SWADESHI

The practical manifestation of patriotism

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GLOBALISATION, LIBERALISATION AND 'SWADESHI'—I

Swadeshi is the practical manifestation of patriotism

In 1993, 'Swadeshi' has become a queer term.

A common man on the street is fairly familiar with its connotation.

But for uncommon men this is an unknown commodity. For sophisticated, air-conditioned elite of the metropolitan cities the concept is strange—an oddity in the midst of modernism.

For "kept" economists of the regime, this is a red rag.

And for the ruling politicians, a bull in their China shop.

So the abuses like 'obscurantism', 'anachronism', etc., are being used to condemn the idea irreconcilable with the luxurious fashions.

What is most important is not the future of the country, but the immediate comforts of the westernised urban elite.

These uncommon citizens are not in contact with the earth, they are in their own ivory tower, cut off from the national realities and alienated from the co-countrymen.

Fortunately, the number of such persons is extremely limited—not even one per cent of the total population of this poor country.

It is wrong to presume that 'Swadeshi' concerns itself only with the goods or services. That is more an incidental aspect. Essentially, it concerns the spirit determined to achieve national self-reliance, preservation of national sovereignty and independence, and international co-operation on equal footing. Swadeshi spirit inspired the Britishers to restrain their Head of the State from purchasing luxurious German car, Mercedez Benz, for her personal use. When asked by an Indian correspondent as to why he was using a pant torn (and stitched) because of the weak texture of the Vietnamese cloth, Ho Chi Minh smilingly replied, "My country can afford only this much." When the US forced Japan to give market access to its Californian oranges, Japanese customers did not purchase a single Californian orange, and thus rendered the American arm-twisting a ridiculous affair.

When the Governments of China and Korea prevented the entry of Michael Jackson in their countries on the ground that his performance amounted to "cultural invasion", they only demonstrated their Swadeshi spirit. Incidentally, this gesture also indicated that 'Swadeshi' was not merely an economic affair confined to material goods, but a broad-based ideology embracing all departments of national life. Needless to multiply such incidents. The point is that all these patriots from different countries drew their inspiration from the 'Swadeshi' spirit.

'Swadeshi' is the outward, practical manifestation of patriotism. Patriotism is not considered as isolationism—particularly in our tradition which stands for integral humanism according to which, on the level of human consciousness, internationalism is the further flowering of the spirit of nationalism. Nevertheless, it is noteworthy that presenting patriotism as isolationism is the usual practice of imperialist powers. For example, when after the end of the second world war it became obvious that under the pressure of the international situation the imperialists would be forced to grant independence to their colonies, they started 'operation salvage' to preserve as much of their vested interests in the colonies, as possible, under the changed circumstances. In Bharat, some Executive Councillors of the Viceroy became their tools. **Misrepresenting the move for full-fledged independence as isolationism, Sir C.P. Ramaswami Iyer propagated that in the new era of internationalism "our motto should be, not independence but interdependence". Dr. Manmohan Singh's plea for liberalisation and globalisation is the modern version of Ramaswamiji's inter-dependence'.**

Patriots are not against internationalism. Their plea for national self-reliance is not incompatible with international co-operation, provided the latter is on equal footing—with due regard to the national self-respect of every country. Their difference of opinion with the advocates of 'globalisation' is on a different, and more basic point.

The Swadeshiwallahs are not prepared to endorse the view that the western paradigm is the universal model of progress and development worthy of being followed by all the peoples of the world. While they recognise the fact of cultural intercourse, they insist that every people has its own distinct culture and the model of progress and development for each country should be consistent with its own cultural ethos. Westernisation is not modernisation. Modernisation should be in keeping with the spirit of natonal culture. They oppose the move for steam-rolling all the various cultures and national identities in the world in favour of the west.

Introduction of modern western technology and economic system is the inauguration of an entirely new civilisation, inconsistent with the nature of all non-western cultures. This is the basic point of difference.

Nevertheless, Americanised Indians are condemning Swadeshi Jagaran Manch on the plea that Swadeshi is the anti-thesis of the 'Sacred' and universally-accepted principle of 'Free Trade' which is being recognised and followed by all the countries.

It has become imperative, therefore, to examine thoroughly the 'free trade' principle, and its position in the field of the current international trade.

LIBERALISATION—FREE TRADE?

