will take years for that to happen, and unless we give them some facilities, what is the use of talking about them having to do this thing themselves?

**Lord John Hope:** It does not concern us whether the thing would work or not, and as I say, it is no answer to say that some countries are more independent than others. Of course they are much more developed. But that is quite a different thing from saying that we should treat them in a different way when it comes to a point of, so to speak, ordering from the centre what is to be done about their development. We cannot get away from it—

**Mr. Leather:** I am sorry that my hon. Friend is being interrupted so much, but this is a most important point. Why are we to be told that this cannot work? The World Bank works; the Colombo Plan works—all these things work; and if the Minister and his colleagues accept the principle that we want a Commonwealth effort and not just a United Kingdom effort, surely the whole of his argument falls to the ground.

**Mr. Sidney Dye** (Norfolk, South-West): Why have a Commonwealth?

**Lord John Hope:** I do not see that there is a parallel.

We want to discuss these specific suggestions with members of the Commonwealth. But that does not prevent me from putting Her Majesty's Government's

view about these specific suggestions. I say that we cannot get away from the fact that an independent Commonwealth country is responsible for its own development, both political and economic.

**Mr. Bottomley:** In view of the feelings expressed by hon. Members on both sides of the House, may I ask the hon. Gentleman not to commit himself too firmly? He has said that we are to consult the Commonwealth countries. I ask that until we have done so the United Kingdom Government should not make up their mind.

**Lord John Hope:** The right hon. Gentleman will allow me to say that any independent government, whether the United Kingdom Government or not, are entitled to express their own view. But that does not prevent any such Government, in good faith, from entering into discussions on this suggestion and others which have been made by hon. Members to see whether we can improve the machinery for development. That is what I wanted to say to the House about it.

I knew perfectly well that the view of the Government about this specific suggestion would not commend itself to all hon. Members, but nevertheless I felt it my duty to express it. I have said that I wish to assure the House that all these suggestions will be communicated—I will see that it is done—to our sister nations in the Commonwealth, to see what they feel about it.

I have tried to apply myself to the main suggestions which have been made. Perhaps I should not sit down before making one observation about tax matters to which there has been reference. The Treasury Minister, whoever he has been—there has been one present almost throughout the debate—has taken note of all that has been said. Obviously, some of the matters raised are Budget matters and, even if I would, I could not talk in detail about them now.

The third and more constructive thing I wish to do is to remind hon. Members that my right hon. Friend the Chancellor gave certain undertakings of great importance on 19th June of this year, during the discussions in the Committee stage of the Finance Bill, about

the taxation of overseas trade corporations and pioneer industry reliefs. I know that my right hon. Friend is pursuing a thorough study of these tax matters and will be announcing his conclusions to the House when the time comes.

I do not wish to detain the House any longer. I repeat what I said at the beginning of my speech, that Her Majesty's Government are not in any way complacent, either about the achievements revealed in terms of Commonwealth development or about the pace at which things are going. I have tried, as I was bound to do, to show where the limitation lies, and primarily it lies in the lack of capital here. I do not believe that the machinery is half as bad as some hon. Members are apt to think. I give the specific undertaking, once again, that we shall consult with the Commonwealth in terms of the suggestions made in this debate by hon. Members on both sides of the House.

2.47 p.m.

**Mrs. Eirene White** (Flint, East): I am sorry to have to speak after the Minister has spoken, and particularly so because I feel that hon. Members on both sides of the House must have been disappointed with his response. We cannot blame the hon. Gentleman. He is new to his office, and we all wish him well in it. Clearly he has had to accept the official brief on this. But I wish to put seriously to him that those of us who are present today represent scores of hon. Members on both sides of the House and come regularly to debates of this kind and have taken a definite interest in these matters over a number of years. Many hon. Members opposite have business experience in these territories. Hon. Members on this side of the House do not collect many directorships, but nevertheless some of us have taken a long and continuous interest in these matters.

Surely, in those circumstances, it is of some significance that back bench Members on both sides of the House are in general agreement. I am sure that I am speaking for hon. Members opposite when I say that we are not satisfied with the attitude of the Minister. He and his right hon. and hon. Friends—including the Colonial Secretary who has not been present here today except for the briefest possible period—

**Mr. J. Johnson:** The right hon. Gentleman's Parliamentary Private Secretary has been present.

**Mrs. White:** Yes, he has been in attendance, I agree, for some time.

Surely it is significant that hon. Members on both sides of the House are agreed that the Minister who has replied for the Government does not seem to have realised what are some of the factors at stake. I understand that our Amendment is not to be called, though I do not know why, because it is an addendum and does not limit the scope of the Motion. But in it we have tried to show that we are reaching a point of importance for territories which are arriving at a stage of independence. I perfectly appreciate the point made by the Minister that independence means independence, and that, therefore, when a country has reached that stage it is entirely within the competence and discretion of that country whether or not it wishes to participate. Clearly it would be a matter of free choice whether or not an independent territory took part in the operations of any machinery which was set up. I cannot see what the difficulty is.

