World Hunger and Economic "Aid"

Idris Cox

DURING recent months, the British press, radio and TV have been giving publicity to the problem of world hunger. This has been presented as the biggest social problem facing the world today, and new efforts are being made to revive the Malthus theory that population increases at a faster rate than food supplies.

Any realistic portrayal of the extent of world hunger has a big moral appeal. There is certainly a need to arouse the moral consciousness of the British people, and of the world as a whole, to this problem, but it is not just a moral and human problem—it has deep economic and political roots. Moral attitudes have little value unless they go to the roots of the problem.

Official estimates of the United Nations reveal that half the world's population of 1,500 million suffers poverty and hunger. This is concentrated mainly in Asia, Africa and Latin America. In other words, it is the remaining colonies, and those which have won political independence during the past 20 years, which are the most seriously affected. It is in precisely these countries that the so-called "population explosion" has made its biggest impact.

If one takes the official estimates on population in the past 300 years, one gets a striking picture: the world population in 1830 was estimated at 1,000 million. From 1830 to 1930 the population rose a further 1,000 million, reaching a total of 2,000 million—an average increase of 10 million a year. Since 1930 the population has risen a further 1,000 million—an average increase of about 30 million a year. Today the world population total stands at 3,000 million and is estimated to increase a further 3,000 million in the next 34 years, making a total of 6,000 million.

However, it is important to recognise that the bulk of this increase has been in Asia, Africa and Latin America, whose total population is now 2,000 million (two-thirds of the world) and it is estimated it will reach 5,000 million by the year 2,000 (five-sixths of the whole world).

The United Nations publications also estimate that the world at present produces 50 per cent more food than it did 30 years ago, but since the population has gone up by 35 per cent, the real food increase is only 15 per cent. This increased food supply is produced almost entirely by the *developed* countries, capitalist and socialist. Taken as a whole, food production in undeveloped countries is lower, and the gap between them becoming even wider. The table below roughly illustrates this:

Region	*Per cent of world population*	*Per cent of world food supply*	*Per cent of world income*
Far East	52.4	27.3	12.3
Near East	4.4	4.2	1.8
Africa	7.3	4.3	2.2
Latin America ..	6.8	6.2	4.7
Europe	21.9	34.5	37.7
North America ..	6.7	22.0	39.8
Oceania	0.5	1.3	1.5
Totals:	100.0	100.0	100.0

It should be borne in mind that these United Nations estimates are not necessarily correct in every respect. The actual regions conceal some essential factors. The Far East covers the Asian territories of the Soviet Union and China, and the situation there is obviously very different from India, Pakistan and Ceylon. Furthermore, there is no separate estimation of food supplies and incomes in the socialist world. At the same time, this presentation does give a general outline of the contrasting situation on a geographical scale.

Roots of the Problem

There is a great temptation to give allegiance to the Malthus theory that the population increases in geometrical proportion as against food supply increasing only in arithmetical proportion.[1] But the UN figures make clear (even if this theory were accepted) that this is not universal. It applies almost entirely to the undeveloped countries, and makes clear that world hunger arises from economic and political factors rather than from population growth.

The undeveloped countries comprise the greater part of the earth's surface, only 10 per cent of which is cultivated, though they depend mainly on agriculture. The developed countries of Europe have a bigger proportion of land for growing crops, and so has the United States, Canada, and Australia. The proportion in Europe is 31 per cent compared to 18 per cent in Asia. In the United States and Canada together it is 11 per cent as against 9 per cent in Africa and only 5 per cent in Latin America.

Even greater is the contrast in agricultural output and food production, for large-scale mechanised agriculture in the capitalist world is concentrated almost entirely in Europe, United States, Canada, and Australia. Primitive methods still remain in Asia, Africa, and Latin America.

