Aspirations, Capabilities and Compulsions
Chapter IV

ASPIRATIONS, CAPABILITIES AND COMPULSIONS

The select states of the Indian Ocean region we have identified, have almost invariably experienced during the past few centuries a high degree of extra-regional influence, control and domination. During the colonial period, 18th to mid-20th century, their economies, polity and development were steered by the European colonial powers operating initially through their trading companies, who unsparingly exploited the resources of these lands entirely for their own essentially commercial, economic benefits. In the second half of the 19th century the place of companies was taken by the states concerned, and the political-military dimension was added to the exploitation of these areas. The process continued until the balance of forces changed globally with the sweep of nationalism in the countries of the Indian Ocean region after the World War II. Foreign rule there made way for political independence, and a large number of independent countries emerged to completely change the complexion of the Region.

The complex range of colonial legacies; the plurality inhering national and subnational tensions and conflicts in these newly independent countries, along with the diversities of their geography, race, religion and ideology set in a totally changed, globalised international environment, pushed these states to concern themselves at once with long neglected, overdue economic development.

The compulsions of economic development, arising from long unarticulated or suppressed aspirations of the people, had to find expression in a variety of ways and forms. Besides the stability and sensitivity of the newly installed or adopted political systems, infrastructure of science and technology for harnessing the given resources to meet the basic needs of the people had to be created or augmented in these states. This alone, in effect, is likely to enable these states to play their due role in the affairs of the region and the world—something that had been denied them under years of colonial subjugation.

Scene in the Region

Practically all these states had a complex of aspirations that changed,
expanded, were revised and motivated in different degrees, as these states and societies got exposed to, and allowed penetration of, a rapidly changing and increasingly internationalising global environment. Consequently, these aspirations touched the social systems with all their traditions, structures attitudes and values; they affected the economic status, expectations, potential and possibilities of the people in ever expanding circles; and they raised demands of freer political environment in which human rights and dignity formed the very basis of civil society.

The peoples and ruling elite in these states thus aspired to consolidate polity, freedom and autonomy that had been earned after long and at times bloody freedom movements; to fulfil the promises—to provide civil liberties and economic upliftment—made to the people during the course of the national struggles; to not only meet the basic needs and raise living standards of the people—Physical Quality of Life Index (PQLI)—but also to create political systems which were sensitive and responsive to their needs—in other words, create modern political systems. Maintenance and proper functioning of these systems called for unfamiliar but imperative infrastructure of science and technology. This they now aspired to create quickly.

In order to have their due share in the global economy, these countries aspired to be contributors in marketing finished or semi-finished products rather than remaining mere suppliers of raw materials alone.

Besides these and other general aspirations all these newly independent countries had in common, each one of them had some particular and unique aspirations individually too; these may be examined while discussing select countries singly later on.

In any case, antecedents of these states described and defined their capabilities to meet this range of aspirations. Almost entirely, all these states had societies going back virtually to antiquity. Even the younger ones with a history of less than 500 years were ridden with inabilities that had paralysed them into inertia and inactivity compounded by foreign rule. It is therefore difficult to rate their
capability for coping with the challenge of the aspirations merely on the basis of a brief spurt of nationalism in their history. This is not to say that nationalism or the urge to be free of foreign domination and come into their own had not stimulated a measure of determination to set out for the new goals. But in the absence of realization, or knowledge, that emerging, expanding science and technology have the answers for achieving these objectives, their capabilities suffered from lack of effectiveness. The reason of this lack of realization can be gauged and appreciated in these societies in light of the levels of literacy, the prevalence of ignorance and superstitions, etc.

At the time of independence, these states had no economic infrastructure to harness and develop the resources, and lacked required technology.¹ The political systems were unfamiliar, untested, and sometimes corrupt and inefficient. They had weak, untrained and by and large inefficient administrative systems, and the societies were orthodox, unchanging and far away from scientific temper. To put more constraints on their capabilities, the countries were involved—due to colonial legacies and sometimes conflicting national egos—in local conflicts and competitions which drained away their scarce resources towards heavy military expenditure.

"Most third world countries", observes a perceptive analyst,² have found to their dismay that the only revolution they are able to promote without much effort is a revolution of expactations. But for many this has been their undoing in as much as extravagant expactations have invariably led to frustrated hopes, bred mass discontent and becomes the main source of instability. Ironically, in India [for instance] the democratic process itself has abetted ever-rising demands, political as well as economic, on the system, which it cannot possibly meet.

no government can ignore the dread logic of this process except at the risk of stultifying itself. While the heavy indebtedness, the scarcity of resources, the unevenness of development and the swelling rank of men without work create both enormous pressures as well as constraints on economic policy, the discontents of newly articulate ethnic and other groups subject political policy-making to different sorts of pulls and counter-pulls.

Nevertheless, the pressure of expactations and demands, inspired by information regarding the condition, developments and advances in the rest of the world, increasingly penetrated and percolated in these now politically independent
societies and the wielders of power there had to respond. But the response, perforce, had to be limited and unsatisfactory. For, the colonial condition was not very conducive to the requisite harnessing and development of resources in these countries; at best it induced, by and large, lop-sided and entirely motivated exploitation of available resources. The inventory of available resources there remained restricted to what was relevant to the requirements of the colonial power rather than what was needed by the concerned societies themselves.

Under the circumstances, the full range and measure of resource endowment of the new states remained unknown and untapped till appropriate technology and a determined effort was pressed in service. While the enthusiasm and determination in this regard was there indigenously and aplenty, the required technical know-how or technology was not. For that, these states had to turn to the more advanced, and willing, countries of the world, who would help on certain terms, conditions and costs. Contact and intercourse of these countries would automatically become international—intra-regional as well as global—of course, but this, at the same time, will also make for their dependence, and possible subservience to those who provide the technology and the wherewithal for prospecting and progress in development.

So, if meaningful independence has to be maintained by these new states they must strive to be self-reliant and sturdy in science and technology developed indigenously. The aspiration for self-reliance in science and technology, accordingly, becomes for them simultaneously an irresistible compulsion too.

After independence, the countries of the Indian Ocean region were obliged to import technology, generate and harness it to utilize their resources so as to make advances in regard to education, health, food and nutrition, social amenities and overall standard of living. But the political systems they adopted had their own weaknesses, given the prevailing diversities in these states. Political directives always determine the pattern of growth, and political direction lies in the hands of those who have political and economic control and thus have the power of articulating and translating into reality their objectives; it is they who decide upon the import, harnessing and employment of the science and technology for goal attainment. As it turned out at many places, the persons wielding power had other
priorities in mind rather than developing a viable scientific and technological network, even though they fully knew its importance.

Developing the infrastructure and network of science and technology is a slow and time consuming process in the course of which even a sincere leadership ages and gradually runs out of ideas and earnestness. This degeneration encourages unscrupulous, rash and self-promoting components in the society to cause corruption in persons and the system adopted to bring about rapid social and other change. This, in turn, makes for the growth to be sluggish, lop-sided and mindlessly immitative (thus alien and irrelevant to the local conditions and needs).

As a result, leave alone the promotion of self-reliance in these countries, the advances in science and technology actually contribute towards a steady increase in their dependence upon those made the models or sources in this respect. Borrowing technology in this fashion—for this is what it in effect is—causes simultaneously the problems of its inappropriateness and augmentation of dependence which in any case is inevitable as a consequence of globalisation of economy.

The wide-ranging dependence evidently places these countries in a weak bargaining position, besides making them vulnerable in many other ways. The North-South interaction over the past years illustrates this vividly. Thus, all the oil producing countries—those of the Gulf, and Indonesia in the Region, for instance—are, to this day, almost totally dependent on foreign technology and imported skilled manpower which eventually drains out hefty sums of revenues from oil exports.

The agricultural/pastoral societies of the lands in the Indian Ocean region had climatic and resource conditions that called for different kinds of technology than that developed elsewhere in the present day advanced industrial societies. But the calculations of technology exporting powers and the MNCs ignored this, and succeeded in forcing fancy, capital-intensive technologies on the recipients who were in no position to resist this.

Whether it is this technological dependence, among a host of other factors, or it is the overall condition there which is responsible for it, the glaring fact is that the economies of the countries under study in this essay still suffer from
degrees of stagnation, and are nowhere near the attainment of their declared goals.

Unable to even cope with mounting disappointment and frustration of the people there, the regimes often resort to populist measures, suppression, use of religion and threat perceptions from outside to cling to power. Human rights continue to be denied or violated (Burma, Pakistan, Sri Lanka etc.), political participation and democratic institutions are either denied or not allowed to develop (Gulf countries and African states of the Ocean), and religion has frequently been used for political purposes in Iran, Pakistan etc. The growing politicization of religion is in evidence even in a country like India, which is the largest functioning democracy in the world, and the only one of its kind in the region.

In this process, staying in power became more important than the economic and technological development in these countries. The real purpose of political independence took gradually a back seat. The petty gains, election politics, corruption, nepotism vitiated the plitico-administrative atmosphere in these states and caused economic mismanagement.

SOUTH AFRICA

A plural —multiracial, multi-ethnic— society, South Africa, has had ruthless white minority domination in almost all the spheres of human activity. Any discussion of the aspirations, capabilities and compulsions of South Africa, will, essentially, be of what the ruling white minority there wants and aspires to do. For, the overwhelming majority black population of the country has been totally excluded from, and has no say in, the politico-economic life of the country. It lives at a level, and in conditions, where technology—the advances in, and benefits from, it— touches it but marginally. This vast mass of blacks are employed, by and large, as labour in industrial or mining enterprises. Our discussion here must be informed by, and examine at some length, the fundamental fact of the country’s population geography. The Republic of South Africa is a country in which, for more than in any other in the Indian Ocean region, ethnic differences and dynamics have provided a
basis as well as the parameters of government policies, which influence the entire socio-economic fabric, and impinge upon virtually every aspect of human life.

Had South Africa remained a simple agricultural society of the 19th century, apartheid would perhaps have never become an acute issue. But ever since the late 19th century when rich deposits of gold were found, the country moved steadily into the industrial revolution. The migration of European and Bantu peoples to this land—first for agriculture and then for mining and industry—and the enhanced economic potential of this area attracted ever growing number of Europeans, and the black workers for mines. Power struggle among the Europeans—the mine-owning English, and the predominantly agricultural Dutch—sharpened to erupt eventually into the Boer War (1898-1902), in which the British finally emerged victorious.

The Bantu people, who had migrated from other areas of Africa, remained as totally subservient farm hands, and unskilled labour for mines. With the passage of time the social cleavages and inequality became gross and thoroughly exploitative. Relatively small groups of whites increasingly subordinated, exploited and suppressed a large population of blacks and the coloured.

In 1910 the British colonies and two defeated Boer colonies, viz., Transvaal and Orange Free State; were merged with some other areas to form the Union of South Africa. A moderate Afrikaner, Louis Botha, assisted by Jan Christian Smuts, became the first prime minister of South Africa. Both men had been Boer generals and advocated reconciliation of the British and the Boers in a united white South Africa that would cooperate with other nations of the empire. When Botha died in 1919, Smuts became prime minister of the Union. His government's attitude and policy towards the black were those which were put forth by the Lagden Commission (1903-05). The Commission was appointed, by Lord Milner, the British High Commissioner—after the defeat of Boers. The Commission had advocated segregation of blacks and whites. The segregation was to be in political and territorial sectors of the Union's populace. However, till about 1924 there was no uniform pattern of policies followed in the country in this regard,
though a succession of laws were enacted soon after the declaration of the Union as a dominion in the British Empire in 1910.

Mining and manufacturing expanded in the inter-war years, which led to urbanization. The blacks and the whites in the cities competed for unskilled jobs in an environment in which segregation was being brought in ever growing areas. African labour was shackled when the Mines and Works Act of 1911 forbade strikes by contract workers, and certain categories of work were reserved for whites only. A White Active Citizen Force was set up under the Defence Act of 1912, and the principle of territorial segregation was laid down under the Native Land Act 1913: The whites and blacks were to reside separately in clearly demarcated areas. The Native Affairs Act of 1920 brought in segregation of political institutions for the two communities, and in 1922, access to skilled trades was ensured exclusively for the whites by prescribing minimum educational qualification for entry to apprenticeship; the non-white youth had no educational opportunities open to them.8

The coloured were altogether disenfranchised by the coalition government of James B Hertzog (1924-39) which took away the coloured's right to vote guaranteed to them by the constitution (1910). Thus, by the time the Second World War broke out in 1939, the process of segregation of whites and the coloured was quite complete.9

The 1948 election brought to power in South Africa the National Party, whose main plank in the elections was the issue of race relations. The new government resolutely introduced apartheid to ensure white supremacy. The Bantu Self-Government Act, providing the system and the machinery to create ten African 'homelands' (Bantustans) to become independent eventually, was enacted in 1959.10 The homelands so created, covered a mere 13% of the total land area, which would be inhabited by 74% of South Africa's (essentially black) population, were fragmented and overpopulated; and were endowed with scanty agricultural and mineral resources.

Black opposition to apartheid, spearheaded by the African National Congress (ANC) and the Pan-African Congress, intensified in the 1950s. These organizations were banned in 1960, after the Sharpeville incident (near
Johannesburg) in which 69 Africans demonstrating against apartheid were killed by the police.\textsuperscript{11}

In a world, increasingly intolerant of racial discrimination, this system of apartheid became one of the major issues. The tragedy of the black peoples of South Africa attracted more and more attention and sharp international criticism. As a consequence, in the following year (1961) the Republic of South Africa was obliged to withdraw from the Commonwealth of nations. The country declared itself to be a republic thereafter.

The increasing fear of the massive African majority on the part of the whites, culminated in their manifest determination for an insensitive, ruthless government as a solution to the racial problem. The Bantu 'homelands', which were created with an assurance that they will be gradually given independence remain, to date wretched, over-populated areas without any satisfactory facility. The Transkei homeland was granted its 'independence' in October 1976, followed by Bophuthatswana (1977), Venda (1979) and Ciskei in 1981.\textsuperscript{12} But such independence carried no meaning for the international community because for all practical purposes these areas continue to be effectively and almost entirely controlled by South Africa, which, incidentally, is the only country to have accorded diplomatic recognition to these 'independent homelands'.

Without going into the horrible details of apartheid policies enforced by the successive South African governments, it is not difficult to realize the extent of racial segregation and 'colour bar' which has become pivotal in the political and economic scenario of the country.\textsuperscript{13} The entire social, economic and political life of the country is today based on these distinctions, and the social, demographic gulf continued to widen with every passing day.

These socio-political conditions have played a decisive and pervasive part in the economic development of South Africa, which has remained virtually exclusively for the white, leaving only fringe benefits—if that— for the coloureds, and has simultaneously buttressed the apartheid. Modern technology has been, undoubtedly, developed indigenously and imported too for the country's industrial development, but its sustenance and scope has remained confined to the privileged white sector of South Africa's populace.
Mining, as we said \(\text{supra, pp.}\), became a catalyst for economic change. Initially, it led to rapid urban growth around the mining centres, the import of machinery, equipment and consumer goods, etc., and the establishment of the transportation and communication network. Links with the Netherlands and Great Britain facilitated the import of latest technology for mining, quarrying, industry, transportation and communications. There was therefore growth at the ports, as the expanding transportation infrastructure stimulated local industries and ancillaries providing, over time, substitutes too.

