CHAPTER VII

MAJOR ISSUES IN THE PROMOTION OF ECONOMIC COOPERATION.

Introduction: Having considered the economic characteristics of the South Asian countries in Chapter V and the rationale and approach to integration in the region in Chapter VI we shall examine a few issues in this chapter concerning constraints and inhibitions to such integration, and suggest a few principles and objectives that emerge from such a discussion as guidance to any scheme of economic cooperation that is proposed later in order to be effective and meaningful. We shall only deal with a few major problems presented by the economies of the region as affect integration and point to ways and means of overcoming them if found seriously impairing the chances of fruitful cooperation. We shall therefore confine to the key institutional factors that stand in the way of cooperation: the controversy over import substitution and export expansion, and such other constraints that do not promote homogeneity among the countries for integration purposes. Their policies will have to be altered in such cases so as to be uniform and be able to promote economic cooperation among the participating countries of the region.

Section 1. Key Institutional Features.1

It is relevant for us to note the key institutional features and their effects on the course of the economy as they might act as constraints to integration and to the measures to implement it. They are: 1) industrial targeting and licensing; 2) exchange control

1. Foreign Trade Regimes and Economic Development: Bhagwati and Srinivasan. (pp.21-26).
over all current transactions, resulting in the licensing of imports of capital goods, intermediates and consumer goods; a significant growth of public sector investment in areas outside of infrastructure; 4) a significant growth of trade with the Soviet bloc under bilateral agreements; 5) an increasing canalisation of profitable imports and partial handling—cum—subsidiisation of exports, by the Government-owned state trading corporations; 6) a strict regulation of the inflow of private foreign capital and technology into the economy; and 7) the availability of efficient administration, entrepreneurial talent and skilled personnel.

In India and Pakistan the first two devices have been used extensively, and also in the other countries of the region. The Second Plan of India witnessed the initiation and subsequent intensification of these devices which formed the two pillars of policy. The something happened in the other countries of the region as well. They formed the main source of revenue and determined the pattern of economic development and its efficiency. It would therefore be difficult to recommend complete merger for a customs union. Only partial integration on a step-by-step basis is possible. It has to be deliberate, accompanied by necessary coordination of development plans and alterations in policies. This should not pose any serious problem as import substitution has exhausted itself, especially in the consumer goods sector and there is scope for further industrialisation on an agreed basis in at least new investments. Certain adjustments are necessary; but the earlier it is done the better for all concerned.
Three features of immediate concern here are state trading, trade agreements, and political structure. Though state trading and bilateral trade agreements have assumed greater and greater prominence as time passed, nonetheless, the overwhelming bulk of the trade continues in the private sector and outside the framework of bilateral agreements. Moreover state trading and bilateral trade agreements are conducted with keen attention to international prices, so that state trading and bilateral agreements present no serious complication to analysis. The something holds good for their political structure. Both India and Sri Lanka have a stable parliamentary form of democracy while the others have either monarchy or long spells of military rule. Two attempts at army coups failed in Sri Lanka. Even under monarchy and military regimes some form of peoples' representation of an advisory nature continues to exist. But none of them have altered the structure of a mixed economy with a public and a private sector and direct trade with the outside world. They generally adopt planned development and are also politically non-aligned. These common features of the countries of the region deserve to be underlined for purposes of integration.

Two problems facing them all have also to be considered before we examine the scope of preferential trade and partial integration. They are the importance of the public sector and the significance of land reforms, the one to help industrial planning and coordination of joint ventures and projects, and the other to increase the potential of the agricultural sector to promote the industrialisation of the region. One has to mention, by way of parenthesis, that the need for efficiency in the public sector is a crying
need of the hour, and land reform has not been pursued with any
keenness worth mentioning. Unless countries improve in these two
respects the effectiveness of economic cooperation will fail in
that measure.

