

# ASIAN UNITY AND DEVELOPMENT

*The winding down of colonial empires in the middle of the twentieth century was greeted by a wave of revolutionary and reformist idealism in the newly liberated countries of the Third World. Many international agencies and movements rose to address the inequalities and injustices inherited from the old system but a reaction from the dominant former imperial powers managed to block or reverse that evolution and establish a subtler neo-colonial exploitative regime through the mechanisms of globalisation enforced by the petrodollar reserve currency, major banks and multinational corporations. Today various international associations such as ALBA, ASEAN and BRICS are developing alternatives to the hegemonic Euro–American order.*

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The year 1947 began the eclipse of Western “dominance” in Asia or so one thought. One by one, African and Asian nations awakened to a new dawn. National flags fluttered, masses of people saw in their leaders a new hope, there was a new design for tomorrow with a home-spun autonomous path of development determined by their collective free will and energies as well as an end to the rapacious colonial exploitation of 200 years by imperialist powers centred in Europe. New political and economic forces were released in the Indian subcontinent, China, Indonesia and Indochina, followed by other nations in the region. Many ideas for peace and development surfaced from the national liberation and freedom movements to energise new battles and struggles for the emancipation of the people. The Nonaligned Movement and the principles of *panchsheel* were enunciated by idealism and consensus, followed

by the New International Economic Order, the New International Information Order, *the United Nations Report on Transnational Corporations*, the *Declaration of Sovereignty over National Resources*, the *United Nations Convention on the Law of the Sea*, *the Oceans as the Common Heritage of Mankind*, the *Seabed Treaty* with its executive arm the *Enterprise*, *the Outer Space Treaty*, *the Nuclear Non-Proliferation Treaty*, the Indian Ocean as a Zone of Peace and Nuclear Weapons Free Zones in selected areas, to list a few initiatives.

Concurrently however, a “blowback” began as big capitalist powers failed to reconcile with the loss of their colonies from where the accumulation of surplus wealth and capital had financed their industrialisation with a steady flow of raw materials, sustaining their prosperity and financing their wars. The older colonial concepts were dressed up in new clothes. The “Debt Trap” Model was perfected by the World Bank and other “aid” agencies. Low interest loans were given to finance exports at temporarily high prices. Then the prices of exported commodities were suddenly lowered and interest rates raised. To repay the loans developing nations had to take new loans and so on. Today more money flows back to the West in the form of debt-service than flows out in the form of loans. There was blackmail, coercion, threats, sponsored *coup d'états* in Iran, Ghana,

Algeria, Congo and Indonesia through the intervention of military special forces, the reoccupation of Indochina, Laos and Cambodia, silent occupations in Rhodesia, Namibia and Angola and a covert alliance with the apartheid regime in South Africa. Earlier Israel was established to provide a state to Jewish refugees from Europe and the Palestinians were driven out of their homes. An advanced military base in the Middle East was established in 1948, preceding which in 1945–46 the US–Saudi petrodollar agreement was signed with far-reaching implications on the geopolitics of the world. There was an imposition of the

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security system of the United States of America (US) on oil rich Saudi Arabia and Persian Gulf sheikhdoms that had been created or protected by British colonialists in the early decades of the twentieth century. It was a recreation of the “resident/protectorate system” that had served the British Empire so well in the preceding two centuries. For example, when Sudan a fellow Muslim country requested Saudi Arabia for a loan of two billion dollars in the 1960s, to expand its irrigation system on the Rive Nile whereby it could supply the world with rice, the Saudi rulers refused the loan.

The full-scale penetration of the Afro–Asian region by multinational corporations (MNCs)/transnational corporations (TNCs) for resources and markets restarted in the 1960s. Military alliances and penetration and the building of military blocs progressed full speed on the pretext of defending countries against Soviet and Chinese expansion, but in reality they were to subvert nations from the inside and ensure the continuance of Western proxy regimes. Thus, *the Baghdad Pact*, the Central Treaty Organisation, the Southeast Asia Treaty Organisation and the US–UK–Israel Military Alliance took root within two decades from 1947. Every policy action in the economic, political and security arenas was coordinated and became the underpinning of the “Western re-colonisation project” later known as “globalisation” (codeword for re-colonisation). Aid, currency and trade strategies, the buying of elites (usually descendants of collaborators and their families of the colonial period) and the subversion of the intelligence and security apparatus of newly independent states, were all integral to the “project”. Susan George described the overall framework in *Lugano Report: On Preserving Capitalism in the Twenty-First Century* (London: Pluto Press, 1999). Genuine leaders were replaced by assassinations, through fomented civil wars, outright military interventions/invasions/occupations or the capture of oil, mineral and/or strategic resources. Mohammad Mossadegh (Iran), Patrice Lumumba (Congo), Agostinho Neto (Angola), Houari Boumediene (Algeria), Gamal Nasser (Egypt), Sukarno (Indonesia), Sirimavo Bandaranaike (Sri Lanka), Mujibur Rahman (Bangladesh), Indira Gandhi (India) and Babrak Karmal (Afghanistan) are some examples.

