Chapter IV

TRANSFER OF SOVIET TECHNOLOGY TO INDIA AND EGYPT:
NATIONAL AND INTERNATIONAL ENVIRONMENT
Among developing countries, India and the Arab Republic of Egypt have been two major recipients of Soviet technology. Both these countries have received substantial amount of Soviet economic and technical assistance in setting up indigenous iron and steel industries. While three integrated steel plants in India's public sector - projects at Bhilai, Bokaro and Visakhapatnam - witnessed varying levels of Soviet participation, the first metallurgy complex at Helwan in Egypt was completed largely with the economic and technological assistance rendered by the Soviet Union.

Besides, a number of major projects in India and Egypt, mainly in the basic sectors, have been built with Soviet technological and economic assistance. The transfer of Soviet technology has been extensive, both country-wise and sector-wise, as is evident from the experience of developing countries in general.

Transfer of Soviet technology for the construction of enterprises at a level referred to above, as also in a manner it is generally transferred mostly to basic sectors, involves no mean efforts. As for instance, construction of a one million steel plant at Bhilai in India involved Soviet supply of 404,181 tonnes of materials and equipments. In the realization of this project, over 400 Soviet organizations had participated at different levels. Obviously, an explanation for the characteristic features associated with transfer of Soviet
technology to developing countries, particularly to steel industry, lies in the development of Soviet capabilities in ferrous metallurgy, as also in the technological achievements of Soviet society from time to time.

However, acquisition of enormous technological potential and impressive growth of steel industry need not necessarily lead to transfer of technology. This fact is further illustrated by the varying bilateral approaches pursued by the Soviet Union in the transfer of technology to developing countries.

The Soviet willingness to share its technology and expertise has been political which is rooted in the ideological conceptions of non-capitalist path of development and socialist orientation. As India and Egypt have been two major recipients of Soviet technological and economic assistance, it is necessary to examine the extent and nature of non-capitalist path pursued by them, as viewed from the Soviet side. It will provide an explanation for the Soviet willingness to share their experience and expertise through the transfer of Soviet technology to steel industry in India and Egypt.

4.1 INTERNAL ENVIRONMENT AND DOMESTIC POLICIES

In the early years of their emergence as independent political entities, India and Egypt were industrially backward and predominantly agrarian societies. The British colonial and semi-colonial forms of control and exploitation had deprived both
the countries of their opportunity to develop indigenous industries. Naturally, in the wake of achieving political freedom, they initiated a series of programmes with a view to fulfilling the socio-economic needs and requirements of the people.

As early as the late forties, thus, Government of India had given shape to its programmes of industrialization. In turn, government policy signalled the major role state would play in the socio-economic transformation of the country. The first industrial policy resolution adopted by the Indian parliament (hence the will of the people) in 1948 reiterated the commitment of the government to pursue a strategy of industrialization based on mixed economy.\(^1\) The essential features of the system of mixed economy which envisaged a mix of both public and private sector with the former playing a leading role were incorporated in the Preamble to Indian Constitution which came into force on 26 January 1950.

The second industrial policy resolution adopted in 1956 spelt out the government policy objectives in clearer terms. It laid the foundation for the establishment of a 'socialistic pattern of society' with the public sector shouldering the responsibility of setting up basic industries such as iron and

steel, thereby enjoying the commanding heights of national economy.  

In the meantime, government had decided to pursue a planned course of development. Although the first five year plan could not provide much in the direction of state initiatives, during the second five year plan period (1956-61) a number of key industries were established in the public sector. As for instance, India laid the foundation for setting up three major integrated steel plants in the public sector towards the end of the fifties.

