CONCLUSIONS

For over forty years the world community has been witnessing the efforts of the developing Asian, African and Latin American countries aligned and nonaligned, to transform their political independence into an economic one.

The political movement towards this goal started in 1955 with the Afro-Asian Conference in Bandung and through trial and error it was defined as the nonaligned movement. It established itself, among others, as an international pressure group for the transformation of the world's economic system. It encompasses most (101) of the nations of the Third World. The movement pursues two directions: North-South cooperation and South-South cooperation clearly preferring closer links with the industrialized and developed world.

In the course of time it evolved its action programme which became a basis for the text of the resolution on the establishment of the new international economic order (NIEO) adopted by the UN General Assembly in 1974. The contents of the NIEO resolution offer a convenient summary of the main problems in the political economy of the capitalist world system. The resolution on the NIEO brought the developmental problems of the Third World on the international forum and initiated discussions examining every aspect of this system.

Since it was the NAM which gave the resolution its intellectual content, a critical assessment of the NIEO is
simultaneously a critique of the NAM's developmental thinking.

How did it then understand development?

The new international economic order as demanded by the developing world does not have any transitional potential as it is visualising the future economic relations among the states along the familiar capitalist lines and perpetuating them. The NIEO is expected to enable a closer integration of the Third World within the international capitalist system institutionalizing and strengthening it's links with the industrialized world.

The NIEO was not meant to benefit the people, but rather for marginalizing them, and strengthening of the mechanisms to further oppress and exploit them, despite the rhetoric of improving their living standard. It does not indicate any intention to change the social and political status quo in the Third World states. Sustaining of the existing social relations on the one hand and calling for a new economic order on the other is one of the main contradictions within both the NIEO and the NAM. This limits the role and impact of both of them on the development of the Third World as, according to Andre Gunder Frank, "there will be no new international economic order without a new political order within these (developing)states". Thus, even if the NIEO, as it is presently proposed, were to be implemented it will not serve the interests of the peoples in the developing countries.
The same contradiction is implied by the stress of the NAM leaders on the transfer of advanced technologies from the industrialised countries. They claim that the technological gap between the developing and developed worlds is one of the main reasons why the Third World countries could not progress. This indicates that the leaders of the developing countries understand the problem of development as one of the means, in this case a problem of technologies concentrated in the developed world. The NIEO was expected to facilitate the transfer of technologies to the developing countries and narrow the gap between them and the developed community.

The Third World countries demanded transfer of technologies for their industrialization without building social infrastructures and without developing agriculture although a majority of the population in most of them is rural. Most of these countries cannot even feed their people sufficiently, depending on imports of foodstuffs, often against hard currency. Real self-reliant development is, among others, the development of the people and means serving the increase of rural productivity, augmenting the purchasing power of the rural population, and expansion of rural markets. But many developing countries are still showing inadequate understanding of the role of science and technology-oriented, broadbased, efficient administrative structure in promoting rural development. Many of the developing countries seem to believe mistakenly that rural development can be achieved
cheaply, without too much of capital and administrative inputs. They often do not realize the vast developmental potential of agriculture and rural industrialisation. The developing countries have concentrated on industrial revolution neglecting agriculture which has resulted in many distortions and renewed dependence, thereby restricting their options.

The fact of overemphasizing the importance of the means of production i.e. technologies by the ruling elites in the developing world indicates that they did not perceive the production as a social activity, based on social relations and serving the aims of the society. This narrow perception obscured the real developmental issues. The problems are further aggravated by the fact that the borrowed technologies are carriers of borrowed capitalist relations of production alien to the social set-ups in the developing countries. It indicates that the social aspect of development had not been considered by those who were advocating development, that the accommodation of the masses into the NIEO was not contemplated by those who bargained for it. Any improvement of living standards of the impoverished population would be expected perhaps only as a trickle-down effect of the capitalist expansion1 and would result in deepening conflict and tensions between democracy and development.

