

CHAPTER VIII

THE SUM OF THE PROGRAMMES OF THE COMMONWEALTH COUNTRIES

1. The programmes described in the previous four chapters demonstrate the opportunities which exist in the area for raising the standard of living of the peoples through development. They also show that the countries' resources of capital and trained men are insufficient to make full use of these opportunities. All the Commonwealth countries in the area—and indeed the non-Commonwealth countries too—face the same problem, but their needs and circumstances differ widely. For this reason the course of development charted in the programmes, and the problems which will be encountered, are necessarily different.

2. In India, the problem is one of food and raw material shortage, and the need to overcome inflation; so the programme is directed to the expansion of food and raw material production, and the scale of development which can be undertaken is governed by the need to prevent inflation. Pakistan's problem is one of low productivity and of the need to provide some diversification in an almost completely agricultural economy; so its programme provides for more industry and a general advance in power, transport and agricultural efficiency. In Ceylon, and also in Malaya, the economies are at present highly specialised in the production of export crops; it is therefore necessary, without abandoning specialisation in traditional lines of production, to concentrate on opening up new areas for food production in order to give more stability to the economies.

3. All the countries need to undertake basic economic development on a large scale—irrigation, power, communications, railways, roads, ports and harbour installations. Most of this work is normally the responsibility of Governments, and the programmes presented are those of public authorities and are to be financed almost entirely by public authorities, directly or indirectly. Private investment does not normally undertake work in the field of basic economic development. For however much this development contributes to the prosperity of the countries themselves and to the world as a whole, it is not of a character likely to appeal to the private investor. Moreover, the scale of investment required is far beyond the scope of the domestic capital market in an under-developed country.

4. This is why the programmes mainly relate to public investment. But the fact that the work of basic development is for the most part undertaken by public authorities in no way lessens the importance which is attached to private investment. In general, public investment in these countries is confined to basic services and to industries of strategic importance, such as the production of munitions; the establishment of new basic industries also tends to require Government finance. Both in India and in Pakistan there are a number of undertakings in which Government and private enterprise work in partnership. In the case of Pakistan, the Government found itself compelled to take the initiative in this way, in order to inspire public confidence in the undertakings and to attract private capital to them. It is the intention of the Government to withdraw its participation in these enterprises as soon as private capital is able to provide all the necessary funds. In the general field of industry and commerce, however, the dominant role in all the countries is played by private enterprise.

5. As the development programmes proceed and the national incomes and savings of the countries grow, the scope for private investment will