Socialist ideas had significantly included the formulation of the means and objectives of Indian economic policies. "The impact of Soviet example", observes Padma Desai and Jagdish Bhagwati, "was to be manifest in three other areas of economic policy which were to set the stage equally significantly for India's economic performance". First, the possibility of a shift to heavy industry, within the industrialization programme, was to characterise the second plan and was to continue into the third plan; second, industrialization programme was to become subject to targetting for many industries and to detailed industrial licensing... third, the notion that an overview of the economy be taken, and the main thrust of the economy be

defined and given shape therein, led along the Soviet lines to the five year plan formulation". 3

The Indian approach to industrialization as outlined in the two industrial policy resolutions as also expressed in various five year plan documents, aimed at the development of key sectors in the state sector which would reduce dependence on imports of such goods. In the Soviet perspective, it meant the establishment of the material basis for a self-reliant independent economy. This distinguished, according to Soviet economists, Indian strategy of industrialization significantly from the usual approach of the non-Marxist category. 4 It would lead to the creation of a diversified production structure entirely different from what was inherited from the colonial past. Besides, it would pave the way for a major role for Indian personnel and place Indian capital, private and public, in an advantageous position over foreign capital. 5

The systematic promotion of state capitalism thus constituted the most efficient means of political and economic defence against the penetration of foreign capital and the new forms of colonialism. All these positive characteristics of state


5. Ibid., p.70.
capitalism, in the Soviet view, lead to consider Indian situation as historically more advanced state monopoly capitalism found in the West.  

The Soviet assessment of Indian planning has led to both criticism and appreciation of Indian methods and objectives. However, progressive character of Indian planning reveals the Soviet appreciation of the mechanism of state capitalism at the level of concrete governmental policy planning. In the Soviet perspective, planning would provide the basis for a national united front tactically while strategically, it represents a potential vehicle for an eventual non-capitalist path of development.  

The agrarian strategy in independent India, whose major components were modest land reforms aimed eventually at security of tenancy, abolition of absentee landlordism (under the Zamindari system), land ceilings to reduce concentration of land ownership, etc., in spite of its varying successes from region to region, offered important measures for the strengthening of people.  

In the Soviet view, as reflected in the observation of Soviet scholars A.M. Dyakov and S.D. Mikoyan, the significance of

agrarian reforms lies in the fact that they helped the process of stratification of the peasantry and in developing to some extent the capitalist relationships in the village. The programme of agrarian reforms were a step forward, but by no means radical. According to the Soviet scholar R. Ulyanovsky, agrarian reforms in India, in spite of its bourgeois nature and inconsistencies, have dealt death blows to feudalism.

The socio-economic reforms launched in the country since the fifties thus reveal in a large measure various elements of the Soviet conception of non-capitalist path of development. Reflecting on the congruence of India's policies with the Soviet perspectives on non-capitalist path of development, Professor Zafar Imam observed: "no other Third World country than India fits so well in such a theoretical framework". Unlike in India, socio-economic reforms initiated by the nationalist government in Egypt were swift and more radical in its content and course of development. The transition from a free enterprise system to a planned economy with a dominant public sector took place between 1954 and early 1960s. It was


done through a series of land reforms, outright nationalisation of foreign and local private capital and a variety of other measures such as progressive tax and tariff system.  

In view of the specific Egyptian realities, one of the first steps initiated by the nationalist regime was a series of land reforms enacted in the early days of the revolution in 1952. It was further deepened in 1954, 1961 and 1969 which introduced better equity in the ownership of land. The reforms reduced maximum ownership of land from 200 feddan in 1954 to 50 feddan in 1969, paving way for redistribution of 25 per cent of the cultivated area.  

The agrarian reforms, with a view to securing greater equity in income and productivity of the land, took three major forms; (i) control of the land market and reform of traditional land tenure system; (ii) reorganisation of crop rotation system and the establishment of multi-purpose cooperative societies throughout the country; and (iii) state control of credit and trading in main farm products. In the Soviet view the reforms, together with the formation of cooperative


societies, played a definite role in defending the interests of the workers and other consumers against the trading capitalists. These measures enhanced the political awareness of the Egyptian working people which was important in the struggle against local bourgeoisie and the survival of fuedalism in the country.16

The Egyptianisation programme launched in the mid-fifties with the nationalisation of Suez canal eliminated foreign control and gradually restricted the role of local private capital. The scope of nationalisation was extended to the domestic context which brought major industries, trade, banking and service activities as well as transport and communication under the exclusive purview of state control.17 Reaffirming the government commitment to the cause of reforms, El Sayed, Egyptian Minister for Presidential Affairs, observed in a press conference held on 20 July 1960, as follows:

On the other hand, the public sector is, in addition to its productive role, a steady balance of justice either by virtue of its participation with the nation in the ownership of the means of production or its participation with the nation in the returns of the production.18

