

already under way. It might also require, apart from any possible economies in expenditure, the raising of taxes to levels which are bound to cause further hardship. If it became necessary to resort to a certain amount of deficit financing to carry out a minimum programme of development, the existing physical and financial controls would have to be intensified and expanded. In present conditions in India this would present formidable difficulties. Such a rigorous management of the country's economy would be likely to lead to unemployment, to reduced trade with the rest of the world, and to lowered business activity. No noticeable improvement in living conditions would be possible, and there might even be some deterioration. This is bound to react unfavourably on the economic and political conditions of the country, especially in the prevailing social and political atmosphere in South and South-East Asia.

CHAPTER V

THE DEVELOPMENT PROGRAMME OF PAKISTAN

1. Pakistan is predominantly an agricultural country with a population of 82 million occupying an area of 364,000 square miles. Its two zones are separated by 1,000 miles of Indian territory. Western Pakistan has common frontiers with the Soviet Union in the North, with Iran and Afghanistan in the West and North-West, and with India in the East and South-East. Eastern Pakistan has Burma on the South-East and India on its Northern and Western borders. Eighty per cent. of the population are dependent upon agriculture. The principal products are shown in the following table:—

Table 8.—Pakistan : Agricultural Production, 1948-49.

	thousand tons
Rice (milled)	8,429
Wheat	4,103
Sugar-cane	1,019
Jute	978
Oil-seeds	360
Cotton	192
Tobacco... ..	140
Hides and skins	65
Tea	21
Wool	12

2. In 1947, at the outset of its existence as a separate country, Pakistan was confronted with problems of great gravity, principal among them being the rehabilitation of nearly 7,000,000 refugees. At the same time large numbers of professional men, lawyers, doctors and traders left the country. Everywhere businesses were shut down, banking operations suspended and commodity markets closed. It was necessary not merely to establish a new administration, but to rearrange the entire economic and social fabric of the nation.

3. At this critical time, those parts of British India and the Indian States which now constitute Pakistan were still suffering from the after-effects of the war. In East Bengal dislocation and distress followed the Allied armies' 'scorched earth' and 'denial' policies which aggravated the effects of the great famine of 1943. The railways were overstrained and dilapidated and their equipment depleted by the transfer of locomotives and rolling stock to Iraq. Chittagong port, after years of neglect, had been subject to intense strain during the war and was greatly in need of repair. Western Pakistan