This is what happens in most Asian, African and Latin

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American countries where the state not only does not intend to involve the masses within the NIEO but, as Ashis Nandy wrote, it increasingly is becoming the major instrument of corruption, expropriation, and violence towards its own people, and, in fact, increasingly ethnocidal as well. He advises scepticism towards state-sponsored anxieties about national security, particularly when they call for sacrifices from the weakest social sectors unable to carry their burden. Citing Emmanuel Wallerstein and other political economists he points out that the Third World societies usually retain within themselves the same violent, exploitative, ethnocidal systems which they encounter in the global context: the same centre and periphery, the same emphasis on the necessity of sacrifices to be made by the people in order to achieve development and scientific advancement in the longer perspective. This attitude was mentioned also by A.K. Bagchi who put down the widely prevalent pattern of thinking among the Indian ruling classes, which is: "let the inefficient — and in their view, all those who cannot make a living must be inefficient — and the unemployed, who are potential trouble-makers, die off. Capital wants cheap labour, but when that cannot be utilised by the system, it tries to ... physically decimate that labour".


This is the reason why, as it has been further emphasized, the demands made by the Third World for more equitable and just terms of exchanges between the developing and the developed worlds often seem to be dishonest and hollow, thus do not bring expected and desired response. These thoughts seem to be particularly relevant in the context of many of the NAM documents.

The dominating groups were well aware, that the access to better living will be more and more restricted and that this would generate social tensions. Thus they started to create repressive systems protecting them from potential social outbursts. It could be referred here to the phenomena known already in the Indian society illustrating such mechanisms. It was also said that the Indian ruling classes abandoned their duties towards their people.

It has to be pointed out here that many authoritarian regimes in the Third World use the argument about "widening gap in living standards between the developed and developing worlds", "neo-colonial exploitation" etc., as is evident from the NAM documents, as instruments of their domestic policy, to throw blame of deepening poverty of the masses on

Rajni Kothari, "Rethinking Development - In Search of Humane Alternatives, Delhi, 1988.
Rajni Kothari, "Flight Into the 21st Century - Millions will be Stranded", The Times of India, April 27, 1986.

5 Ibid.
the external forces exclusively, to delink popular attention from the internal problems or to compensate domestic failures with radical pronouncements and successes in external affairs.

These attitudes and practices indicate that the demand for the NIEO should be considered also in this respect as an instrument of the Third World ruling elites to gain advantages for themselves.

For some time now Raul Prebisch was alarmed by growing social differences, which became the principal obstacle to economic development of Latin American countries. He considered the social integration of these stranded masses to be of primary importance. But he often remarked that as an international official he could not be too vocal on such a "delicate" a matter. It indicates a sinister misunderstanding on the highest level as to importance of social, human factors in any developmental endeavour which is a social process. There is a need of accepting the truth that economic growth without a corresponding social content is empty. The nonaligned understood it in its own way by paying it only lip-service: their documents stress again and again the necessity of improving living standards of the peoples in the developing world. It took up problems such as human resources development and women's welfare and their role in development.

The gatherings of the movement in the last few years repeatedly pointed out the necessity of changes in the move-

ment, so that it could meet challenges of the changing world. However, it seems that these changes will be mainly of structural, organizational and procedural character. Thus it is feared that it may divert the attention of the movement from more crucial issues, such as promoting the South-South cooperation and problems of observance of human rights, neglected by the nonaligned.

The modus operandi of the nonaligned, their practice to produce more and more documents, the way they are shunning urgent problems bred frustration and criticism among those expecting more from this worldwide movement. It can be illustrated by the study prepared at the time of the summit in New Delhi. It is a quantitative analysis of the 33 NAM meetings beginning with the preparatory meeting in Cairo in 1961 and ending with the Coordinating Bureau meeting in Nicosia in 1982. It is based on published records showing that these NAM meetings have been attended by a total of 30,000 delegates. Their travels to and from the conferences covered a total distance of 300,000,000 mankilometers. The delegates spent 7,50,000 mandays to produce documentation including 10,000,000 words. All the activities cost US $2.1 billion at 1980 prices. The analysis concludes that all these happened "Without altering the world situation wee-bit and naturally not making any dent whatsoever on the operations of realpolitik of superpowers and the rest of the world".

The same author stressed that the NAM, as then composed, was not in a position to influence the world affairs in any way or to bear upon the interstate economic and political relations according to the doctrine of economic determinism in international relations. He pointed out that, if the movement wanted to carry a qualitative influence apart from only a quantitative one, all the NAM countries had to get back to their domestic economies and build strong and powerful societies. Populationwise, 55 of 97 countries participating in the New Delhi conference had populations numbering less than 6 million, which is the population of India's capital. Only 27 of them had more than 10 million inhabitants, and only India and Indonesia were populated by more than 100 million people.  