If it is said that it is impossible for one mechanism to work in two types of territory because one is politically independent and the other is not, I would point out that if we are dealing with questions of physical development of one sort or another the type of work is precisely the same. It does not matter what the political status of the country happens to be. If one is building a railway or making a port or deciding on some other form of physical development, surely all that matters is the political status of the country in deciding whether or not it is completely and entirely at liberty to participate. If that is granted, what is the difficulty in the hon. Gentleman's mind as to the possibility of one development mechanism working in two or three different types of territory? I really cannot see what his difficulty is in that respect.

I can see that there is a psychological and political difficulty in having something which is called a Colonial Development Corporation, because that would be a misnomer if it were dealing with countries which have become independent. That is why hon. Members on both

[MRS. WHITE.]

sides of the House have suggested two things: first, that its scope should be widened and its name changed to be in keeping with its altered scope, and also—and this is something with which many of us have sympathy—that other Commonwealth countries might well participate in the giving as well as in the receiving, making it a true Commonwealth body.

That might be a bit more difficult and it might take time, but at least the Government ought to be moving in that direction. They need not necessarily wait until we have complete agreement with all Commonwealth countries that some machinery of this kind should be set up. That might take a very long time and there might be difficulties with a particular country. I cannot see why we cannot begin to build on what we already have. I cannot see why we cannot expand something which has now proved itself to be a competent organisation for dealing with these problems of physical development, problems which are not entirely within the scope of private enterprise.

Surely one could build on C.D.C. in both directions, expanding the areas in which it can operate, or at least keeping in its scope areas which would otherwise go outside, such as Ghana, Nigeria, the Caribbean Federation and Malaya, and also offering—and it might be no more than that to start with—to the other countries in the Commonwealth the opportunity to come in, saying, "Would you like to come in on this?" I think that some probably would. I think that the hon. Member for Somerset, North (Mr. Leather) is quite right.

The fact that they are net importers of capital, as hon. Members have already pointed out, is not conclusively against their coming in. They participate in the World Bank. Also, if we are to talk about the *mystique* of the Commonwealth, surely the question whether they are net importers of capital or not should be put in its proper perspective. Even if they are net importers of capital they might still like to participate, in a modest degree perhaps, in something which was part of this Commonwealth body and conception. The fact that they may be net importers of capital is irrelevant. They should be asked, "Would you like to join in?"

Equally, it is all very well to say that the Government intend to consult the present members of the Commonwealth, but is the hon. Gentleman working in this matter with the Colonial Office? One hon. Member opposite said that the Colonial Secretary has been so busy moving from crisis to crisis that he has not had time to sit back and think. I have a little sympathy with him; he has had a strenuous term of office, and it is quite true that people have not been thinking adequately about this matter. We are coming up against it in connection with Ghana. I cannot discuss the details of the Bill, but have we consulted the other members of the Commonwealth before setting this particular example of Ghana on the Statute Book? Also, have we consulted the other territories which are getting near the Ghana position? Nigeria, the Caribbean and Malaya are obvious examples.

Are we perfectly certain that we are establishing the right precedent? The consensus of opinion on both sides is that this is not really the right pattern. We have been given no indication by the Minister that before taking this decisive step there were adequate consultations with the different parties which are, or might be, concerned.

The reply we have had from the Minister has been superficial. I do not blame him personally. He has hardly had time to find his feet. I blame his Department.

**Lord John Hope:** I must ask the hon. Lady to let me have it full in the solar plexus if she must attack, but not to blame the Department. I am responsible, however new I am in office, for what I said, and I stand by it.

**Mrs. White:** I am sorry. I was trying to do the hon. Gentleman a kindness, but if he likes to take the blame, which I agree is in tradition, all right. I blame him fully and squarely. His speech was inadequate and superficial. It did not show a full appreciation of the many complex matters which must be urgently considered if we are not to take what many of us believe would be a mistaken line. This is a great opportunity. This is the moment when these matters ought to be considered in their widest aspects and from both ends, from the end of the countries which are already independent and have been for a number of

years, and also from the end of those who are coming very closely towards full independence. Their physical problems will not be changed by the fact that they become politically independent. The only difference, it seems to me, is that they would then have complete and absolutely free discretion as to whether or not they participated.

I turn now to another matter which does not appear to me to have been fully considered by the Government as far as I can follow their reasoning. It is the future of the Colonial Development Corporation itself, which is most relevant and which has been mentioned by several hon. Members. I have here the last Report which has been referred to by several hon. Members. I think we can take it now that everyone agrees it is an extremely useful instrument for this type of development.

If one looks at the present position, one finds that the Colonial Development Corporation has now, quite rightly, I think, regionalised its organisation. In the Caribbean, for example, one finds British Honduras, British Guiana, all British West Indies Islands, the Bahamas and the Falkland Islands. What will happen when the time comes for the Caribbean Federation to pull out? In that area we shall be left with Honduras and Guiana, if they do not come in—and we assume that they will not, although we hope they will in time—together with the Bahamas and the Falkland Islands. That is not an adequate region.