---


18. UAR, Information Department, Brochure on the Laws Issued on 19 July and 20 July 1961 with Explanatory Statements by Dr. Abdel Kader Hatem, Minister of State and El Sayed Ali Sabry, Minister for Presidential Affairs (Cairo, n.d.), p.19.
In continuation of the major policy objectives, Egypt launched a planned course of development with the inauguration of two sectoral plans, one for agriculture and another for industry, prior to the first five year plan launched in 1960. The major socio-economic objective of the planned development implied a socialistic pattern of society. Apart from the income distribution which the plan indicated, the socialist pattern was to be realized mainly through the predominance of public investments which would eventually place the greater part of the productive apparatus in the hands of the government.19

The economic system which emerged between 1960 and 1962, observes Patrick O'Brien, represented a response to the demand for an efficient economy and for rapid growth combined with social justice.20 On the other, according to Malumud Ata Alla, results of the first five year plan indicated that Egypt had chosen the right path of development in the direction of socialism.21

The National Charter endorsed by the Congress of Popular Powers on 30 June 1962 provides a comprehensive explanation for the progressive socio-economic programmes implemented in Egypt.


The Charter envisaged Egypt to pursue a socialist path and rejected the ideology of capitalist mode of ownership, production and distribution. In the Soviet view, as expressed by Viktor Tyagunenko, "The Socialist doctrine of UAR (reference to the Charter) remains in a state of revision and development". "It is", he added, "being constantly refined, steadily freed from different ideological stratifications and is moving closer to many points of proletarian socialism". The major features of Egyptian reforms such as the creation of a national industry producing the instruments of production, creation of a state sector in industry and agriculture and restriction of capitalist tendencies and the planned course of development constituted an advanced stage of non-capitalist path of development. The programmes of industrialization initiated by Egypt during this period, although not clearly socialist in character, were similar in many ways towards building a socialist society.

In brief, considerable similarities could be observed in the nature of socio-economic programmes introduced in India and Egypt during the fifties. Both the countries pursued a planned course of development which emphasised development of basic


24. Malumud At Alla, n.16, p.172.
sectors in the public sector. Although differences did exist in
the degree of emphasis, these policies and prorammes had a
distinct socialist orientation. Thus, the policies pursued by
India and Egypt, internally were in line with Soviet conceptions
of non-capitalist path of development. Logically, such policies
were not only appreciated but encouraged by the Soviet Union,
by extending political, economic and technological support to
them.

4.2 EXTERNAL ENVIRONMENT AND FOREIGN POLICY

Externally, policies of India and Egypt were governed by
the principle of non-alignment. Historically, both countries
had a colonial past characterised by extreme dependence on
Britain. During the fifties, in their search for technology and
international assistance, they had to experience considerable
humiliation at the hands of the West and the United States. The
experience of Egypt in mobilising assistance for the construction
of Aswan Dam and Indian experience in setting up public sector
steel plants, particularly in Bokaro, are just few instances of
this humiliation the details of which are discussed in the next
chapter. In the emerging situation of the fifties, hence, it
was natural for the nationalist leadership of Nehru in India and
the revolutionary leadership of Nasser in Egypt to have developed
common anti-colonial and anti-imperial attitudes, as a general
line of the foreign policy of their respective countries.
As a principle, non-alignment was essentially anti-colonial and anti-imperialist in its origin, nature and scope. The post-War international reality characterised by Cold War and military alliances had thwarted the development aspirations of the newly independent countries. The post-War political and economic order, with its characteristic pressure tactics and multinational domination, had undermined developing country efforts for international assistance. It was increasingly realized by the late fifties, as the experience of many newly independent countries reveals, that the political freedom achieved by the countries in Asia, Africa and Latin America will remain a facade as long as self-reliance is not achieved in development.

The first step towards self-reliance was the efforts towards developing endogenous technological capabilities and precisely this was stalled by the post-War political and economic order. This sense of disillusionment found its subtle expression in the form of the Non-Aligned Movement (NAM) which was opposed to all forms of discrimination and dominance and which advocated restructuring of the post-War order. In essence, NAM was steadfastly opposed to colonial and neo-colonial forms of exploitation in whatever form they appeared.

