CONCLUSION

The aim of the developing countries to achieve the Lima target of 25 per cent share of total world industrial production by the year 2000 should be viewed as a means of attaining sustained economic growth through the dynamism of their industrial sector. But this could be brought about only through gradual changes in their economic and industrial structures and in the international division of labour.

The industrialized countries of Western Europe have benefitted immensely from the international division of labour. In recent years, however, low economic growth in these developed market economies has given some prominence to the newly industrialising countries (NICs) as exporters of manufactured products. But such imports cannot be singled out as the major disruptive force in the economies of the industrialized countries. According to a report entitled 'Structural Changes in Industry' by United Nations Industrial Development Organization:

...the central causes of the present economic situation in developed economies are to be found within those economies. Indeed, the influence of the economic restructuring of developing countries on overall developments in developed countries is clearly positive, not negative. It creates additional markets for capital and consumer goods of growing significance and contributes to a more efficient resource allocation...
The question is whether the international restructuring process can generate mutual benefits for both developed and developing countries? The same UNIDO report is probably right, when it observes:

...obviously there is nothing automatic in that process. Nor does it follow, even if it is in theory a positive-sum game, that all will in fact benefit, or that the distribution of benefits will be acceptable to all parties. That depends on the degree of consistency of objectives, on the "rules of the game", on the time horizon in question and on global constraints both inherent in the restructuring process itself and external to it.

Emerging trends in Western Industrialised countries however suggest that they are still not reconciled to the idea of such a restructuring process; hence the outright

...reaffirmation of free international trade, with an emphasis on the imperatives of competitiveness and of specialization; the search for a new Bretton Woods, at least at the level of the vast continental and intercontinental zones; the attempt by public authorities to weaken the powers of the private sector; the theory that the social policy and macro-economic regulation of the 1960s impede the initiative of companies and compound the rigidity of the labour market; the search for the maximum possible geographical mobility of the labour force, the re-examination of the Welfare State, and the increased calls for social discipline...(1)

The prolongation of the slump has also lent credence to this trend and has made the industrialised countries suspicious of a 'new' international economic order, which they feel might solely be geared to the needs of the developing countries.

... the more one demonstrates the existence of new forces making for a 'New Order', the more one should also emphasize the forces seeking to restore and readjust the old one. Naturally enough, the developed world wants to maintain or to rediscover political, economic military, and technological supremacy. But the very tension between old and new forces ensures that the future remains open and uncertain. (2)

Access to Western technology and research at low cost has been one of the most important demands of the developing countries, but as the world technology market is essentially an imperfect one, natural and legal imperfections would continue to enable the Western owners of technological knowledge "to appropriate returns to this knowledge. These imperfections - which are normally justified as necessary to generate adequate returns to research and development - mean that the price levied tends to be oligopolistic and subject to bargaining". 3

2 Ibid., p.28.
Technology obtained from the West, has till now served the latter's interests by: (i) tying the developing countries into "the industrial integration scheme of the economic agents of industrialized countries". Commenting on this tie, the UNIDO report entitled 'Structural Changes in Industry' observes:

"...initially, the foreign aid package severely circumscribed the freedom of choice of industrialists in developing countries with regard to the purchase of equipment supplies and the destination of output. The direct foreign investment process under the institutional form of transnational corporate organization bundled together a variety of industrial assets and made the material and financial use of them subject to the internal goals of the transnational corporation, thereby creating productive structures integrated transnationally, but fractured domestically. (4)"

(ii) circumscribing ide's domestic control over inputs and outputs. Recent available data suggests that more than technology, western financial loan capital has been playing an equally crucial role in increasing dependence of the idecs on the West:

"... the role of financial loan capital, particularly in those basic industrial sectors usually under public ownership in developing countries, has been to secure guarantees through restricting the choices of developing countries

as regards equipment suppliers, engineering consultants and management assistance. The net impact of this kind of incorporation has been to increase enormously the amount of industrial activity occurring on the territory of developing countries, but severely to circumscribe domestic control over inputs and outputs. The fact that many industries are not internally but externally integrated creates even bigger difficulties since future decisions are mortgaged to present patterns of industrial organization. (5)

The rules of International trade are also biased towards the West, for they are framed in a way to encourage canalization of developing countries' exports of manufactures within the ambit of transnational corporations. According to the same UNIDO report "Access to the markets of industrialized countries is preserved when the activities and products of developing countries are handled inside the transnational corporations, but when the firms of developing countries attempt outside or independent activity in export markets, they face severe and unpredictable barriers". 6

Secondly, most of the industrial output of the developing countries caters to the needs of the domestic market. Even in the most export-oriented developing country.

5 Ibid., p.7.
6 Ibid., p.7.
it is rare to see the ratio of foreign to total sales of all manufactures exceeding by one-third. But significantly, even such manufactures is dependent on foreign industrial inputs. This also applies to those countries, where emphasis is laid on import substitution, and in the words of the UNIDO report "...the result has been more to change the character than to reduce the amount of industrial imports per unit of final output".