In the Far East, there is Malaya, Singapore, North Borneo, Brunei, Sarawak, Hong Kong, Fiji, and the Western Pacific Islands. Taking out Malaya and Singapore, there will be left an important group, but nevertheless a group which will not form a very adequate administrative unit. East Africa, at the moment, hardly comes into the picture. In West Africa, we shall be left with Gambia and Sierra Leone on their own. Yet, as I say, the physical problems of development in the other territories which will be gradually eliminated for political reasons will remain unchanged.

It seems to me that we shall ruin the C.D.C. by stages. As my hon. Friend the Member for Rugby (Mr. J. Johnson), I think it was, pointed out, staff will

not stay if they feel that they are in a shrinking organisation. I think it would be correct to say that the Colonial Development Corporation itself is very anxious to be allowed to continue working in the territories, if the territories themselves wish it to continue; obviously, that would be a condition. In the territories in which it has already done a great deal and in which it has a great deal of money invested, it would wish to continue. In Nigeria, for example, it is to be permitted, as I understand it, to continue the projects which have already been started but not to expand or initiate any new ones.

Surely, that is a very unrealistic way of conducting its work. How can one say at this stage whether a project is worthy of expansion or not? As one knows, very often one thing leads to another; one begins one project and then finds it would be extremely valuable to have some ancillary process or cognate activity being pursued alongside. However, there is this artificial line, which we understand is now to be drawn, but which it is quite unrealistic to draw when we are thinking in terms of physical development. It is entirely out of keeping with reality.

It seems to me that we shall ruin the really good instrument which we already have. It may be a long, slow death, but it will be that: we shall wear down its enthusiasm. We shall miss the opportunity of initiating a new phase in Commonwealth economic development for which I believe we are now ready. Goodness knows, we shall need Commonwealth economic development. I do not want to introduce any acrimonious note into this discussion, but I must say that our chances in the Middle East will not be very good for the next decade. All of us, for many reasons, are extremely anxious to see that we have maximum expansion in these Commonwealth territories.

We should like to see other members of the Commonwealth associated with us, partly because of the Commonwealth idea in general, and partly because, for political reasons, it would be very wise to diffuse some of the responsibility in relation to these emerging independent territories so that we do not have a link only with the United Kingdom. After all, when they become independent themselves, although they may not be able to

[**MRS. WHITE.**] contribute much—indeed, it is very unlikely that the newer ones will be able to contribute anything at all, and they will remain at the receiving end for quite a time—they may well be able to contribute something in personnel, as hon. Members opposite have suggested.

**Mr. Braine:** I am following the hon. Lady's argument, and I agree with every word she is saying; but will she not agree that the Canadians, Australians and New Zealanders already make substantial contributions in that direction under the Colombo Plan? If they can do it there, they can do it in the wider context.

**Mrs. White:** I absolutely agree. The main contributions that they have made under the Colombo Plan have been in personnel and technical assistance of that kind, rather than in finance. There might well be opportunities where we might have some contribution of that kind, even if it could not be in cash, from some of the new independent territories.

It would surely help enormously, if I may put this to the Minister, to encourage them in feeling that they are full members of the Commonwealth. If they were able to take that status within such an organisation, I do not believe that we should have any of the difficulties which the Minister suggested we might have in having dependent and independent in absolutely watertight compartments. It just is not realistic.

Therefore, I implore the Government to think again. They have the whole House against them as far as the back benches are concerned. We really do not think that they have gone into this matter thoroughly enough. We beg them not to commit themselves categorically to the line which they appear to be wishing to take. We think that there should have been much more thought and consultation with the people concerned. It is not a matter of promises for the future. If this pattern was to be set, there should have been consultations already. We beg the Government to take some notice of what has been said on both sides of the House today.

3.6 p.m.

**Mr. W. T. Aitken** (Bury St. Edmunds): In listening to this very agreeable, stimulating and constructive debate, I could not help thinking of something that

Mr. Nehru once said when referring to the Commonwealth. He said, "There is a touch of healing in it"—except, possibly, for the Minister, who seems to have taken a bit of a battering. That is somewhat unfair, however, because a lot of people, quite unconsciously, seem to be confusing the functions of the Commonwealth Relations Office with those of the Colonial Office.

Somebody once said that the Colonial Office ought to have neon lights over the entrance flashing every hour, "All ye who enter here, fasten your seat belts." I think that the Commonwealth Relations Office might well have an equally prominent flashing sign saying, "Stop, look, listen and cross now." The Minister said—I do not think hon. Members paid quite enough attention in their strictures to one point he made in his reply—that we are dealing with independent countries. It is very important to realise that.

This has been an extremely constructive debate because, in the first place, my hon. Friend the Member for Harrow, West (Sir A. Braithwaite) has put forward what are to my mind two important and new ideas—new, that is to say, to a lot of people at least. His first idea, and one which appeals to me enormously, is that we should place all the emphasis we can upon basic facilities for the undeveloped parts of the Commonwealth—that is to say, power and roads, which are the very essence of the kind of Commonwealth development to which we ought to look forward in the future.

Throughout the history of the world, transport and communications have been the basic factor in all forms of development. Right under our noses today there is a project going on which I do not think many people here have heard about: that is, the Pacific Great Eastern Railway, in British Columbia. It is opening up a fabulous new empire in the Caribou—Peace River districts. The railway alone will ensure that every possible kind of private enterprise will be coming into that area within the next few years.

