

licensing controls have been relaxed for certain periods since the war, and this has had the same effect of giving an outlet to inflationary pressures dammed up within the economy.

13. For some or all of the above reasons, India, Pakistan and Ceylon drew upon their sterling balances in the years 1946-49 to the extent of about £340 million to finance their deficits on current account. This external finance could scarcely be regarded as adequate considering the extent of the losses incurred during the war and the post-war needs of the countries. It was nevertheless equal to more than one-fifth of their combined imports from the rest of the world during the period. To this extent the United Kingdom bore the immediate burden of rehabilitation in India, Pakistan and Ceylon, and it was in fact enabled to do this by generous support from the United States, Canada, Australia and New Zealand in the form of gifts and loans (including Marshall Aid) and by the accumulation of sterling balances by various countries. In the Colonial territories in the area the United Kingdom Government have also sanctioned assistance to a total of £95 million in the form of grants in aid of administration, loans and grants for war damage and development purposes, and security expenditure. Of this amount about £47 million will have been spent by 31st March, 1951. The direct burden of rehabilitating the Commonwealth countries in South and South-East Asia has thus been borne to a large extent within the Commonwealth, apart from drawings by India on the International Monetary Fund and on loans from the International Bank.

14. Less progress has been made with rehabilitation in most of the non-Commonwealth countries of South-East Asia. The United Kingdom, Canada and Australia provided some financial support to these countries during the period of rehabilitation. A joint Commonwealth loan to Burma of £6 million was shared between the United Kingdom, Australia, India, Pakistan and Ceylon. India made a loan to Thailand. Nevertheless, the assistance given by the Commonwealth to the non-Commonwealth countries, as also the substantial aid provided by the United States and other countries, has done no more than meet a part of their needs.

15. A realistic view of the last five years shows that much has been done to restore the disrupted economies of South and South-East Asia. Those countries which have succeeded in maintaining political stability through the turmoil of the period have made headway with rehabilitation, although this has in some cases involved large balance of payments deficits. A stage has now been reached at which it is possible to plan ahead and to move from policies based upon the need to deal with immediate emergencies to the execution of sound and realistic long-term plans for economic development.

CHAPTER III

THE NEED FOR DEVELOPMENT

1. Throughout South and South-East Asia the standard of living is lamentably low, and the economies are gravely underdeveloped. Poverty and hardship are the rule rather than the exception. The meagre diet of most of the peoples of these countries lacks variety; it is composed mainly of cereals, pulses and starchy foods, which do not supply the amount of proteins and fats necessary to proper nutrition. The average daily consumption of food per head is below 2,000 calories, which contrasts with about 3,000 in the United Kingdom. The absence of adequate medical facilities results in a high mortality rate. Illiteracy is very high. There