Moreover, the undeveloped countries have to export nearly their entire crop of primary products (coffee, cocoa, cotton, rubber, palm products, groundnuts etc.) to pay for the import of capital and manufactured goods. But the capitalist world market, through the medium of the "General Agreement on Trade and Tariffs" (GATT) is geared to force down the prices of primary goods and to push up the prices of capital and manufactured goods.

A simple illustration is the *increased volume* of primary goods which had to be exported in 1961 compared with 1951 to pay for one ton of imported steel:

Product	*1951*	*1961*	*Per cent increase*
Ghana (lbs. of cocoa) ..	202	571	283
Brazil (lbs. of coffee) ..	158	380	240
Malaya (lbs. of rubber)..	132	441	334

True, there are extremely high prices for oil, copper, gold, and diamonds (which come mainly from undeveloped countries) but the enterprises which produce these are almost entirely in the hands of foreign monopoly firms. Governments of the independent states get a small share from royalties, which in most cases are based on the lower *producer* price (as in oil) rather than the higher *selling* price from which the monopolies make fabulous profits.

It seems clear therefore, that the widening gap between the economy and the living standards of developed and undeveloped countries is not due primarily to population changes. It arises from the system of imperialist exploitation which still exists even after countries have won political independence.

Independence and After

The big challenge facing newly independent states is to transform their old, backward colonial economies into independent, balanced economies, based on large-scale industrial enterprise, and the diversification of their agriculture. This is a difficult and colossal task, involving an even bigger challenge to imperialism than the fight for political independence. For it means an intensified struggle *on all fronts*—economic, political, military, ideological—against the imperialist strategy of neo-colonialism. Far from ending the political struggle, every advance towards economic transformation makes it sharper than ever before, as has been made clear by recent developments in Ghana.

Independent states are faced with the challenge of building either a capitalist economy, or advancing on their own particular road to socialism. They cannot become independent capitalist economies because they lack the necessary financial resources and a developed bourgeoisie. So along this road there is nothing but a new form of subservience to imperialism.

Independent states cannot advance on the road to socialism unless they resist all forms of imperialist

[1] On this matter I am in agreement with the article by Ivor Montagu which appeared in the June issue.

pressure, and carry out decisive measures to build their own independent economy. This means:

(i) giving first and main place in their economic plans to the state and co-operative sector of production;
(ii) taking effective safeguards against foreign loans and investments undermining their economic plans and the growth of the state sector;
(iii) taking full advantage to expand trade with socialist countries and possibilities of socialist economic aid.

Bigger Exploitation

During the past decade the plain fact is that imperialist exploitation of the undeveloped countries had increased at a rapid rate. While eloquent speeches have been delivered in the United Nations and in the whole of the capitalist world on the need to alleviate world hunger, this system of robbery has reached a new high level.

Let us first take the direct profit from private foreign investment. Official accounts do not give the full story, but they reveal sufficient to make clear the enormous scope of this rising exploitation.

At the present rate United States foreign investments are likely to reach the colossal figure of £3,500 million this year, an increase of 50 per cent over 1964. The total book value of United States foreign investments is put at £22,400 million, but the real market value is more in the region of £32,000 million. This is nearly half as much again, and is equal to £160 per head for every man, woman and child in the United States.

From these foreign investments come vast profits of over £3,000 million a year, equal to £16 per head—though the ordinary man and woman in the United States does not get this! This profit alone is far greater than the "economic aid" extended by the United States. This is to say nothing of the vast indirect gains from the system of robbery on the capitalist world market arising from the declining prices of primary goods from the undeveloped countries and the increasing prices of capital and manufactured goods which they have to import from the developed countries.

True, the bulk of United States foreign investments are in Canada, Europe (including about £1,400 million in Britain), and Australia. But there is also a considerable proportion in Middle East oil, in the precious minerals of the Congo, in Rhodesian copper, and South African gold and diamonds; in North African oil, and in India and the Caribbean territories.