Though preached earlier by Adam Smith himself, the principle of Free Trade (FT) acquired unchallenged legitimacy after the publication of Ricardo's Principles of Political Economy in 1817. The intellectual foundations of "Comparative Advantage Theory", became unshakable. Essentially, the principle declared that unhindered play of market forces was the best way of obtaining an optimum trading pattern. Based on the Ricardian model of comparative advantages and the Hecksher-Ohlin theorem, the theory claimed that free trade enables each country to specialise its production and to make optimal use of its scarce resources. From the early 18th century until the late 1970s, international trade theory was dominated by the concept of "Comparative Advantage" which implies that countries trade to take advantage of their differences. Economies were assumed to be characterised by constant returns to scale and perfect competition. Difference lay in tastes, technology or factor-endowments within the framework of the theory, there might have been differences in emphasis. For example, this Ricardian model emphasises technological differences as the cause of trade, while the Hicksher-Ohlin-Samuelson model emphasise differences in factor-endowments. But still until 1970s the validity of the "comparative advantage" theory was accepted. In countries like the US, the UK and the Netherlands, it was accepted as a doctrine in forming State Trade Policies, (though countries such as, France, Italy and he Federal Republic of Germany did not accept the free trade theory as an official trade policy doctrine).

The GATT became the embodiment of the free trade theory. It has been rightly said that GATT has, as its building blocks, the philosophy of Free Trade.

Nevertheless, since the late 1950s, doubts began to arise (Technology Gap Theory and Product cycle Theory) about the full validity of the FT Theory. Can comparative advantage theory explain fully the modern developments in the international trade? Since 1970, the skepticism about the free trade theory was progressively intensified.

The theory of comparative advantage was based upon the assumption of perfectly competitive markets and constant returns. But, as Krugman points out, it was, however, realised that international markets are not perfectly competitive, and that they are imperfectly competitive. Increasing returns held the key to the operation of these markets, the advantages of which can be appropriated only by the dominant firms in the market. The advantages, once appropriated, become the basis for further gains in the market.

Experts like Winfried Ruigrok felt that by Free Trade Theory, international capital flows, such as, Foreign Direct Investments (FDI), could not be accounted for. The production process as such was not analysed at all. Technological development was assumed to be tranparent and available to all. Neither the economics of scale nor the rapid increase of FDI could be explained by Free Trade Theory. The efficient allocation of scarce resources has never been the sole consideration in this matter.

Ruigrok poses a question. Why do governments sometimes choose not to comply with the free trade norms? The answer to this question reveals, according to him, a fundamental flaw in the postulates of the free trade doctrine. Contrary to its fundamental premise, the efficient allocation of scarce resources has never been, and will never be, the sole consideration in the choice of State policies. State policies are based on a mixture of political, social, economic and military considerations. National Security and the preservation of the internal order have been, and will remain, more important government concerns than maximising efficiency.

Again, a case for strategic intervention to provide advantages for the domestic firms by adopting policies that would discriminate against the foreign firms, appeared to be gaining greater support. Brander suggested subsidies to strengthen the position of a domestic firm—engaged in competition for the world market with foreign rival. Spencer also put forth a similar suggestion for subsidies. There was a growing feeling that import restrictions and export subsidies may, in certain circumstances, be in the national interest. The case of Japan granting 700 per cent subsidy to its rice farmers and imposing 700 per cent duty on import of foreign rice illustrates this point.

Sometimes Governments act not necessarily in the national interest but under the pressure of domestic pressure groups.

During the latter half of the 1980s, the adherents of Free Trade acknowledged that their basic argument was challenged seriously. Government intervention could lead to profit-shifting from one country to another. Under such circumstances, countries following the traditional rules of Free Trade would inevitably transfer wealth to their trading partners. The term "Competitive Advantages" became more preferable to "Comparative Advantages". In 1980s, Japan's successful export drive to the EC and US had proved how "competitive advantages" could be created.

During the 1970s and 1980s, experts creased to believe that the free trade model was sacrosanct. Paul Krugman says, "Free Trade is an idea that has irretrievably lost its innocence". During this period the traditional models of international trade have been supplemented, and sometimes even supplanted, by a new breed of models that emphasises economies of scale, increasing returns and imperfect competition. (The dynamic scale economies are associated with investment knowledge and R&D).

Today, the general trend is to believe that comparative advantage is an incomplete model of trade, and also to believe simultaneously that free trade is nevertheless the right policy. Krugman informs us that this is the position taken by most of the new trade theorists themselves. So free trade is not 'passe'—but it is not what it once was. "The case for free trade is currently more in doubt than at any time since the 1817 publication of Ricardo's Principles of Political Economy.