After 1918 there was rapid expansion and diversification of industry, and the two world wars spurred the tendency for greater self-sufficiency. The number of industrial units in South Africa by 1939 reached nearly 10,000, grew still further during the World War II.\(^{14}\)

The social tension, caused by the competition for jobs between the whites and the blacks, and the stark wage differentials between the two, gradually gave rise to Afrikan (white) and African (black) nationalisms, which strengthened over time. Black, unlettered, unskilled labour, available in abundance and cheaply worked the mines and in the ever expanding industry, thereby spreading industrialization.

This basic input, combined with the easily available abundant raw materials, under the government's patronage and initiative over time made South Africa an unrivalled industrial power perhaps the one and only on the entire continent of Africa.

It is significant that the country's industrial foundations were firmly laid through widespread state intervention, and then expanded under state patronage and supervision. In late 1920s and early 1930s state corporations were set up in iron and steel, and energy sectors with about 30% investment by the state. The number of such corporations has proliferated today and includes notably the South African Coal, Oil and Gas Corporation (SASOC) for oil and coal, South African Iron and Steel Industrial Corporation (ISCOR) for iron and steel, SENTRACHEM for chemicals, NATREF for oil-refining, Electricity Supply Commission (ESCOM) for electricity, and ARMSCOR for manufacturing military equipment.\(^{15}\)

Besides, there has been substantial import of capital from abroad
—the IMF, World Bank; countries like USA, UK etc; and lately the multinationals of course, as has already been mentioned (supra, p.93). Most of such imports have been in the high-tec or consumer goods sectors, where the industries are capital—rather than labour—intensive.

Apartheid-military focus of development

To sustain, protect and defend white regime and its segregationist economic and political system, the country has built up a massive defense industry—one of the most sophisticated and lethal in the southern hemisphere. To counter the insurgency from outside (especially, the neighbouring countries), and by the African National Congress (ANC) from within the country, South Africa specifically tailored its coercive and military apparatus.

The anti-insurgency operations are mostly carried out by the Citizen’s Force, the Commandos and the police who have undergone special anti-terrorist training. Every white male citizen between 18 to 65 is liable to undergo military training and to render personal service in time of war. In an emergency, South Africa can mobilize huge reserves of trained personnel not in regular armed forces.16

South Africa increased its regular armed forces from 19,000 in 1965, 47,450 in 1974 to 105,400 in July 1985 (Army 76,400; Navy 9,000; Air Force 13,000; and Medical Corps 8,000). Similarly the main anti-insurgency fighting force, Citizen’s Force and Commandos, grew from 72,000 and 75,000 respectively in 1974 to a total of 317,000 reserves in July 1985.17

The South African regime has had to develop a domestic armaments industry and acquire sophisticated armaments from abroad, even though the country is fully capable of complete self-sufficiency in production of armaments of the latest and most sophisticated variety.18 Availability of uranium has given the Republic the capability to produce atomic devices, and is believed to be already producing uranium oxide and highly enriched weapon grade uranium and has sophisticated nuclear industry.19

For a country that has no visible external threat—or even internal one of
any seriousness or immediacy—the expenditure on military has been rather excessive, and it has risen formidably over the years. South Africa's defence budget stood at a mere Rand 16 million which rose to Rand 38.5 million by 1960, Rand 230 million in 1966, Rand 1350 million in 1976, to Rand 4,272 million in 1985, and Rand 5,100 million in 1986.20

No country of the continental Africa—let alone South Africa's immediate neighbours—singly or collectively ever had, or even now has, the military capability to threaten the Republic. Nor can a hostile foreign power embark on a military adventure against South Africa through the proxy of an African state without bringing in the might of the Western alliance on the side of the Republic.

Even the outside aid and abettment to the internal struggle for overthrow of apartheid can never assume the proportions to warrant the kind of military build up South Africa has kept up thus far.22

The South African republic has, no doubt, felt isolated and cornered by the mounting international censure and sanctions against apartheid, especially since 1963.23 Till recently it has remained impervious to these pressures, and concentrated on increasing militarization for protection and promotion of the apartheid. This may, however, now change in 1992.

Such massive militarization has been, evidently, at the expense of an economic development that will benefit the entire people of the republic, rather than just the white segment of it. The utterly lop-sided development of the country instead of stabilising or strengthening it rendered the republic highly vulnerable. Whether the recent release of ANC leader, Nelson Mandela after 27 years of imprisonment, and the ensuing developments in South Africa24 will put the republic on the road to enduring stability and prosperity remains to be seen.

IRAN

From extreme social orthodoxy archaic political conditions, and stagnant economic system till well after the end of the World War I, Iran stirred itself into
the beginnings of modernism largely by the patriotic fervor and push of Reza Shah, who in 1925 founded the Pahlavi dynasty.

However, the measures Reza Shah introduced and adopted for modernizing and strengthening Iran (supra, pp. 165) did not include democratization of the polity. In fact, his founding of a dynasty (Pahlavi) to rule Iran was anything but democratic. 25

As already indicated briefly (supra, pp. 162) the Shah could, and did, rule autocratically without much let or hinderence and with almost total constitutional sanction. 26 In such a system, where the constitution not even mentioned civil or political rights, the participation of the people in the system was at best marginal, if not entirely notional.

Under the circumstances, the Iranian aspirations can really be those of its ruling elite; those among the people who had the awareness or sensitivity—a tiny minuscule bunch—could aspire only for democracy and civil rights? 27

The dominant aspiration in Iran, formulated and manifested essentially by the country’s elite, was to modernize and strengthen itself militarily enough to be counted in the international community. Reza Shah aimed for an Iran which controlled its own destiny, and was free from constraints imposed by outside powers. He wanted to build a country that was fully self-reliant and confident.

The inspiring prosperity resulting from the oil industry, provided the backbone essential to the economic development. Cottage industries were expanded and the export of surpluses as raw materials to the industrial countries was encouraged. Reza Shah planned to set up iron and steel plants, and developed the fishery potential of the Caspian Sea. A National Bank was established to control the currency and finance, and export and import quotas. Import of luxury goods was restricted and state control was introduced for tobacco—by forming the State Tobacco Monopoly—textiles, motor vehicles etc. After concentrating on industry and improvement of towns, he established in 1930 an Agricultural Bank to provide low interest, long term credits for the farmers. 28
The attempt at modernization, under an increasingly totalitarian regime, in course, led to the introduction of compulsory military service. The size of the armed forces was increased greatly. Communications were improved vastly. Education was remodelled on Western lines. After 1936, women were no longer obliged to wear the veil. Foreign trade was made a state monopoly.

But all this progress and change could be possible, perhaps because of his ruthlessness. Reza Shah took the throne as a reformer, as a kind of 'Iranian Ataturk'. He wanted to break away from tradition—monarchy, privileges of the aristocracy, and the prerogatives of the Ulama—and build a totally new Iran. But he could not come out of the traditional ways of the country: a divine-right king, an aristocracy legitimized in a parliament, and firmly entrenched centralised religious institutions. Under Reza Shah the formula for the new Iran was integral nationalism: centralized, disciplined and near totalitarian. The formula would ensure the Iranian progress and self respect, and all hinderances in its way were to be swept away by dictatorial fiat. Only thus would the new strong, loyal, honest, rational, obedient Iranian would emerge at a command.29

The political system in Iran remained a closed one. The 1906 Constitution was pushed away to the background. While the Shah claimed to be upholding and working within the constitution, his opponents questioned the very legitimacy of his government, and insisted that the constitution was being used merely as a facade. Majlis was made a symbol of constitutionalism. Reza Shah justified his policies by saying that all of his legislation had been duly enacted by the Majlis. The fact is that from 1924, and particularly from 1928 to his abdication in 1941, the Majlis was his obedient and chosen instrument.30 Under the circumstances, therefore, the rights of the people, and democracy, carried no significance. The exlusivist, non-participatory government of Reza Shah concentrated on the development of the country for which the masses were to be used as mere instruments in building the country.

No wonder then that the end of the war, and the youthful years of the young successor to the old Shah, saw the people's upsurge in the rise of a popular nationalist movement in Iran. Dr. Muhammad Mussadiq emerged as the focus and leader of this movement. If the old Reza Shah was a zealous patriot whose burning
passion was to make Iran modern, strong and a power to reckon with in a rush, Mussadiq was an equally ardent nationalist but in a mould different from both the Reza Shahs —father and son.\(^3\)

He had always opposed oil concessions in Iran to foreigners. In the 14th Majlis (1944), provoked by the Soviet and American demands for oil concessions in Iran, he had successfully moved the bill forbidding the government to grant any oil concession to foreigners without the due sanction of the Majlis. His uncompromising stand in regard to oil concessions won him a large mass following in the country, including intellectuals and professionals.\(^3\) His obduracy on the question of oil was to cost him in the years after mid-1953 heavily, both in terms of the anticipated bountiful returns from ownership of oil once the British had been stripped of it, and in terms of the mass political support.\(^3\)

However, the nationalist sentiment in Iran grew, as did the political instability: between 1946 and 1951 seven governments fell—and all in connection with agitation on the oil question.

The British controlled oil company in Iran, started with an initial investment of $100 million, had given every provocation for the rise of Iranian nationalism and justification for its growth. Over the years, by paying meagre millions in royalty on the oil that it extracted, it had siphoned off return and profits running into billions of dollars. It provided 'abominable' living conditions to its Iranian workers, paid them less than one-fourth of the wages that such workers got in other oil producing countries, and totally neglected the training of Iranian workers for any positions of skill or responsibility. Such callous and blatant exploitation inevitably fanned the Iranian nationalism. Hence the nationalization of the Anglo-Iranian oil Company on 15 March 1951, which act alongwith the law to expropriate the Company was enthusiastically approved by the Majlis, with Mussadiq as the Prime Minister, on 29 April 1951—the very first day of his premiership.\(^3\) He now seemed set to bring in a new era of prosperity and plenty to be financed by the oil revenues to which Iran was legitimately entitled.\(^3\)

In March 1951 Majlis approved the nationalization of the petroleum Industry and Anglo-Iranian Oil Company; a month later, Mussadiq became the
Prime Minister, a symbol of nationalism, and a leader of at least the urban people. 36
He steadily grew in power and challenged the Shah's authority to the extent of reducing his position merely to reign but not rule. 37

Oil nationalization was aimed at raising the state revenues and ensure retrieval of Iran's natural resources from foreign exploitation. This step naturally precipitated a dispute with Britain and embittered the relations with that country; on 22 October 1952 the diplomatic relations between Britain and Iran ceased. Iran's oil output stopped, and economic chaos ensued in the country.

Mussadiq's attempts to raise enough funds failed. Along with the rift with the Shah, Mussadiq developed sharp differences with some of his prominent supporters. Majlis put restrictions on his authority, and his demand for unlimited powers was rejected by the Shah. Eventually, on 16 August 1953, Mussadiq was ousted by General Zahedi. 38

The downfall of Mussadiq, emergence of General Zahedi as a national leader, and the revival of Shah's authority set Iran on a new course of events. For twelve years, since his accession to the throne, the Shah had to wage a ruthless struggle to achieve an environment favourable to him. But a lot needed to be done. He must defeat his opponents at an ideological level. Iran was still suffering from the economic and political wounds inflicted upon the country during 1950-53. The flow of oil had stopped, and the state was virtually without revenues. The Majlis, despite the fluctuations in its influence during Mussadiq's tenure, had not changed its class composition. It was still dominated by the feudalists, landlords, and religious fanatics—most of whom were linked to foreign interests. Forces opposed to the Shah could still be inflamed by slogans about despotism, unconstitutionality and the anachronism of monarchy. The Majlis was packed with men most opposed to reforms. 39

Thus, in 1954, Shah defined democracy as a part of national ideology. Expounding to his people, he emphasized its three features: political and administrative, economic, and social. He believed that the Iranian constitution—patterned on that of Belgium—provided adequately for democratic government
within the framework of Iranian monarchical tradition. Consequently, in 1961 the Shah suspended the Majlis and put the constitution in abeyance. While the routine administration of the country was carried on, major changes in the constitution were incorporated. It was this altered (new) constitution that was eventually brought into operation in autumn, 1963. Denouncing the parliamentary system of the unaltered constitution as a fraud by which rich and corrupt classes had appropriated the political rights of the common people, the Shah insisted that in the conditions of his country pre-eminence and priority had to be given to economic rather than political aspects of democracy; and in this state must play a major—if not decisive—role. He was clear that state must coordinate and control national production. At the same time, private sector must also retain its importance:

"My philosophy of economic progress carried with it two basic principles. The first is even greater material prosperity, ever more widely shared, the second is an economy so organised that the individual rights of workers, managers, scientists and engineers, and everybody else productively engaged, are protected and enhanced."

"Every man, woman and child in this nation is entitled to a decent minimum of these five things: food, clothing, housing, medical care and education."

These ideas formed the basis and substance of what came to be called the 'White Revolution'.

The Shah now faced opposition mainly from three quarters: the landed aristocracy, the clergy and tribal chiefs. Simply because the economy, agriculture and society were fully in their grip, they constituted a majority in the Majlis as well as in the administrative set up. This trinity exploited the Majlis to oppose or defeat every measure for social change, the tribal chiefs even planned a revolt, against the Shah. The Shah, however, managed to foil and overcome this resistance by making the peasants as his partners for the reforms.

On 26 January 1963 he held a referendum in which he got overwhelming approval of the people, for the main components of his 'White Revolution': the distribution of lands among the peasants; the emancipation of women and franchise for them; formation of literacy corps in which students could serve their period of national service as teachers, working in the villages; worker's profit sharing in the
industry; nationalization of forests and pastures. In the end of 1963 he distributed all the Crown properties among the landless peasants of the country.

His success in implementing these enabled him to rule the country authoritatively till, by 1976, he had virtually every political institution in the land at his feet, and Iran had emerged as a country of great significance in world affairs.

Industrialization and modernization of Iran

Utmost importance was given to harness and import technology and put it to industry. The Ministry of Science and Higher Education was formed in 1967, the Institute for Research and Planning in Science and Education was established in 1968, and in 1974. The National Scientific Research Council was established. A number of research centres on social sciences and humanities, engineering, agriculture, medicine and basic sciences were also set up to produce skilled labour for the industry.

To revamp Iranian economy, United States, from about the end of 1953 [from the dismissal of Mossadiq, actually], extended aid under various programmes and agencies including Export-Import Bank. (supra, pp.110). Alongwith the inflow of the American aid, a large body of U S officials, advisors and technical experts, personnel of aid agencies and technical and commercial organizations, and private investors came to Iran. They assisted Iran in its economic planning and identifying areas in which American aid was to be utilized, provide technical know-how, and establish joint ventures both in the governmental and private sectors. American investors stimulated Iranian banking, especially in creating the industrial and mining development of Iran.

During the second half of the 1950s private investment in industry tripled and import of capital goods increased six–fold. In early 1950s US direct private investment in Iran was estimated in excess of $ 200 million which increased greatly with time.

By 1969, Iran had become the second largest exporter of oil after Saudi Arabia, and the massive oil revenues which thus resulted, became instrumental in expanding the country's economy. This vigorous expansion was accompanied by a
shift from a basically agricultural to a diversified economy characterized by fast-moving industrial and services sector. Concentrated at first on consumer goods and then extended to steel, aluminium, petrochemicals, and capital goods like motor vehicles, machinery, machine tools, the industrial expansion, which was initially oriented towards import substitution, gradually became oriented to export.48

Apart from gaining political control and power, and accelerating economic development, the Shah also built sizeable armed forces for the protection of the economic and territorial interests of the country.49 So, as Iran’s economic sinews strengthened, it gained also in military power.50

Active international actor

Iran’s ambition to play an active role in world affairs came much later —after the British declaration of withdrawal from Persian Gulf in late 1960s. Once Iran had a stable government and a sound economy, Reza Shah II opted for closer relations with United States and the West, so much so that Iran became completely dependent on the US for building its defence and industrial infrastructure.