British authorities are even more adept than the Americans in concealing the real amount of foreign assets and profits which come from them. After many years of cloudy speculation the official Bank of England journal for December, 1964, mustered enough courage to give a new assessment of total British private assets abroad. For 1962 they were £8,075 million, far in excess of all previous estimates. Even so, it was below the real total. The journal had to admit:

> ". . . the effect of the incompleteness or unavailability of statistics for several important items is undoubtedly to understate United Kingdom external assets more seriously than the external liabilities."

What are the "important items" left out? The estimate for oil investments is only £1,100 million—less than the capital assets of even one British oil monopoly firm. For insurance it is only £350 million, and that is confined only to the United States. A full account would reveal that total British overseas assets are far greater even than the estimate of the Bank of England in December 1964.

In its December 1965 issue the journal gives a higher total of £9,420 million in 1964 (1,325 million higher in two years), with only £200 million more for oil and £45 million more for insurance in the United States.

Even so, all these estimates deal with the "book value" of foreign assets, not their real value. When the *Financial Times* on July 13th, 1964, commented on an earlier account (November 1963) in the Board of Trade journal of the distribution of British direct investments abroad, the Chief Executive Officer of the Malayan Rubber Growers' Association sent in a pointed letter stating that the estimate for Malaya was far too low.

The estimate of British investments in Malaya was £102 million. The letter pointed out that investments in Malayan rubber alone were £130 million, and the total of all investments in Malaya was at least £260 million, and expressed the view that even this figure was "too low".

Earlier this year *The Times*' City Editor made a survey of the "disclosed" earnings of big British banks for 1965, in contrast to their real earnings. Most of these banks deal extensively with financial operations abroad, and it is interesting to ponder on *The Times* version of their "disclosed" earnings, and their "real" earnings:

	Disclosed earnings	*Estimated real earnings*
Midland Bank	18.0	53
Lloyds Bank	14.4	38
Barclays Bank	21.0	51
Westminster Bank . .	22.5	43
Martins Bank	19.6	39
Nat. Provincial Bank . .	28.9	48
Royal Bank of Scotland . .	27.3	37

Taking all these together the average share profit disclosed was 21.7 per cent, but the real earnings were approximately 44 per cent—over double.

Though it is still a matter of intelligent guesswork as to the actual total and rate of profit from British investments abroad, a diligent search of official reports does give some clue. Those who argue that profits from British investments abroad help to ease the balance of payments problem sometimes let the cat out of the bag. Three years ago, Mr. Peter Walker, Tory MP, did this in the House of Commons:

> "We talk of invisible earnings bringing in only £200 million or showing a deficit, but we should point out that invisible earnings in fact last year amounted to more than £2,000 million." (*Hansard*, May 24th, 1963.)

A more recent example is a speech by Sir Donald Stokes, to the Birmingham Chamber of Commerce:

> "Britain's invisible exports in 1964, at £2,616 million were equal to half the total exports. The surplus over invisible imports would have been around £600 million but for Government overseas spending of £480 million." (*Daily Telegraph*, April 18th, 1966.)

What are these "invisible exports"? Apart from interest, profits and dividends from overseas investment they include shipping services, insurance, civil aviation, private transfers, and various financial transactions. For 1965 the total came to £2,792 million, which was £129 million more than it was in 1964. The March 1966 issue of *Economic Trends* (HMSO) gives a five-year table from 1961-65 of "Invisible Transactions", which reveals that overseas interest, profits and dividends rose from £676 million in 1961 to £991 million in 1965. This was also £95 million above the 1964 level.

At the first annual dinner of the Confederation of British Industry on May 18th, 1966, Lord Cromer, Governor of the Bank of England, was critical of the Government's appeal for a voluntary cut in private overseas investment, and praised the value to Britain of "invisible earnings".

He claimed that the two biggest items in the "invisible balance" were the services performed by "the City", and income from overseas investments. Together they had "in this decade brought in net amounts varying from a low of £350 million in 1956, to a high of some £650 million in 1965" (*Financial Times*, May 19th, 1966).