In fact, India and Egypt were two founding members of the Movement which articulated the resurgent nationalism in developing countries. The origin of the NAM could be traced to
the Conference of Afro-Asian countries held at Bandung in 1956. Subsequently, the first summit meet was held at Belgrade in 1961, followed by the second at Cairo in 1964. In the process, it provided the forum for mobilising the collective efforts of the newly independent countries in their fight against the unjust order. It found expression in the United Nations and at various other international levels. The plea for the establishment of a NIEO and efforts for evolving a code of conduct on transfer of technology, to cite few instances, were matters of common concern which brought the newly independent countries together.

In brief, non-alignment as a movement was anti-colonial and anti-imperialist in all its manifestations and remained opposed to all disguised forms of exploitation. In the Soviet view, it was this anti-colonial and anti-imperial content which made non-alignment as a progressive movement. The principle of peaceful co-existence which was a common denominator of Panchsheel (and hence NAM) and the Soviet approach to international affairs was a major point of Soviet appreciation of NAM. Commenting on the progressive nature of the Movement, the CPSU Central Committee in its Report to the 20th Party Congress observed: "The struggle of the peoples of the Eastern countries against participation in blocs is a struggle for national independence".25

In the Soviet view, non-aligned countries with a domestic socialist orientation (non-capitalist path of development) were an important social force in the fight against imperialism. In the Report to the 20th Congress, for instance, Khrushchev regarded the peace loving and non-aligned states of Asia and the socialist bloc as constituting a zone of peace. The 1961 programme of the CPSU subsequently welcomed the growing role of the developing countries in world affairs. The programme appreciated the role of developing countries in strengthening the potential of those social forces striving for peace, development and social progress. In addition, the programme reiterated its commitment to the developing countries on a non-capitalist path whose interests converged more with world socialist system than world capitalist system. Referring to the increasingly consistent anti-imperialist attitude of non-aligned states, Soviet Foreign Minister, Andrei Gromyko, in a debate at the start of the 27th UN General Assembly, observed:

Under the conditions of detente, the non-aligned and neutral states have greater opportunities of taking a positive influence on the development of international situation.... The results of the IV Conference of Non-Aligned States in Algiers have once again shown that the voice of these countries has a convincing and authoritative ring, when they

support detente and cooperation and speak out against the forces of aggression and the oppression of the peoples. 27

In view of the pioneering role played by India and Egypt in shaping the principle of non-alignment as an international movement, it was natural for the Soviet Union to consider them as the most progressive among newly independent countries. Internally, in the meantime, both India and Egypt had launched a series of socio-economic programmes which were in the direction of the Soviet conception of non-capitalist path of development.

In turn, India and Egypt began to occupy a central position in the Soviet conception of a socialist oriented state advanced in the context of the newly independent countries. The political nature of transfer of Soviet technology, as manifest in the Soviet willingness to share its experience and expertise in steel industry with India and Egypt, partly resulted from the convergence of ideological conception of non-capitalist path with the progressive policies pursued by the latter, internally as well as externally.

4.3 PERCEPTIONAL CONVERGENCE AND TREATY RELATIONSHIPS

The opposition of India and Egypt to colonialism and imperialism in principle and to that represented by the United

States in particular was further aggravated by the specific developments in the region during the fifties and the sixties. In the wake of the British withdrawal from the region in the post-War period, the United States stepped into international arena to fill the apparent vacuum, as perceived in terms of the economic, political and strategic interests of the dominant powers.

In the early fifties, the politics of Cold War and the policies aimed at removing the 'iron curtain' (the term iron curtain was just used by Churchill in his Fulton Speech referring to the post-War developments in the context of East Europe)\(^\text{28}\) which were the direct consequences of the United States policy of containment fostered by John Foster Dulles had extended its scope to the Asian context. This was manifest in the form of a series of military pacts under the tutelage of the United States and Britain such as the North Atlantic Treaty Organisation (NATO), South-East Asian Treaty Organisation (SEATO), Baghdad Pact (renamed as Central Treaty Organisation-CENTO) in Europe and Asia.\(^\text{29}\)

India's disapproval of all such pacts and underlying politics, as also her unwillingness to join any such military


alliances put the country at loggerheads with those who advocated such pacts. When the United States entered into a military aid pact with Pakistan in 1954, India's relations with both the United States and neighbouring Pakistan began to deteriorate drastically. Subsequently, when the first major crisis broke out between India and the People's Republic of China (PRC) in 1962, "efforts of the United States were directed to commit India for a joint military pact with Pakistan mainly against the Soviet Union and possibly against the PRC" (hereafter referred to as China).

