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The Economic South : Economic Wars or Economic Peace?

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Before leaving for China on January 13th this year, 2008, Prime Minister Manmohan Singh said: “Our bilateral relations are now poised to enter a vibrant and dynamic phase, based on a common recognition that the growth and development of both India and China will make positive and long-term contributions to regional and global peace, security and stability.” Later the Joint statement issued by the two leaders, eloquently titled “A Shared Vision for the 21st Century”, states that “the two sides pledge to promote bilateral cooperation in civil nuclear energy, consistent with their respective international commitments, which will contribute to energy security and to dealing with risks associated with climate change”.

If Mwalimu, the late Dr Julius Nyerere, was alive he would have smiled. As Chairman of the South Commission this is what he dreamt of: an India-China partnership as the first and perhaps the most effective counter to the economic North. And that too, being led by his dear friend and colleague, Secretary-General of the South Commission Manmohan, as he called him.

He had been disappointed that Dr Manmohan Singh could not join him when Dr Nyerere launched the South Commission’s report in China in 1991. After the completion of the Report of the South Commission Dr Singh had returned home and been inducted in the P.V. Narasimha Rao Cabinet as the Finance Minister.

Recall that at that time the relations between China and India were still clouded by the border war in 1962 and its aftermath, and suspicions regarding the alliances that China was making with India’s neighbours. There were, however, moves on both sides, during Rajiv Gandhi’s premiership in the late eighties, for some softening dialogue on border and trade.

At the formal meeting with the Chinese Premier, as the other Indian on the South Commission, I was asked, nay insisted upon, by Mwalimu to speak out to the Premier, and I did!

“Your Excellency, it is imperative that China and India join hands as economies and peoples. These two large countries, combining, could turn the balance of economic and political power in favour of the South ... and such a step would provide the enabling environment for the rest of the South countries in deep stress of poverty and political instability to find their path out of the various pressures they were facing, especially from Northern economic hegemony. The work of the South Commission, its hopes would get the necessary platform if this combine could happen. It could be the fulcrum for the Economic South.” This was Mwalimu’s hope at that time.

So what was this Economic South that was the dream of the Commission, and its leader? A club of equals, of those who assisted each other, to present a solid front in economic negotiations both with Northern clubs like the EU as well as in international fora like the WTO or World Bank/IMF debates and decision-making processes. Remember the South Commission even proposed a South-South bank, and its shape and terms were drafted by Dr K. S. Krishnaswamy, the eminent economist, on the request of Dr Manmohan Singh! And then there was the helping hand to Africa, the Africa Fund, to support with finance those countries emerging from severe experience of colonisation, whose special envoy was Ambassador Krishnan who drafted a note for the Commission on some of the ways nations can enable each other, drawing from the experience of the Fund.

As I watch the current configurations for the South emerging , such as the G-5—India, Mexico, South Africa, Brazil and ... being called the Davids that will challenge the Goliath in a newspaper report, it resonates and is only a re-invocation of what Julius Nyerere had envisioned. He gave secretariat support from the South Centre to the first economic intergovernmental club of the South, the G-14, at that time what could be called the less poor countries, the ones that were getting along towards economic strength. But G-14 Summits began to wither away, as they were neither well attended nor had the basis for forming themselves into an economic club.

It was the same with the 1990 report of the South Commission. It did not cause a bang, only a whimper. It seemed as if the developing world, the nations of the South, were not ready to follow the vision and accept the idea of Julius Nyerere that collectively the economic South could tackle their problems better. Hence the report of the South Commission was aptly called “Challenge to the South”, as it was up to the South to make itself happen.

Today it is because of the economic arrival, even if it is only in a somewhat narrow sense of corporate driven, and in the traditional paradigmatic sense, trade-led growth, that there is a readiness to consolidate the power by making South-South clubs. The muscles can be flexed, because there are some muscles, and it is the knowledge that the North has to listen, that has given the new economic South the stamina.

Are we getting there or are the economies of the South, as they flex their muscles as China and India are certainly doing, dancing the lobster’s quadrille? Finding ways of containing as well as competing with each other, and yet not confrontationally as before? Are they not only rivalling each other for space in the markets and in the search for natural resources, but also firming up footholds for security in the theatres of conflict? Are the “doing better” countries in the South forming clubs of themselves in Darwinian fashion, where the strong seek survival of themselves?

Take an example of a discussion in the South Commission. What should be our approach to economic cooperation? If Senegal wishes to have some buses, and the Indian bus is costlier than the one they are used to buying from Germany, despite that cost advantage, Senegal should buy from India and the loss would be compensated by the fact that this purchase would not require the all-powerful dollar ... the economic master. There would be trade South-South and the South- South bank would deal with accounts in our currencies, and gradually move out of dollar imperialism!

Tanzania, had to some extent hurt herself during the decades that African nations were struggling to liberate themselves. Mwalimu had offered all the neighbouring countries shelter during those times. So many leaders in exile, so many political parties of the freedom struggle had their offices in Tanzania! That was the spirit which Mwalimu wanted to prevail in the economic South that all these struggling, exploited countries could move out of their traps together, and the better-off would offer “asylum” to the less able. The journey would not be competitive but cooperative.

Is this happening? Would Mwalimu like what he sees now? China and India often are rivalling each other in strategic initiatives, as for example in Burma, and in the North-East. The Look-East Policy crafted and being more vigourously promoted by India currently is suggested to be to counter China’s increasing presence in Burma and such neighbours.

If Mwalimu were alive today, he would have been so pleased to see his dear Manmohan making such significant bonding with China. But he might also have been worried about the ensuing inequalities and immiserations that have grown like weeds in a bumper harvest, of China’s and India’s growth of GDP and trade. And hoped fondly that this embracing of two giants would provide an enabling space, a level playing field between the South countries as well as between the South and the North.

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