This is nearly double the net figure of 1956, and £50 million more than it was two years ago. Lord Cromer also explained that the 1965 figure included £200 million derived mainly from London's position as an international financial centre.

In an earlier speech in February 1966, Lord Cromer had the following to say about overseas earnings and the "adverse" trade balance:

> "The total net earnings of the United Kingdom under this heading of private invisibles increased from just over £500 million in 1957 to over £650 million in 1964; this large increase over the period is accounted for in the main by an increase in the investment income from overseas."

The term "net earnings" is a useful dodge to conceal real earnings. Total earnings in 1965 from shipping (£726 million), other services like banking (£558 million) and interest, profits and dividends (£991 million) came to £2,355 million. But debits to other countries are deducted from this total to make "net earnings" of £758 million, though real earnings are at least three times as much!

True, the bulk of British overseas investments are in the more developed countries. Nearly 30 per cent are in the United States, Europe and South Africa. Over 60 per cent are in Commonwealth countries, mainly in Canada and Australia. But there is a substantial proportion of investment also in India, Pakistan, Ceylon, Malaysia, Rhodesia, and Nigeria.

It would therefore be incorrect to conclude that most of the direct profits from British overseas investments (or even the larger total of £2,792 for "invisible" earnings) comes *directly* from the undeveloped countries. However, even British profits from developed countries represent an *indirect* share of the imperialist exploitation of the undeveloped countries.

But there is another channel through which the imperialist states are able to engage in a vast robbery of the undeveloped countries. This is through the process, deliberately propped up by the General Agreement on Trade and Tariffs (GATT), which enables them to force down the prices of primary products from the undeveloped countries and force up the prices of capital and manufactured goods which they have to import.

According to a United Nations' estimate the undeveloped countries between 1951 and 1961 lost no less than $13,000 million (or £5,200 million) through this process. At the Geneva Conference on Trade and Development (UNTAD) in 1964, it was emphasised that at this rate of increased robbery the undeveloped countries would lose $7,000 million (or £2,800 million) in 1970 in that year alone.

Since 1964 the gap between primary product prices of the undeveloped countries and capital and manufactured goods from the developed countries had become even wider. The decline in Ghana's cocoa prices from £467 per ton in 1952-54 to £85 per ton last year was the decisive factor in reducing her foreign reserves, which had a disastrous effect on the economy. This underlines the fact that the serious economic situation in Ghana before the military *coup* in February was due almost entirely to these external conditions rather than to internal factors.

Economic "Aid"

In contrast to the mounting profits from United States and British overseas investments the amounts allocated for so-called economic "aid" schemes have steadily declined in recent years. The latest report of the *Organisation for Economic Co-operation and Development* (OECD) makes this clear. This apparatus comprises all the countries in western Europe (13 in all), together with Canada and the United States, and each has its own economic "aid" scheme.

Their combined economic aid total dropped from £2,282 million in 1963 to £2,222 million in 1964, of which the United States accounts for more than 60 per cent. Some totals increased slightly in 1964, but the United States' drop from £1,534 million to £1,408 million was far greater than the increased amounts.

For the eight years from 1956-63 inclusive the total United States "foreign aid" programme amounted to £9,016 million, dropping from an annual average of £2,000 million in the late 1950s, to roughly £1,200 million for the current year—only 40 per cent of the profits from overseas investment.

However, United States "foreign aid" includes military assistance, mainly to "countries bordering on the Soviet Union and China", and even the sums for "economic aid" include projects which have a military aim. For the current year the £1,200 million allocated is officially divided, for the first time, between £880 million economic and £327 million military aid.

Even this is an extremely thin screen which can hardly conceal the vastly greater sums allocated by the United States for military purposes. Early in May 1966 the Pentagon estimated that £1,840 million would be spent in Vietnam in the current fiscal year. And with the escalation of the war this would jump to £4,120 million in the next fiscal year. This is nearly *five times* the official total for economic "aid".