I do not want to go at great length into some of the economic arguments which have been advanced, but clearly hon. Members have put forward some practical, concrete ideas about the nature of our problem. The problem simply is

that despite the very long period we have had of high productivity and ever-increasing exports, investment is still not high enough to provide the kind of surplus that we need for Commonwealth development. There are people of great authority—I rather detected my hon. Friend's agreement with this thesis—people like Professor Roy Harrod, who take the view that there are very good prospects, and prospects in the near future, of this country generating a quite sizeable overall external surplus on income account which will enable Britain to finance a much larger overseas development.

That argument is simple enough. It is very much in line with the late Lord Keynes' ideas. It is that the present high rate of investment in factories, equipment and other heavy capital expenditure will abate. In the last three years, something like 500,000 people have been taken out of other industries and put into the manufacturing aspect of this higher-g geared capital development programme which is going on in this country, yet our working population is practically stationary. Into this new, high-g geared industrial development half a million people have gone, reducing the number of people available for other projects. The factories, the engineering equipment and so on built more recently have not yet got into high gear. They will soon.

Where are we to find the extra people? The Roy Harrod theory is that when that time comes, unless automation comes much faster than seems to be likely, the capital investment aspect of our economy will have to look elsewhere for markets. And where but overseas? There are other people of equal eminence who take a rather more sombre view, and say some very harsh things will have to be done. May be they are right. I do not propose to go into that now, but the Government must consider these things and give us a line. They are the people best equipped to do it.

One of the things we all know is that we live in a time of tremendous change. The obvious facts are that the patterns of trade are changing, many of the great food producing countries are now consuming more of their own food products and are going into manufacturing industries, and that at the same time better techniques are being applied in agricul-

ture and in industry. Those new techniques are themselves bringing about tremendous changes. No country, not even the United States of America, has a more varied and more complex economy than we have in this country. The amount of expertise and knowledge available here is certainly as high as that anywhere in the world, and yet in Britain, with all this specialised experience, we still seem to be a long way behind America, and even Canada.

The statistical organisations and the information services which could give us a general idea of what our prospects are and what we ought to do to deal with the opportunities and dangers that lie before us are not as good as they should be. I was interested in what the Under-Secretary of State said about the Commonwealth Economic Council, but I do not agree that it is comparable at all with some of the things for which some of us here are asking today. It is a Civil Service set-up, although it is certainly a Commonwealth organisation. I would tell my hon. Friend now that that is not comparable to what some of us are asking for today.

When I got over the not unusual shock of finding that somebody else had made the main point of the speech I was hoping to make, I took some consolation from the fact that my hon. Friend the Member for Essex, South-East (Mr. Braine) is a very formidable protagonist of the case I also was going to make. The reason why I have stayed here to make this speech is that I particularly want to make this point.

It is true that the Paley Report had a profound effect upon the Americans. It gave them a few shocks, too. At the moment, the Canadians have set up a Royal Commission to examine the economic prospects of Canada for the next quarter of a century. I have had the opportunity of reading some of the public evidence given to that Royal Commission, and also I happen to know some of the people on it, including the Chairman. This Royal Commission is a very remarkable effort. I do not think that anybody making an economic or any other kind of investigation like this has ever attempted to do what that Royal Commission is trying to do in Canada, and that is to look ahead for 25 years to see what is going to happen, and to



[MR. AITKEN.]  
 give some lead to the community. I think that that Royal Commission's report will produce a few surprises, too, not only for Canadians but for people all over the world.

As my hon. Friend said, the Paley Report already exercises a profound influence on American policy, upon policies which sometimes look very much to our disadvantage, such as those we sometimes talk about in connection with the oil industry in the States. Indeed, I think one can to a considerable extent blame the Paley Report for the rather uncomfortable—to some of us, the highly suspicious—link between the State Department and the oil industry. But if such forward-thinking assessments were considered necessary in the United States and Canada, how much more necessary are they for us?

We think rather differently on these matters from the United States. We already have a kind of grand jury which investigates and adjudicates on many things. It is a well-tryed and well-known system which commands great prestige and respect throughout the Commonwealth—that is a Royal Commission. A Royal Commission on the economic prospects of Britain and the Commonwealth would surely be a most useful thing. I realise some of the difficulties. I hope that the Minister will not mind when I say that his is a diplomatic department and the methods of persuasion are the ones which we have to apply in the case of the Independent Commonwealth. I think this idea could be put over.

I believe that a body with the prestige of a Commonwealth Royal Commission would be of the greatest value. Our position here is terribly important to the Commonwealth and the setting up of a Royal Commission, with all the prestige and knowledge and ability that it could command not only from this country but from the whole of the Commonwealth, would, I believe, be regarded as a very constructive step today, especially if we initiated it here and perhaps developed it in consultation with the Commonwealth. Such a Commission could command immense resources and the magic of its name alone would give an entry into the minds of people overseas and in this country who understand so well the functions of a Royal Commission.