With USSR too, Iran’s relations stabilized once Moscow was assured by the Shah that the US military presence would not be allowed to target the Soviet Union; Iran had refused an American missile base on its soil. The Soviet Union sold a steel mill to Iran in 1966 and Iran also purchased the Soviet-built military transports.51

Along with this, Iran created (1964) a regional grouping with Turkey and Pakistan, the Regional Cooperation for Development (RCD), to harmonize and coordinate policies on issues affecting the region.52 In the mid and late 1960s, Iran’s serious pre-occupation was the future of the Persian Gulf. The Shah declared in March 1965 that in the future Iran would focus her military planning on the Gulf,53 and in February 1967 a new Third Army Corps, complete with paratroop units, was created at Shiraz—Iran’s major southern city.54

In January 1968, Britain declared its policy of winding up its military establishments east of Suez. This meant that as a result of pull out from the Gulf, her formidable naval base at Bahrain would also be dismembered and vacated.
Iran had long claimed the essentially Arab, internally autonomous Bahrain archipelago, which had been a British protectorate consequent upon successive agreements of 1880, 1892 and 1914. The British departure ought to restore it to Iran. But Gulf Arabs in Sheikhdoms living the southern coast of the Gulf, both in assertion of their distinctiveness—if not nationalism—and concerns of security vis-a-vis Iran federated with the help of the parting British in 1971 into the United Arab Emirates (UAE). Bahrain kept out of UAE to become independent as the Shah quietly dropped Iran’s claim to the archipelago. Apparently, the Shah avoided causing offence to its Western allies as much as to accommodate Arab sentiment.

Moreover, if Iran had to dominate the Gulf, the control of the Strait of Hormuz was far more vital and valuable. So the Shah proceeded to acquire the island of Abu Musa and the islands of the two thumbs through a small military operation. In so far as he had already secured good neighbourly relations with the Soviet Union thereby eliminating a possible threat from that quarter, the foundations of Iran's dominance and control of the Gulf had been laid.

Simultaneously, Iran accelerated its military build-up in 1971-72 so as to assume wider regional responsibilities, and Shah pointed out in November 1972 that Iran's security perimeter must henceforward include the North-West quadrant of the Indian Ocean. This entailed a decision to expand the navy five-fold to obtain a maritime capability of an independent self-supporting kind to conduct long-range naval operations. The creation of a modern, balanced defence force, taking advantage of the benefits of new technology was a long-standing desire of the Shah so that he and Iran could play a wider role in the affairs of the Persian Gulf as well as the Indian Ocean. The growing influence and industrialization of Iran too, expanded her trade by making the Gulf and Arabian countries as a market for its exports.

Playing the role of a regional power, Iran now thought of expanding its policies to cover other Asian nations. Western-aligned Pakistan was made a friend through RCD, but certainly not at the expense of India, with whom its relations improved vastly during 1973-76. In 1975 Iran pledged an investment of about $630 million in India, sold oil at concessional rates and India became sixth largest trading
partner of Iran in 1976. The overall Iranian commitment to India up to 1978 included the development and finance for a refinery at Madras, an iron ore mine at Kudremukh, and an irrigation canal to help grow foodgrains in Rajasthan desert.

As an expanding economy, Iran's major concern in the Indian Ocean was to protect its sea going traffic. Iran's regional diplomacy thus was aimed at increasing its influence in the Persian Gulf and the regions around - Arab States and the sub-continent through economic and diplomatic means and instruments, and to ensure close alliance with the United States with the view to reduce the Soviet influence in the Gulf.

But some chronic problems confronted Iran and the Shah too. There were the territorial disputes that Iran had with Iraq and some other states of the Persian Gulf. It was a rising Shii power in a Sunni-Muslim-dominated (Arab) Gulf region. It was a non-Arab power which had now succeeded in dominating the region - economically, militarily and diplomatically. Above all Iran's close alliance with United States and the West obliged it to build bridges with Israel to the annoyance not only of the Muslim (Arab) world at large but also of the Mullahs at home. The dictatorial methods of Shah and lack of immediately felt benefits to common man caused upsurge and uprisings in the country in 1976.

In fact, the very legitimacy of absolute political power in the hands of the Shah and his government had steadily come to be questioned on ideological grounds. The three routine criteria of legitimacy - viz., who exercises political power, on what basis is it exercised, and towards what end is it exercised - had returned dubious answers by the Pahlavi dynasty over the the years in the devoutly Islamic Iranian society. Mohammad Reza Shah and his dynasty had become completely alienated from the masses by their ways and declared objectives. "The masses", writes a perceptive analyst of Iranian society,

could not relate to Muhammad Reza Islamically and were subservient to him only by virtue of the authority he possessed to make them submit. the crucial factor in Iranian politics was that the monarchy had lost its political legitimacy both in the form of governance and in the nature of governance over the masses.

But the last straw proved to be the stoppage of the economic growth in
1976 because of the massive unregulated inflow of oil revenues, and severe bottlenecks in skilled man-power and infrastructure.

A widespread desire for revolutionary change surfaced resulting from a fundamental societal dissonance and disorientation, a superficial economic growth and frustration of material expectations of the people.\textsuperscript{62}

By 1977, Iran's general economic and social situation appeared grim. The country was beset by numerous problems, including spiraling inflation, increasing corruption at all levels—involving some members of the royal family and top government officials—and mounting social and economic inequalities that were widening the gap not only between country and city people, but also between the privileged and wealthy minority and the unprivileged poor majority. Although no reliable official statistics are available, by unofficial estimates a large elite of about 15 to 20 percent of the population who benefited most from the oil wealth, the Shah's policies and their consequent opportunities, and who formed the upper social strata, led an amazingly lavish and extravagant Western life style. The remainder, who made up the lower social strata, lived largely in impoverished conditions, envious of those with wealth, but struggling to improve their own social conditions and fulfil their rising expectations in whatever way possible. While the poor became restless with the lack of social opportunities and the growing shortages and high cost of their basic needs, including food and housing, a majority of the rich felt increasingly frustrated with the overcrowding and industrialization and congestion of the cities. This was in the face of an imminent slow-down in the general level of economic activity, and the fact that oil income was proving insufficient to finance the government's lavish spending, particularly as the Shah was not prepared to moderate his costly military programme.\textsuperscript{63}

So, the Mullahs and the left opposition joined hands to overthrow the monarchy. But the opposition from the leftist groups was overshadowed by the success of the exiled religious leader Ayatollah Khomeini.

Exiled in 1964, Khomeini had kept his ties with the masses. Indeed, exile made Khomeini a martyr and a symbol of religious-political opposition to the
Shah's rule. As the economic situation in Iran worsened pushing the masses to the limit of their frustration in 1978, Khomeini called his followers out into the streets against the Shah. This religious protest soon snow-balled into a revolution actively supported by many secular, intellectual and ideological groups, students, professionals, public servants, government and private industrial workers, shopkeepers and craftsmen.

Khomeini and his orthodox followers wanted:

An Islamic Iran, governed by an Islamic law, with balanced socio-economic development but no foreign interference, and without what they regarded as the Western-based, immoral aspects of the Shah's modernization. The intellectual and secular groups, excluding Tudeh and certain other leftists, who were very much in the minority and aspired for a Marxist/Socialist system in Iran, wanted a Muslim but democratic Iran with political freedom and civil liberties. And the poor masses wanted more social justice and a bigger share of the oil wealth.

The revolution—which concluded with the Shah having been made to leave Iran on 15 January—changed the total scenario Shah had built over the years. Islam, triumphed, and at the end of March 1979—about a month after the Khomeini took over the government—a referendum was held on the question 'Do you favour an Islamic Republic?', to which the response was an emphatic 'yes', and on 1 April that year the Islamic Republic of Iran was declared. One of the early acts of Khomeini regime in early 1979 was to end any ties with Israel and to align Iran firmly behind the Arab cause by allowing, for example, the opening of a PLO office in Tehran.

However, Iran's relations with Arab world deteriorated after Iraq's abrogation of the Algiers Declaration (6 March 1975) and invasion of Iran on 22 September 1980 for various reasons.

The war which ended in 1988 drained away country's resources and defense became foremost preoccupation of the Islamic leadership. Iran lost its status as an economic and military power and stood quite isolated in the world community as its relations with US and the West shrank to the bare minimum level. Economic development came to a standstill, and the gains of the last two decades were nullified.
The war with Iraq and open hostility of the Arab, undermined Iran's position as a major power even in the Gulf, let alone the Indian Ocean or South-West Asia. The revolutionary leadership itself became riven with dissensions and confusion. After the quick and successive ouster of two presidents -- Bani Sadr and Mehdi Bazargan -- the youthfull secular left (who were allied in revolution) saw themselves too about to be shut out to power. Resultantly, a wave of bombing and assasinations of leading mullahs, apparently to break the grip of clergy, occured. In all this Khomeini alone had the vision of an Islamic Republic which he sought to translate into a reality --at home. At the same time, he became the driving force behind the Islamic crusade abroad. Trade and commerce, economic recovery ,etc., seemed lower priority for him. The Islamic revolution failed to uplift the common man, rather they were induced to make enormous sacrifices for Islam. In the war with Iraq, stalemated for eight years, the 1,260 km Iran-Iraq border came to be supervised by UN troops.

After the death of Ayatollah Khomeini (4 June 1989), the opponents of the Islamic Revolution have increased and multiplied in the country. Illusions of common man have dashed and Iran stands at a cross road. The massive support the current, libsal presdent Hasheini Rafsanjani has won in the reont (April 1992) election will, hopefully, show the correct, fruitful way.

INDIA

Sovereignty and independence came to India on 15 August 1947 after years of politico-economic instability and confusion followed by a couple of centuries of the British colonial rule and exploitation. The colonial rule, besides being thoroughly exploitative was simultaneously the almost sole factor of modernization and Westernization. Colonialism it was that brought about a physical linking of the continental spread of the country through an all-weather readily accessible and reasonably efficient transportation network. This geographical unification of the sub-continent was sustained by a unified modern administrative judicial system.

We have already noted at appropriate place in our previous chapter how, in economic terms, the colonialism reduced the country into being a mere producer/supplier of raw materials while being at the same time a market for
finished British goods. Its economy was based exclusively on agriculture, which, in turn, was kept mainly subsistent; whatever the commercial crops, they were taken away to feed the British industry. A stagnant agriculture; selective, subservient and sporadic industrialization of the country—and that too from the war years, really; discriminatory social attitudes that reeked of arrogance and offence; and an insensitive, unrepresentative, imposed political system—all combined together, on the one hand, to strengthen the stranglehold of pervasive poverty, and on the other, to give rise to uncompromising and eventually victorious nationalism.

Under the circumstances, the felt aspirations of the people of India were not difficult to discern: a quick release from poverty and a life of dignity in modern, healthy, just, and secure environment. On attainment of independence, the leadership set out to ensure fulfilment of these aspirations of the people. A self-reliant, modern economy through planned economic development—rapid industrialization and modernization of agriculture—was seen as the apt recipe for eradicating poverty. Adoption of a participative, liberal, democratic political system was meant to ensure life of dignity in a just society.

The course and consequences of planned economic development have been examined at some length in the previous chapter. We may now have a quick look at the political system devised to meet the people’s urge for dignity and justice.

The preamble to the constitution of India reads:

"WE, THE PEOPLE OF INDIA, having solemnly resolved to constitute India into a SOVEREIGN SOCIALIST SECULAR DEMOCRATIC REPUBLIC and to secure to all its citizens:
JUSTICE, Social, economic and political; LIBERTY of thought, expression, belief, faith and worship; and to promote among them all.
FRATERNITY assuring the dignity of the individual and the unity and integrity of the Nation.

When the independence came to India, it had been widely hoped that it would usher in a new era not only of freedom, but also of all round economic and social progress with poverty banished from the land, reasonable standards of living assured, and all the egalitarian ideals translated into reality."
The constitution of the country adopted in November 1949 stressed upon the rights and liberties of the people. The Preamble emphasized the need for social justice. The Fundamental Rights created equivalence among rights of all citizens. The Directive Principles, which formed the instrument of instructions, stressed an urgency of bringing about social and economic development and provide equal opportunities to all, to restore economic stability. Indeed, these directive principles embody the essence of the high concepts that Congress had succeeded in discovering in its pursuit of equitable society.73

This responsive, and politically open set up was devised not merely to honour the promises and aspirations held during the nationalist struggle, but also to enthuse and involve the people in the task of creating a new, vibrant India. The system was simultaneously aimed at effecting the reformation and rejuvenation of the society in this ancient land which modern times and a radically transformed international order called for.

Democracy, secularism and socialism were adopted as the three basic pillars on which the edifice of free India was founded, and set to grow. Over the years, the masses of the country as well as the people with enlightened outlook, have come to have abiding faith in democracy and in the free and open way of life. Even though feudal or obscurantist values prevail in many a quarter, the people on the whole have become strangers to regimentation characterising totalitarian states and under dictatorships. During the last forty years or so, this democratic spirit has strengthened and all are fully conscious of their rights and privileges, though not of corresponding duties and responsibilities.

The country's federal polity makes India the world's largest functioning democracy today. In the over four decades of its working, not only have free and fair elections, involving an electorate that numbered 173,213,63574 at the time of the first general election in 1952 and about 500,000,000 in 1989,75 have been held at regular intervals, the political succession has always been smooth and in accordance with the provisions and spirit of the constitution.

So has been the exercise of political power in the country, where the judiciary in independent discharge of its functions, has upheld the sanctity of the
constitution while safeguarding the life, liberty and rights of individual. Unfettered, free, and quite fearless press has played an impressive role of the guardian of democratic values, ethos and aspirations in the country. Democratic institutions and processes have been generally respected and functioned fairly satisfactorily thereby strengthening the system. Attempts at by-passing or perverting it—as was done by the imposition of national emergency, 25 June 1975 to 20 March 1977—76 have resulted in angry rejection of those responsible by the people of the country.

It can be convincingly sustained that the political system in India,77 ever since its inception, has worked successfully, and has ensured stability. At the same time, with all its imperfections—and these may be many—78 the system has succeeded in inducing among the people a widespread and firm identification through their growing involvement and participation in its functioning. Indeed, Indians are now firmly committed to their political and economic system and the fairly open society resulting therefrom.

This has not been a small achievement in view of the age, nature, multi-level and multi-faceted pluralism, rigid hierarchical organisation and fantastic complexity of its society. Based, and bound, by a vast range of traditions, this multi-racial, multi-religious, multi-lingual, multi-cultural society still moves more by faith and philosophy—often reduced to obscurantism, superstition and fanaticism—than by reason or logic. All efforts and professions of inducing and inculcating scientific temper or rational attitudes in the masses have not met with particularly great success; nearly 50% illiteracy, chronic poverty and fast multiplying population in the country has only compounded the situation.

In this scenario what can the people's aspirations be? Satisfaction of at least basic needs and wants, congenial conditions and an improved quality of life. Above this fundamental level that the masses aspire to, the fast growing middle classes (numbering at least 200 million according to 1980-85 estimates) have steadily articulated more diverse and elaborate aspirations.