The fact that they all adopt planned development through a mixed
economy in conformity with international prices must go a long way
in enabling them to come together for economic cooperation on a
regional basis, albeit partially to begin with. It is known that
supply and demand mechanism resulting in reallocation of resources
in the best direction will not work by itself in Asia as is found
in Europe. The supply side in Asia is very much inhibited and
deliberate measures to save and invest are required. Since agri-
culture is important to all, it is in the field of industrialisation
that the countries could hope to forge integration in a meaningful
and fruitful manner. Immediate trade expansion within the region
is possible in this sector more than in the others. A deliberate
policy would have to be adopted to promote industrialisation through
joint ventures and projects. In addition, development plans will
have to be coordinated to eliminate any impediments to growth.
Economic and commercial policies will have to be streamlined. Better
infrastructure and clearing arrangements will have to be provided.
Trade facilities and monetary cooperation are essential. It must
be said that these are not difficult tasks but require conscious
effort because the colonial tradition is apt to linger over and
trade continues to be outward-looking and not inward-looking.
Diversification and development can be the outcome of direct
intervention so that any competitive vestiges left over by
colonialism and feudalism can be converted into one of complementarity, where competition would still remain as in tea and jute there should be a joint approach.

No doubt there are factors that do not conform to the classic requirements of integration. Such are the differences in ideology of development, defectiveness of the market mechanism, enormous differences in size and population, competitive nature of some resources, infringement of multilateralism, the preponderant dependence on one or two exports and the import of capital and intermediate goods, the inelasticities of both exports and imports and the consequent widening trade gap, defective pricing policy of exports due to poor quality and subsidisation of losses, falling exports and rising imports because of currency over-valuation, political upheavals and uncertainties, and divergent international affiliations. These are not surprising or unexpected. Homogeniety cannot be established on the basis of first principles. On the whole one can strike a chord of some hope. We have already discussed much of it earlier in the previous chapter on the rationale and approach to integration and found there was possibility of integration in South Asia. In this connection one has to take cognisance of some changes that took place since 1977, in India and Sri Lanka, towards liberalisation of trade and devaluation of the currency, especially in Sri Lanka. These have had some effect on the foreign trade and domestic development of Sri Lanka which we shall discuss later. But in India the new government has revers this trend partially on old lines. We shall discuss below, the important question of a shift from import substitution to that of export expansion as a policy measure because it has some importance
in the matter of structural changes and economic efficiency.

In contrast to Europe, integration in developing countries based on different means tends. Their aim is economic development and their method trade expansion and agreed specialisation to reconstruct a competitive into a complementary economy. Trade by itself is not significant. New trade patterns will be the result of joint efforts to develop. Markets will be integrated (and assurances given to producers?). Hence many of the conditions posed by tradition will become irrelevant. The distribution of costs and benefits will determine the pattern of development and trade. There should not be any sacrifice of efficiency in the matter of location of industry, so that investment shall be assured of long-run prospects. Integration will have not only short-run benefits but definite long-term results. Moreover, each member has a minimum population of 15 million people which is the requirement for competition in industrial export markets. Thereafter regional industries can be located by pre-determination, or industrial complexes developed for national industries with backward and forward linkages in a vertical or horizontal direction. Thus the scope for national and regional industries could constitute the plan for industrialisation. The only condition is that economic cooperation should not come too late to make adjustments difficult later. The earlier the better, though it is supposed that some kind of industrialisation must have progressed before formal integration processes are mooted and tackled. No matter whether they are competitive or complementary—and both are bound to be there in the nature of things like geographical and historical and socio-political factors—the endeavour to convert for mutual benefit will enable them to reap the
benefits of scale economies and specialisation and reduce costs of production and thereby the costs of protection.

Section 2. Import Substitution - Vs - Export Expansion

The Problem: There is reappraisal now of the role of industrialisation. Streeten says the disenchantment caused in this field is based on confusion. He advocates a simpler and more appropriate type of industrialisation. They should be for mass consumption produced in a labour-intensive and capital-saving way. They should serve the needs of the people. There should be a shift from import substitution to a different pattern of domestic output and export substitution. The old dispute between industry and agriculture is not a real issue. Both the developments are wanted. Much of the strategy was founded on import substitution and special arguments were made for it. But what have been the actual results of the policy of industrialisation, by import substitution, on industrial development, employment and urban growth? Recent history has given us many lessons in this field. Benjamin Cohen pinpoints the problem by saying that if India had held her share of the import trade of Europe, North America and Japan in those sectors into which her traditional exports fall, she would have done very much better than she did. Exports would have grown by 24% between 1960 and 1967 instead of 5%. But more rapid growth than in the past and more rapid growth than permitted by the growth of traditional exports requires either new forms of exports or a reduction of imports or some element of both. This is so, because in a world of

2. Underdevelopment to Developing Economies; Ed. S.P. Singh. (Chapters by Felix, Power, Hirschman, and Chenery.)
relatively low income elasticity for the traditional exports of these countries and high import content of the capital formation, it is almost impossible to conceive a complete solution without a considerable amount of both export promotion and import saving.