The most important thing of all about such an investigation is that it would tell us all kinds of things that we do not know today about the Commonwealth. The more we study Commonwealth affairs and the more we visit parts of the Commonwealth the more we realise how little we know about its potentialities. There are great ethnic, economic, racial, and religious problems to be considered in assessing the economic potentialities of any area. Any kind of combined effort on the part of even a few of the Commonwealth countries or even, at the beginning, an investigation into British and Colonial prospects and its needs would be very useful at present. It would be useful not only because it would stimulate interest and put the Commonwealth, as it were, in a world shop-window, but it would encourage our friends and, perhaps even more important, depress our enemies.

3.20 p.m.

**Mr. A. Fenner Brockway** (Eton and Slough): By the chance of putting the first Question to the Under-Secretary of State for Commonwealth Relations, I had the earliest opportunity to congratulate him upon his appointment to this post. I do not feel any less friendliness towards him now, but I was profoundly disappointed in his speech today.

The noble Lord's post is one that gives among the greatest opportunities of all Ministerial posts. This Commonwealth idea is an inspiring idea. Here we have the conception, perhaps for the first time in human history, of men and women of different races and different colours all being associated in one group. The contribution which that has to make to the future of a harmonious world may be immense.

I do not understand how anyone assuming the office which the hon. Gentleman has accepted can have failed to be stirred by the imagination of that opportunity. I do not understand how he cannot have felt the kind of dynamism, the kind of vigour, the kind of energy which was reflected in the speech of the hon. Gentleman the Member for Somerset, North (Mr. Leather), profoundly as I disagree with most of the views he put forward. I am thinking not merely of the great conception of a group of nations of different races and of different colours, but of the tremendous

economic opportunities which that group now provides.

I do not want to emphasise this at any length, but it must be said when Britain is in such economic difficulties and when, in the international sphere, those economic difficulties depend to such a degree upon the difference between the sterling market and the dollar market. It must be said when we see our own Colonies with such potentialities for producing nearly every foodstuff and raw material needed by this country. We used to say that there was no oil; in this debate we have heard of oil being discovered in Nigeria; before that, there was oil in Sarawak. There are enormous opportunities for contributing to the solution of our own economic problems and for raising the standard of life of millions in the world.

When that is the field in which the Minister can work, how could the hon. Gentleman deliver the kind of speech which he delivered this afternoon? It is the greatest proof that the hon. Member for Somerset, North was justified in his criticism. I am referring not to much to the Minister, but to the Department which he has joined, and to his predecessors in that office, because I thought it was sporting of him in these early days of his appointment to have accepted in his speech such a responsibility. As he enters upon those duties, I beg him to see the possibilities, both politically and economically, of the office which he has accepted.

In what may perhaps be the concluding speech from this side of the House, I shall take a rather broader view than has been prominent in many of the speeches that have been delivered. I begin by saying that whilst most of us have been voicing the Commonwealth conception I must point out to the Front Bench, and to hon. Gentlemen opposite, that their party and their Government must pursue a much more careful policy in international affairs or there will be no Commonwealth in which we can take pride.

No one can have read the recent speech of the Prime Minister of Canada, as well as the speeches of some of the Asian members of the Commonwealth, without realising on what a dangerous edge the Commonwealth has been balanced during recent weeks. We should

be discussing this matter in a somewhat isolated way, and in somewhat of a vacuum, if we did not recognise its dependence upon our foreign policy.

Almost the only subject of controversy between the two sides in today's debate—except that between the Minister and the whole of the House—was that raised by the hon. Member for Somerset, North on the issue of whether the development of the Commonwealth should be done by private or by public investment. I think that all of us recognise that, in the immediate conditions, private investment is necessary. That is accepted by the Prime Minister of Ghana as much as it is by the Prime Minister of Canada; but when private investment is accepted as necessary, there are very great dangers, and we must consider those dangers in any consideration of the Commonwealth.

In December, 1953, the United Nations published a Report which was a study of social conditions in the non-self-governing territories. That Report contained the very interesting statement that the extent of exploitation of a Colony—in the sense of taking out of it more than is given to it—amounts, on an average, to between 3 per cent. and 4 per cent. That is to say, that percentage is the value of profits, dividends and interest which go to outside financiers from investments in the Colony compared with the total production.

**Mr. John Tilney** (Liverpool, Wavertree): Does not the hon. Member also regard as exploitation the bad investment to some extent of colonial Government funds on the advice of the Crown Agents, so that, having invested in medium- and long-dated Government loans, they have very substantial losses?

**Mr. Brockway**: I would not challenge that sometimes, but I do not think that it destroys my argument. I was quoting the Report of the United Nations itself.

**Mr. Braine**: If the hon. Member will study recent Colonial Territory Reports, he will observe that in each successive year there has been a growth in the Colonial Empire as a whole of domestic capital formation. That has been brought about only as a result of the sparking of enterprise by the inflow of capital from overseas.

**Mr. Brockway:** I hope I may be allowed to develop my argument. I have studied those Reports, and I do not find in them figures comparable with those in the United Nations Report of 1953. I have put to the Minister Questions asking for those comparable figures. I have not been able to obtain them.