(In the Uruguay Round of negotiations, unqualified support for the free trade framework has been espoused, and simultaneously, increase in protectionism and threat of intervention in the markets of partner countries to seek enlarged access to exports, have been adopted by United States in formulating its trade strategy!).

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GLOBALISATION, LIBERALISATION AND 'SWADESHI'—II

Liberalisation under GATT and US is a downright fraud

IN SPITE of all the propaganda in favour of 'free trade' concept Ruigrok informs us that the pattern of global trade looks as follows:

— approximately 25% takes place inside global companies... (intra-company trade),

— approximately 25% is bilateral trade (by preferential agreements),

— approximately 25% is barter trade,

— approximately 25% can be considered 'free trade' governed by GATT rules.

The author has quoted this from FAST (Forecasting and Assessment in Science and Technology).

While advocating the principle of free trade, the US has been following the policy of protectionism regarding textiles right from 1956 when the President was given the authority under the Agricultural Act to negotiate agreements for limiting "imports into the United States, of Textiles or Textile products". In the 1980s, the US administration employed non-tariff barriers to insulate the US automobile industry from the competitive threat that, as in the case of the textile industry, was posed by Japanese imports. (As James Dunn points out, post-war international trade in automobiles has always been a mixture of liberalising and protecting elements.

Japan is, in many cases, a one-way trader, not importing any of the product categories it exports. The same is the case with the Japanese foreign investment imbalance. As on 31st March, 1990, Japanese direct investments abroad amounted to seventeen times the value of FDI in Japan. Japanese competitiveness and huge trade and investment imbalances have contributed, according to experts, to the EC and US conflicts with Japan in industrial products. 'Toyotism' of Japanese industry has given it a great advantage over 'Fordism' of the US and EC industries. To cite a single example. In the 60s, and 70s, the EC's ship-building industry could not stand a threat from Japanese ship-building companies' aggressive marketing strategies.

With the present growth of Japan's foreign direct investments in the EC and the US, the industries of the latter are demanding more trade barriers and greater protection (Though recently Japanese economy also is showing signs of decay).

It is interesting to note that criticism of free trade doctrine has been gaining ground as the EC and the US have been meeting with increasingly fierce competition in a number of industries. Many of the earlier champions of the doctrine are today its critics.

This opportunism is not a new phenomenon. When German goods were dominating British markets, Britain was the worst critic of free trade principle. After industrial revolution, the equation changed and Britain became the best champion of free trade doctrine.

The current American concept of "fairness in trade" reminds Biswajit Dhar of Gladstone's remark made more than a century ago under similar situation: "It (fairness in trade) bears suspicious likeness to our old friend protection."

The decline in the economic strength of the United States started in the 1960s. The process of the end of its hegemony commenced around 1973. By the 1980s the United States had come to be established as the economic power going rapidly down-hill. Several authors like Linder and others have predicted the end of the US hegemony in the international economy during the early period of the next century. With every new set-back, the US has been deviating progressively from the principle of free trade, and by this time it has completely abandoned that once-sacred doctrine. These recent developments and deviations in the US trade strategy have been aptly elaborated by Biswajit Dhar in his The Decline of Free Trade And US Trade Policy Today.

At the level of policy, the demise of 'non-interventionist' mode can be seen clearly in the case of US where trade administration has adopted an "activist" trade policy, particularly during the last two decades. While the increased doses of protectionism formed the core of the nature of State intervention in the earlier years—seeking increased market—access of US products by compelling its partner countries to change their policies and become "more open". It, i.e., protectionism has now become the sole thrust of the policy-initiative in recent years. Trade legislation in US since 1974 indicates this trend. The Omnibus Trade and Competitiveness Act of 1988, particularly through its two new provisions, namely, Super 301 and Special 301, unfolds fully the intentions of the policy makers.

The protectionist measures adopted by the US have abrogated the basic principles of non-intervention in trade, underlying the post-war trading system governed by the GATT rules. Specific and systematic trade barriers have been raised by the US, in violation of the GATT rules. This has grossly undermined the multi-lateral trading system. In response to the competitive threats from Japan and other newly-exporting countries, the US curbed imports by using increasing doses of protectionism achieved through imposition of the non-tariff barriers, and increased exports by forcing open forign markets using the powers of trade retaliation that were assumed by the US President through the Trade Acts of 1974 and 1988. The first phase gave protection to domestic producers against imports. Quota restrictions on exports to the US were imposed. The US trade administration frequently imposed Voluntary Export Restraints (VERs) and Orderly Marketing Arrangements (OMAs) on several countries.