The Indian border conflict with China put Indo-Soviet relations to a severe test in view of the special relations of the parties to the conflict with the Soviet Union. On the one hand, Soviet Union had ideological ties with China while on the other, Soviet Union had been developing a special relationship with India. Hence, right from the early days of the crisis, Soviet position was characterised by an insistence to resolve the crisis in a peaceful and amicable manner acceptable to both India and China through negotiations. The editorial which appeared in Pravada on 5 November 1962, illustrative of the Soviet position, observed:

---


The Soviet people are of the firm opinion that in the present situation the thing to do is to cease fire and start negotiations on peaceful settlement of the conflict. They sincerely want the representatives of India and China to sit down at the conference table as quickly as possible. It is necessary to patiently analyse the questions at issue, display a spirit of understanding, cooperation, to make an effort to find a mutually acceptable solution.32

A major outcome of the conflict had been the increasingly closer alignment between China and Pakistan with whom India shared a common border. The outstanding differences between India and Pakistan on Kashmir which could be traced to the early days of the partition were still at large during the sixties. The bilateral differences escalated into an armed conflict in 1965 in which Pakistan was extended political and military support by both the United States and China who were ideologically and otherwise major adversaries to each other.

Unlike the United States and Western countries who generally supported Pakistan and Portugal on Kashmir and Goa, respectively, the Soviet Union had been consistent in its support to India on both these issues.33 Over and above, when


China demonstrated its support to Pakistan and made threatening demands on New Delhi regarding Sino-Indian border, the Soviet Union issued a stern warning in August 1965 to China not to stir up trouble in the sub-continent.34 "Any historian of Indo-Soviet relations", observes J.A.Naik, "will have to record whatever be his ideological bias that but for the Soviet support to India on Kashmir, the Western machinations would have caused a great deal of trouble to India on this issue".35

The situation in the sub-continent had become increasingly explosive towards the early seventies. There were no marked improvements in Sino-Indian relations whereas India's relationship with Pakistan deteriorated further over the developments in East Pakistan (now Bangladesh). In the meantime, Pakistan could muster enough military and political support from both the United States and China. With the outbreak of another major crisis with Pakistan in 1971 which led to the independence of Bangladesh, India confronted potential US involvement which would have been detrimental not only to India but for the entire region as well.

The multilateral threat posed to India, thus, provided the immediate impetus for entering into a Treaty of Peace, Friendship and Cooperation between India and the Soviet Union in


1971, although bilateral negotiations for such a treaty had begun in the late sixties. The Treaty, besides formalising Indo-Soviet economic, technological and political relations, put a deterrent to the challenges posed to India’s security from the United States and China. Referring to the scope and relevance of the bilateral Treaty, the Joint Indo-Soviet Statement issued on 12 August 1971 observed:

It (the Treaty) corresponds to the basic interests of the Indian and Soviet people and opens up wide prospects for raising the fruitful cooperation between the USSR and India to a higher level...
The Treaty between the USSR and India is a real act of peace expressing the community of policy and aspirations of the USSR and India in the struggle to strengthen peace in Asia and throughout the world and for safeguarding international security.

On the other side, security considerations of Egypt in the whole of the fifties and the sixties were permeated by the threats posed by Israel ever since its creation and the United States which had begun to play an active role in the Middle East in the post-War period. Egypt's opposition to Israel and the United States has been historic and consistent, typical of the resurgent Arab nationalism. Perhaps, Egypt would have been a unique exception in the whole of Arab world during the fifties and sixties in the fight against foreign dominance and control which characterised the region.