The figure to which I am now drawing attention relates to the proportion of the total value of the production in a Colony which passes out of that Colony to those who invest capital from outside. The average figure is given in the United Nations Report as between 3 per cent. and 4 per cent. It is probably rather larger than that, because the estimated total value of the Colony includes subsistence value—food which is grown by the peoples themselves. In many Colonies that is very extensive.

The point to which I want to draw special attention is that, whilst the average for the Colonies is between 3 per cent. and 4 per cent., there is the amazing fact that in Northern Rhodesia the figure is 31 per cent. of the total value of production in that Colony. There is a Table which gives the figure for year after year. In December, 1953, I repeat, the United Nations report showed that 31 per cent. of the value of the whole production of Northern Rhodesia went each year in profit, interest and dividend to financiers outside Rhodesia. When we are considering the expansion of the investment of private capital, that is an illustration of how there can be exploitation of a country. The same report shows that the average *per capita* income of Africans is £10 6s. a year and the average *per capita* income of non-Africans £483 6s. That would give an African family of seven £100 a year and a European family—we must recognise that Asian families are included among non-Africans—an average income of about £1,500.

When there is that distinction between Europeans and Africans and at the same time one-third of the annual wealth is taken away in dividend, profit and interest to outside financiers, that is an illustration of how dangerous the use of private capital can be, unless it is kept under very great restraint.

**Mr. Tilney:** Has the hon. Member taken into account the interest on the large amount of capital which has been

lost in the various Colonies? He has taken a particular Territory where private enterprise has been especially successful.

**Mr. Brockway:** I assume that the United Nations did that. The United Nations was making an analysis of different countries and came to the view that the mean figure was between 3 per cent. and 4 per cent., including losses and successes. I do not think that I have been unfair in giving the figures as the United Nations gave them.

The conclusion to which we must come in discussing the investment of private capital is that certain safeguards must be required. The first is that there must be a minimum standard of wages on a living basis. Today in nearly all the Colonial Territories there are minimum wages, but in many they are not yet on a living standard for an African family. One can take the case of Kenya where the standard has been based not on a family but on a single individual. That has contributed to the appalling situation in Nairobi where the masculine population has been segregated while their families have to scratch an existence on the Reserves.

One of the first essentials in Commonwealth development must be a minimum standard of life for the indigenous workers which will give them health and the opportunity of education and, with the progress of industry, an opportunity to rise to higher standards. Secondly, the formation of trade unions among these workers and the recognition of the trade unions must be encouraged. It is customary for it to be said on both sides of the House that that principle is endorsed. I do not want to refer in detail to the situation in Northern Rhodesia at the moment. However, 72 trade union leaders have been deported and may be kept in deportation for a considerable time, despite the fact that in the courts yesterday they won their case. What I am anxious to do is to show that, despite what is said in this House of Commons, Governments are very often not encouraging trade unions in the Colonial territories but are actually doing the opposite.

Two years ago the hon. Member for Wigan (Mr. R. Williams) went to Northern Rhodesia in the course of a dispute there and sought to negotiate, as a representative of the International

Mineworkers' Union, on behalf of the African mine workers. He succeeded in those negotiations. He succeeded in gaining for those workers no victimisation. He secured for those workers that they should return at their previous standards of wages. I was astonished during that period to receive a letter, a copy of which I have in my hand, from a high official—a very high official—of the Government in Northern Rhodesia. I am at liberty to refer to this letter now because I met Lord Lloyd in deputation this week, and I indicated that, although two years ago I gave a promise to the hon. Member for Wigan that I would not give public knowledge of this letter because I did not want to hamper his negotiations, I now had his consent to make reference to it.

In this letter, at the very time when the hon. Member was succeeding in negotiating an end of the strike with no victimisation, here was a letter from probably the highest official in our Government in Northern Rhodesia to the companies in the Copperbelt, urging them to conclude the strike on a basis of not taking back all the men, leaving some of the men out, not even asking that they should get the wages which they had before—a high official of our Government urging victimisation at the very moment when the representative of the International Mineworkers' Union was there and succeeding in getting an end to the strike by which the men did not have to suffer in that way.

That is one illustration of how Governments in the Colonies today do not always carry out the principle which is accepted in this House that there should be trade union recognition. I am not at this moment going to make further reference to this letter, but if conditions in Northern Rhodesia get worse many of us feel that we shall have to reveal the full facts about the attitude of the highest officials in the Government of Northern Rhodesia towards the African trade unions.

**Mr. Tilney:** Northern Nigeria or Northern Rhodesia?

**Mr. Brockway:** Northern Rhodesia. I should be much kinder in my reference to at least one of the highest officials in Northern Nigeria.

I want to turn from that to the question of public investment. I say that the amount which this country at present contributes towards the development of the Colonies from our public resources is an absolute scandal. Let us look at the figures: £1,500 million spent each year upon defence. The contribution of our Government towards colonial development and welfare, the Colonial Development Corporation, the Colombo Plan and all the United Nations Agencies amounts to less than £25 million a year—£1,500 million a year for defence; less than £25 million a year for world betterment. It is a shocking contrast, with which no hon. Member can possibly be satisfied. Expenditure has recently been incurred upon the enterprise in Egypt and the Suez Canal. This will cost more than everything this country spends upon the Colonial Territories and in the United Nations in a year. Total expenditure by way of aid amounts to £25 million, whereas expenditure upon the Suez Canal adventure will be at least £50 million.