The more prominent industries that were provided import-protection were steel, automobiles, textiles, machine tools and semi-conductors. Section 301 of the 1974 Act was directed at the policies of foreign governments which did not provide free access to US products in their markets. In 1985, the insurance industry in Korea was targeted for this purpose, the action under section 301 of the 1974 Act was initiated. Between 1985 and 1988, when the Omnibus Trade and Competitiveness Act was passed, Section 301 was used 26 times.

In the 1988 Act, two changes were made in Section 301. Super 301 was introduced to deal with general and systematic trade barriers imposed by different countries, while Special 301 was introduced to deal with cases relating to insufficient protection of intellectual property rights of US origin.

Under Super 301, action could be initiated against the entire gamut of trade and trade-related policies that the infringing partners were following in retaliation against a sector or an industry-specific infringement. In other words, Super 301 provided for cross-retaliation between sectors.

Secondly, Super 301 introduced a time-frame for indentifiable specific cases of trade distortions, and initiating cases against countries which, according to US, were obstructing US exports. The cases under Super 301 were to be initiated in 1989 and 1990; and the retaliatory action against the "identified" infringing countries were to be carried out within 180 days of establishing that trade distortions were liable for retaliation.

Special 301 covers infringement of intellectual property rights of US origin causing distortions in US exports. Special 301 was to ensure that US exports could be increased by compelling countries to provide a stronger monopoly to US commercial interests in their markets through an appropriate system of intellectual property protection that the US trade administration deemed fit.

Unlike provisions under section 337, the Special 301 provision did not put the onus on the complainant to "Prove" the injury. The US International Trade Commission was simply required to institute inquiry into the complaint and grant protection, all within 90 days of the registering of the complaint.

In May, 1989, the USTR identified three countries: India, Japan and Brazil, and put them on the list of priority countries for action under Super 301; and six trade-distorting practices—the 'priority practices'—of these countries were identified; India was found to restrict US exports from entering its markets through two "priority practices".

(a) Foreign investors in the country were required to export a part of the produce, and to use locally produced inputs, thereby causing trade distortions; and

(b) US service industries were prevented from competing in the Indian market. India's market was completely closed to foreign insurance companies.

A new list of 'priority practices' under Super 301 was issued in April, 1990. The list had two cases and both involved India. The two priority practices of India listed in 1989 were again included in the 1990 list. Japan and Brazil were excluded. Trade barriers to insurance and investment in India were particularly irritating.

In 1989 and 1990, four countries—India, China, Thailand and Brazil, were put on the priority watch list. In April 1991, USTR decided to initiate proceedings under the Special 301 clause. India, China and Thailand were named as priority countries for action under Special 301.

The US is insisting upon free trade and the so-called 'liberalisation'. The US experts have excelled Dr. Goebels in the propaganda techniques. "Repeat a lie hundred times, and it becomes the truth", Dr. Goebels said. Hitler went a step further. He said that if a lie is to be circulated, you should not give a simple lie, give a big bluff—so big that people will not be able, because of the magnitude of the given lie, to suspect that such a big news may be a lie. Because of the American propaganda the doctrine of economic liberalisation became popular in the last two decades. De-regulation and privatisation have acquired respectability and authenticity. The IMF and the World Bank have been striving to sell 'liberalisation' doctrine to the third world countries by imposing on the debtor countries. Policy of economic liberalisation as a condition of further credit! The GATT and the US are preaching the free trade principle as a sacred gospel truth. But the US is itself violating this "sacred" principle. The US is also violating the standards evolved by the International Organisation for Standardisation. The US public procurement policies are not in conformity with the GATT Government Procurement code. 'Buy—American' restrictions cover vast area. There were thirty-one significant cases of special protection which covered four broad sectors—manufacturing, mining, agriculture and fisheries. Some other services also are being given protection. It is subsidising heavily its farm sector, while demanding that other countries should withdraw all subsidies to that sector. It is following double-standards in case of pharmaceutical sector also.

These are clearly the unprincipled bullying tactics. The culprits in this crime are the rulers and the big capitalists of the US—not its common masses who are themselves kept in the dark about developments on economic front. These bullying tactics are being employed not only against the southern, developing countries, but also against European community and North Amercian peoples. The recent militant reaction of French farmers and the strong support given to their gesture by farmers of other European countries; the agitation of the working people of US against the North American Free Trade Agreement (NAFTA); the effective protest registered by Canadian voters against the rulling party that became a signatory to the notorious NAFTA; the demonstration (on October 2) by 12 purely American organisations of environmentalists and humanitarians against the modus operandi of Cargill—all these indicate that the unholy alliance between the rulers and the big capitalists of US is operating not only against the third world countries, but also against other developed white countries, and even against the less privileged masses of US itself.