This category aspires, in the socio-political domain, the creation of a modern society—egalitarian, open, democratic, just, participative and responsive—
enabling the country to rank among the present day advanced and enlightened societies. It advocates, therefore, enlightened rather than ritualist aspects of faith; democratic values; constitutionalism; expansion and full exercise of guaranteed liberties; a non-exploitative and just social order; and a harmonised, tolerant polity.

In the economic sphere the stress is on accelerated, all-round growth through, and aimed at, ensuring self-reliance. The objective is to rank among the advanced, prosperous countries of the world.

Externally, or in the international sphere, the people of India have aspired and endeavoured to play their long denied active, constructive and peace-promoting role. Non-alignment alongwith Panchsheel; support to liberation movements the world over; anti-apartheid campaign; canvassing peaceful settlement of disputes; and demanding a New International Economic Order have been made the vehicle of these aspirations.

The means and the method to accomplish the internal as well as external aspirations have been seen in the progressive resort to, and advance in, science and technology, concurrently with rapid industrialization.

Thus it was the country’s first prime minister, Jawahar Lal Nehru formally moved a Science Policy Resolution a decade after the country’s independence:

The key to national prosperity, apart from the spirit of the people lies, in the modern age, in the effective combination of three factors, technology, raw materials and capital, of which the first is perhaps the most important...

The resolution goes on to state:

The dominating features of contemporary world is the intense cultivation of science on a large scale, and its application to meet a country’s requirements. It is this which for the first time in man’s history, has given to the common man in countries advanced in science, a standard of living and social and cultural amenities, which were one confined to very small privileged minority of the population...

The development of science and technology infrastructure was thus taken as the heart of socio-economic transformation since 1958. India is thus one of the few developing countries which have implemented science and technology
plans as integral part of the development plans. Every successive five year plan heavily stresses that self-reliance must be the very heart of science and technology planning, and there can be no other strategy for a country of India's size and endowents than this.\textsuperscript{81}

India relied on foreign technology for some time, but soon afterwards, by 1960s, developed its own massive infrastructure of indigenous research institutes, laboratories and countrywide infrastructure to produce technical manpower; a large number of universities, medical and engineering colleges, polytechnics etc. were set up (\textit{supra}, p.). The attainments in science and technology were put to use for industry and one can see that Indian industry in consumer and commercial goods has become internationally competitive.

India's continued commitment to expand programmes of science and technology has given it a Science and Technology (S&T) system which enjoys a high international status by any of the following criteria: number of scientists and engineers; expenditures on science and technology; production of scientific knowledge; establishment of R & D programmes oriented towards national development, etc.\textsuperscript{82}

The industrialization process and planned development made India capable of a self-sustained growth. India became self-sufficient in food; it developed a highly sophisticated world class industrial network to meet the domestic needs as well as to cater the needs of other states of the Indian Ocean region. We will have occasion to discuss this in our final chapter.

India has developed the largest railway network in Asia; the country is well-knit through roads, rail, air, and a massive network of telephone, telegraph, telecommunications etc. has virtually made the country a well-linked and highly integrated —physically, at least— society.

India's science and technology remained confined not to industry, agriculture, and communications only. It is rather advanced in nuclear field; is a pioneer in the Third World —certainly in the Indian Ocean region— in space research; has developed national satellite communication networks,
remote-sensing for resources survey and management; and has designed indigenous satellites and launch vehicles.

In the area of oceanography, India has developed competence in survey and optimum utilization of living and non-living resources, harnessing the renewable sources of energy and the exploration of polymetallic nodules from the deep sea bed (supra, p. 13). The country has joined the Antarctic treaty system, having despatched ten scientific expeditions to the icy continent and set up there two permanent research stations, Dakshin Gangotri and Maitri. The success of India’s Antarctic programme has brought many Indian scientific institutions on a common platform, and enabled India to participate and contribute effectively in international negotiations on the Antarctic issue.83

The economic development following independence, carried within itself the logic of contacts with the rest of the world: India became enmeshed in international aid and assistance -first as a recipient, and later as a donor too.84

The India-China military conflict of October-November 1962 forced India to divert sizeable resources to its defense establishment too,85 which naturally affected its development programmes. The temporary arresting -at any rate, slowing- of the country’s economic development, however, was compensated in vast improvement in India’s defense capability, as became immediately visible in Indo-Pak war of September 1965, and more dramatically in inflicting a humiliating defeat on Pakistan while helping in the creation of Bangladesh. Consequently, India’s defense capability on land, air and sea today compares favourably with any of the big powers.86

India’s historical developments, its size and significance and the ideology of its freedom movement inevitably obliged the evolution of an independent foreign policy.87 A proud civilization with centuries long tradition and rich legacy, India was not prepared to accept the role of a client state or a camp follower; it was too big for that kind of role, as Nehru rightly asserted,

We shall take full part in international conferences as a free nation with our own policy and not merely as a satellite of another nation. We hope to develop close and direct contacts with other nations and to co-operate with them in the further-ance of world peace and freedom.88
Thus, as India's independence seemed within reach, Nehru as the Vice President of the Interim Government broadcast to the world in early September 1946:

We propose, as far as possible, to keep away from the power politics of groups, aligned against one another, which have led in the past to world wars and which may again lead to disasters on an even vaster scale. We believe that peace and freedom are indivisible and the denial of freedom anywhere must endanger freedom elsewhere and lead to conflict and war. We are particularly interested in the emancipation of colonial and dependent countries and peoples, and in the recognition in theory and practice of equal opportunities for all races...We seek no dominion over others and we claim no privileged position over other peoples. 89

Mindful that India was at the cross roads of Southeast Asia and the Middle East, and any happening in any part of the Indian Ocean region will naturally effect India, Nehru pointed out:

remember that India, not because of any ambition of hers, but because of history and because of so many other things inevitably has to play a very important part in Asia. And not only that; India becomes a kind of meeting ground for various trends and forces and a meeting ground between what may be called the East and the West. 90

In time, this position —repeated, elaborated, canvassed consistently from day one of independent India— came to be known in the world as 'non-alignment'. 91 It has been in pursuit and promotion of non-alignment that India played active, crucial role in world affairs in the 1950s —far more extensive and decisive than her economic, political or military capability, portended— and early 1960s through Prime Minister Jawaharlal Nehru. After his death in May 1964, from about 1970 onward Prime Minister Indira Gandhi led the transformation of the concept into a movement, NAM. 92

India's interaction with its international environment has been at three levels: the immediate environment consisting of South Asia and her neighbours, the intermediate environment consisting of Asia, Africa and Latin America (loosely called the Third World), and the global environment consisting of the super-powers and their worldwide concern. Since independence India has played an exceptionally active, positive role in peace-making and conflict resolution in world affairs. Its role in Korean crises (1950); The Indo-China imbroglio of the 1950s and 1960s; the Arab-Isreal conflict (1948, 1967 and 1973), Iran-Iraq war (1980s), Afghanistan crises and the Cambodian crises, among others has been noteworthy. India has also
contributed meaningfully to strengthening the United Nations and other international organizations and agencies. She has also campaigned consistently and vociferously against colonialism, racialism (apartheid) etc., and supported national movements everywhere.

High position and prestige in international affairs thus came to India, largely because of the constancy of her foreign policy, even after Nehru had left the scene. The country’s significance as an active and important actor in the world today continues, also because India now ranks as a significant economic, industrial and technological power too, especially in the Indian Ocean region.

On her part, India’s own compulsions oblige her to be an active international actor globally as well as regionally. The country’s unique location; the composition and character of her region and the concomitant competition and responsibilities inherent in the situation there; India’s fast growing population; and, of course, the legacy of her proud record in international affairs. While her internal compulsions have already been discussed at some length in the previous chapter (supra, pp113-14), those resulting from her location, the regional context and her track record in international affairs will be examined in our final chapter. That these compulsions are inhibited by innumerable constraints of all kinds has also been brought out in the foregoing analysis at appropriate places (e.g., supra, pp113-14). What can be said in a nutshell is that an ancient, highly complex, awakened and assertive country that India is, it is perhaps not realistic to expect her development after independence to be a miraculous success story.

INDONESIA

World's biggest archipelagic country, Indonesia is often referred to as an anthropologist’s wonderland. The country has vastly scattered extraordinary variety of ethnic groups throughout its length and breadth. The countless waves of migrations of the people which flowed through Indonesia in prehistoric times, has generated different native cultures, languages and dialects and belief systems. Never in its history, Indonesia was one country in the sense a nation state is taken
to be today. Far flung areas and sparsely inhabited islands were never reached by any effective administrative authority.

Covered by tropical rain forests (67%), Indonesia is a rich land endowed with natural resources of coal, tin, bauxite, and oil and gas which were found in the early years of the present century. Dutch came to this land (17th century) in search of spices—which it had in abundance—and eventually established the empire (supra, pp.114-34).

Up to the end of the nineteenth century, practically everybody—including many of the natives themselves—\textsuperscript{93} in Indonesia felt and believed that coloured people were inferior to whites and had been created for the purpose of being slaves meant to be subjects of the colonisers. The superiority and greatness of the whites was not to be questioned, as was their authority on the coloureds. This convinced and armed the Dutch in Indonesia that their mastery and power there was eternal, for that country and its people—as, indeed, those of the near and the Far East—were far behind the West particularly in science and technology.

By the beginning of the present century, this phase of Indonesia's passivity and servility in the face of the colonial impact started wearing out. A small, but growing, group of Indonesians obtained secondary and higher Western education—almost entirely in the Netherlands, for there were hardly any educational institution established on Indonesian soil—partly to meet the needs of bureaucracy at lower rungs, and those of the large foreign commercial concerns for cheap white-collar (clerks) and technical personnel. With education there came a new spirit of self-awareness and self-help, a burgeoning of modern organizations of various kinds, and arising out of these, a 'nationalist' political movement. At the same time Indonesians in Sumatra, Kalimantan (Borneo) and Sulawesi (Celebes) areas were adapting themselves to producing rubber and copra for an expanding world market. Along with it the small-holder industries brought with them the rapid rise of newly rich farmers and traders who also wanted modern education for their children. From this small conglomerate, which provided much of the soil on which the Islamic reform movement grew in the same period, nationalism received a further body of recruits.\textsuperscript{94}
The most important development of this time became the booming of cannons in Port Arthur in the wake of war between Japan and Russia in 1904-05. The successive Japanese victories against Russia opened up the eyes of Asian people and planted in their hearts a belief in a coming age. Indonesia did not remain unaffected by these developments and in 1908 an organisation known as Boedi Oetomo (the Noble Spirit) was formed. The fall of Manchu dynasty in China in 1911 further strengthened the nationalist sentiments in Indonesia and led to the emergence in 1912 of the first people's movement organised and named as Sarikat Islam. Despite the ban on political associations, this organisation developed rapidly to become a mass movement, spreading in the whole of the country. The organisation based on Islam stressed upon equality and human dignity, and attracted people from all walks of life, especially the more politically-minded of them.

Initially (1913) the Sarikat Islam urged social reforms but did not express hostility to the Dutch rule. In 1916, its slogan was "co-operation with the Government for the welfare of the Indies". However, the national awakening, the gradually spreading Marxism in Europe, and the Bolshevik Revolution (1917), and the consequent impact causing social ferment throughout the world, led the organisation to pass at its National Congress in Djakarta in 1917, a demand for independence —from the Dutch— by evolution, not by revolution. The soft policy of Sarikat leadership towards the Dutch rule later (1920) led to the withdrawal of certain communist groups from it and formation of Perserikatan Kommunist di Indie —known as P.K.I.— the Communist Party of Indonesia.

Though the differences between various Indonesian leaders and organizations on the issue of freedom struggle and its nature, weakened the movements, the nationalist idea was written into every type of organization, trade union, cultural, religious, youth and women organizations. Nationalism came to be the unifying factor which swept across boundaries of class and religion, rousing illiterate peasant and intellectual, unsettling industrial workers and aristocrats, bridging regional differences, and ultimately welding the most diverse peoples into a common struggle. It was agreed upon by various groups that after its independence, Indonesia will be a united country —one nation.
The growing awareness among the people led to intensify the struggle and do away the Dutch imperialism. The woes of the people were aired and propagated at large, nationally and internationally. At the Brussels Congress against Imperialism and Colonial Oppression (10-15 February 1927) the Indonesian nationalist delegation informed the world that the purchasing power and workers' wages in Indonesia were just 15% than those of the Europeans in their country; vital interests of the population, especially education and public health were dreadfully neglected; organizations/parties which fight this sad state of affairs are threatened with violence and are forbidden to meet; political terrorism of Dutch governors falsely labelled every opposition as 'communist' or 'muscovite'. The delegation also made known to the world the atrocities and naked exploitation of their country by the Dutch; the Dutch prosperity rested on it.

The nationalist movement expanded and intensified in direct proportion to the measures taken to suppress it. The 1920s were marked by strikes and revolts against the government. Marginal improvements regarding economic and social welfare of the Indonesians followed, but they fell far short of Indonesian expectations: of independence. So the national struggle grew till the country fell to Japan in 1942. The armed struggle after the war between the Dutch—who refused to recognize the country's independence—and the nationalist forces, duly crystallized and articulated the aspirations and expectations of the Indonesian people.

The small educated middle class leadership of largely unorganized people spoke against the injustice being done to the teeming millions of Indonesia, and eventually led the country to freedom.

The ceasefire against the Dutch and eventual recognition of Indonesian independence (27 December 1949) launched the new regime on the long and arduous task of creating a viable nation. For while the country was now an independent state, very few of its people could be called 'Indonesian' in any true sense of the term. Characterized by a great diversity the only thing the Indonesians had in common, and which distinguished them from the subjects of other states, was that they had once been under the Dutch administration.
Establishment of a just, united and prosperous Indonesian nation was the obvious, common aspiration at the time of the independence. The priority was to repair the neglect and destruction caused by the war (1939-45), and the subsequent revolution. For economic development they wanted to improve agricultural productivity, diversification of the range of primary produce offered to the world market and development of industry. For these tasks Indonesia needed peace, and friendship of other nations. But the leadership of the new nation was sharply divided in their values, premises and images of the future.

Mohammad Hatta and his associates—the administrators—in government leadership before and after independence gave priority to solving the practical problems of the transition. They emphasized the need for legality and maintenance of controls, the need for firm leadership and responsible politics, and the dangers of expecting too much from the newly won independence. On the other, the "solidarity makers" under the leadership of Sukarno, tended to be concerned with images of a distant utopia which will have Indonesia of prosperity, strength, harmony and justice. Thus there existed what might be called bifurcation of attitudes towards the future.

The goals which were shared by all the nationalist leadership were in the area of nation-building. The creation of a nation—a people unified by ties of common language, common outlook, and common political participation, a people enthusiastically serving its outworn ties to local traditions and loyalties and achieving Kesadaran, consciousness of the nation and of the world of modernity—this was probably the central goal which the nationalist leaders believed should and would be realized with the attainment if independence. Nation-building was perceived as a noble responsibility of the leadership, under which the people's horizon was to be widened from above: by schooling, mass education, literacy, work, and public information campaigns. The people were thus to be enabled to develop a modern and national style of life—as defined by the life style of the urban political leaders themselves.

The leadership decided to adopt democracy as a system of governing the country. The great majority of parties were unreservedly for democracy. The same federal structure was continued which existed before independence.
way the federal states were created as a measure of counteracting the Revolutionary Republic, left a deep sense of suspicion and hostility among most of the Indonesian leaders towards the federal idea. They initiated a strong Unitary Movement in some of the constituent states. During the first cabinet of Mohammad Hatta —December 1949 to August 1950— large sections of people, encouraged by President Sukarno and other leaders, demanded the abolition of federal legacy in favour of a unitary political structure. As a result, within nine months of the transfer of power the federation collapsed and the unitary state of Republic of Indonesia emerged on 17 August 1950.