This is by no means the whole story. The magazine *Fortune* recently made a computation that the United States cost of the Vietnam war *at its present level* was £5,480 million and in the next fiscal year would be at the rate of £7,600 million! (*Financial Times*, May 20th, 1966.)

It is openly admitted that United States "foreign aid" has a definite political and military aim. The Clay Committee appointed by President Kennedy presented a report early in 1963 which made this quite clear. So much so that the London *Times* (March 28th, 1963) made this editorial comment:

> "American aid is not just aid, but part of foreign policy. The committee calculated that 44 per cent of American aid was military and economic support for allied countries bordering the communist bloc, and if the sums spent in Vietnam and Laos are included, the share of total appropriations comes to 72 per cent."

That was over three years ago, long before the "escalation" of the past year and the proposed future escalation. In face of this, one is entitled to the conclusion that United States "economic aid" is a mere fragment of its "foreign aid" programme.

In some respects it is easier to distinguish the forms of British economic "aid". They arise from a number of separate legal enactments which last year were combined in the Overseas Development Act. The total amount for the 18 years 1946-64 came to £1,367 million, an average of £76 million a year. In the first half of this period the annual average was even smaller, and in recent years ranged from £160 million to £190 million. For the current year 1966-67 the target is set at £225 million—less than *one-tenth* the combined profit from overseas private investments and "invisible" transactions in 1965.

Even this all-round figure of £225 million is only two-thirds of the one per cent of national income often pledged in Labour's official policy, not to mention Harold Wilson's plea a decade ago to raise it to 2 per cent. The new total is certainly above that of 1965. But global figures conceal the real picture, for in recent years the proportion of actual grants has constantly declined while that of loans at high interest rates has increased, and loans now form the bulk of British economic "aid".

Mr. Anthony Greenwood, who replaced Barbara Castle as Minister of Overseas Defence after the General Election this March, has emphasised that "For the most part bilateral aid to independent countries is in the form of loans for their development" (*Hansard*, May 17th, 1966). The exact proportion for 1966 was not disclosed, but the trend in recent years is clear. In 1963 the proportion of British "bilateral aid" in the form of loans was 40 per cent; in 1964 it was 66 per cent, and in 1965 it was 77 per cent.

As early as May 1963, Mr. G. M. Thompson (now Minister for Foreign Affairs) complained in Parliament that "28 per cent of British aid goes to pay back the interest on former aid". The interest on these loans ranges from 5 to 7 per cent, and in time becomes a heavy burden on the recipients. Conscious of this problem, Barbara Castle brought in a Bill in June 1965 to empower the Ministry to advance "selective interest-free loans" in special cases, or to waive payment of interest for the first few years. However, Mr. Greenwood made clear that interest payments expected on past loans will be higher in 1966 than ever before:

> "Repayments on development loans made in the past will be somewhat higher this year than last, so that the net cost of the programme will not increase by as much as £25 million." (*Hansard*, May 17th, 1966.)

It is no wonder that Mr. Greenwood in the same speech drew attention to the problem of the new independent states whose ". . . overseas debts are beyond the strength of local foreign exchange resources". This, in fact, is a masterly understatement! A survey by "Lombard" in the *Financial Times* on January 7th, 1966, put this problem far more bluntly:

> ". . . between now and the early 1970s the underdeveloped countries as a whole are due to repay from a quarter to a half of their foreign debt. And, as this is estimated to be in the region of $24,000 million (£9,800 million) it is not difficult to imagine what this is going to mean for countries whose combined annual export earnings do not usually amount to much more than $33,000 million (£13,200 million)."

The OECD annual review for 1965 estimates this debt is increasing at the rate of 17 per cent every year. For 37 countries "covering roughly three-quarters of the (non-Sino-Soviet) less developed world" interest payments (plus amortisation) alone increased from $700 million (£280 million) in 1956 to $2,700 million (£1,080 million) in 1964.