And these culprits are the champions of free trade, liberalisation and globalisation—a case of Satan Quoting the Bible.

To sum up:

In its present form—

'Liberalisation' of the GATT and the US is a down-right fraud.

'Liberalisation' of Dr. Manmohan Singh is sheer gullibility.

'Liberalisation' of our air-conditioned radicals is ignorance or hypocrisy.

'Liberalisation' is a grave challenge to patriots of all non-American countries.

Hence the propriety and urgency of 'Swadeshi' for all non-American peoples of the world.

Genuine liberalisation and hegemonic globalisation can never go together. The Hindu concept of globalisation represents genuine globalisation.

The Hindu version of globalisation is fairly well-known to all Hindus who are not self-alienated: For them the elaboration of Hindu concept may be a superfluous repetition of whatever they know already. For the benefit of the de-Hindised Hindus a brief restatement of the same may, however, be helpful here.

Pandit Deendayal Upadhyaya, who could conceive of the Central State Authority without stateism, envisaged evolution of the world state enriched by the growth and contribution of different national cultures, as well as the flowering of the Manava Dharma, enriched by the perfection of all the religions including 'materialism'.

Revered Shri Guruji believed that the world unity and human welfare can be made real only to the extent mankind realises the ultimate, absolute Vedantic truth that "all is one". What he implied was not elimination of all distinctive features of nations and rolling them all into one uniform pattern. He visualised various groups of peoples coming together in a spirit of familism realising the innate oneness of mankind while preserving their individual indentities and special characteristics. The different human groups are marching forward, all towards the same goal, each in its own way and in keeping with its own characteristic genius. The destruction of the special characteristics, whether of an individual or of a group, will destroy not only the natural beauty of harmony but also its joy of self-expression. To seek harmony among the various and diverse characteristics has been our special contribution to the world thought. "The World State of our concept", says Shri Guruji, "will evolve out of a federation of autonomous and self-contained nations under a common centre linking them all... it is the grand world-unifying thought of Hindus alone that can supply the abiding basis for human brotherhood, that knowledge of the inner spirit which will charge the human mind with the sublime urge to toil for the happiness of mankind, while opening out full and free scope for every small life-speciality on the face of the earth to grow to its full stature. Verily, this is the one real practical world-mission, if ever there was one," he remarked.

This Hindu concept has been elucidated elaborately by Rishi Aurobindo who envisaged the still further stage of 'mass spiritualism'. With this mental background, our rishis conceived of the 'One World State'.

'पृथिव्यै समुद्रपर्यन्ताया एकराट्'

"From sea to sea, over all the land, one State."

This is genuine globalisation. In its absence, the world cannot go beyond the abortive experiments of the League of Nations or the UNO.

Without the growth of such Hindu, i.e., human consciousness, it is impossible in the international economic field to ensure genuine 'free trade'; maximum utilisation of the scarce resources; development without environmental problems and permanent damage to Nature; adjustment of the presently unlimited human desires with the limited resources of the planet; management of population explosion; diversion of all the huge amounts allocated currently by different countries for their defence budgets to their developmental activities; encouragement to every country to maximise its specialised production; free exchange of scientific and technologicl information; constitution of International Technological Ombudsman; curbing the activities of international criminal gangs disturbing seriously the economic structures of even the civilised countries; and world peace, harmony and prosperity.

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South-South Co-operation: Whence and Whither

Rousing peoples' will in the Third World countries regarding South-South co-operation is a mission worth being undertaken

THE LEADERSHIP in the Third World remained in disarray while the negotiations were on at Geneva. No efforts were made by the leaders of the Third World to understand the immediate or long-term repercussions of the GATT Agreement, neither individually nor at a collective level. On the contrary, they preferred to give an impression to their people that they were part of the agreement process. The fallacy of this was exposed in the first quarter of December 1993 when closure of Uruguay Round was announced. Only EC and US were in the play-field.