Most of the political parties in Indonesia were formed during the freedom struggle, and thus lacked experienced leadership. The main leaders were in the higher ranks of the government so the political parties largely remained unorganised which hindered the democratic process in the country. Moreover, there was lack of experts and competent civil servants —for, on independence many Dutch officials left the country or were dismissed— causing the administrative network to become clumsy and inefficient. Constitutional democracy could not work properly. The attempt to create a viable political system failed because of various reasons and democracy could muster a limited success.

As a result, no political party could command an absolute majority in the Parliament during 1949-57, and all the governments during this phase of parliamentary democracy were coalition cabinets. These governments were neither stable nor capable of finding a common platform or solution to any of the social, economic and political problems.

During the period December 1949-June 1953 (the period of Hatta, Natsir, Sukiman and Wilopo) intense efforts were made to tone up administration and solve economic problems. They tried to strengthen law and order, administrative regularization and consolidation, the maximization of production and planned economic development. All these specific policy tasks called for strong government. The governments from 1953 to 1957 were all less bothered about maximizing production and fiscal stability but were more concerned with restructuring the economy. Yet, they pursued no consistent policies in this regard. Inconsistent in their policies towards foreign investment they were
hostile to foreign capital. The measures towards Indonesianization they took were to bear no fruit. Abrogation of the Round Table Conference (1949) agreements, protecting Dutch investment and interests in Indonesia, and repudiation of a large part of the debt which Indonesians had accepted from the Netherlands at the Conference, hardly improved the economic situation.

Thus the problem caused by religion, as to whether or not Indonesia should be an Islamic State, and interference of Army in politics only worsened the situation. On several occasions army interference brought about the dismissal or change of cabinet, and the armed forces openly defied the appointments of their chiefs. The issues of regional autonomy became more acute: the islands away from Java or Sumatra felt outrightly discriminated on the bases of income, encouragement of entrepreneurial activity, ethnicity and share in power etc.

The fall of successive governments, army interference in administration and non-cooperation among political parties led the President, Sukarno, to discard the system in favour of what he called: 'Guided Democracy'.

"We had to set up an altogether new building", said he (21 February 1957), "we should not only put down the pillars, the roof, the walls; we should pull down everything — not excluding the foundation — and lay a new foundation, erect a totally new building, that is, the new style governmental structure of the Republic of Indonesia".

 Rejecting the Western concept of democracy as unsuited to Indonesia, he introduced one party rule, the 'guided democracy' (supra, p. ). The consequent authoritarianism thus established and worked (1957-65), ultimately led to the revolt by the people and the army in October 1965, and military took over in March 1966 under the command of General Suharto. In 1968, Suharto assumed the presidency of the republic establishing a permanent role for army in the civil administration.

Thus the experiment of democracy in Indonesia failed. Political structures and institution in the country could not take shape and aspirations of the people remained unarticulated, smouldring as they were before.

Independent Indonesia made little progress towards industrialization, and economy remained predominantly dependent on exports of raw materials. From 1949 to 1967, uneven political developments and lack of a clear vision of developmental programmes, put the country on the backstage of economic
Socio-economic problems aggravated. Corruption, deprivation, inflation mortgaging the country’s future dominated life in the land. In terms of the standard or level of living of its people, the country remained one of the poorest in the world, and vulnerable to world economic conditions beyond its control. Sukarno, on his part, instead of making hard economic decisions, chose to indulge in unrestrained government spending leading to severe inflation in the mid-1960s. Indonesia, received $114 million in economic aid from Soviet Union, $105 million from People's Republic of China, and $263 million from Eastern European countries, thanks to Sukarno’s publicised leftism.

His plan to rehabilitate the economy in 1963 through American-backed IMF aid, made him realize the political price he would have to pay for future economic aid. This made him discourage foreign (Western) aid and investment. In May 1965, he revised the law guaranteeing foreign investments. Many foreign companies were nationalized, eventually culminating Indonesia’s withdrawal from IMF and the World Bank.

The new Suharto regime proclaimed the basic principle on which the Indonesian economy was to function: foreign aid was necessary for development. If not liberty (for, the new regime was even more dictatorial than Sukarno’s guided-democracy) the new government promised bread and reversed the earlier (Sukarno’s) priority of politics over economic development; it sought to focus on improving the living standards of the people. Modernization with stability and national resilience were also proclaimed as the regime's goals. Development and modernization were to be the key factors of the new strategy. Within six days of Suharto’s take over the United States offered $8.2 million as credit to purchase rice. IMF mission arrived in Indonesia to work out stabilization programme. The measures recommended by it included a balanced budget, limiting of government expenditure, improving tax collection, enforcing a realistic exchange rate and limiting bank credit. The government tried to generate a climate for foreign investment and aid. In December 1966, foreign companies which had been nationalized by Sukarno were returned to their owners.

The new regime in the beginning showed rapid industrial growth of 11% per annum from 1967 to 1977, which later during 1980-87 slided down to 2.1% per annum.
annum.\textsuperscript{124} During 1966-1985 rapid expansion of manufacturing industry took place. Indonesia started producing a wide variety of goods ranging from handicrafts to high-technology (including aerospace)\textsuperscript{125} products. Manufacturing enterprises range from very modest to vast integrated manufacturing complexes producing capital goods (\textit{supra}, pp.\textsuperscript{114}). One of the major objectives of industrialization in the country has been to add value to domestically-produced raw materials.

To protect the 'new order', the armed forces played an increasingly dominant role in policy formulation after 1967. Indonesia had fairly well-equipped armed forces, consisting of 290,000 strong Army (1966), 34,200 (1967) men in Navy and 20,000 Air Force.\textsuperscript{126} In June 1989 total strength of armed forces was 282,000 men which included 215,000 in Army, Navy had 43,000 men and Air Force with 24,000 men. Defence expenditure for 1987-88 was budgeted at 2,188,000 million rupiah.\textsuperscript{127}

The head of the state, General Suharto, is also the prime minister and defence minister of the country. His control over the armed forces and polity of the country has led to more dictatorial policies. Elections held in March 1973, 1978 and 1983 have been stage-managed unlike those in liberal democratic systems. This political set-up has given only empty promises to the people and neither has it provided jobs, nor brought about a more equitable distribution of wealth. The gap between the comparatively well-off and the poor—both in terms of consumption and wages—appears to have widened. In 1978, about 40 per cent of the population was subsisting on consumption equal to US $ 90 annually—the minimum required to meet the basic needs. In rural Java (population 70 million) the poorest were living close to destitution.\textsuperscript{128}

Under Suharto, priority in national development was given to create adequate infrastructure. About 15 per cent of the development budget has been used towards this end. However, few concrete achievements have resulted from such efforts. For a country of 13,677 islands, spread over 5,000 km across the equator, only 213,819 km (1985) of roads existed and of that 123,900 km were in Java, Sumatra and Bali; only 6,521 km\textsuperscript{129} of rail roads originally built by the Dutch still relies on steam engines (only 110 km track is electrified) with 70 per cent of total network in Java and that too of metre gauge. Inter-island shipping services are
chaotic.\textsuperscript{130} Only 14 million of country's population have access to electricity. At the same time government has built an international airport costing $ US 300 million. Indonesia's Garuda Airlines is the second largest in Asia (comprising 74 aircrafts) having considerable domestic services. This strongly suggests the elitist nature of the regime.\textsuperscript{131}

The relative prosperity of economy since 1970 in the country was largely dependent on oil and gas which accounted for 80 percent of export income, and 70 percent of government income in 1981. In that year, country had $ 3.69 billion surplus balance of payment and foreign reserves to the tune of $ 10 billion.\textsuperscript{132} The country, under its open door policy, encouraged foreign investment. In that respect Japan remains at the top. Even Indian multinationals have gone into Indonesia to reap the profits. There are over 25 Indian joint ventures with an investment of over US $ 450 million.\textsuperscript{133}

After more than forty years of independence, Indonesia remains largely a raw material exporting country. Its biggest problem comes from its archipelagic nature. Thousands of its islands –of which 6,000 are still uninhabited— pose the biggest challenge of geographical unity to the country. Less communication facilities among the islands has kept Indonesian economic life confined to few big islands, viz., Java, Sumatra, Kalimantan (Borneo), Sulawesi (Celebes) or Irian Jaya. Remaining areas are much smaller islands. As already mentioned (supra, p.96) fragmented over a vast area these islands have varied population in terms of race, religion, belief system and economy. They thus do not —in fact, cannot— play any significant role to provide homogeneity to economic effort.

Politically, the country has failed to develop viable, representative political structures. After Sukarno's fall, General Suharto's regime has become increasingly military–oriented. In spite of the maneuvers to increase the civilians in Cabint, the regime remains military-dominated. Authoritarianism touched its peak when in 1984 Suharto attempted to introduce laws to control all political, social and religious organizations, ostensibly to restrict factionalism and extremism.\textsuperscript{134} All political parties have to accept the state ideology of \textit{Pancasila} (Panchsheel) under a law passed in June 1985. Opposition to Suharto is not only internal but also from
outside as is indicated by the continuing separatist rebellion in East Timor and Irian Jaya.¹³⁵

So, even today the state of Indonesia remains military-dominated, based upon an alliance of foreign, Chinese and larger indigenous capitalists and a system of capitalist production generated by Japanese, American and other foreign investments in energy, resources and industrial production both for import substitution and export. This has firmly established the social and economic power of the elite and the position of the military bureaucratic oligarchy. The authoritarian nature of the state and the inability of social forces to express themselves is a consequence of the total economic dominance of military bureaucratic nexus in alliance with foreign and domestic rich classes.

Lopsided development, leading to large scale foreign investment after 1966, has brought in industrialization without any indigenous base, and R & D system. These were mainly the turnkey projects having their technology base outside the country: Japan, United States, West Germany and India.

About one-half of country's population still lives in poor conditions in terms of health, level of living and availability of food. In such a situation, the infrastructure, developed over the years, takes care only for the elite and military bureaucracy. The present bureaucratic system, established by Suharto, seems likely to continue, irrespective of the person who emerges at the helm of affairs.

Whatever ambitions/aspirations, capabilities and compulsions and constraints are attributed to Indonesia will perforce be those of this small section rather than of the bulk of the masses who will, willy nilly, succumb to the version.

SRI LANKA

A plural society from the earliest centuries of its long history, the enduring elements of Sri Lanka's plurality have largely been, ethnicity and religion and, in recent times, caste as well. And, through the centuries, they have been multiplying. The development and change that came to the island as a result of the British occupation (1815) gave some of the ethnic and religious
minorities—essentially Tamils of Indian origin who adhered to Hinduism—certain advantages if not privileges, of which the majority Sinhalese and Buddhists were increasingly resentful.

Sri Lanka did not have a national freedom movement as India did. Prior to 1931 constitution—when adult franchise was introduced in the island—there was no mass political party. There did exist though, certain associations led by the elite representing the English-educated gentry, the middle class professionals and vested commercial interests in the country, which secured certain rights from the British rulers and some share in the administration of the Island.136

The Ceylon National Congress (CNC), formed in 1917, was modelled on the Indian National Congress and had also close links with it. The CNC represented a new sense of national awakening but did not become a party of the masses. Congress's cooperative behaviour towards the foreign rulers was resented by the minority Tamil community, who gradually broke away from it leaving it a political forum of Sinhalese nationalists only.

With the rise of the nationalist movement there was a tendency for the Sinhalese to equate their own ethnic nationalism with a wider all-island one, to assume that these—Sinhalese nationalism and Sri Lankan nationalism—were one and the same. The Tamils—the most numerous and articulate group among the minorities—passionately rejected this identification of the sectional interests of the majority with the wider all island focus of Sri Lanka nationalism. The Christians—among Sinhalese as well as Tamils—were equally apprehensive and resentful of the common tendency to equate Sinhalese nationalism with Buddhism. The Tamils for their part, developed an inward-looking ethnic sentiment of their own, though this initially, like the cognate process among the Sinhalese, lacked cohesion and of authenticity till language became by 1920s onwards as the basis of these rival nationalisms, where the Tamils emerged a far more cohesive group.

Most of the leaders who demanded independence were loyal servitors of colonialism. In regard to their class composition, it is said:
When the British made the decision to grant substantial degrees of political authority to the "natives" in 1924, 1931 and finally complete political independence in 1948, they granted that power to those who most closely approximated themselves. In terms of social background, this meant that the group to whom the British first began to transfer political power were (i) broadly Ceylonese, (ii) largely Christian, (iii) mostly high-caste, (iv) highly urbanized, (v) highly Western educated, (vi) largely engaged in Western type occupations, (vii) of the highest economic and social class. More important, for the operation of the political process in Ceylon, in terms of self-image and world outlook, those individuals possessed a strong sense of identification with the British values, attitudes and perspectives.\textsuperscript{137}

As for the independence effort, Gunnar Myrdal has observed

The liberation effort in Ceylon -- it would be misleading to call it a movement -- never really reached down,...to touch the masses of the people. It barely extended beyond the confines of a comparatively small and well-to-do upper-class group, whose economic interests had become closely allied with those of the British and who had a personal and professional interest in playing the game of politics. The members of this group formulated no ambitious programmes of economic and social reform... Neither by conviction nor by force of circumstance did they feel the need to do so...\textsuperscript{138}

Alongside, a new phase in the political history of the island started with the growth of left-inspired people's movements. Composed chiefly of the common people, these leftist movements adhered to the ideas and slogans having rudiments of 'scientific socialism'. On 11 November 1933, Suriya Mal Movement -- a group of anti-imperialist and anti-war fronts -- started and soon became a rallying point against the foreign rule. On 18 December 1935, was formed the Lanka Sama Samaja Party (LSSP) with the professed goal of Sri Lankan national independence, and socialism.\textsuperscript{139}

The LSSP within its fold contained a whole spectrum of political thought: from anti-imperialists, radicals to communists. For four years, i.e., till 1939, the LSSP remained the main instrument of mass action and conducted many campaigns against the foreign rule. The campaigns did, however, reflect the main distinctions based on ethnicity, religion and language in themselves. The island's political life during the 1930s and 1940s was intimately bound up with the communal and other traditional social differentiations between the majority [viz., Buddhist Sinhalese] and the minority [mainly Hindu] Tamils. The equation of Sri Lankan nationalism with Sinhalese ethnicity made the minorities "particularly apprehensive of actions of what they regarded as a permanent and unassailable Sinhalese majority"; the Tamils, accordingly, felt themselves
"forever debarred from obtaining an adequate share in the responsibilities of government..."

Such 'nationalism', so-called, divided the people rather than imbue them with a common goal vis-a-vis the foreign rulers.

Another version of Ceylonese or Sri Lankan nationalism, laid stress upon the common interests of the various ethnic, religious groups on the island, accepting the reality of a plural society, and endeavoured reconciliation of the legitimate interests of the majority and the minorities within the ambit of an all-island polity. Its most influential advocate at the time of the transfer of power (1948) was D S Senanayake —the country's first Prime Minister on independence. In 1948 this version of nationalism seemed a viable alternative to the narrower sectionalism, and held out prospect of peace and stability. It also clearly stood for establishment of an equilibrium of political forces stressing moderation, secularism and a refusal to mix state power and politics with religion.

