

countries concerned. Some steps were taken to counter these difficulties. It is, however, probable that the adverse effects of these circumstances on the development and prosperity of the area would have been mitigated further had some of the countries reacted more rapidly and more strongly to adjust their monetary, fiscal and development policies to the change.

After commenting on the increased attention given by the countries of the area to the execution, adjustment and formulation of development plans and programmes, the Consultative Committee had this to say in its report about the problem of financing development:

Most countries in the region have a similar pattern of development expenditures, and all development programmes contain an element, small or large, requiring public investment. This in turn has necessitated a greater resort to fiscal measures for mobilization of domestic resources. In some countries considerable additional taxation has been levied and also additional small savings have been mobilized. Internal resources mobilized have generally not been adequate to meet the requirements of the development plans. This, coupled with continuing development expenditures, tended to exert a pressure on prices and on balance of payments.

The importance of private initiative and effort was also emphasized by the Consultative Committee. Throughout the area, agriculture and small-scale and cottage industries are predominant in terms of employment and output, and all these countries leave a wide field of operation to private enterprise in the sphere of medium and large-scale industry. The report pointed out that most countries of the region have adopted various measures, such as tax concessions, protective tariffs, provision of financial assistance and technical advice, to assist the growth of private enterprise. In some countries, it said, the absence of basic facilities such as roads and railways, or of the institutional framework such as a sound monetary and credit system, have tended to limit the growth of the private sector; in others, the response to the various incentives has been encouraging.

The Consultative Committee agreed that foreign private investment in the region, although comparatively small now, is of considerable importance in the initial stages of development. It noted that most countries of South and Southeast Asia have continued to take steps to encourage foreign investment, and it considered that in general there is now a better appreciation of the role of foreign capital in both the capital importing and the capital exporting countries.

With regard to foreign economic assistance to the countries of the region, the Consultative Committee said in its communique:

The Committee noted that by far the greater part of the economic resources devoted to the development of South and Southeast Asia has come from the countries of the area and would continue to do so. The Committee emphasized the importance of sound fiscal and monetary policies in further encouraging, wherever practicable, savings for developmental purposes. These public and private resources from within the area have been supplemented by important aid from outside. In the past year over \$1000 million in economic assistance have been made available by contributing members of the Colombo Plan to the countries of South and Southeast Asia. Since the inception of the plan, about \$5000 million of external aid has been made available to help promote the development and economic stability of these countries. The variety of forms and sources of this aid is impressive.

The acute shortage of skilled technicians at all levels and in all fields was, in the Consultative Committee's opinion, just as serious a problem for the region as a whole as that of capital availabilities from domestic and external sources. The Committee noted in its report that technical assistance has a