Though some eminent individuals and some NGOs (non-government organisations) did warn their governments about the adverse implications and impact at some points, and some governments did agree with the points made by them, unfortunately they (leaders) did not raise them at the negotiations in an effective manner. No group of Third World heads of states—neither Aligned Movement (NAM) nor G-15 nor G-77 considered it worthwhile to hold even a single meeting to discuss the adverse implications of the GATT Agreement. In the various statements, individual and regional countries from the South had stressed that with few exceptions the various regional and sub-regional schemes had fallen short of expectations and that their objectives remained unfulfilled. In the UNCTAD (United Nations Conference for Trade And Development) meeting Syed Jamaluddin of Bangladesh blamed the not-so-encouraging picture of South-South trade on "lack of commitment among developing countries". Effective implementation of Economic Co-operation among Developing Countries (ECDC) required support from the donor countries but donor countries and international agencies are not sensitive to the needs of the South-South Co-operation.

Economics of South-South Cooperation

The rapid growth of some countries from the South, the continued recession in major developed countries and the realisation of the potential among developing countries for mutual cooperation and complementarities gave momentum to the idea of South-South cooperation in early seventies. The Centre-Periphery theory of Raul Prelisch gave the theoretical support to this idea of South-South Co-operation. Prelisch was an Argentina-born economist. At the core of his analysis lies the differentiation of the economic structure of the centre and periphery: at centre the developed and at the periphery the developing countries. Through this theoretical prescriptions he gave new insights for understanding the needs of developing countries. He was ardent supporter and, in fact, a promoter of cooperation among developing countries.

The concept of South-South Cooperation found its forceful expression in the 1985 Report of United Nations Industrial Development Organisation (UNIDO). It reads: "The factual analysis brings out the global nature of recent crisis in industrial growth. The slow-down has hit both the North and the South; the growth momentum has been broken by North-South interaction. To some extent, the developed market economies close the policy of recession and retrenchment in order to bring inflation down. This has led to a reversal of the positive feedback in the trade and output growth of the world industrial economy in the period 1963-1979. North-South interdependence has worked in a negative position since 1980 and the impact is being felt in the ripples of the debt crisis in the South as well as in the North."

The report further says: "If, however, there is neither the prospect of expansion in the North nor of international financial reform, can the South take the path of greater self-reliance? South-South Cooperation has its origins in the Arusla Decalration and has been furthered in the Lagos Plan of Action and the Caracas Programmes of Action. By expanding trade and cooperation with each other, the South can continue its efforts at industrialization. A careful and detailed analysis of potential for intra-South trade, reveal that there are a number of opportunities for increasing trade between South regions. Such opportunities are there particularly in the field of capital-goods industries as well as in basic products in light industries."

UNCTAD Standing Commitee on ECDC in its 1992 Report says: "South-South trade in general trade within regions except in West Asia has been increasing in the latter half of 1980s. The share of intra-national trade in total South-South trade rose from 48% in 1980 to 57% in 1986 and to 71% in 1991. This showed a steady regionalization of South-South trade during this period." The UNCTAD Secretariat had pointed out that after some serious setbacks in the 1980 South-South trade had shown some sings of recovery but still continued to be "the weakest link in world trade" accounting in 1991 only for 7.2% of the world trade. Much homework has been already done on this subject by various bodies. For example: Documents of the UNCTAD which has been one of the major multilateral organisations engaged in fostering ECDC are already published.

Institutional Support

One of the premier institutions in the world for promotion of South-South Cooperation is South Centre at Geneva. The South Commission was formally established in 1987, at the initiative of Prime Minister Mahatheer Mohammed of Malaysia who announced that Julius K. Nyerere, former President of Tanzania, nad consented to become the Chairman of the Commission. The Centre has organised several conferences and seminars on the very theme of South-South Cooperation in different parts of the world. On 27 July 1987, J.K. Nyerere announed in Dar-es-Salaam the composition of a commission and appointed Dr. Manmohan Singh as Secretary-General. The Report of the Commission was published for Dar-es-Salaam in May, 1990.

A few passages from the Report would suffice to indicate the direction of the commission's thinking under the guidance of Dr. Manmohan Singh.

"For its own sake and for the sake of humanity, the South has to be resolute in resisting the present moves by the dominant countries of the North to redesign the system to their own advantage. Containing the great-majority of humankind, the South must play its rightful role in the process of fashioning a more equitable and stable system to serve the aspirations of all people."

With this as the objective, the developing countries must:

* "Acquire the maximum countervailing power through increased exploitation of the South's collective resources.
* "Press for setting in motion a multilateral, democratic process, with the participation of all major interests, to arrive at a global consensus on the new international system, its basic goals, how it should be managed, and the institutions it requires.