Bela Balassa has said that protectionist methods are too rampant in developing countries. Protectionist methods in a number of developing countries have been analysed very carefully by Balassa. There is no limit, Balassa found, to the costs that one tolerates in certain industries while pretending to develop them. It is not rare to find cases where domestic prices of materials and components often exceed that of the final product in the world market. In other words, the true value added is negative. (Car assembling in Latin America is a very good example.) Growth and employment have not been commensurate with the investments made. Protection is needed, but development is determined by duration of protection and size of market. These are the laws of the division of labour. Pierre Uri says many industries get reinforced with 300% or 1000% and therefore they can never become exporters. Conversely, an increase in exports is facilitated by a decrease in protection as illustrated by Brazil which trebled its exports of manufactures and in one year by changing its trade policies. Equally disastrous are attempts at autarky by countries far too small to be able to provide the necessary economies of scale. It cannot provide any thrust for exports. Nor can it be justified on balance of payments reasons — this leads to increased dependence on foreign imports. How can this policy orient itself towards exports? It is clear that for this, any country seeking to industrialise itself will need not only a large enough base but also a certain opening to outside world. Ten of the developing
countries have shown the way. Between them they export three-quarters of the manufactures of the developing countries to the developed countries. The effects of indiscriminate protection can be disastrous in many ways. There are limits to it.

The Stages of Industrialisation: Import substitution naturally followed on balance of payments problems. But this is only for the first stage, but the problem starts then. Either backward linkages or exports expansion must take place. Protection cannot help the second stage. The barriers that prevent stage two growth are: 1. Economic inefficiency (misallocation of resources); 2. Technical inefficiency (failure to minimise costs); and 3. Saving gap (failure to achieve an adequate rise in domestic saving).

This scheme also serves to emphasise the need for efficiency and innovation even on import substitution as otherwise it could impede the second stage. What are the policy implications for these? There are many difficulties facing the developing countries' policies to follow: To avoid the kind of excessive and distorted protection that bases growth toward a horizontal balance of consumption goods production for the domestic market, penalising both exports and backward linkage import substitution. More emphasis on vertical balance would seem to be essential to success in industrial growth beyond the first stage of import substitution. What is needed are rational choices, both between import substitution and export expansion and among various potential import substitution industries. Nurkse says it is easier to export after satisfying the home market, and does not want exports to be penalised. But he is sceptical about its prospects, but says manufacturing for home markets must include also production by
developing countries for export to each other’s markets. This is a practical suggestion in view of the difficulties experienced by the developing countries in having access to the markets of the developed countries. This is collective self-reliance as we know it.

Other policy implications are: 1. Taxation must be used to alter the structure of consumer demand, especially on A & B-type goods. (Incidentally, this is one of the results of devaluation.) 2. A large share of industrial investment must be directed to T-type industries with good export potential. They must be linked to traditional exports. Government must facilitate it. 3. Foreign manufacturing investment must also be screened with the same criterion in mind. 4. Foreign technical assistance should be sought to assist in modernising promising T-industries. 5. Vigorous efforts should be made to open western markets for them. Emphasis must be on export promoting industrialisation of promising industries. (0e 0a 0t.)

Conclusion: Industrialisation after World War II was meant to speed up growth and employment. But the hopes were belied. There was inadequate absorption. The Economic Commission for Latin America (1963) has this to say: “Thus poverty, frustration and resentment surge in from the country to the towns, where the symptoms of the concentration of income are already so conspicuous. This is clear proof of the explosive social polarisation of development, imputable to its dynamic weakness and distributional shortcomings”. There is a vast employment lag in the manufacturing industries which manifested itself in a number of countries, all of which relied on industrialisation to generate their economic
growth in the postwar period. Indian planners wanted labour-intensive techniques, but in practice used capital-intensive methods. Perhaps there were good reasons to scrap past technology and adopt modern technology. May be they were compelled to use them. At any rate it is also contended that capital-intensive techniques are not responsible for unemployment, but in fact help a proportionately larger intake.