We should understand that we have an obligation to the Colonies. Reference was made this afternoon to rubber production in Malaya and cocoa production in the Gold Coast. We often forget that the value of that production did more to fill the gap between the sterling and dollar areas than all the greater production of the factories and workshops of this country. The same point is illustrated in the British Government Treasury Bulletin No. 83, published in 1956, which says:

"Since the war, liabilities to the Colonies have, in the last five years, built up their balances by £550 million."

The contribution which we make to the Colonies is a small one compared to that which they have made to our economic restoration.

Much has been said today about the machinery of help. We have to get the right machinery. I think that it should be in two tiers. There should be a Commonwealth tier, of Commonwealth assistance for all territories within the Commonwealth, whether they are now non-self-governing or self-governing, and another fund, on an international tier, the broad purpose of which would be to assist under-developed territories and peoples everywhere. That fund would cover some of our Colonial Territories.

[MR. BROCKWAY.]

The United Nations has endorsed the latter idea. It has been said that America gave us an example, which we followed, of declining to contribute to the United Nations fund because of our expenditure upon defence. In view of the facts which I have given about our expenditure on world development as compared with that upon defence, it seems to me that the least we can do is to make our contribution towards an international fund for the under-developed countries.

It may be found that the real alternative to thoughts of war and methods of war—to the whole procedure of thinking in terms of war—is to have something on an international scale which is constructive, and is for the purpose of building up life. If we could only begin to turn the minds of nations in that constructive direction we might begin to turn them away from the destruction and death which comes in war.

3.44 p.m.

**Sir Roland Robinson** (Blackpool, South): In the early part of his speech, the hon. Member for Eton and Slough (Mr. Fenner Brockway) mingled with a very full measure of criticism a warm personal welcome to the Under-Secretary of State upon his appointment. It would be fair and right to say that the Under-Secretary brings personally to his new office a warm and full measure of good will from most hon. Members on both sides of the House. We wish him well and want to see him make a success of his job.

During the course of his speech, however, the Under-Secretary received a fairly generous measure of interruptions from hon. Members on both sides of the House. In a way, it was a good thing because it must tend to show him the real sense of urgency which we all have on the need for Commonwealth development.

The Under-Secretary of State promised that all the points raised today would be submitted to the leaders of the Commonwealth so as to get their views and to see whether we could get some joint action taken together. I should like to urge upon my hon. Friend, however, that when we go to the Commonwealth we should go uncommitted and with an open mind about everything that has been said

today. We regard the problem as urgent and important. In his speech, the Under-Secretary of State said that in these matters the past record is never enough. I think he was right, and if he keeps that principle before him he should do well in his new office.

I think the whole House is grateful to my hon. Friend the Member for Harrow, West (Sir A. Braithwaite) for using his opportunity in the Ballot to bring before us a subject which stimulates and captures the imagination of us all. I think that within his Motion there is one thing that matters—the necessity and desirability for the creation of new wealth in the world. The time has long past when the needs of the peoples of the world could be satisfied by a mere redistribution of old wealth. Only the creation of new wealth can raise the standards of living of the peoples of the world. That to my mind is one of the most important factors of Commonwealth development.

I think that from a purely United Kingdom point of view we should not blind ourselves to the fact that it has some advantages for us as well. After all, the British Commonwealth is our No. 1 market, and if we can raise the standard of living of the people of the Commonwealth by about 5 per cent. we shall at the same time as we are helping them be doing an inestimable measure of good to the people of this country.

We can help ourselves, too, in the production of raw materials and food. There is no time to do more than underline what my hon. Friend for Harrow, West said on that point, but it is right that in considering the necessities of food and raw material supplies we should give priority to the development of the British Commonwealth. We should recognise, too, the value which the Commonwealth has been to us since the war in the production of hard currency, especially from such areas as Malaya, which has been providing us with most generous quantities of dollars through the sale of rubber, tin and other commodities.

Bearing in mind the importance of that, I think we must consider what we can do to stimulate this development. I believe that all of us on both sides of the House realise that there are two ways of doing it and that they are complementary and need not be competitive. The one is private enterprise and the other is

Government enterprise. My hon. Friend the Member for Somerset, North (Mr. Leather) has been particularly keen on private enterprise. I think that we should take every possible opportunity to urge upon the Government the necessity to give the necessary incentives to private enterprise to go out and develop the Colonies and the Commonwealth.

It has taken a long time to breach the citadel of the Treasury, but I think it outstanding that in the debates on the Finance Bill the Chancellor promised, for the first time, that there would be a full recognition of the pioneer industries legislation by the Colonies so that the incentive given by the Colonies themselves should be passed on to the companies operating in those countries also.

Then of course there is the question of Government enterprise, and a great deal depends on the Treasury in that connection as well. It would be all wrong to put, as it were, Commonwealth development in the queue, as things come along. Commonwealth development, and the interests of the Commonwealth and this country, should have an absolute priority, and I believe that the Government should do everything possible to help.