The contradictions in which the member states of the NAM, or other developing countries for that matter, are caught cannot be solved without fundamental transformation within both national and international political economy. These contradictions are expressed partly in and explain the ambiguous ideology of the movement in respect to relation between democracy and underdevelopment. Timothy Shaw foresees that the tensions between these two factors will be the most acute in the developing countries for at least the next twenty years.  

9 Ibid., p. 340.  
It could be concluded that the urgent need of NAM, if it wanted to be progressive, was to become introspective and advocate transformation of domestic social structures and relations of production to facilitate economic development. This would consolidate the developing societies from inside, reduce tensions and accelerate the emergence of a new international economic order. If the movement has to maintain its validity and credibility, it has to put emphasis on the human aspect of development and go beyond lip-service. It should not also consider it a "delicate" matter.

Recent NAM gatherings, as evident from the documents analysed here, while reviewing the implementation of the Action Programmes, have pointed to the slow progress in this respect. They had to admit that they did not come up to their capabilities, needs and expectations.

What, then, is India's contribution to the, what we call today, South–South cooperation?

The analysis of some forms and aspects of her efforts towards ECDC and TCDC, i.e., joint ventures, expected to promote self-sufficiency of the countries involved, her cooperation with other developing countries as well as her economic relations with her neighbours as a basis for regionalism, substantiates some of the reservations expressed while studying the economic ambitions of the nonaligned.

The joint venture investments as a viable form of cooperation among developing countries had been repeatedly
recommended by the NAM and other developmental fora. The RIS report, quoted here, suggested cooperation among the private enterprises as a potentially rewarding area and recommended establishment of a federation of Third World chambers of commerce and industry to increase the contacts between the businessmen from developing countries to keep them informed on their needs and capabilities. The report can be considered to be an expression of the government of India's policy to further expand this form of her economic links with other developing countries, as she is already one of the largest sources of private investment in the Third World and her joint ventures are a very meaningful new mark in her relationships with other LDCs.

Yet, a closer analysis of Indian joint ventures abroad revealed features which questioned this form of economic relations as a reliable medium of promoting the South-South cooperation.

As it has been argued earlier, the NAMs economic demands or the NIEO resolution did not mean much more than a call of the Third World capital and its political representatives for closer links with the international capital in the capitalist framework. The formula of South-South

cooperation attempts to differentiate between cooperative and exploitative investment ignoring the economic imperative underlying foreign investment as such. Indian joint ventures operate according to this imperative. Thus India has her place in the pattern of capitalist expansion. It is reinforced by her enterprises’ collaborative links with European, Japanese and North American enterprises. These cooperative ties are strengthening and expanding giving the Indian entrepreneurship more powerful international standing. It has been also found that many of the deals Indian companies have concluded in developing countries show that Indian terms are as unequal as those of any other foreign investor.

It has been observed that her joint ventures are not necessarily free from developmentally harmful practices like understating book profits, siphoning off profits to third countries, importing into the host country more than exporting from it, overpricing and even dumping of low quality goods. These practices are usually associated with multinational corporations from the developed countries.

The familiar rhetoric on South–South cooperation facilitates the entry of Indian investors into other Third World countries but the Indian government is not concerned as to how the entrepreneurs conduct themselves abroad. The Indian policy, similarly like that of the advanced countries, promotes and protects the interests of the capitalist groups
and Indian embassies act as their public relations officers. As it has been pointed out, the business logic suggests that this will lead to political resentment and frictions. This is all the more possible that the existing policy guidelines on private joint venture investments abroad do not provide for any control over the investment once it is cleared by the Indian government. This leads to many abuses which, while known, are officially "undetected".

The practice of setting up joint ventures abroad does not indicate the presence of any forethought and conscious policy as to how the joint ventures should support the economic development of the host country, be cooperative and not exploitative. Decision to set a joint venture abroad is not necessarily the result of a conscious policy; sometimes it follows accidental and ad hoc factors or is compelled by domestic constraints. This would add to the argument on the necessity of building up internal structures creating environment allowing for planned actions of this type.

