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WAR CABINET.

FUTURE PROVISION FOR COLONIAL DEVELOPMENT AND WELFARE.

MEMORANDUM BY THE SECRETARY OF STATE FOR THE COLONIES.

1. The next few years may well determine the future course of the Colonial Empire. The participation of the Colonies in the war and the gratitude felt by this country for their efforts have increased our awareness of past deficiencies in our administration. Perhaps more than ever before the public to-day are interested in the Colonies and anxious for their development. On the other hand, hundreds of thousands of the natives of the Colonies, in one branch or another of the Armed Services, have been enjoying a standard of living to which they have never been accustomed before, have travelled thousands of miles from their native villages, and will return with a desire for some of the improved conditions which they have seen and experienced elsewhere.

2. Realisation of these new conditions was given expression in 1940 by a new Colonial Development and Welfare Act, which provided for spending up to a maximum of £5 million a year for ten years on development and welfare, with an additional £500,000 a year for research. This Act, passed at the time of our gravest danger, was a magnificent gesture, but I am afraid, for reasons outside our control, it has remained little but a gesture. Shortages of technical staff, of materials and of man-power have largely prevented the translation of this legislative permission into reality. In fact, the estimated total of expenditure up to the end of the current financial year is only £3,790,000 against the £20 million which the Act would have permitted. Although this short-fall was due to no lack of sincerity or drive but entirely due to physical limitations, it has undoubtedly produced in many of the Colonies and even within the Colonial Service a cynical belief that the gesture was never meant to be more than a gesture.

3. In these circumstances I believe the time has come when it is necessary for us to declare our intentions for the future. Since 1940 we have been able to do a considerable amount of planning; and indeed things are now speeding up to such an extent that in 1945-46 expenditure is expected to be at least £4 million.

4. At my request Colonial Governments have been preparing outline plans of the developments which will be necessary to provide basic economic and social services—communications, water and irrigation schemes, health, education and so on—on the minimum essential scale. I have received such outline plans from a number of Colonies, including several of the larger African territories, and, of course, from the West Indies, where the Comptroller of Development and Welfare has been working for over 3 years. I can, therefore, estimate much better than in 1940 how much money will be required, after allowing fully for what can be found from local resources of taxation and from public loans and making a realistic assessment of how much work local Public Works Departments can undertake and local supplies of labour can execute. As a single example I will quote an estimated minimum requirement in Nigeria of £27 million in 10 years.

5. On the basis of the information in the preceding paragraph my proposals, which, in my judgment, represent the minimum needs of the Colonial Empire over the next few years, if our frequently declared policies are to be implemented, are as follows:—

- (i) that the Act should be extended for a further ten years as from 1946;
- (ii) that the annual sum should be increased. My proposal is that for the three years 1946-47 to 1948-49 the provision should be £10 million per annum; for the next four years, 1949-50 to 1952-53, £15 million;

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and for the last three, 1953-54 to 1955-56, £20 million. These would be over-all sums and would include provision for research and certain additional schemes such as higher education which I otherwise should have had to bring forward outside the scope of the present Act.

I have deliberately adopted the policy of increasing the annual figures as time goes on. Experience has shown that planning and preparation for Colonial development is bound to take time, that, as in rearmament, the actual expenditure increases by stages, and that it is only in the later years that full provision is needed.

6. I have discussed these proposals with the Chancellor of the Exchequer. He agrees that the Act should be extended for another ten-year period, and he agrees also that some substantial increase in the financial provision is necessary. He finds himself, however, unable to commit himself to anything further than a provision for the ten-year period of £10 million a year for development and £1 million for research. As I understand it, he does not base his alternative proposal on any criticism of my estimates of what the Colonial Empire will require but solely on the financial exigencies of this country.

7. I am afraid I am unable to accept the Chancellor's proposal. He has, if I may say so, treated me with great fairness, and it is in full agreement with him that I bring this matter to the War Cabinet. He feels, as I do, that the War Cabinet should have before them both the needs of the Colonial Empire, which I shall stress, and the difficulties of national finance, which he must emphasise.

8. Although the differences in money between my proposals and the counter proposals of the Chancellor are small in comparison with the national finances, they are to my mind fundamental when applied to Colonial development. From the over-all plans which I have so far received from Colonies, I am convinced that whereas under my proposal (with some pruning), it will be possible to undertake a practicable but far from extravagant scheme of development, with the Chancellor's figures planned development over a period of ten years would be impossible and in practice we should have to be content with a collection of individual projects instead of integrated plans, a practice which has been properly criticised in the past and which cannot give the best returns from the money. I have had, too, some opportunities of judging the psychology of Colonial peoples and Colonial administrations, and I am convinced that anything short of my plan would fail to meet their natural expectations and aspirations.

9. I am not pretending that the assistance to the Colonies which I propose will not impose some burden upon this country. I do, however, feel that the Colonial Empire means so much to us that we should be prepared to assume some burden for its future. If we are unable or unwilling to do so, are we justified in retaining, or shall we be able to retain, a Colonial Empire? The burden, however, is infinitesimal compared to the gigantic sums in which we are and shall be dealing. Nor is the apparent burden wholly real. If these sums are wisely spent, and the plans devoted to increasing the real productive power of the Colonies, there will in the long run accrue considerable benefit to us, either in the form of increased exports to us of commodities which otherwise we should have to obtain from hard currency countries, or in the form of increased exports from the Colonies as part of the sterling area to the hard currency countries outside.

10. But I am not basing my argument on material gains to ourselves, important as I think these may be. My feeling is that in the years to come, without the Commonwealth and Empire, this country will play a small rôle in world affairs, and that here we have an opportunity which may never recur, at a cost which is not extravagant, of setting the Colonial Empire on lines of development which will keep it in close and loyal contact with us. To say now in 1945 that with these great stakes at issue we shall not be able to afford £15 million in 1949, or £20 million in 1953, is a confession of our national impotence in the future. I take a less pessimistic view of our national future and it is for that reason that I ask the War Cabinet to approve the proposals which I put forward in paragraph 5.

*Colonial Office,
15th November, 1944.*

O. S.