In view of Egypt's long dependence on Britain, it was natural for the revolutionary leadership of Nasser to transform the country's special national grievance against British dominance into an anti-imperialist attitude in the prevailing situation in the region. This was manifest in the form of Egypt's uncompromising stand against the US-sponsored military and defence pacts in the Middle East.37

The origin of the recurring crisis in the Middle East could be traced to the creation of Israel and the consequent Arab struggle for a homeland for the Palestinians. In order to prevent a potential war among the Arabs and Israel in the region, the United States, Britain and France had entered into an agreement, the Tripartite Declaration of 25 May, 1950 whereby they pledged to take action both within and outside the United Nations to prevent frontier violation in the Middle East.38 In addition, the geo-politically strategic location and abundant oil resources in the region which were matters of great attraction for foreign powers made the United States and other Western countries to involve themselves in the developments in the region. Britain and the United States, on their part, were engaged throughout the early fifties in efforts to create an Arab-based regional defence system. It may be recalled here that in the mid-fifties, John Foster Dulles had initiated the concept


of a Middle East security pact which culminated in the creation of the Baghdad Pact in early 1955. 39

From the very outset, Egypt was highly critical of this military pact sponsored by the United States and Britain. Besides, Nasser expressed his sense of grave concern against the countries who joined the pact, such as Iraq, Turkey, Iran and Pakistan. The Egyptian opposition resulted from the desire to prevent a continued British military and political presence in Egypt and in the region under a new guise. 40

As far as Egypt was concerned, the worst crisis took place in 1956 when the combined forces of Britain, France and Israel directed a major assault on the country. From an Egyptian viewpoint, the Suez crisis of 1956 was a link in the long chain of battles fought by the whole nation against imperialist forces: the war of liberation against the British base in the Suez Canal Zone that ended by the 1954 treaty; refusal of Egypt to join Baghdad Pact; rejection by Nasser of an unjust solution to the Arab-Israel conflict; domestic socio-economic reforms; Aswan High Dam Crisis followed by the withdrawal of Western aid; and the nationalization of Suez canal and the triple aggression in 1956. 41


40. Malcolm H.Kerr, n.37, p.119.


During the sixties, in the wake of renewed international tensions, the United States began to arm Israel with huge quantities of modern military hardware. Both the 'cushion approach' and the 'incentive approach' that prevailed in the United States decision-making process with regard to the Middle East were in unison with regard to arming Israel.\footnote{R.D.McLaurin and Others, Foreign Policy Making in the Middle East (New York, 1977), p.17.} The situation in the Middle East worsened with Israel launching a new offensive on 5 June 1967. The Israeli attack on Egypt, Syria and
Jordan in June 1967 was supported by the United States and her NATO allies. As the hostilities escalated, Soviet Union came out with its open support to Egypt and other Arab countries. The extent and nature of the Soviet support is evident from the statement issued by the Communist Party leaders of the Soviet Union and all the East European countries which maintained that "if Israel did not stop its offence, they would do everything necessary to help the peoples of the Arab countries' administer a resolute rebuff to the aggressor...." The convergence in the Soviet and Egyptian perceptions regarding the threat posed by Israel and the role of the United States in the region provided the necessary immediate circumstances for signing the Soviet-Egyptian Treaty of Friendship and Cooperation on 28 May 1971. The Treaty reiterated continued Soviet technological, economic, political and military support to Egypt. Confirming this position which was manifest in various provisions of the Treaty, Karen Dawisha observed: "It was clear that for Sadat, the Treaty was a means of guaranteeing the continuation of Soviet economic and military support for Egypt's stand against Israel".

Viewed from a Soviet perspective, the United States occupied a predominant position in the Soviet security and

strategic considerations all along the periods of Cold War, detente and the renewed international tension since the mid-sixties. Paradoxically, besides the United States, China also became a major determinant of Soviet considerations in the sixties and particularly after the Sino-US rapprochement during the early seventies.

Sino-Soviet differences first surfaced as Chinese assertions against the Khrushchev theses on peaceful co-existence and war which were approved by the 20th Congress of the CPSU in 1956. Ideological differences widened further with the Chinese experiment through the great leap forward (GLF) launched in 1958 and its dismal performance leading to the withdrawal of the policies characteristic of the GLF in the early 1960s. Subsequently, Chinese cultural revolution, particularly the developments since 1966 with its distinct anti-Soviet orientation, in the Soviet view, not only negated the socialist gains of Soviet society but called into question the very credentials of Soviet Union as a socialist system. This was followed by intensive ideological polemics and rhetoric between China and the Soviet Union directed against each other.