Recent years have brought about new standards of Indian entrepreneurship, with companies embarking upon more carefully planned, economically viable projects able to bring higher returns and also project better image of Indian expertise abroad. The new guidelines, however, do not include any special indications as to how the joint ventures would support the economic development in the host country. Perhaps it is to be brought about only as a trickle-down effect of
the expansion of the investments abroad and the capitalist growth in general.

Perhaps the tendency towards setting up of joint ventures could be considered as an expression of ECDC efforts or efforts which could be officially qualified under ECDC. As it was discussed in connection with joint ventures, the foreign investment in a Third World setting is many times based on an unequal relationship caused by the superior level of management and technology. Thus the joint ventures embarked upon along the lines of ECDC or TCDC in reality do not necessarily need to have much in common with development, being mainly a form of emerging alliance of business classes in the countries concerned. This would change the social pattern in the subcontinent and introduce horizontal linkages in it cutting across national boundaries. Some host countries' governments reacted negatively to the fact that Indian foreign policy and Indian business operations abroad were closely interlinked. This is particularly marked in South Asia, where the countries fear Indian domination and regional imperialism, as it has been put. They are following policies discriminating against direct Indian investment, despite their obvious needs which could be responded to by India. This is particularly the case with regard to Nepal and Bangladesh. None of the regional countries hosts any

12 Srikant Dutt, "South - South Patterns of Exploitation ...", pp. 437-438.
13 Dennis J. Encarnation, op.cit., p. 57.
important Indian joint venture. The improvement of Indo-Pakistani relations aroused many expectations in the business community in both the countries. In the context of almost equal levels of development of both of them the joint venture investments seem to be practicable. The interest and expectations towards joint ventures with India were rather noticeable in Sri Lanka. However, recent developments disturb every aspect of Indo-Sri Lankan relations.

Joint ventures are considered as one of the forms of ECDC and TCDC. They would also create links between Indian capital and the capital from the countries of investment bringing them closer to the international business community along the lines of NIEO as discussed earlier. This is likely to change the social pattern in the subcontinent while creating new links as well as divisions. This tentative observation is yet to be proved or disproved.

Expansion of the Third World capital is a relatively new phenomenon, not yet fully studied. It provokes several questions on the role of Indian capital. Are Indian joint ventures - many of the companies are multinational - really desirable examples of South-South relationships? Do their technology and investment policies promise more benefits for developing countries than those from firms from the developed ones?

Many multinational corporations are known to have achieved a level of economic and political power to a large degree independent of their home governments. How is it
with the Indian multinationals? This question acquires more relevance in the context of the lack of integrated thinking on international economic issues in Indian foreign policy and consequent ad hoc decisions.

The presence and activities of Indian joint ventures abroad may have important political implications both for India's relationships with the host countries as well as for herself.

India, expanding herself abroad, also established cooperational relationships with other developing countries through aid, trade, technical assistance, opening of banks abroad, transfer of technology, loans and grants, training of personnel, construction contracts, insurance services. She blended the domestic imperative i.e. the necessity of economic expansion with the political, economic, commercial and strategic rationale of her foreign policy.

The framework of the NAM offered more scope for coming closer for the South Asian countries and the logic of the ECDC and the TCDC could give many opportunities to review the economic links within the subcontinent, yet it is difficult to notice their presence in the general picture of the relations, official rhetoric apart. However, the rhetoric offered by the possibility to refer to NAM or ECDC or TCDC gave India a further opportunity and political argument to augment her presence in those countries along the lines of ECDC and TCDC. Her involvement in the economic structures
and institutions of many developing countries deepened, thus enabling her to influence them in various ways and subordinate in varying degrees. This served the objectives of India's foreign policy.

In this context Srikant Dutt pointed out the in-built dangers for the relationships between countries at different levels of development, wherein the potential gains of the relatively more, over the relatively less developed country would manifest itself through economic forces. He suggested that ITEC, conducted along the lines and argument of ECDC and TCDC, could possibly be an instrument to procure unjustifiable gains for India from the less developed countries.

India's neighbours, living in constant fear of her domination were aware of these dangers. This motivated them to formulate and conduct foreign policies which would distance them from her. To counterbalance her weight they searched for alliances and links outside the subcontinent introducing, among others, the great power rivalry into the area, which in itself is contradictory to nonalignment. She did not succeed in making a breakthrough in her generally unfriendly relations with neighbours. From this situation emerged a pattern of neighbourly relationships unconducive for regional cooperation, again one of the targets of the nonalignment, or for any qualitative change of the political and economic situation in the region. No doubt, it is one of the reasons dictating caution and reserve towards India.
in all proceedings of the SAARC and in all attempts towards regional cooperation. It is one of the reasons why the SAARC cannot get off the ground.