It is estimated that the £1,080 million interest payments in 1964 will increase by another £650 million between now and 1970! Bearing in mind that the "Freedom from Hunger" campaign raised only £6 million in the past *five* years (a penny a head for 1,500 million suffering from starvation), this brings out the pathetic futility of its efforts.

Of course, there are also so-called "multilateral" agencies for economic "aid". These include the World Bank and the United Nations Special Fund for Economic Development (SUNFED). But the contribution of the OECD countries to these agencies in 1964 was only 6 per cent of their bilateral aid, and makes hardly any impact on the problem—except to divert attention from the real solution.

In January 1966, the Governing Council of the United Nations' Development Programme (UNDP) reported that a comparatively tiny sum of $1,407 million (£562 million) had been allocated since 1959 for 604 projects in 61 countries. Most of these projects were for surveys—39 per cent, training—37 per cent, research—21 per cent, and only 3 per cent for economic development planning!

For 1966 it allocated $254 million (£102 million), the biggest amount ever in one year for 82 "pre-investment projects"—less than 3 per cent of estimated U.S. overseas investment this year.

The term "pre-investment projects" is in itself quite revealing, for the main aim of UNDP is to assist the infrastructure (roads, irrigation, water supplies), which provides cheap public services. In the long run these projects serve a useful purpose for the recipients, but in the short run are extremely useful for foreign monopoly firms. United Nations and OECD many years back made clear what their real aim is. In its 1951 report on development plans in tropical Africa the OECD gave this contrast between "private" and "public" capital:

> "Many productive enterprises necessitate the prior instalment of a large quantity of basic equipment which requires a large amount of capital, and it often happens that no profit can be earned for many years to come. This is why private capital is sometimes not forthcoming and why public capital has had to take its place, as it has done in a variety of fields."

The aim of SUNFED is also to provide "public" capital to pave the way for private capital:

> "There must be a minimum of roads, power stations, schools, hospitals, housing and government buildings. Experience has shown that it is only when this basis has been established that production can be developed smoothly and that *private initiative* can play its full part." (*United Nations Bulletin*, June 1955.)

The World Bank's official report for 1946-53 points out:

> "Most of the Bank's loans are for basic utilities . . . highroads, railways, power facilities, irrigation and reclamation projects and the like . . . which are an *essential* for the growth of *private* enterprise . . ."

The aim was to raise the standards of health and education, for even the foreign monopoly firms were in need of a more educated and skilled labour force. Even so, these schools and hospitals, few as they are, constitute an important and lasting asset for the new states.

Against this general background one is now able to estimate to what extent economic "aid" alleviates world hunger, and assists in promoting economic growth and higher living standards. There is no simple Yes or No answer to this problem.

In any case, it seems fairly clear that the main solution depends on the extent to which the new states are able to harness their own resources and plan their economy so as to advance towards socialism without going through the long and painful process of capitalist development. The capitalist economy has already made considerable advances in varying degrees in all the new states.

So it is not a matter of entirely by-passing capitalism, but of restricting its development in favour of decisive measures which can lead to a socialist economy.

This means drastic land reform where feudalism or other forms of large-scale private land ownership prevails, and is replaced by the growth of co-operative and state farms. It means a planned economy in which first place is given to the state and co-operative sector of production. It means striving to develop large-scale production in industry and agriculture, the growth of a skilled working class, and effective control of internal and foreign trade.

This is by no means an easy task, even assuming that the leaders of the new states favour these aims and are determined to apply these measures. In practice, even many who gave lip-service to these aims are constantly being enticed by foreign imperialism, with its strategy of neo-colonialism, to abandon the non-capitalist path and put themselves at the mercy of foreign monopoly.