In regard to the economy, the D S Senanayake's government inherited an undiversified export economy dependent almost totally on the production and export of tea, rubber and coconut. Since these exports were subject to wide fluctuations reflecting the world economic conditions, the economy was weak and vulnerable. The most striking feature of the island's economy was the virtual absence of an industrial sector independent of tea processing, and that relating to rubber and coconut for export, and the engineering and mechanical requirements of these processes. A few state-sponsored industrial ventures processed the agricultural crops; apart from this there were few industrial units. Traditional agriculture —subsistence farming— lagged far behind the efficient plantation sector in productivity and the country could not produce the rice needed to feed its growing population. Country's requirements of rice and foodstuffs accounted for more than half of the imports. In 1949, the population was growing at an astonishing rate of 3.3 per cent per annum, thus becoming a very basic problem for the economy.

In this socio-economic-political environment, the people of the island enjoyed still a much higher standard of living than India, Pakistan and Burma, and the national finances seemed adequate to maintain the welfare
measures to which the country had grown accustomed in the last years of British rule. In such a situation the people aspired for more industrialization—-independent of plantation sector—in consumer goods. The need was felt to make the more land available for food (rice) production. Government stressed on the development of indigenous R & D in science and technology. And of course, the development of sovereign, independent Sri Lanka where social diversities of race (Tamil and Sinhala) religion (Hindu and Buddhism) and language (Sinhalese and Tamil) go together and contribute towards the economic development of the country, could well be the hope and aspiration of the people at large.

The political system on independence was the one based on Soulbury Constitution of 1946, which provided a parliamentary form of government. The country was to remain in the British Commonwealth of Nations. The head of the State was the British monarch represented by the Governor-General, appointed on the advice of the Cabinet in Ceylon.142

After independence, D S Senanayake's policies sought the reconciliation of the legitimate interests of the majority and minority ethnic and religious groups within the context of an all-island polity. This helped in holding peace and stability in the vital first phase of independence. After his death in March 1952, his son Dudley Senanayake became the Prime Minister in May 1952 and continued with the same policy of national reconciliation among various groups in Sri Lanka.

The 1956 election however routed Dudley Senanayake's UNP government out of power. It was a crucial point in Sri Lanka's history as the winner, S W R D Bandaranaike (LSSP) propagated a nationalism which was Sinhalese and Buddhist in content.143 Language became the basis of Tamil nationalism and Sinhala nationalism. As a result 1956 saw the beginning of almost a decade of ethnic and linguistic tensions erupting occasionally into race riots and religious confrontation. This linguistic nationalism pressurised for a close association of the State with Buddhism.

After the assassination of S W R D Bandaranaike in September 1959, his wife Srimavo Bandaranaike further alienated the Tamils by bringing the
schools under state control and imposition of Sinhalese language over the whole of the island.

In March 1965 elections Dudley Senanayake's UNP-dominated coalition captured power. He again made ethnic and religious reconciliation —between Sinhalese and Tamils— the keynote of his policy. But by this time Sinhalese nationalism had strengthened and a virulent campaign of ethnic hostility directed against the government's reconciliation policy had been launched. This led to only a very limited implementation of many legislative and administrative measures aimed at the reconciliation policy. As a result, the predominance of Sinhalese Buddhists was established within the Sri Lankan polity, and the status of ethnic and religious minorities —Tamils, Muslims and Christians— declined sharply.

The general election of May 1970 was won by the United Front (UF) under the leadership of Srimavo Bandaranaike, who sought a mandate to draft a new constitution proclaiming Sri Lanka to be a Sovereign, Independent Republic, pledged to socialist democracy.\textsuperscript{144} The new (second) constitution was adopted in May 1972, which gave more powers to the executive and overwhelming powers to the national assembly which was Sinhalese dominated. It also centralized the powers further in the hands of the government in Colombo, Thus forestalling federal accommodation of Tamil demands. The constitution also entrenched Sinhala as the sole official language and Buddhism as the only religion meriting state support.\textsuperscript{145}

The adoption of this constitution gave rise to a new phase of communal antagonism between the Sinhalese and indigenous Tamils. It also increased alienation of Tamils and fanned the ambition for a separate Tamil state in the north and northeastern part of the island.\textsuperscript{146} After 1977, the assembly adopted yet another redrafted constitution —the third since independence— giving Sri Lanka a presidential form of government.

Meanwhile violence broke out in August 1977 between Sinhalese and Tamils. Communal riots continued, from then on, intermittently till on the night of 24 July 1983 in a major riot against the Tamils. The houses, factories and shops belonging to them were looted and burnt; this caught on soon all over the island.
From 1983 till today, Sri Lanka has not seen peace and unmitigated violence has been taking heavy toll of life and property and brutalising the system in the country. Most of the time, the country has been in a state of emergency, which give dictatorial powers to the president. The northern part of the island has been converted virtually into a military garrison. At the same time, the demand for a separate state has strengthened the more and seems to have reached the point of no return.

It would seem that right from the day of independence, the polity of Sri Lankahas beenmarkedunremittingly by growing confrontation between the Sinhalese and the Tamils. The only period and policy of relieving and perhaps rectifying the situation was the one followed by both the Senanayakes: father (DS) and son (Dudley).

Under the circumstances, the development and economic progress of the country has suffered because of this 'politics of confrontationism' so to speak. To use the words of a perceptive observer and analyst:

The political development of Ceylon since independence is largely a story of these fissures in its political structure, which the British and Ceylonese elite had long kept under control, were increasingly exposed and exploited for political ends. Communal peace was shattered by politics. An irresponsible radical nationalism became the order of the day. The record since the early 1950s is replete with riots, strikes and other symptoms of a distempered political condition.

A comfortable economy with favourable balance of payment was inherited after the independence. The successive governments thereafter conducted different experiments to run the economy and polity of the country, which eventually failed. Consequently, Sri Lanka today stands out as a vast laboratory and store house of political and economic experiments. Thus, today it faces the highest rate of unemployment in its history (over 20% of labour force), galloping inflation (30% annually) and a soaring cost of living, increasing income inequality, poverty, degradation, and a miserable existence for the more than 40 per cent who constitute the poorest people in the country. At the lowest level, viz., the poorest people, food habits of the people have changed, and rice -- the staple food-- has become a luxury. Some of the free rice obtained from the Cooperative Stores is sold and money is used to buy more quantity of bread and yams.
To sustain and meet the needs of the people, Sri Lanka remains an agricultural economy. Three principal crops—tea, rubber and coconut—are grown as commercial crops. Perhaps the only difference over the years since 1948 has been the transfer of ownership of large farms from European to local interests. Till 1972 these were purchased by local entrepreneurs and the government. In 1972 and 1975, under land reforms, a large proportion of the estates owned by foreign and local private individuals, and all those owned by public companies were nationalized with compensation. Food crops have shown impressive growth rate from 450,000 metric tonnes (1950s) to about 2.5 million metric tonnes in early 1980s. But self-sufficiency in food could hardly be achieved because of disruption in production—especially in the eastern province—and marketing resulting from ethnic disturbances. So, the government has been compelled to import rice to be able to build a contingency stock.

Industry in Sri Lanka is geared more to produce consumer goods. Almost all the large industrial units are run by the government, though of late, private sector too has been encouraged. Nonetheless, any meaningful effort for all-embracing industrialization is nowhere in sight.

To meet the challenge of domestic turmoil, Sri Lanka has equipped its forces with latest arms. The major concern of the government, especially since 1983 has been to save the country from disintegration or dismemberment, even though no substantial threat from outside has ever been posed to Sri Lanka.

The geographical location of the island republic, in the Indian Ocean, has been an inescapable factor in shaping its relations with the outside world. The people of Sri Lanka have always been conscious of its key location and its focal value for seaborne traffic—it’s long history as a colony could be considered by itself a sufficient index to its locational importance. Since the 1970s the increasing naval presence of different powers in the Indian Ocean, has given added importance to Sri Lanka. Under the circumstances, Sri Lankan governments have consistently reiterated non-alignment to be integral to its foreign policy, and has constantly campaigned for the creation of Indian Ocean as a Zone of Peace.
Though the country does not share borders with any other country, its close proximity to India has exposed the conduct of its foreign policy to considerable Indian influence. The fear of 'Indian expansionism' has often surfaced, and official Sri Lankan reaction to this has been somewhat ambivalent. This fear psychosis may be due to historical reasons or to the presence of communities (Tamils) within the island which have ethnic and cultural affinities with the inhabitants of South India.

Sri Lanka has felt obliged since independence to establish a political system which is conscious and receptive to the needs and aspirations of the people. But all attempts in this regard have, sooner or later, come to nought essentially because of the clash between the Tamil and Sinhalese nationalisms. After the initial attempts at developing an all-Island nationalism and polity the dominance of Sinhala nationalism prevailed. Then on, a clash of both has dragged on to the extent that no compromise seems in sight.

The collusion of the Tamil nationalist guerillas with the government for the formation of a separate state has further complicated the issue.¹⁵³

Cooperation and conflict potential of the select

Notwithstanding the differentials in the conditions and capabilities of these five representative states of the region, it is apparent that all of them share the common internal aspirations of (a) rapid economic development and self-reliance (b) political stability through open, participative system, and (c) modernization enough to improve both the quality of life at home and a brighter image abroad; and the aspiration to play active role externally in the affairs of the world. All of them have specific aspirations too which are exclusive to them individually, but these are not such as to eclipse the commonality of the broad and enduring aspirations just mentioned. These latter are simultaneously, the compulsions too that determine their content, intent and conduct vis-a-vis each other, the other states of the region and vis-a-vis the rest of the world.

The resulting expectations of mutual cooperation in the fulfilment of these aspirations are, by and large, not belied, and the urges and the sentiment for expanding mutual cooperation remain fairly strong. Often these find
expression not only in rhetorical proclamations of policy, but concrete collaborative/accommodative actions and postures also. The overarching cordiality in their mutual relations, and their collective behavior in international bodies and fora amply illustrate this. The conflicts between immediate neighbours in certain parts of the Indian Ocean region are there of course, but they do not detract from the essential truth of the proposition.

Attention may also be drawn here to the fact that in contrast to the colonial past the mutual concern and interaction at all levels—political, cultural, commercial, etc.—among the states of the region is very great, and it is expanding steadily. Thus intra-regional trade and economic linkages among the Indian Ocean countries have grown since the demise of colonialism.¹⁵⁴ This is highly significant in light of the fact that for rapid economic development and importing technology for the same, they have to depend heavily upon the industrially advanced countries all of which are located outside the region.

Collaborative economic interaction in the region further illustrates the point. Thus one finds India providing consultancy, material assistance, skilled and technological support—even maintenance—etc. to projects in the countries of the Region; the projects are as diverse as roads, transmission lines, airports, construction of railways, power stations and steel mills. India’s technological presence in other countries is increasing with time.¹⁵⁵

Australia, an advanced country in the region has been active in technical and financial collaboration in the Indian Ocean. While R & D in Australia for the developing countries is limited. There are a number of programmes that have been undertaken.¹⁵⁶ Australian technical collaboration is mainly in its immediate neighbourhood especially ASEAN countries like Malaysia, Singapore, Indonesia etc. Among many Australian projects with a high scientific and technological transfer component include Malaysian Agricultural Research and Development Institute, Maize and Millet Research Institute, Pakistan, Indo-Australian Sheep Breeding Project, India.¹⁵⁷ Australia collaborates with these countries at bilateral level and through the UN.¹⁵⁸

Pakistan has also shared its knowledge and expertise with the countries of the region on bilateral basis within the framework of technical
cooperation among developing countries (TCDC). Pakistan has provided technical assistance to some of the countries of Africa, Middle East and those covered by Colombo Plan.\textsuperscript{159}

Similarly, the intra-regional financial aid has also increased over the years. India’s aid—in the form of economic and technical cooperation—goes back to 1950s. For its neighbours like Nepal, Bhutan, Bangladesh etc. India has been the predominant donor of aid and assistance on bilateral basis. At multilateral level, India became an aid donor under the Colombo Plan; (1950) which emphasized on the mutual assistance among the countries of South and Southeast Asia.\textsuperscript{160} By the middle of 1960s, India had emerged as a major partner in the economic development of Asia and Africa providing technical assistance and know-how to at least 30 countries, in and outside the region.\textsuperscript{161} The technical assistance rendered by India under the Colombo Plan during 1950-73 include the countries like Australia, Burma, Indonesia, Iran, Malaysia, Maldives, Pakistan, Singapore, Sri Lanka, and Thailand.\textsuperscript{162} India has also provided technical training facilities to the nationals of other countries.

Aid is also disbursed by the OPEC countries\textsuperscript{163} under its Fund for International Development. Besides extending loans for project and programme financing and balance of payments support, the Fund has also undertaken other operations, including grants in support of technical assistance, research activities etc. By the end of August 1986 the number of loans extended by it was 392, totalling US $ 1,944 million, of which 207 loans were for project financing, 176 for balance of payments support and nine for programme financing. Over 77% of the amount committed had been disbursed, for science education projects in Pakistan, rice production in Kenya, shrimp culture in Thailand, rehabilitation of roads, railways and ports in Myanmar (Burma), Mozambique and Yemen and thermal power project in Bangladesh.\textsuperscript{164}

Clearly, the Indian Ocean littoral has increasingly developed a regional consciousness. One finds increasing trade and aid amongst the countries of the littoral. India, given its geopolitical location, automatically plays a leading role in developing this consciousness. Be it declaring the Indian Ocean a Peace Zone, arbitration of conflicts around it, sharing of the riches and transfer of technology. India is always ahead of others in the Region.
Let it not be concluded from all this that the limits of cooperation in the areas undertaken so far have been reached, or that further aspects and levels in this regard are not being explored or do not exist. For they do, and as we shall see in our final chapter, India, for instance, is becoming increasingly active in this regard.

The expanding cultural interaction and exchange in the region further augments and cements the forces of cooperation. The cultural interaction among the various parts of Indian Ocean goes back to antiquity when Chinese, Malay, Indian and Arab sea farers and merchants travelled across the Ocean and migrations from one part to the other took place. The presence of Malayans in the island republics of the western Indian Ocean, people of Arab descent in southeast Asia and presence of Indians in Africa prove those cultural exchanges manifestly. In fact, mixture of races, cultures and values can be found in all parts of the Indian Ocean region. The cultural mosaic thus created over the centuries, still holds and present day nation states have created various cultural exchange programmes and interactions to give continuity to the old processes.\(^{165}\)

But, as we said, the incidence and range of conflict in the region is not entirely insignificant. The conflicts in the region are largely due to two reasons: (a) outside powers (US, USSR, China, France etc.) who have their presence and interests in the region and (b) conflicting national egos and irrational boundaries (created by former colonial powers) which has frequently led to armed conflicts between the regional countries. At times such conflicts had open/tacit support from one outside power or the other. Such disputes or tension points exist all over the region.\(^{166}\)

The territorial or boundry dispute between Djibouti and Somalia, Ethiopia and Somalia, France and Madagascar, Comoros and France (Mayotte), Kenya and Somalia, Malawi and Tanzania, Mauritius and United Kingdom (Diego Garcia), Namibia and South Africa on the African continent. Arab-Isreal, Bahrain and Iran, Bahrain and Qatar (Hawar Islands), Iran and Iraq, Iraq and Kuwait, Iraq and Saudi Arabia and Kuwait and Saudi Arabia have border problems which have brought major wars to this region (Iran-Iraq 1980-88 and Iraq-US 1991) and caused massive destruction in men and material. Similarly the border disputes between India and Pakistan, Pakistan and
Afghanistan, India and China, Bangladesh and India, Indonesia and Portugal (East Timor) Malaysia and Philippines (Sabah) also have caused tensions in the region.\textsuperscript{167}

Apart from northern Indian Ocean border disputes, Antarctica is another significant part of Ocean realm where overlapping territorial claims may cause conflicts in the times to come.\textsuperscript{168}

Thus the Indian ocean region is considerably unstable due to internal as well as external causes. Without generalizing, one can say that a certain level of homogeneity and heterogeneity exists side by side. The status of these countries differs in terms of size and population, and on the subregional configuration, or international environment in which they happen to be placed. Clearly, most of them exist often in a state of tension and conflict, the degree of intensity varying from time to time. In some cases the tension or conflict is latent or potential; in others it is manifest and chronic. In both cases sudden exacerbation cannot be excluded. The relative stability which still prevails and prevents wars, \textemdash also which sometimes leads to wars\textemdash disorders, or chaos is due to a complex of local balances between the regional units (proxies) supported by nonregional powers and, ultimately, by the global balance of forces reaching out into the Indian Ocean region.\textsuperscript{169}

Under the circumstances, when juxtaposition of cooperation and conflict define and inform the totality of Indian Ocean environment, what are the obstacles and problems hindering realization of national aspirations, and what are the prospects of surmounting these impedimenta in the foreseeable future? To this now we turn our attention.