We have to break the vicious circle of import substitution and the balance of payments. One remedy as Nurkse suggests is collective self-reliance by the developing countries using each other’s markets on an extended frontier. This is both import substitution and export promotion. The granting of tariff preferences, a reduction of the effective rates of protection, and a removal of non-tariff barriers between them will provide new opportunities for trade expansion and industrialisation. Moreover, regional integration lessens the dependence on primary exports and accelerates development. There is considerable scope for trade among the developing countries by removal of barriers mutually. Regional preferential trading arrangements are better than general preferential systems. Trade creation in manufactures can be achieved by tariff cuts. Regional integration is the way out for the controversy over industrialisation policy.

Section 3. Constraints to Integration.

There are constraints in implementing measures, and problems are likely to arise from this. The countries of this region have a common geographical, historical and cultural background and in the
colonial era a nexus of complex economic problems arose among them under British rule and tutelage. A common pattern of economy and trade developed among them, but with independence in the post-war period they got fragmented and dismembered, and followed incoherent political and economic policies which took them in different directions. They met with the same kind of economic problems under neocolonialism and a desire for development, but pursued somewhat different kinds of policies to solve them, perhaps the wrong ones in each case. The correct and best solution perhaps evaded them in their enthusiasm for rapid growth of their economies. They were confronted with innumerable problems and constraints which they could not overcome. Chief among them was industrialisation under the handicap of resources of markets. This they now realise could be partially solved by regional economic cooperation, thanks to the efforts of the Unctad over a decade and more.

There are constraints to development as well as constraints to integration. The former may be divided into external and domestic and the latter into economic and non-economic. All the external constraints are covered by the Unctad form on the new international economic order, while all the domestic constraints are covered by the goals and objectives of the planning bodies of these countries. The poor rate of growth and the growing volume of unemployment call for explanation in the countries of this region. The performance was a disappointment. It is now attributed to numerous constraints that prevented the non-fulfilment of the expectations, the predominant constraints being the balance of payments with that of saving and investment. It would be hard to tilt the blame either...
way, though both sources are contributory, because the magnitude of the problem is such that domestic policies alone could not have solved the issue. This leads to regional economic cooperation as a partial solution to the problem of development, as a shift to a South-South approach, or better called collective self-reliance. While in the West development helps greater trade, in the case of developing countries intraregional trade is a means to promote development. Hence the emphasis on economic cooperation among developing countries. But this is more easily said than done. There are both economic and non-economic constraints to the fulfillment of integration.

We may briefly consider the constraints to the implementation of integration measures and the likely problems that might arise from this. A degree of homogeneity is necessary for effective integration. 1. First is the ideology of development. Though there are various forms of government ranging from monarchy and dictatorship democracy the countries are generally agreed on the concept of a "mixed-economy" with all its implications. 2. The second is the nature of market mechanism. Though State intervention in production and distribution have created certain curbs in a free market it may generally be presumed to be of a negligible percentage. The prospects are that there may be more curbs with greater state intervention. 3. A third is the size of the countries. The countries of the region are of various sizes of an incompatible nature. The small ones may apprehend the dominance by the bigger as has been the view till now. But agreed specialisation and assured markets should remove these fears. Moreover development must be evened out as progress is made.
The U.N. has made it obligatory on the part of the more developed among the developing countries to treat the less developed and smaller nations in the same way as they expect concessions from the industrialised countries of the world. 4. A fourth is the disparity in material and financial resources which give rise to competitiveness and complementarity. As pointed out earlier (Chapter V) the major products of the region are competitive and complementary. There is need for cooperation in commodities, especially agricultural raw materials, where collective bargaining in the world market and utilisation of excess production within the region could be of immense benefit to the countries, while manufactures and minerals are generally complementary. Through deliberate policy and planning they could benefit from economic cooperation. 5. The fifth is the pattern of trade. The unilateral trade established by the British during the colonial days is in need of complete change. Bilateralism is on the increase because of balance of payments problems and the practice of protectionism in the West. Yet multilateralism is the major mode of trade in the region. The pattern of trade need not stand in the way of economic cooperation in the region. 6. The export/import structure is a sixth consideration. The external linkages due to the predominance of the export of raw materials, usually a few, and of the import of manufactures for development, is the rationale for integration. Dependence on foreign countries has to be changed into one of interdependence within the region. 7. A seventh is the pricing policy. It is generally governed by the market except in certain cases of price support and subsidy. 8. An eighth is the problem of foreign exchange. With the relaxation of hard currencies and
the introduction of the SCR the foreign exchange position has been facilitated quite considerably. Finally there are many non-economic factors but the general acceptance of non-alignment must be adequate for our purpose to create confidence in the smooth progress of regional economic cooperation.