We listened with respect to what was said about the Colonial Development Corporation by the hon. Member for Flint, East (Mrs. White). It is fair to say that there is general agreement between us that we should use the Corporation as the chosen instrument of Government work in this direction. In common with hon. Members opposite, I should like to see an expansion of the work of the Corporation. We are anxious that it should continue in the new self-governing territories. It would be foolish to stop its work now. It would be foolish merely to continue it on the present scale. If the work is to succeed, it must expand, and I believe that we should go on. I felt that the Under-Secretary of State was suggesting that when these territories became self-governing, they would be beyond the scope of the help which we give to the Colonies.

**Mr. J. Griffiths:** Hon. Members have been inhibited by the fact that there is a Bill before us, the first which we have had for many years, in which, for instance, Ghana will be excluded from the purview of the C.D.C. and Colonial development and welfare. That decision

is of great importance, and it is a pity that we are inhibited from dealing fully with it because of the Bill which is before us.

**Sir R. Robinson:** I am grateful to the right hon. Gentleman for his intervention. I was careful, because of the rules of the House, not to mention any specific territory or Bill. But we feel that the work should continue. Many hon. Members on this side of the House realise that help could be given through the World Bank, and in this country we make a contribution in that way. Why cannot we act directly through our own national organisation to help the people for whom we have a special responsibility?

I would remind hon. Members that if the work was done through our own organisation, there would be no restrictive covenant saying that all contracts should be offered to nations outside the United Kingdom, and that is a point worth considering. I should like to see the Treasury much more generous in the matter of the Colonial Development Corporation. I am strongly opposed to the policy that the Corporation must pay what is now a very high rate of interest to the Treasury for the privilege of doing its work. I feel that the Treasury should permit a form of ordinary capital and that the nation should be prepared to take some of the risk of doing this colonial development work.

I listened with particular interest to my hon. Friend the Member for Essex, South-East (Mr. Braine) when he spoke about the various ways in which we might do this job. I agree with him that one of the most important things is the provision of communications. Without communications we shall never get development. I need mention only briefly the case of British Guiana where the lack of communications is apparent, and Sarawak and North Borneo, where there are great opportunities but no way of getting to them.

Hon. Members will remember that it is not many years ago since the Corporation made an investigation into possible coal fields in Tanganyika. It spent £400,000. At the moment it has proved a coal field with over 300 million tons of coal, and nothing has happened. The money has been virtually wasted, because there are no communications. I feel that



[SIR R. ROBINSON.]

this is an opportunity for the Government and the Corporation to get together to see what can be done to provide a railway, because without communications the whole thing will fall flat. I agree with my hon. Friends that if we follow up the communications with water supply and with power, then we shall do a good job.

Beyond this we should have, and should continue to use, the colonial development and welfare funds. It is in connection with communications that the funds can be of great use. I urge that we should try to see that there is instituted at the very top level here in London monthly consultations between the Colonial Development Corporation and the Colonial Development and Welfare Fund. At present many of these matters have to be initiated in the Colony, and they then take their place in the queue with other schemes. We are wasting money if the Colonial Development Corporation and the Colonial Development and Welfare Fund do not work hand in hand to avoid troubles of the kind that we have had in Tanganyika.

When we have carried out development may I urge the House that we should not be content with that, because when we have set up an operating company or put into operation an agricultural product our responsibility is not finished? We shall never complete the job unless we see that these new industries and agricultural projects have a market for their goods. I can think of many examples. We have done it with sugar in the West Indies. We have helped materially with citrus and with bananas, but I believe that we throw away the whole benefit of the work if, immediately we get the chance of a cheap shipment of grapefruit from the United States, we leap in and take it at the expense of the producers whom we ourselves have set up.

I regret that there is little time left. Very little has been said about this side

of the matter, and I should like to add one thought. If we are to go into Commonwealth development work, it is not enough to consider it only as the export of capital. We must at times be prepared to export management and labour, too. The Government ought to take into account the Report of the Overseas Migration Board, because without adequate capital and labour, which is needed in some places, these schemes cannot succeed.

The suggestion of my hon. Friends that we should have a survey of Commonwealth mineral resources is a wonderful idea. We should go flat out now and try to produce such a survey so that we can show it to the world and say, "Here in the British Commonwealth is one of the greatest opportunities that the world has ever known".

The Motion calls for the setting up of certain machinery. I think that I speak for all my hon. Friends when I say that we do not care about the exact form of the machinery. What we are anxious about is that something should be done, and done quickly, because it is only in that way that we can get what we like to believe will be an expanding Commonwealth.

*Sir A. Braithwaite rose in his place, and claimed to move, That the Question be now put.*

*Question, That the Question be now put, put and agreed to.*

*Question put accordingly and agreed to.*

*Resolved,*

That this House, being of opinion that the development of natural resources throughout the Commonwealth and in the Colonial territories, for which the United Kingdom has special responsibilities, will contribute to the welfare and prosperity of all its peoples, and believing that the task of implementing that development is one that this country should devote its urgent attention to in partnership with other members of the Commonwealth, urges Her Majesty's Government to invite them to join in the setting up of Commonwealth machinery for that purpose.