***

NOTES

1 "The term 'technology' is widely used to mean the operative knowledge of means of production of goods and services by the society. Specifically, it means the systematic use of industrial processes, tools and techniques for the production of consumer as well as producer goods and services by a society and for the society. See, McGRAW HILL ENCYCLOPEDIA OF SCIENCE AND TECHNOLOGY (New York) 1960, vol. 13, p. 406; Hansen, J L: A DICTIONARY OF ECONOMICS AND COMMERCE, 3rd Edition (London) 1969, pp. 94 and 379.

3. The UNCTAD estimated in 1968 that Less Developed Countries (LDCs) were paying 5% of non-oil exports earnings for their technology imports, and these were expected to rise by 20% every year. See, UNCTAD, "Major Issues Arising from the Transfer of Technology to Developing Countries", TD/B/A.C. 11/19 Rev. 1, 1975; Also see, Frances Stewart, "Arguments for the Generation of Technology by Less-Developed Countries", ANNALS, AAPSS, 458, November 1981, pp. 97-109.


5. A detailed account of discovery of gold and diamond and its impact on the subsequent industrialization of the country can be found in, Mountjoy and Hilling, op. cit., pp. 338-43; Horwitz, op. cit., pp. 332-72; Franklin, N N, ECONOMICS IN SOUTH AFRICA (Cape Town) 1948; SOUTH AFRICA, An Economic Survey (London) 1960.

6. Smuts was one of the most prominent figures in the politics of South Africa and the British Empire in the first half of this century. For his life and his career as a statesman and philosopher, see, Crafford, F S: JAN SMUTS, A Biography (London) 1946.

7. The Commission's membership comprised the nominees of all the colonial governments (including Rhodesia and Basutoland) under the Chairmanship of Sir Godfrey Lagden and its policy clearly signified that there should be a common policy on the relationships of whites and Africans in South Africa, irrespective of political boundaries. See, for details in this regard, Horwitz, op. cit., pp. 37-43.

8. For further details see, Devenport, op.cit., pp. 176-77.


10. The act aimed to provide for the gradual development of self-governing Bantu national units. The preamble of the act said that the Bantu peoples of the Union of South Africa do not constitute a homogenous people, but form separate national units on the basis of language and culture. To afford recognition to the various national units and to provide for their gradual development within their own areas, the Act divided the Bantu population into eight national units. See, for details, Horwitz, op. cit., pp. 383-84.

11. For details see, Cope, op.cit., pp. 150-51.


13. The apartheid has been all pervasive on railway stations, trains, buses, airports, all the public buildings, banks, post offices, race-courses and sports grounds, on the beaches and even grave yards. One can find separate 'facilities for Europeans and non-Europeans', and the notices 'White Only' and 'Non-Whites'. See for details, Marquard, THE PEOPLE AND POLICIES OF SOUTH AFRICA, op. cit., pp. 136-53; also, supra, pp.


15. Ibid., p. 342.


17. Ibid.


22 For brief details of liberation struggle and these organizations see, William Gutteridge, op. cit., pp. 260-66; THE ALMANAC OF WORLD MILITARY POWER, op. cit., p. 256.


24 Nelson Mandela and his colleagues had been jailed by racist regime of South Africa in the hope of destroying the anti-apartheid movements and those in power vowed that they would be in prison "this side of eternity", and hoped that they would soon be forgotten. But the spirit of freedom prevailed and ultimately the white regime had to release the black leaders including Nelson Mandela. For details see, Reddy, ES (ed): NELSON MANDELA Symbol of Resistance and Hope for a Free South Africa (New Delhi) 1990; (ed): OLIVER TAMBO, Apartheid and the International Community (New Delhi) 1991.

25 Kingship in Iran has had a long tradition. It may be seen as a tradition that developed in the culture of the land, as a legal institution defined in the constitution, or as the apex of a highly stratified social pyramid. For most of the people of Iran it had always been there, and they could not conceive of any other form of government. Probably, this was the reason that Reza Shah, in imitation of the West, introduced the idea of the constitutional limitation of the monarchy. This was acceptable to some of the Ulamas since they were familiar with the Islamic conception of the sultanate. See, Binder, op. cit., pp. 64.

26 Under Reza Shah, the people of Iran were never permitted to participate in their own government. Making peace with aristocracy, only political notables, including ministers, were elected to the Majlis, but their real importance came from their family and their wealth, or from the office they held. Reza Shah established himself at the centre of political and economic life of the country. He reduced the Majlis to "a set of tiresome but on the whole innocuous cacklers". See Ajnirsadeghi, op. cit., p. 28.

27 Iranian aristocracy -ruling elites- could be explained through The Thousand Family Formula. It included the tribal leaders, big land owners and commercial class, descendants of the Qajar clan or of their more prominent servants, descendants of honoured and outstanding religious dignitaries, and friends and servants of Reza Shah, see, Binder, op. cit., pp. 66-70.

28 Avery, op. cit., pp. 237-44.

29 Binder, op. cit., pp. 86-87.

30 Ibid., p. 84.

31 An arch anti-Communist, Mussadiq's support was essentially among the landlords, politicians, conservative Mullahs and all those who derived profit from feudal system. See Sanghvi, op.cit., pp. 172 ff.

32 At this stage Mussadiq was in minority in the Majlis which gave him enough opportunity to condemn the policies of the government. He made highly emotional speeches against the Shah's policies. In December 1944, he walked out of the session of the Majlis condemning it as a 'nest of thieves'. This led to popular demonstrations in his support, and the situation became so critical that the army had to move in to protect the deputies from assault and the Majlis building itself from destruction. See, Arfa, General Hassan: UNDER FIVE SHAHS (London) 1964, p. 333.

33 See, Sanghvi, op. cit., pp. 139-72.
The Anglo-Iranian oil Company had at no stage paid royalties to the government amounting to more than 15% of government revenues. In 1950 they were merely 12%, constituting only 4% of the national income of Iran. From 1911 to 1920, the company had paid no royalty at all. From 1921 to 1930 it had paid about $60 million. From 1931 to 1941, about $125 million was received by Iran. This money had been spent by Reza Shah on military equipment which was subsequently used by the British and Soviet forces during the Second World War, without any compensation being paid. Between 1941 and 1950, the Company had paid, in all, $250 million. At the same time, the contrast between what the Company paid Iran and its own profits, was staggering. It had recovered its initial investment of $100 million some twenty five to thirty years earlier, and its gross profits since then had been twenty-five times its original capital.

The enormous profits of the Company went to Britain. In 1950, the Company paid $142 million in taxes to the British Government, while total royalties to Iran amounted to only $45 million. The total dividends received by the British Government since 1913 would have been sufficient to finance three seven year plans in Iran. Since 1914 the Company had enjoyed a gross operating income of $5 billion. The British Navy had saved $500 million in cheaper bunkering fuel; the British Exchequer had received $1.5 billion in taxes; the shareholders $350 million in dividends; and the Company itself $2.7 billion for depreciation and expansion.

The sheer contrast between what the Company paid in royalties to Iran, and what other oil companies paid other producing countries amounted to insult and humiliation. Bahrain received 35 cents per barrel, Saudi Arabia 56, and Iraq 60. In 1950 the Company was paying less than 18 cents per barrel to Iran. This was not all. The Company allowed all the gas from Iranian wells to burn off although Iran was much in need of it. \textit{Ibid.}, pp. 174-76; also, \textit{The Meaning of Mussadiq'}, pp. 211-26.

In the words of the Shah "...how could anyone be against Mossadeq? He would enrich everybody, he would fight the foreigners, he would secure our rights. No wonder students, intellectuals, people from all walks of life flocked to his banner". Quoted in \textit{Ibid.}, p. 181.

The decision to nationalize the petroleum industry was forced upon the Shah by the tremendous pressure built by Mussadiq and his national front backed by the masses. Once the legislation was passed, even the involvement of International Court of Justice could not ensure status quo; the company could not continue its operations and its British personnel left the country. On 22 July 1952, the Court found that it had no jurisdiction in the oil dispute. \textit{Ibid.}, pp. 183, 199.

The extent of Mussadiq's power was enormous. Feeling imprisoned, the Shah left Tehran and set up his temporary headquarters at Kelardasht, in Mazandaran. All the Shah's pictures in the government offices, cinemas, shops etc., were removed by the order of Mussadiq's government. The mentioning of the Shah's name in the morning and evening prayers in the military units was suppressed by the orders of the government. Details in Arfa, \textit{op. cit.}, pp. 404-05.

Mussadiq's ouster from power was quite dramatic. The man who was a popular leader in 1950-51 due to his nationalistic posture, was a disillusioned man by 1953, desperately trying to pull on with power. Throughout 1953 Iran continued without oil revenues and in a state of political turbulence.

Differences between the Shah and Mussadiq in February foreshadowed the separation which would come in August. On occasions there was fighting in Majlis. Mussadiq, rejected by his own supporters lost support in Majlis and his position became even more precarious.

He had promised the millennium when nationalization was complete and the British driven out. The millennium had not come and the world had survived without Iranian oil. He had threatened the United States with a communist Iran unless her policies received wholehearted support and substantial financial backing. Eisenhower's cold response which
became known in July 1953 shattered that illusion too. See, for details, Amrisadeghi, op. cit., pp. 78-79.

39 Avery, op. cit., p. 347.

40 Sanghvi, op. cit., p. 229.

41 This gave the Shah a breathing space in which to attempt to prepare the ground for the resuscitation of the constitution—in circumstances in which it might function properly for the benefit of the majority of the people instead of a disparate conglomeration of minorities. see, Avery, op. cit., p. 347.


44 THE WHITE REVOLUTION OF IRAN, op. cit.; Saikal, op. cit., p. 82.

45 'Iran' in, ESCAP NATIONAL PAPERS FOR THE UNCTSTD vol. 2, op. cit., p. 21.


47 Daftary, F and Borghey, M: MULTINATIONAL ENTERPRISES AND EMPLOYMENT IN IRAN (Geneva) 1977, pp. 348-83.

48 Fekrat Ali, op. cit., p. 93.

49 Mohammad Reza Shah, right from his accession to the throne, paid the utmost attention to raising the morale of Iranian armed forces. First, he made the forces personally loyal to him, and then brought in an American military advisory mission for modernizing these forces.

In the immediate post-war period (1946-52), when Iran adopted a tough stance against communism, Washington provided Tehran with two parcels of aid to improve the efficiency and strength of the military, and a $ 16.6 million grant for arms purchases. Loyalty of armed forces helped Shah in his victory against Mossadq. Following the latter's fall, Iran was placed under military rule, which lasted until 1957. The armed forces under the direct command of the Shah, thereafter, assumed a special role in the consolidation of his rule. Details in Ramazani, R K: IRAN'S FOREIGN POLICY 1941-1973, A Study of Foreign Policy in Modernizing Nations (Charlottesville) 1975, pp. 158-59.

50 To diversify its sources of supply it turned to Britain and even Soviet Union for imports of ships, missiles, armoured personnel carriers etc. By 1976-77 Iran's formal defense budget came to about US $ 8,100 million, or 27% of the general budget and 12% of the GNP. In 1976, $ 10,000 million worth of military equipment and services was on order. The numerical strength of the Iranian armed forces rose from 185,000 in 1971, 350,000 in 1976, to 415,000 in 1979, the last year of Shah's rule. Amirsadeghi, op. cit., p. 229; THE EUROPA YEAR BOOK 1980, op. cit., vol. II, p. 532.

51 In 1964, Iran's new 'national independent foreign policy', signalled its intention to secure its interests by seeking equidistance from the superpowers. Iran would now judge other States by their contribution to her interests. See, Amirsadeghi, op. cit., p. 198.

52 Ibid., pp. 198-99; and Agwani, M S: POLITICS IN THE GULF (New Delhi) 1978, pp. 75-80.

53 In response to Abdul Nasser's potential threat to Iran's interests by propaganda attacks, the establishment of a foothold in the Yemen and his assumption of an ideological mantle for the establishment of a radical Pan-Arab state stretching into the Persian Gulf, Iran began to give regional security policy a new priority. This involved cooperation with Saudi Arabia over the Yemen under the guise of a new Islamic Alliance, the cultivation of ties with Israel and the build up of armed forces. See, Amirsadeghi, op. cit., pp. 198-99.
57 For a discussion of Iran’s naval programme, see, Chubin, S: POWER AT SEA, Competition and Conflict (London) 1976, Adelphi Paper no.124.
58 In an interview the Shah said “My dream is the Indian Ocean -dreaming about an Indian Ocean Common Market or, sometimes one could even venture by saying commonwealth of nations, but this is may be going a little too far. Oh, it will take a long time before we reach that because the peoples of the region are so different —different creeds, different religions, different beliefs”. Cited in, Laing, op. cit., p. 207.
60 To expand trade and establish joint ventures India and Iran signed in August 1974, a trade plan. Iran promised to supply crude oil for oil refinery in Madras, to be set up with Iranian help. In addition, Kudremukh iron project and an aluminium plant were to be set up with Iranian assistance with the stipulation that Iran would buy 7.5 million tonnes of iron ore and 3 lakh tonnes of aluminium annually. The two countries also decided to form a joint shipping line with Iranian financial assistance to operate between the two countries as well as to ports in the Far East. See, Saikal, op. cit., p. 210; Sharma Shri Ram: INDIAN FOREIGN POLICY, Annual Survey 1974 (New Delhi) 1980, p. 327.
62 By 1977, about half of Iran's population lived in the country; and the gap between its income and that of city people widened. The ratio rose from 1.91 in 1965 to 3.21 in 1972, which was expected to rise to 10.0 in 1980s. The gap between minority rich and majority poor also widened. During 1959-60 the top 20% population in urban areas accounted for 51.79% of the total consumption expenditure, and the bottom 40% for only 13.90%, but in 1973-74 the corresponding figures were 55.56 and 11.96% respectively. This trend of widening gap seemed to continue in coming years. See, F Vakil, "Iran's Basic Macro-economic problems: a 20 year Horizon", Pesaran, M "Income Distribution and its Major Determinants in Iran", in Jacqz, J W (ed): IRAN: Past, Present and Future (New York) 1976, pp. 90, 267-86.
63 Saikal, op. cit., p. 187.
66 The result of the referendum showed that of the total of 20,288,021 votes cast, 20,147,055 votes were in favour of the Islamic Republic. See, Ibid., p. 396.
67 THE MIDDLE EAST AND NORTH AFRICA 1983-84 op.cit., p.320.
68 The Algiers Declaration was made during the Summit Conference of member countries of OPEC, between the Shah of Iran and Saddam Hussain, the Vice-President of Revolutionary Command Council of Iraq. Subsequently, on 13 June 1975 a Treaty on International Boundaries and Good Neighbourliness was signed between the two countries. The treaty aimed to achieve a final and lasting solution to all the problems including the


71 Following the successive Iraqi victories and its failure to mount major offensives against Iraq, Iran accepted the UN Security Council Resolution 598 (August 1987) on 18 July 1988. Iran thus showed its willingness for ceasefire and a UN team arrived in Iran and Iraq on 20 July to pave way for the installation of a ceasefire monitoring force. see, Keesing's, op. cit., 1988, vol. 34, no. 9, pp. 36167-71.

