increase. It is expected, for example, that in India private investment will rise by about 60 per cent. in the course of the six-year period. In the Federation of Malaya, where the major export industries are entirely privately owned, private investment in agriculture, mining and industry will be substantially greater than the public investment in these fields. Throughout these countries, public development paves the way for private investment.

6. All the Governments welcome the inflow of foreign private capital, and whilst some regulation is necessary to ensure that the investment is not inconsistent with the wider economic interests of the countries, these regulations are in practice administered in a manner which takes fully into account the countries' need for foreign capital. In the long run, when the emphasis of the investment programmes changes from basic development to investment in industry and commerce, the need will best be satisfied by private capital. Indeed the progress of these countries in later years will depend largely upon the existence of a favourable atmosphere for private foreign investment. Whilst at present the scale of private foreign investment is small in relation to capital needs, all the countries are conducting their policies towards foreign investment in a manner which seeks to build up this favourable atmosphere.

Nature of the Programmes

7. The rate of expenditure under the development programmes is as follows:—

Table 18.—*Public Authorities' Expenditure on Development Programmes*

	1950–51	*Average annual rate* 1951–57		*Total* 1951–57
			Per cent. of national income	
	£*m.*	£*m.*		£*m.*
India	169	230	3	1,379
Pakistan(*a*)	32	47	$2\frac{3}{4}$	280
Ceylon	10	17	10 (*b*)	102
Malaya and British Borneo ...	6	18	4	107

(*a*) The Pakistan programme includes £43 million of private investment in 1951–57.
(*b*) Based on a probable under-estimate of Ceylon's national income.

8. In framing these programmes, the Governments have been guided by their experience of development work so far. They have included only as much as they could be reasonably confident of completing within the period, given a supply of capital and trained men from overseas on the scale indicated. Previous plans have been ruthlessly curtailed in order to arrive at programmes which are both feasible and balanced within themselves. India, for example, has projects worked out which would cost Rs.32,000 million; but the programme is limited to Rs.18,000 million. Pakistan's programme is about 60 per cent. of what it was previously hoped could be accomplished. Post-war experience in most countries, not only in South and South-East Asia, has shown the danger of starting on an over-ambitious investment programme, and consequently of failing to carry it out.

9. The size of the programmes is limited by the shortage of both capital and trained men of all kinds. Even programmes of the size now contemplated could not be accomplished without capital and trained men from overseas. It will be noted that the programmes for Ceylon and Malaya are larger, in relation both to national income and to population, than those of India and Pakistan. This is possible primarily because of their higher national income per head.