  "Speak with a united voice in making clear proposals, so as to play a leading role in this process. The proposals should aim at capturing the imagination of the world's people and especially of the young; they should rise above parochialism to articulate a vision of the world as one human family."

"In mobilizing all its latent power, the South has first to ensure that its economies are self-fuelling to the maximum extent possible and that their growth is not simply a by-product of growth in the North. The South needs to expand its presence in Northern markets, for which purpose it needs improved access to markets and the roll-back of protectionism, which is now often directed specifically at products of considerable interest to the South in terms of export. But the emerging development patterns of the North clearly suggest that the Northern locomotive economies will not pull the train of Southern economies at a pace that will satisfy its passengers—the people of the South. The locomotive power has to be generated to the maximum extent possible within the economies of the South themselves. The acute poverty of the

South, particularly the low productivity of Southern agriculture, is a pointer to the unexplored potential that exists within the South itself to fuel its growth processes. Sustained rural development, focussed sharply on raising the productivity and incomes of small landholders, can be a powerful instrument for the promotion of both growth and equity."

"The South as a whole has sufficient markets, technology, and financial resources to make South-South Cooperation and effective means for widening the development options for its economies. Intensified South-South Cooperation has to become an important part of Southern strategies for autonomous, self-reliant development. The South must build its capacity to sustain a fast pace of growth even if the Northern engine is in low gear."

South-South Cooperation is, however, a strategic necessity not only for development within the South but also for securing equitable management of global interdependence. South-South Cooperation alone can give the developing countries a collective weight and countervailing power that cannot be ignored by the North. Securing an effecitve say in the management of the global economy will require this collective strength, backed by unity among the countries of the South, steadfastness in the pursuit of goals, and flexibility in the use of tactics.

The further publication of the South Commission, Facing the Challenge furnishes us with the response of 28 eminent individuals from different parts of the South to the Commission's Report which took into account the inter-related nature of the problems, linking together matters of national development, South-South Cooperation—covering three-and-a-half billion people, three quarters of all humanity. These countries were the victims of an acute development crisis; sharp squeeze of per capital income and living standards; destabilising and potentially-explosive social and economic tensions; contractionary policies followed by the developed countries and the sudden dyring up of capital-flows; the adjustment policies imposed by international financial institutions that intensified deflationary pressures; the rapid expansion of transactional enterprises as the main producers of goods and services for world trade; growing instability, unpredictability and fluctuation in the international economy, notably in interest and exchange rates, and growing uncertainty in capital markets; excessive growth of indebtedness; the drain of resources on debt transaction—primacy to the payment of debt service over even protection of the living standards of the poor; the drain of capital due to the worsening of the terms of trade; preference to industries over agriculture; faulty implementation of land reforms; shift away from material/energy/labour-intesive products and process and towards knowledge-intensive products and processes; and, similarly, a shift away from agriculure and industry and towards services; an international arrangement governing the flows of trade, money, finance and technology; hegemonistic policies of the developed countries; the policy package of IMF imposing structural adjustment difficulties caused by external factors; and the invariable sight of small islands of affluence surrounded by vast ocean of poverty.

In The Challenges to the South-South Cooperation, a publication of South Centre, Geneva, twenty-four authors from various parts of the world critically examined the theoretical underpinnings and practical aspects of economic and technical cooperation among developing countries, with particular attention to joint investments and their financing. The book concludes with some thirty recommendations adopted at the international workshop on this topic held in Bled, Yugoslavia, in November 1981.

The Research and Information System (RIS) for the non-aligned and other developing countries, New Delhi, is a forum for providing analytical support to the developing countries on the various international economic issues of concern to the process of their development. Its aims and objectives include, among others, promotion of the concept of self-reliance among the non-aligned and other developing countries and forging and maintaining a system of effective links amongst the various research institutions of these countries with a view to utilizing their research capabilities for the maximum common benefits. The proceedings of the seminar on New Perspectives in North-South and South-South Economic Relations organised by the RIS on 26th September, 1984, are already published. The RIS has also made a substantial contribution to this subject, particularly by publishing the contributions to the second conference of RIS held in New Delhi between 20-22 November, 1985. The volume is titled as South-South Economic Cooperation. In its introduction, the Director Dr. V.R. Panchamukhi, who is an authority on international trade theory observes, "South-South Cooperation is no more a novel concept. Considerable progress has already been made in various directions in the area of South-South Cooperation particularly after the inception of the Non-Aligned Movement and the Group of 77 culminating into the Caracas programme of Action adopted in May, 1981." RIS has also brought out some papers on this theme. They are South-South Economic Cooperation: Some Issues in the Fields of Trade and Finance by UNCTAD Secretariat; Industrial Cooperation among Developing Countries and the role of UNIDO by S. Nanjundar; An Evolution of a Preferential Trading Arrangement in the ESCAP Region by I.N. Mukherjee; The Asean Clearing Union: Towards Regional Monetary Cooperation by B.K. Madan.