72 The words 'Socialist' and 'Secular' were incorporated in the constitution vide the constitution (42nd Amendment) Act, 1976, Section 2.

73 Chandra, Jag Parvesh: INDIA'S SOCIALISTIC PATTERN OF SOCIETY (Delhi) 1956, p. 7.


78 Internal Politics of India since independence has been marred by problems ranging from language, religion, caste, regionalism, perversion of political processes, to terrorism and separatism. For details see, Brass, Paul R: LANGUAGE, RELIGION AND POLITICS IN NORTH INDIA (Delhi) 1974; Hiro, Dilip: INSIDE INDIA TODAY (London) 1976; Gaur, Madan, op. cit., INDIA 2000: The Next Fifteen Years (New Delhi) 1987; Ghosh, S K: COMMUNAL RIOTS IN INDIA, Meet the Challenge Unitedly (New Delhi) 1987; Akbar, M J: RIOT AFTER RIOT (New Delhi) 1988.


80 Ibid.

81 THE SIXTH FIVE YEAR PLAN, 1980-85, op. cit., p. 43.


In the year 1962 when China declared war on India, the defense budget of the country was 4,740 million rupees which rose to 8,160 million in the year 1963-64, 8,050 million 1964-65, 8,860 million in 1965-66 and 9,700 million rupees in 1967-68. Thus straining the economy and diverting the sources to defense. For details see, Khera, S S: INDIA’S DEFENCE PROBLEM (New Delhi) 1968.

In 1985, India had armed forces of 1,260,000: army 1,100,000; navy 47,000; air force 113,000. Net defense expenditure for 1985-86 was estimated at 76,860 million rupees. India has a well-knit defense system with latest aircrafts, artillery and well equipped navy consisting aircraft carriers, destroyers and nuclear submarines. For details see, INDIA 1989-90, A Reference Annual, op. cit., pp. 52-70; THE EUROPA YEAR BOOK 1986 op. cit., p. 1297.

For the influence of various factors on India’s Foreign policy, see Misra, K P (ed): FOREIGN POLICY OF INDIA (New Delhi) 1977; Dutt, V P: INDIA’S FOREIGN POLICY (New Delhi) 1984; Levi, Werner: FREE INDIA IN ASIA (Minnesota) 1954; Prasad, Bimal: THE ORIGINS OF INDIAN FOREIGN POLICY (Calcutta) 1962.


Constituent Assembly (Legislative) Debates, vol. 2, Part II, 8 March 1949, cols. 1125-36.


Before Russo-Japanese war of 1904-05, no Asian country was considered to be capable of becoming a world power of any standing. In this war, Japanese inflicted heavy blows on Czarist Russian forces which led to the Russian surrender of Port Arthur in January 1905. See CAXTON’S HISTORY OF THE WORLD, vol. 18, op. cit., pp. 70-71.

The peace negotiations in Portsmouth (1905) that followed the war, gave Japan a dominant role in the Far East. But its impact over the rest of Asia was far-reaching. The Indian National Movement from now on took a new turn and in 1906-07 emerged people...
of radical outlook —Bal Gangadhar Tilak, Lala Lajpat Rai and Bipan Chandra Pal— who openly pledged to fight the British colonialism. Similarly, in the revolution of the Young Turks in 1908, Sultan Abdul Hamid—a tyrant—was overthrown and established a constitutional monarchy in Turkey. For details see, Hatta, Mohammad: PORTRAIT OF A PATRIOT (The Hague) 1972, pp. 106-07.

97 By few Dutch it was looked down upon and a colonial ‘ethicalist’ Mr. Van Deventer wrote about it that ‘The miracle has happened. The Indies, the sleeping beauty, has woken’. See, Ibid., p. 106; Woodman, op. cit., p. 152.

98 Ibid., p. 153.


100 Woodman, op. cit., p. 159.

101 The area (now Indonesia) was called sometimes ‘Netherlands Indies’ or at times as Hindia. Various groups struggling for Freedom were averse to both these names and a common name. Indonesia was agreed upon. Once the name of the country was decided another problem arose regarding the form that political system that Indonesia would take in times to come. Owing to its geographical position and the similarity of aims of the people it was decided that it should be a united country. This idea gradually became the political spirit of the country. In this way the idea of Indonesian unity achieved a clear and definite form, See, Hatta, op.cit., p. 118.

102 Ibid., pp. 161-62.


104 Ibid., p. 34.

105 Almost all the leaders in Indonesia, after independence, wanted cohesion, integration and solidarity. Not individualism but collectivism, not liberalism but socialism. See for details, Ibid., p. 35; Hatta, Mohammed: PAST AND FUTURE (Ithaca) 1960, pp. 5-6.

106 Democracy was one of the Five Principles laid down by Sukarno in a celebrated speech on 1 June 1945; the other four were The One Deity, Nationality, Humanity, and Social Justice. See, Mintz, MOHAMMED MARX AND MARHAEN, op. cit., pp. 81-83.

107 In Indonesia the world democracy was not taken identically by all the political parties. Some took it as the constitutional democracy of the contemporary West, some wrote of democracy as “people’s sovereignty”, peoplelessness etc. It was also seen as “the unity of God with his servant” and President Sukarno said that “democracy is jointly formulated truth”. For details see, Feith, op. cit., pp. 38-9 and the following.

108 During the last three years, in the areas controlled by Dutch they had created the Provisional Federal Government, as part of their struggle against the Revolutionary Republic of Indonesia. The constitution of the Republic of United States of Indonesia (RUSI) succeeded the Provisional Federal Government, after independence. Ghoshal, op. cit., p.1.

109 Because of Indonesia’s experience with federal structure with the Dutch the idea of federalism was considered to be a colonial vestige and a tool to sabotage the young republic and therefore had to be discarded. This had also made the problem of autonomy to the regions much more complex. Ibid., p. 33.

110 For details on the Unitary Movement see, Kahin, op. cit., pp. 446-69.

111 Ibid., p. 446.
112 The reasons were the non-cooperation among various political parties, polarization of political forces. The relationship between the extra-parliamentary forces like the President and the Army on the one hand, and Parliament on the other, though not cordial, had not yet quite reached the breaking point. President and the Army were at loggerheads with each other. See, Ghoshal, op. cit., pp. 5 ff and 12-33.


114 Ibid., pp. 556-57.

115 It was policy pursued slowly from 1945 to 1953 and later intensified by Ali Sastroamidjojo 1953 onwards. It stood for converting the economy of the country to the maximum benefits of Indonesians to lessen the foreign (Dutch) control. Under the policy the large foreign firms were obliged to train the Indonesians. New enterprises were set up and credits and licences were given to private local businessmen. The policy resulted in development of Indonesian enterprises. Details in Ibid., pp. 373-84.

116 Failing to reestablish Dutch occupancy and control of Indonesia militarily in the post-war years, a Round Table Conference was convened at The Hague to negotiate the manner of settling the political and economic issues between the two countries following the Indonesian declaration of independence. The conference lasted from 23 August to 2 November 1949 and worked out mutually acceptable terms and conditions in this regard. For details see, Hatta, PORTRAIT OF A PATRIOT, op. cit., p. 507-17; Higgins, op. cit., p. 69; Palmier, INDONESIA AND THE DUTCH, op. cit., pp. 70-72.

117 The policy measures to give fillip to Indonesians failed because many of the new private firms, particularly in the area of imports, were bogus units, or license-reselling "brief-case firms", run by the Chinese with Indonesian front men. The money acquired through political push was mainly spent on furniture, cars, and mountain bungalows "for the staff". If one failed to make profits, there were established Dutch and Chinese competitors, on whom the blame could be put. For details, Sutter, John O: INDONESIA, Politics in a changing economy 1940-1955 (Ithaca) 1959, pp 885-90.


119 Cited in Ghoshal, op. cit., p. 79.

120 For example, when the natural rubber prices fell from $ 38.5 cents per pound in 1960 to only 25.7 cents in 1965, a 33% drop in prices of a commodity which earned 60% of the total export earning, contributed to a serious economic crisis in the country. Report for the Financial Years 1960-65, Bank of Indonesia (Jakarta) 1966, p. 93.


122 Mody, op cit., p. 195.

123 Ibid.

124 WORLD DEVELOPMENT REPORT 1989, op. cit., p. 166.

125 In 1976 the government of Indonesia decided to move into 'high-technology' industry—the Nurtanio aircraft project. It was to assemble small aircraft under licence from Spanish and FRG firms. By 1984 Nurtanio had produced 123 aircraft and employed 10,000 workers. Industry to produce 'strategic' capital-goods also include minesweepers, telecommunications equipment, ammunition and railway rolling stock. See THE FAR EAST AND AUSTRALASIA 1987, op. cit., p. 50.
The army consisted of 17 territorial units of artillery engineers and technical services. Navy included 6 submarines, 1 cruiser, 7 destroyers and minesweepers etc. including a naval air wing. Most of air force was equipped with Soviet MIG-17,19, and 21 versions. ALMANAC OF WORLD MILITARY POWER op. cit., p. 177-79.

THE EUROPA WORLD YEAR BOOK 1990, op. cit., vol. 1 p. 1326; for details of level of equipment of army, navy and airforce of Indonesia, see STATESMAN'S YEAR BOOK 1987-88, op. cit., pp. 692-93.


FAR EAST AND AUSTRALIA 1986, op. cit., p. 441.

Ibid., FAR EAST AND AUSTRALASIA 1986, op. cit., p. 441.

Ibid., op. cit., p. 339.

These companies include the Tatas, the Birlas, the Bombay Dyeing group and the Sorabhais—all in textiles—and the Bajaj group (three wheelers). Government-to-government level ventures have also been set up involving transfer of relevant technology. See, Mody, op. cit., p. 341-42.

This attempt was vehemently opposed especially by Muslim groups, and in September 1984 violent riots broke out in which 18 people (official figures) were killed. In October, Jakarta's commercial centre was bombed. The bombing was especially directed against the Chinese. See FAR EAST AND AUSTRALASIA 1988, op. cit., p. 433.

Following the withdrawal of Portugal from East Timor in 1975, the Indonesian government intervened to prevent the Frente Revolucionario de Este Timor Independente (Fretilin) from taking control, and in July 1976 East Timor was formally incorporated as the 27th province of Indonesia. Against this action UN General Assembly passed several resolutions but the separatist movement is still continuing and causing violence in the island. Similarly, in Irian Jaya a separatist movement is going on against Indonesian control. The local movement known as Organisasi Papua Merdeka (OPM) demands for unification of island with Papua New Guinea. See for details, Ibid., pp. 433-34; Mody, op. cit., pp. 187-89.

Mukherjee, Sadan: CEYLON, Island That Changed (New Delhi) 1971, p.8.


Myrdal, op. cit., p. 344-45.

Mukherjee, Sadhan, op. cit., p. 10.


Jennings, W I: THE ECONOMY OF CEYLON (OUP) 1951, p. 4.

For details see, Saran, GOVERNMENT AND POLITICS OF SRI LANKA, op. cit., pp. 21-25.

In 1956, 2,500th anniversary of the death of Buddha was celebrated world-wide. This roused intense religious fervour which became catalyst of a populist nationalism whose explosive effect was derived from its interconnection with Sinhalese Language. THE FAR EAST AND AUSTRALASIA 1988, op. cit., p. 902.


Ponnambalam, op. cit., p. 172.
Ibid.

Sri Lanka had army, navy and airforce right from 1948 but these were not augmented since there was no threat to the country from within or without. However, with rising separatist movement in the north and northeastern part of the country, the strength of three wings of the forces have grown in quality and quantity. For details see, THE STATESMAN'S YEAR BOOK 1973-1974, p. 482; 1984-1985, pp. 111-12; 1987-88, pp. 1117-18.

Details in Ram, Mohan, op. cit., and Tambiah, op. cit.,
For Intra-regional trade, see, Appendix.

Indian joint ventures abroad numbered 156 (31 December 1985) of which Bahrain had 2, Egypt 1, Indonesia 12, Kenya 7, Kuwait 2, Malaysia 2, Mauritius 2, Oman 2, Saudi Arabia 4, Seychelles 1, Singapore 16, Sri Lanka 16, Thailand 10, UAE 9. As many new ventures are at the implementation stage, See for details KOTHARI'S INDUSTRIAL DIRECTORY OF INDIA 1988-89 (Madras) 1988, pp. 58-61.

Australian National Paper' in ESCAP, National Papers For The UNCSTD op. cit., vol. 1, p. 93.

Pakistan has been providing specific training in the field of agriculture, medicine, civil, electrical and mechanical engineering, tele-communication, ship-building, animal husbandry, railways etc. See, Pakistan National Paper' in ESCAP National Papers For The UNCSTD, op. cit., vol. 3, pp. 40-42.

Out of a total of 24, the Indian Ocean Countries included in Colombo Plan (Officially known as the Colombo Plan for Cooperative Economic Development in South and Southeast Asia) are Australia, Burma, India, Indonesia, Iran, Malaysia, Maldives, Pakistan, Singapore, Sri Lanka, Thailand among others outside the region see, THE COLOMBO PLAN, First Annual Report of Consultative Committee (London) 1952; MERIT STUDENTS ENCYCLOPEDIA (New York) 1979, vol. 5, p. 68.

Vohra, Dewan C: INDIA'S AID DIPLOMACY IN THE THIRD WORLD (New Delhi) 1980, p. 73.

For details see, Ibid., p. 119.

The Organization of the Petroleum Exporting Countries (OPEC) was established in 1960 to link countries whose main source of income is petroleum export. At present its membership is 13 vis Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya,
Nigeria, Qatar, Saudi Arabia, UAE and Venezuela. The countries shared 31.9% of the total of world petroleum production and are known to possess about 68.4% of the world's known reserves of crude petroleum and 33.7% of known reserves of natural gas. See, THE EUROPA YEAR BOOK 1987 op. cit., vo. 1, pp. 195.

164 See, for details Ibid., pp. 198-99.


167 For detail of all these disputes see Ibid.

168 The question of territorial claims in Antarctic south of 60° latitude was frozen for 30 years—until 1991—under a treaty signed by 12 countries (Argentina, Australia, Belgium, Britain, Chile, France, Japan, New Zealand, Norway, South Africa, Soviet Union and US) in 1959. Seven of the signatories have claims to territory in Antarctic (Argentina, Australia, Britain, Chile, France, New Zealand, Norway) and the claims of three of these—Argentina, Britain and Chile—overlap. See, Ibid., p. 386 ff.

169 Vali, op. cit. p. 45.