a double purpose, providing both external finance to meet the balance of payments deficit and internal finance for the government.*

The total requirements of external finance in the six-year period are set out in the table below. These calculations should be regarded as representing the broad dimensions of the requirements rather than as a forecast:

Table 4 Summary of external finance required, 1951-57
(The figures here are re-arranged from table 27 of the White Paper.)

In £ Million

| | India | Pakistan | Ceylon | Malaya & Br. Borneo | TOTAL |
|---|---|---|---|---|---|
| Total development programmes | | | | | |
| Cost of capital goods imported for the programmes.. | 237 | 115 | 39 | 20 | 411 |
| Other expenditures on programmes.............. | 1142 | 165 | 63 | 87 | 1,457 |
| Total cost ............... | 1,379 | 280 | 102 | 107 | 1,868 |
| Financing of development programmes | | | | | |
| Internal finance available on supposition that sterling balances are released and that other capital is forthcoming from abroad to meet the balance of payments deficit as shown below.... | 772 | 151 | 61 | 46 | 1,030 |
| External finance (excluding release of sterling balances)................ | 607 | 129 | 41 | 61 | 838 |
| Total cost ............... | 1,379 | 280 | 102 | 107 | 1,868 |
| Balance of payments deficits arising if development programmes are carried through....... | 818 | 145 | 60 | 61 | 1,084 |
| Met by: sterling balances released................ | 211 | 16 | 19 | - | 246 |
| External finance from other sources.................. | 607 | 129 | 41 | 61 | 838 |

* For this reason the estimates given in the White Paper of "internal finance available" are not fixed sums but are derived "on the assumption that external finance is forthcoming". The release of sterling balances, for example, allows an increase of internal investment without an inflationary danger. Other capital from abroad not only provides capital and consumer goods for the programmes, but, as it takes effect, leads to an increase in production which provides a greater possibility of internal taxation and saving.

The release of the sterling balances has thus to be considered under two aspects. On the one hand, sterling balances are owned by the members of the countries concerned and when they are released they therefore increase the amount of "internal finance available". At the same time, they represent foreign exchange resources which help the countries concerned to meet the larger balance of payments deficit arising out of the increased development programmes.