The Sino-Soviet rift which emerged primarily as ideological differences transcended into an open border conflict in 1969 on the question of what the Chinese termed as the 'unequal

Tsarist treaties' which governed Sino-Soviet border. In the wake of the Sino-Soviet border confrontation, the United States began to transmit signals with a view to normalising Sino-Soviet relations, as a part of its global strategy of isolating the Soviet Union. Thus, in March 1971, first major steps were taken for Sino-US rapprochement through what is known as the 'Ping-Pong' diplomacy. In the US considerations, Sino-US rapprochement would help her in the transformation of China from a serious adversary to a limited security partner thereby adding a new dimension to the US ideological and geopolitical containment of the Soviet Union.

The common thread that ran across the post-War developments, particularly in the context of South Asia and the Middle East, as the foregoing discussion reveals, has been the ever growing US involvement, on one or other pretext, in the localised conflicts in the region. A comparison of the strategic perceptions and security considerations of India, Egypt and the Soviet Union indicates that the United States, directly and indirectly, occupied the central position in this regard in all the three countries.

A common pattern that appears valid in the specific contexts of India and Egypt has been characterised by the US efforts to woo both countries to join defence pacts primarily


directed against the Soviet Union following the failure of which led to economic and political humiliation and finally, US support to local regimes opposed to India and Egypt by way of providing military hardware and economic assistance.

Indian opposition to the US policies in the sub-continent such as military build up in the Indian Ocean and disapproval of all forms of military alliances was attended by the withdrawal of the US assistance for Bokaro on flimsy grounds. Besides, the United States have been supporting both Pakistan and China (since seventies) with whom India had unsettled border problems.

Egypt's opposition to military pacts and disapproval of Baghdad Pact were followed by the withdrawal of the US and Western assistance for the construction of Aswan Dam. Besides, the United States had been supporting Israel who fought many major wars with Egypt and other Arab countries during the fifties and sixties.

In the Soviet view, the US support to Israel, Pakistan and China was part of a larger design directed against the Soviet Union. The emerging picture reveals a striking identity in the perception and high-level convergence of interests of India and Egypt with the Soviet Union. It is these identical perceptions and converging interests that provided the immediate context for the Soviet-Egyptian and Indo-Soviet treaties of friendship and cooperation entered into on 28 May 1971 and 9 August 1971, respectively.
However, it will be an oversimplification to reduce the scope of Soviet friendship treaties with India and Egypt to purely security and strategic considerations alone. These aspects provided important stimuli for the execution of the treaties in view of the then prevailing international reality. Equally important has been the fact that the treaties formalised on-going economic, technological, political and security cooperation between the Soviet Union and the signatories. As for instance, articles 6 and 7 of the Indo-Soviet Treaty\(^{50}\) and article 5 of the Soviet-Egyptian Treaty\(^{51}\) deal exclusively with economic and technological cooperation which reiterated continued Soviet commitment in this regard. The basic point which is being argued out is that Soviet treaty relationships with India and Egypt provided for larger and continued Soviet economic and technological assistance besides providing security and defence assistance. Thus, the identity in perceptions on a wideranging international and regional economic, political and


strategic issues and the convergence of Soviet interests with the interests of India and Egypt during the post-War period provided the specific context for Soviet economic and technological cooperation with India and Egypt. Logically, it facilitated transfer of Soviet technology for various major projects, and steel industry in particular, to India and Egypt.

The Soviet Union has entered into 13 such treaties of friendship and cooperation in the post-War period. These treaty relationships which have institutionalised Soviet relations with the signatories oblige the Soviet Union to commit defence and security cooperation besides formalising bilateral economic and technological cooperation. Referring to the very scope and relevance of the Soviet treaty relationships with developing countries, Professor Zafar Imam observes:

Not only has it [Soviet Union] managed to identify and converge its own multi-dimensional interests with the diverse interests of its treaty partners, it has also succeeded in convincing the leadership of these nations that their priority interests meet and coincide, and not cross and collide, with those of the Soviet Union... Indeed the very raison d'etre of the treaties thus becomes the common and converged interests of the signatories.