Section 4. Objectives and Principles of Cooperation

In this last section of this Chapter we shall suggest some objectives and principles of economic cooperation for the South Asian region in the light of the discussion we have had in Parts I and II of this thesis where we analysed the theory of economic integration as applicable to developing countries and the experience of integrational methods adopted in Europe and elsewhere. This section would be a necessary prelude to Part III of our thesis where the possibilities of economic cooperation in South Asia is examined as being the crucial factor for progress, especially of a small nation like Sri Lanka. Both theory and experience and the consensus of the international community for the restructuring of the world economy, point to the need for collective bargaining (NICF) and collective self-reliance (SGDC). The results of economic cooperation are seen in the difference between the position without integration and with integration, or in other words before and after integration. The effect will be very marked in the case of Indo-Pakistan relations in the mainland where partition and its consequences had produced very unnatural conditions to the detriment of both the countries. This also

3. Economic Integration in Africa; Peter Robson (Chapters 2 and 3).
affected the growth of their smaller neighbours. We shall therefore discuss these matters in short before concluding this Part.

Some Principles of Cooperation in South Asia: We may have to suggest some appropriate principles for cooperation in South Asia.
1. Cooperation to be based on U.N. Resolutions and Unctad Declarations.
2. Regional Cooperation on a flexible basis with mutual benefit on a proportionate basis.
3. Coordination of National Plans and uniformity of policies like public sector and land reforms.
4. Fiscal and monetary policies to be uniform.
5. Self-sufficiency in food in the region.
6. Basic industries in each member country.
7. Industrialisation above a critical point to be based on specialisation and distribution according to resources and ability and infrastructural facilities.
10. Understanding on Customs Revenue.
11. Coordination of mineral resources utilisation.
12. Obligation of India and Pakistan to the small nations on the same principles as developed countries towards developing countries and also on the principle of special treatment to 1) best developing countries, 2) Island developing countries and 3) land-locked countries. A pledge by India and Pakistan towards the development of these countries as they would to backward regions in their own countries, (e.g. Rubber, Jute, Rice, etc., of these vs. Synthetics.) Also, the following measures would strengthen cooperation.
1. Joint ventures by Governments in specified large industries.
2. Collaboration in small-scale industries.
3. Primary commodities to be increasingly diverted.
4. Gas, coal and hyedal power to be shared within the region and coordinated.
5. Coordination

The present set-up of industries need not be disturbed; but sick industries and redundant industries may be scrapped and transferred to other countries. Natural products may replace synthetics. Contracts of projects, allocation of resources, place of small-scale industries, price structure and wage structure, skill and technology, organisation and finance, provision of infrastructure, changes in food habits, plan techniques and coordination, fiscal and monetary policies, the private sector collaboration, shipping and banking, and a host of other problems in relation to trade and industry require to be planned and coordinated by all the member countries.

Customs union and free trade area may be ruled out as not necessary as they are essentially static. There is a need for dynamic approach. At first, exchange may take place through Trading Corporations and the like. Later, trading activity may be expanded by gradual stages. Industrial location should help the
There could be participation in other fields of economic activities. Also in dealing with commodities and manufactures with the West. Gradual integration could be achieved through removal of trade barriers in a forward direction. These would gradually bring down prices and improve quality through comparative advantage and specialisation and natural resource advantage. This kind of cooperation has nothing to do with customs unions and the like, and the calculations of costs and benefits and of gains and losses are redundant since there is development creation and self-reliance. Unemployment will be removed and resources will be fully utilised, and prices and inflation will be controlled. Demand for money and supply of goods will be equal.

