

## Appendix

### ECONOMIC DEVELOPMENT OF AFRO-ASIAN COUNTRIES

*(Prepared for Bandung Conference, April 1955)*

The enduring basis of Afro-Asian understanding must be ultimately established on mutual cooperation to bring about a steady increase in the level of living through economic, social, and cultural development in the Asian and African countries. Anti-colonial and peace movements must be looked upon essentially as attempts to secure favourable conditions for such developments.

The aim must be to promote the exploitation of all available natural and human resources for the national development of each individual country. The Afro-Asian region or even Southeast Asia as a whole has such large resources that there is not the slightest difficulty, at the technological and economic level, to attain a rapid rate of growth of all the national economies. Much capital goods and technical aid from the more advanced countries would be required in the beginning. Fortunately, with the improvement of international relations, such aid is likely to become increasingly available from different parts of the world. It would be of advantage if such aid could be channeled through the United Nations or similar international agencies.

It is, however, not necessary to wait for UN to take action. It is possible and, indeed, desirable to initiate action at the level of the countries concerned. For example, a Standing Technical Committee (with a small permanent secretariat) may be appointed to study possibilities of fostering economic, social, and cultural cooperation among the Bandung countries. The work of the proposed Committee would be mainly concerned with the study of problems of long-range development. This would not duplicate but would be complementary to activities which are directed to solving more urgent problems in the Economic Commission for Asia and the Far East (ECAFE) and the Colombo Plan.

The proposed committee might, for example, examine possibilities of long-term industrial developments in the countries concerned, and possibilities of expansion of international trade not on the basis primarily of the current pattern of imports and exports but from the point of view of promoting a changing pattern of international trade deliberately directed to the national development of all the countries concerned. India at present has a good export market for cloth and some other manufactured products. In a static approach, the current pattern of trade would be sought to be maintained which would retard industrial development in the importing countries (as had happened in India in relation to the United Kingdom). In a dynamic approach, India would actively promote a rapid industrialization of the more backward countries, fully recognizing that the pattern of Indian exports must change thereby but also appreciating the possibilities of a steady expansion of the foreign trade of all the countries concerned at increasing levels of manufactures.

The dynamic approach necessarily calls for a wide horizon of time. Trade agreements and understandings have to be visualized as extending over a period of 5 or 10 years or even more. Prices, terms, and conditions must have much greater flexibility than short period trade contracts. The aim would be to maintain at an agreed level or expand in a suitable way, over a number of years, the total volume of imports and exports (measured, say, at constant real prices); and, at the same time, to try to change the pattern of trade in such

a way as to promote increasing industrialization of the countries concerned. For example, if India can be assured of a steady supply of, say, rice from Burma over a number of years (preferably at constant real price), then India may undertake to supply not only manufactured consumer goods but also to help in the industrial development of Burma through the supply of minerals, raw materials, capital goods, and technical assistance. In this approach India must give up the idea of earning large profits through the continuing export of particular types of products; and adopt the policy of mutual help and benefit to attain increasing levels of industrial development of both Burma and India.

A dynamic policy of mutual development over a number of years can be promoted most effectively at government level with, however, the fullest participation of the private sector which would be entirely in keeping with the economic policy of India.

As already mentioned, a first step may be to set up a small working group or technical committee to initiate economic, social, and cultural studies to supply a scientific basis for preparing long-term developmental schemes on a regional scale. A large membership is not essential; and work can be started with a small group of countries or even on a bilateral basis by agreement between two countries.

To make a beginning, India may offer certain physical facilities like accommodations, library, and a small professional and office staff to serve as the nucleus of a secretariat. It would be desirable to have a director from outside India; and the professional staff must come chiefly from the participating countries.