South-South Financial Cooperation: Approaches to the Current Crisis—The Jamaica Papers, edited by the renowned economist Dragoslav Avramovic and published first in Great Britain in 1983, it comprises eight papers submitted at the expert group meeting of the Group of 77 in Jamaica in March 1982. One of the most interesting recommendations to come out of the Jamaica meeting was the technical study on the feasibility of a bank for developing countries should be undertaken. In his foreword Dr Salah-Al-Shaikhly said, "The developing countries should try to utilize their own resources and come up with new institutions and modalities for development and other financing. The most dangerous thing they could do now would be to wait for the industrial countries to solve their own problems and hopefully those of the developing world. If the North is in no mood at present to take the initiative, there is no reason why the South should not do so."

Another important work on South-South Cooperation, North-South and South-South by Frances Stewart explains: "How the rules of the game and their interpretation, which govern North-South economic relations, have been developed almost exclusively by Northern decision-makers, from a Northern perspective."

A Commonwealth Group of Experts established in 1989 against a widely-felt concern that the circumstances facing developing countries have changed significantly in the 1980s, studied in depth the main elements of changes in the 1980s which affected the growth of the developing countries. These changes come "at a time when large parts of the developing world are burdened by the legacy of 1980s, when external indebtedness emerged as a major barrier to economic growth and spreading poverty punctured the hopes of earlier decades". The Group's Report was published by the Commonwealth Secretariat in August 1991.

In South-South Cooperation in South, South-East and East Asia: A perspective, published in June 1992, Dr. V.R. Panchamukhi emphasizes that there are three aspects that need to be analysed in the context of promoting the cooperation:

1. Identifying the potential areas of complementarities.
2. Identifying the constraints that hinder the full realisation of these potentials; and
3. Working out the policy recommendations and other support measures that would remove the contraints and facilitate the realisation of the potentials of cooperation.

Challenges of South-South Cooperation Part I and II, edited by Hans Singer, Neelamber Halli and Remeshwar Tandon, brings together the research relating to the following elements of South-South Cooperation.

(a) North-South and South-South
(b) Optimal Trade Policies for Cooperation
(c) UNIDO, ECDC, SAARC
(d) The emerging complementarities in South-South Trade
(e) Economic Regionalism in Sub-Saharan Africa
(f) Export-led growth and the Lima Target

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More than fifty eminent scholars have contributed to these volumes.

The Weakness

The need to strengthen South-South Cooperation is today more urgent than ever before. Economic cooperation of European Community demonstrates the importance of a self-commission—at least to the leaders guiding the cooperation effort—strategy firmly grounded in the political and economic structures of the countries concerned. The efforts of cooperation in the South have operated so far without the benefit of any clear-cut strategy.

The Report of the South Commission says, "One of the chief shortcomings of South-South Cooperation has been weak organisation and lack of institutionalised technical support, both at the international level and within most countries." The efforts at cooperation in the South have functioned without any viable and effecitve strategy to guide them—"pursued in a haphazard, catch-as-catch-can manner".

The strategy should have clearly identified broad fields of cooperation, indicated long-term, listed the steps to be taken in implementing both the short and medium-term programmes.

Such a strategy was not valued. Consequently, while moves to promote South-South Cooperation have involved much effort and produced many initiatives and schemes, the practical results have been rather limited.

The Will—The Way

Obviously, the main factor in this respect is the peoples' will. Just as participants in the New Delhi consultations landed the comprehensive programme of action agreed to at Caracas in May 1981, for cooperation in the areas of food, energy, trade, finance, raw materials, industry, technology and technical cooperation among developing countries as significant land mark, they also felt that such cooperation, in particular, more frequent and wide-ranging contacts among the leaders of business, commerce, industry, as well as scientists, intellectuals, writers and journalists in the developing countries are necessary. The cooperation could not materialise because of the lack of the political will, as explained by Brejendra Nath Banerjee in his Caracas to New Delhi.

It is never too late to mend. Though much water has flown under the bridge, the rousing of people's will among the Third World countries is a mission worth being udertaken by the patriots of these countries.

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