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<tr>
<th>Position before Integration</th>
<th>Position after Integration</th>
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<tr>
<td>1. Balance of payment deficit</td>
<td>1. Balance of payment deficit removed</td>
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<td>2. Natural resources exported in raw condition</td>
<td>2. Exported after processing and vertical utilisation</td>
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<td>4. Food crisis due to drought and floods and famine and erosion of Balance of Payments positions</td>
<td>4. Self-sufficiency in food through greater specialisation in agriculture and better inputs</td>
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<td>5. Skilled labour immobility and polarisation of technical know-how</td>
<td>5. Skilled labour moved to meet needs of specialisation</td>
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<td>6. Trade dependent on N.D.C.s and with discrimination</td>
<td>6. Trade patterns changed towards underdeveloped countries and the region</td>
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(continued...)
Position before Integration  

7. Dependent on shipping conferences that are costly.
8. Dependent on foreign aid and technology. Aid is tied up and costly and selective. Aid is political and hence mostly bilateral in nature.
9. Patterns of trade outward-looking, Primary exports and manufactured imports.
10. Dependent on imports of intermediate and capital goods.
11. Geographical and historical unity overlooked.
12. Import substitution reached the limit and produces negative returns - High costs and low quality.
13. Industrialisation based on limited resources and market and hence of a lower order.
15. New industries not possible.
16. Low productivity and inefficient resource allocation.
17. Smaller nations handicapped for want of resources and market.
18. Exploitation of trade and industry by the West.

Position after Integration  

7. Dependent move on inland and coastal transport facilities.
8. Less dependent on foreign aid and technology, and more on internal resources and appropriate technology. Aid will be channelled through a single source.
9. Patterns of trade inward-looking. Composition will change from primary product to manufactured goods.
11. Geographical and historical unity would be utilised to the full.
12. Import substitution will expand to new frontiers. Costs will decrease and quality will improve.
13. Industrialisation based on specialisation and hence will reach a more sophisticated level.
14. Full capacity of industries.
15. New industries possible.
16. High productivity and efficient resource allocation.
17. Smaller nations helped through preferential treatment.
18. Greater development and self-reliance through regional economic cooperation.

It is evident that regional cooperation would change the status of South Asia from one of dependence to the West politically and economically.
ally to one of development without dependence through collective self-reliance (C.S.R.). The present position of dependence on one or two primary export products with price instability and balance of payments deficit in a vicious circle due to inelastic exports and imports by the limitations to import substitution and export expansion are bound to cause stagnation. Regional cooperation will change all these conditions through development creation and self-reliance. Industries would expand and become competitive and efficient, there would be better utilisation of raw materials and primary products, capital goods manufacture would expand, transport costs will be economical, monopoly conditions could be created for primary exports, investment could be attracted, coordinated economic policies could be pursued in all spheres and activities, and specialisation prevent polarisation and diffuse spread effects. The only condition is that a deliberate policy of industrial location and infrastructural development should take place through coordination of plans and channelling of foreign resources. Partial integration should commence in limited spheres with limited objectives to make a success of integration as otherwise technical and administrative deficiencies would prevent any large-scale attempt. (These have been discussed earlier as well.) Any beginning is best beginning which need not await the hatching of a comprehensive plan. The only way to overcome inhibitions is to start at some point and move in all directions. In this way both big and small nations can come together for mutual benefit.

Development creation and Self-Reliance: To retract the effects of partition and to forge some kind of economic cooperation among
the countries of the Indian sub-continent and the Indian Ocean
would bring about the beginning of a beneficial economic situation
that would pave the way for peace and prosperity in the region.
A new pattern of industrialisation and a changed pattern of intra-
regional trade would go far towards a solution of their commodity
problem (quantity and price) and manufactured exports, improve
their terms of trade and balance of payments problem and create a
new internal situation where economic policies (fiscal, monetary
and industrial) would undergo such changes as to meet the requiremen
t of integration from that of the present autarkical policies. The
present competitive nature of the member countries could transform
itself into one of complementarity. It is now thirty years since
the end of the Second World War and the nations of the region have
gone through bitter experience and have partially industrialised.
They have reached the limits of import substitution and are now
facing negative returns to their investment. Integration is the
only solution. Integration would enable greater self-sufficiency
in agricultural and industrial products and lead to complementarity
through specialisation and comparative advantage. The Escap
research and reports give hope on these lines. Natural resources
and human resources required to meet the new task is not wanting,
with necessary will the region can lift itself up by the bootstrap.
There can be more self-reliance through partial integration which
can cause a series of development creation with mutual benefit to
each one of them. The common feature of India and Pakistan apply
to the other countries of the region as well. They reinforce the
case for integration. An analysis of practical principles of
economic cooperation in the region reveal the potentialities of
development creation and self-reliance.