This shows that the implications of the economic policy have to be studied carefully so that they do not contradict the political principles of foreign policy but support them.

There are also other aspects of India's economic relations with other developing countries. The diversity of forms and efforts making up these relations is indeed striking. Their further expansion seems to be unlimited. Yet, the results are not satisfactory. This can be explained by two main reasons: weak economy and inadequacies of India's co-operational policy.

The results of India's policy in ADB indicate clearly that a strong domestic economy is a basic prerequisite for fruitful foreign policy. It has to be strong to enable higher contribution to the Bank or any other institution of this type, give more effective bargaining power, and influence on the decision making process to suit the needs of her foreign policy.

The need for strong domestic economy also is evident in the context of weak economic and social infrastructures reflected in low standards of Indian goods and services. They have poor opinion among Asian countries what further limits India's procurements from ADB or otherwise.
Authors writing on administrative infrastructure of India's external economic relations pointed out its many shortcomings: no authority for foreign economic relations, thus no long-term direction on the policy level, lack of well laid out procedures to promote and handle the growing volume of ECDC and TCDC, lack of analysis of long-term policy implications of actions taken, lack of assessment of gains and losses, lack of distinctive treatment of each form of cooperational relations. As a result of the ad hoc character of decision making the bureaucracy is most likely to fail to pursue emerging opportunities of expanding economic ties with many countries. Sometimes it even prevents the optimum potential of some projects.

In general there is no adequate administrative structure to create and conduct a conscious, planned external economic policy. Indeed, according to Srikant Dutt, the bureaucrats themselves admit the lack of coordination of diplomatic, political and economic factors of India's external relations.

Lack of India's control over the mechanisms of her external policy should be considered as quite alarming in a broader context of the dynamics shaping the relations within the developing world. Questions have been already asked if they work along the familiar imperialistic patterns. Since they function within the capitalist framework they are

14 Srikant Dutt, Devan C. Vohra
likely to do that if there is no control over the capitalist mechanisms. Srikant Dutt suggested that while attention is focussed on the established relations of inequality between the Third World and the industrialized worlds, possibly new forms of inequality are forming between several developing states, adding to the general web of inequality in international relations. It can be said that the concentration on major international inequalities sidetracks the attention of the developing countries from analysis of the full implications of the cooperation within the Third World. Thus they may not notice other potential dangers to their independence resulting from the new forms of cooperation and aid received from some other developing country. In this context some questions could be asked:

Do the South-South economic relations posses the same exploitative qualities as the traditional North-South exchange?

Do they consequently create or contribute to a process of accelerating unequal development in the South?

Are they aware of these dangers?

Do they view them as dangers?

Do they want to avoid them or rather avail of them and carry on with them?

What do the developing countries do to avoid the dangers resulting from the process of capitalist development?

15 Srikant Dutt, "India and the Third World...", pp. 37-38.
What do they do to level the differences in unequal development?

These questions are not directed against the South-South cooperation. They imply that the shaping of international relations within the Third World have to be studied very carefully. They imply further that special care has to be taken in any cooperational agreement to ensure an equitable sharing of the costs and benefits of cooperation. This special care involves a conscious approach to the process of decision making in foreign policy, i.e. properly defined and implemented policy of economic cooperation. According to Henry Kissinger, the Asian countries "really conduct foreign policy the way the Europeans did in the 17th and 18th centuries. The idea that you should not translate power into influence is foreign to them". Conscious creation of international economic relations is necessary to avoid being clubbed with the stereotypes.

The tasks challenging the foreign policies of the Third World countries require a higher and more enlightened political culture without which it may be difficult for them to tackle these challenges. Many mistakes and their long-lasting implications could be expected here. However, development of this kind of political culture is also a part of the overall developmental process. India has a very important role to play here. This is not only the question of her various short-term or long-term gains and losses but
also a question of contribution to the relationships between the states. India, due to unlimited multiplicity of her international links is in a position to introduce certain qualities into international behaviour. It depends on the Indian leadership to decide whether these qualities will be positive.