11. In formulating economic policy for areas whose economy is at present based upon exports of primary products, special consideration should be given to—

(*a*) The desirability and economic possibilities of diversification of crops and industries;

(*b*) The desirability of inter-governmental arrangements designed to promote greater stability of prices and to bring about prompt and orderly adjustments of international demand and supply of such products within the framework of an expansionist economy designed to increase production; and

(*c*) The possibility of adopting measures to reduce the gap between the prices of primary products and those of manufactured goods.

V. *Capital Formation*

12. Capital formation on a large scale is of central importance as a means of raising productivity and national income in the Asian countries.

13. Policies of capital formation should be formulated in such a way as to avoid as far as possible the danger of inflation. Appropriate safeguards should be adopted to this end.

VI. *Inflation*

14. The danger of inflation is accentuated at the present time by the disruption and dislocation of the economies of the Asian countries resulting from the war which have aggravated the shortages of essential goods and services and given rise in certain countries to inflation which, if not checked, will reduce still further the real wages and the standard of living of the peoples concerned. In these circumstances it is of special and urgent importance to take promptly appropriate and effective measures to accelerate production; prevent hording, speculative trading, and blackmarketing; and to bring about a fair relationship between wages and salaries and commodity prices. Governments should take necessary steps to check inflationary tendencies, and the representatives of employers and workers present at this Conference should bring to the attention of their constituents the importance of co-operating with and actively assisting Governments in the application of appropriate anti-inflationary policies.

VII. *Industrial Development*

15. Appropriate measures should be taken to encourage private enterprise to play a constructive part in the industrial development of Asia; these measures should include:—

(*a*) Measures to improve the organization of the capital and credit markets with a view to channelling monetary savings into the most productive fields of employment, and to reducing the rates of interest, long-term and short-term, to the lowest possible level;

(*b*) Measures for the provision of adequate assistance—financial, technical, and other—to newly established enterprises in need of such assistance;

(*c*) Measures to secure wider knowledge of modern technology and scientific methods of business organization and management, to train specialists in these fields, and to promote organized industrial research; and

(*d*) Measures to reduce the costs of capital equipment, transport, and fuel needed for industrial production.

16. Public enterprise has an important part to play in initiating and promoting the industrial development of Asia and should be conducted in accordance with the following general principles:—

(*a*) Public enterprises should be so organized as to ensure that they are efficiently managed without political interference with the conduct of their operations;

(*b*) The budgets of public enterprises should be treated separately from budgets for current governmental revenue and expenditure.