In this context, it is crucial for the developing countries to enhance their local technological capacity, and generate appropriate technical change. According to Frances Stewart, the most well-known expert on Technology Transfer "...while there appears to be a certain amount of technological choice today, the continued concentration of technical change on advanced country technology is likely to result in increasingly inappropriate techniques. Unless developing countries undertake R and D in alternative directions, the choice of technology available in the future will be increasingly circumscribed ... the development of a continuous process of technological change - new techniques and products - in an appropriate direction in the developing countries is essential if the choice is to be widened." 7

7 Stewart, n.3, p.105.
A country's technological options are greatly influenced by its development strategy, if there is a similarity in consumption patterns and trading orientation between a developing country and its counterpart in the first world, then the technology used in its modern sector would need to be that of the developed world:

Consumption patterns are likely to be similar to those of developed countries among countries with an unequal income distribution, an 'open' policy towards technological imports, and lack of indigenous cultural factors which inhibit the demonstration effect. Some modification of technology is clearly possible - and indeed happens - even in this sort of situation, but modifications are likely to be largely a matter of time lags in adopting the latest advanced country technology, more labour-intensive ancillary activities, and modifications rendered necessary by differences in the size of market. (8)

Although in the final analysis, many of the policies adopted by the developing countries towards technology inflow, should be pursued at the national level, there is considerable scope for international cooperative action. Dissemination of information at an international level, would contribute to each country's knowledge of alternatives, and also adaptation of other techniques. If international or regional harmonisation of practices in respect to transfer pricing, taxation and regulation of technology contracts

8 Stewart, n.3, p.106.
could be smoothened, then it would prevent any single
country from suffering any loss vis-a-vis its share of
foreign technology inflow, which might take place if it
has to act alone. International co-operation is also
needed to identify well-known alternatives to well-known
sources of technology. This may be crucial especially
for those developing countries which are at an early stage
of development, and who are not enterprising enough to
search for alternatives, or who find it difficult to
package the technology for themselves.

In the coming years with more income distribution
and with cultural, economic or legal obstacles putting up
stiff resistance to products from Advanced countries, there
will be greater potential for appropriate and indigenous
technology. If the developing countries wish to increase
their bargaining power besides their technological indep­
dendence they may also promote technology transfer among
themselves. There is evidence to suggest that such trade
is expanding, and one also sees the emergence of third
world MNCs, consultancy and trade in capital goods. But
they should also see to it that such a policy of autarchy
does not impede international co-operation in science and
technology.

In our study of India's quest for High Technology
especially in computers we have seen how the Government allows foreign firms to operate till it has succeeded in building up its own public sector units. However, recent available data suggests that the Indian Government has considerably liberalized its attitude towards High Technology Multinationals, even when the latter have violated the stringently imposed MRTF regulations. The recent MRTF clearance to Philips to manufacture minicomputer and microprocessor based systems is a case in point. Entry of this Dutch MNC has irked several Indian public sector companies, which feel that its entry might jeopardize investments that have already been made by them mostly in R and D. Led by Instrumentation Limited (Kota) the public sector units, which include two state enterprises, Keltron and Uptron, have represented to the Government, that Philips operating through its Indian subsidiary, Peico Electricals can easily dominate the Indian market. What is interesting is that in contrast thereto, the West German MNC Siemens was denied entry into the field of controls instrumentation early in 1982.

Till recently Philip's production in India has been confined to the area of low-technology items like lighting and consumer equipment. The recent MRTF clearance paves the way for Philips in a field where public sector units have been doing reasonably well. This clearance for Philips
is for a very wide range of products from static and programmable logic controllers to data loggers and data acquisition system. This will make it difficult for other manufacturers to decide as to the kind of products on which they could concentrate. The public sector units are worried about Philips's entry, for given the large amount of funds required for research and development, compounded by a limited market it might lead to an atmosphere of uncertainty which could ultimately lead to a slow down of indigenous technological development. Moreover, every injection of new technology in this field displaces a sizeable section of skilled labour. They have either to be laid off or re-trained to cope with different manufacturing methods. When skills are already scarce, this adds to the rising costs that the Indian companies are campaigning against.

India's liberal attitude towards MNCs has induced the EEC to take a major initiative to encourage more industrialists from its member countries, particularly small and medium level enterprises to invest in India. The major fields of its interest would be auto ancillaries, electronics, telecommunications and synthetics. EEC's keen interest in promoting investments in India not only reflects the latter's attractive investment opportunities but also lends credence to the fact that MNCs can operate profitably in India. In a study by the EEC on India's investment
opportunities, it was pointed out that out of 48 Multinational firms operating in India in 1982, 33 have increased their profits during the last three years at least by 23 percent on an average and interestingly no firm suffered losses.9

In the coming years India's quest in international markets will be both for finance as well as technology. According to Stephen Fidler, a leading financial analyst, India's state enterprises are expected to be large borrowers from international banks during 1984, with some bankers estimating that the country's total borrowing requirement could be as high as $1.2 billion.10 The only problem which India is likely to face is that its too great reliance on international capital markets could undermine the credit-worthiness it now enjoys. What could be more prudent for India is to strike a right balance in its quest for both technology and finance.

9 Business Express, 18 September 1982.

Notwithstanding the fact that the past experience on transfer of technology evokes somewhat mixed feelings of hope and fear, yet it is clear that such a transfer is *sine qua non* to the further healthy evolution of the international system. Over the long run, import of foreign technology, if selected with due care, may make a tangible contribution to the industrialization process of developing countries like India, provided the latter make their voice effective on the terms of its transfer and the objectives that it may be intended to serve.