What is implied is that the Soviet treaty relationships with India and Egypt which are reflective of the identity in perceptions and convergence of interests - economic, technological,

political - are capable of a broad generalisation. Logically, it is reasonable to conclude that identity in perceptions and mutuality of interests provided further opportunity for continued Soviet economic and technological cooperation with these countries.

4.4 CONTINUITY AND CHANGE IN THE ENVIRONMENT

Indo-Soviet relations continued to improve during the seventies and eighties primarily due to the continued convergence of perceptions and mutuality of interests in political, strategic economic and technological terms. However, a visible change was discernible in Soviet-Egyptian relations ever since the ascendancy of President Anwar Sadat to power in Egypt. These changes in bilateral relations which were essentially negative in nature were interlinked with the drastic reorientation in the internal and external policies of Egypt since the mid-seventies.

The decisive shift in Egypt's policies could be traced to President Sadat's October Working Paper which initiated the 'infitah', also referred to as 'opening' or open door policy.53 This document was presented to the People's Assembly in April 1974 and approved subsequently through a national referendum held

in May the same year. It laid out a comprehensive outline for major reorientation of both political and economic policies of Egypt. 54

Internally, open door policy provided the justification for a total reversal of the socio-economic policies pursued by Egypt until then. It also paved way for a return of private enterprise, foreign capital and multinationals. Externally, Egypt's foreign policy since the mid-seventies set itself towards a faster realignment with the West and the United States and Israel in particular. Towards the end of the seventies, Egyptian regime was moving in the direction of the Camp David deal which culminated in a separate treaty with Israel in March 1979. 55

In the Soviet view, the shift in Egypt's policies was against the basic interests of the people of Egypt and the Arab region in general. Moreover, the unilateral actions of President Sadat, it is argued, were designed to restrict Soviet-Egyptian relations, including economic and technological cooperation. 56 As a matter of fact, Soviet-Egyptian relations


deteriorated considerably during the seventies, perhaps due to the changes in Egypt and its implications.

Evidently, the open door policy did not bring about the desired changes in the country. This is illustrated by the fact that by 1975-76 Egypt's foreign debts had grown to equal or exceed the GDP. Debt service alone came to almost 10 per cent of GDP.\(^\text{57}\) Between 1973 and 1975, the import bill more than doubled rising from US $1,664 million to US $4,538 million.\(^\text{58}\) The economic performance was so dismal that it shocked even the strongest supporters of the policy and the government. Reflecting on the nature and outcome of the open door policy, Galal Ahmad Amin observed:

> It would indeed be a great folly to think that the fundamental transformation of Egypt's economic policy, which was timidly hinted at after 1967 but boldly implemented in the early seventies, was simply the result of some "clever" ideas that passed through the minds of some Egyptian policy makers as a reaction to an economic deterioration caused by the 'closed door' policies of earlier years. Indeed, these 'clever ideas', as well as the economic deterioration, were themselves nothing more than the result of foreign pressure that was determined to bring the 'closed door' policy to an end.\(^\text{59}\)


Although political and economic relations between the Soviet Union and Egypt deteriorated considerably since the seventies, the former continued to participate in Egypt's developmental efforts. However, there was a drastic decline in the economic assistance extended and technological resources transferred by the Soviet Union to Egypt.

The foregoing discussion, thus, reveals the political nature of transfer of Soviet technology which is rooted in the ideological framework of Soviet foreign policy. The close bilateral ties of the Soviet Union with India and Egypt emanated primarily from the Soviet appreciation of the internal and external policies of these countries. This was further reinforced during the late sixties and the whole of the seventies by the convergence in the perceptions and mutuality of interests of these countries. This, in turn, provided the conditions for substantial Soviet assistance, economic and technological, to India and Egypt during the fifties and the sixties. Indo-Soviet cooperation in economic and technological fields continued to improve during the seventies and the eighties as a result of the continued convergence of perceptions and interests. However, as against this trend, Soviet-Egyptian relations changed considerably since the seventies due to the evolving divergence in their perceptions, policies and underlying interests.

The continuity and change in Soviet relations with India and Egypt had considerable implications on transfer of Soviet
technology to these countries. Hence it will be worthwhile to examine the nature of economic and technological cooperation extended by the Soviet Union in its relative and absolute context. In view of the extensive nature of Soviet technological assistance, the same is examined at the micro-level of steel industry in the following chapter.