Of course socialist economic aid is of tremendous value, for it is basically different from all the so-called schemes for economic aid. It has no interest in extracting profits. Its main concern is to assist in transforming the backward economy and expanding the state and co-operative sector of production. Moreover, loans and credits are extended on extremely favourable terms, either interest free or at the low average rate of 2 per cent compared with the 5 to 7 per cent charged by the imperialist countries.

However, one must face the fact that socialist economic aid is not possible on a big enough scale to solve the economic problems of the new states. At the most it can only *assist* the internal economic developments in a socialist direction. Also, it must be borne in mind that the political attitude of most of the leaders of the new states[2] is not conducive to large-scale economic aid from the socialist countries.

From the Marxist standpoint there is no moral argument against the new states taking over all foreign assets, and *without* compensation. The extent to which they have been robbed is many times greater than the total assets of all foreign firms. But to take this step is not so easy as it sounds.

First, few leaders of the new states are prepared to do this. Second, even if they were, they have to take into account what would be the repercussions, bearing in mind that their *main* economic relations are still with capitalist countries.

There is another important factor. The bulk of British foreign investments are in the United States, Canada and Australia. Of the smaller proportion in the new states they are mainly in India, Ceylon, Malaysia, Singapore, Aden and Nigeria. British investments in the two white settler countries of South Africa and Rhodesia, and in the Congo, are more than the combined total in the eight new African states of Ghana, Sierra Leone, Gambia, Kenya, Uganda, Tanzania, Malawi and Lesotho.

Only in a few of the new states (apart from Cuba) have the political leaders taken the step of nationalising foreign enterprises. This process is most advanced in Egypt. It has taken place on a considerable scale in Algeria, and on a smaller scale in Ghana. In all the other new states there will need to be a far more rapid advance of political maturity before similar steps can be taken.

However, one has to face the fact that the main robbery of the new states, especially in tropical Africa, is through the process of the capitalist world market by which the prices of primary products are forced downwards and the prices of capital and manufactured goods which they have to import are pushed upwards.

This underlines the prime importance of the second UNTAD Conference due next year, at which the 77 undeveloped countries (as they did at the first Geneva conference in April-June 1964) are likely to press even more strongly their demands for more equitable prices on the world market for their primary products. They will get the support of the socialist countries (as they did in 1964) but only rising mass pressure can force the British and other capitalist countries to accede even to this demand.

As for the various economic "aid" schemes, these are of little or no value (and even detrimental to the new states) unless they are completely changed in character. At the existing commercial rates of interest the new states *cannot afford* to accept new loans. Even the payment of interest on past loans has become an intolerable burden. *The only sensible course is outright grants and interest free loans to the new states.*

Given the present political relation of world forces, most of the new states still welcome foreign investments, but it seems clear there is no advantage to be gained from them unless they are under the *strict control* of the new states, and providing foreign investments conform to their own economic plans and are geared to the aim of expanding more rapidly the growth of the state and co-operative sector.

The progressive demand in Britain should be two-fold in character:

1. More equitable prices on the world market, and

2. Outright grants and interest free loans.

In their present form the economic "aid" schemes

[2] Earlier this year the Kenya Government refused to accept a new trade agreement proposed by the Soviet Union.

cannot possibly assist in solving the economic problem of the new states and raising their living standards.

To achieve these demands involves a far sharper political mass struggle against the whole imperialist policy of the Wilson Government, and a much higher level of solidarity with all aspects of the struggle being waged by the new states to transform their backward economies and raise their living standards.

This is not simply a matter of political sympathy but of a united fight in the common interests of the British people and those millions in the new states suffering from hunger and poverty. As long as Britain is based on an imperialist economy, exploiting the British workers and millions of people in the new states, there can be no basic solution for its problems.

Side by side with the fight for world peace, the problem of world hunger is the outstanding challenge of the last decades of the 20th century. Unless this challenge is faced in Britain and other capitalist countries, existing living standards (so far above those of the new states) will not be maintained, let alone improved. If we ignore this challenge, it will be at our own peril.