Colonial powers had more than 200 years of experience in deception, fraud, intrigue and manipulation to bring about “regime change” and install puppets by playing upon individual ambitions and egos to re-establish their dominance generally through banks, MNCs and other instruments such as the World Bank,

the International Monetary Fund (IMF), the US Agency for International Development (USAID) and later the World Trade Organisation and its tentacles the Trade Related Intellectual Property Rights, new patent regimes, free trade zones, multilateral fibre agreements, the Multilateral Agreement on Investment, the Doha and Bali rounds of the WTO and now the Trans-Pacific Partnership and the Asia Pivot. Big Zionist banks, oil and drug corporations and armament firms have been pervasive over Africa, Asia and Latin America. The South was designated as the “periphery” to the “core” or the “metropolis” to the “city” (London, New York’s Wall Street and Tel Aviv)—the main financial centres. The comprador elites became part of the Western imperial system. The delinking of the dollar from the gold standard in 1973 by the US was silently acquiesced to and the rising price of oil became a heavy burden for the South while the dollar or the petrodollar remained the “reserve currency” giving the American Wall Street system freedom to print dollars and pay for their imports—goods and services from the rest of the world—thus creating a new form of slavery. The high point of 1947 ideals—the ideas of Asia, Africa and Latin America—all lay in shambles. The peoples of the South were still hungry, malnourished, unemployed, destitute, subject to mass rape, plunder, invasions and occupations, genocide and ecocide. As former Brazilian President Luiz Inácio Lula da Silva surmised:

“The Third World War has already started ... the war is tearing down Brazil, Latin America and practically all the Third World. Instead of soldiers dying, there are children. It is a war over the Third World debt, one which has as its main weapon—interest—a weapon more deadly than the atom bomb, more shattering than a laser beam”.

The secret of the success of international bankers has been that they have managed to control national money systems while letting them appear to be controlled by governments. China alone saved itself from such a dilemma, as the

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yuan is not freely convertible. CK Liu the Chinese American economist however has warned the country of his ancestors:

“The record of the past three decades shows that neoliberal ideology brought devastation to every economy it invaded. China will not be exempt from such a fate when it makes the yuan fully convertible at floating rates”.

China, fresh from its revolutionary past also turned into a beneficiary of the most favoured nation status granted by Richard M Nixon and Henry Kissinger to wean it as the factory of the West and become a junior partner of the Western capitalist system. Japan’s ruling elite or *Zaibatsu* disregarding the sentiments of its citizens also became part of the imperialist West. Even though the South Commission chaired by Julius Nyerere outlined steps needed to bring about equity, balance and co-prosperity, it was simply sidelined, as were several reports of the United Nations Development Programme, the United Nations Conference Trade and Development and the United Nations Educational Scientific and Cultural Organisation. Even when South Africa was liberated from apartheid its ruling African National Congress re-chained the economy to mining MNCs and its people remain hostage to these corporations akin to many other richly endowed African nations. The colonisers and imperialists were back with the help of collaborators or the comprador classes. Frantz Fanon’s words in *The Wretched of the Earth* (New York: Grove Press, 1963) are equally applicable today to most erstwhile colonised nations of the “South.

“The historic mission of much of Africa’s postcolonial ruling class is that of an intermediary, whose mission has nothing to do with transforming the nation. It consists prosaically of being the transmission line between the nation and a rampant though camouflaged capitalism (imperialism)”.

Jawaharlal Nehru and Mahatma Gandhi had also repeatedly cautioned the people. Writing on the “New Empire” from jail in 1934, Nehru had stated in *Glimpses of World History* (New Delhi: Penguin):

“Most of us think of empires like the British Empire in India and we imagine that if the British were not in actual political control of India, India would be free ... but this type of empire is already passing and giving way to a more advanced and perfected type. The latest type of empire does not annex even the land, it only annexes the wealth or the wealth producing elements in the country. ... By doing so it can exploit the country fully to its own advantage and can largely control it and at the same time has no responsibility for governing and repressing that country...it is quite possible that Britain’s visible hold over India might go and yet the economic control might remain as an invisible empire”.

## A SECOND OPPORTUNITY

We have witnessed unparalleled acts of heroism and sacrifice of people who fought for freedom from the oppression of capitalism and imperialism and then the great betrayal of “leaders and classes” who turned collaborators of their long-time oppressors in the latter half of the twentieth century. We now stand at a crossroads. The imperial re-colonisation (globalisation) project is failing by itself, but it still has the military means to destroy humanity many times over. It is still a master in cunning, deception, intrigue, subterfuge and adept at subverting our struggle for a just peace and cooperative development, which the long-suffering people of Asia seek.

“The real new world order has emerged—the world’s downtrodden against the West and its puppet surrogate governments. These non-state but similarly minded actors will determine the course of future world history. There is now a new world order that the West cannot control, that military force cannot subdue and that concessions cannot placate. *Ancien régimes* relied on military power to influence events. The true new world order renders military power effete” (John Kozy, “The Real New World Order: Bankers taking over the World”, online at <http://www.globalresearch.ca>).

Zbigniew Brzezinski (“The Global Political Awakening”, *The New York Times*, 16 December 2008, online at <http://www.nytimes.com>) in describing the current global political awakening stated:

“For the first time in world history almost all of humanity is politically activated, politically conscious and politically interactive. Global activism is generating a surge in the quest for cultural respect and economic opportunity in a world scarred by memories of colonial or imperial domination”.

For Asians with the challenges they face, the cohesive “nation-state” is still the best option. West Asia is in turmoil fuelled by local allies of the big banks, Wall Street and the city. Prophet Mohammed’s mission was to stop fratricidal intertribal conflicts and wars, calling his message *Islam* (peace) but petrodollars put in place by the UK and US have subverted his followers and in its place we have the reality of mercenaries—Wahhabis and Salafis spreading mayhem. Oil money that could be utilised for social progress and development is being used for destruction and death, bankrolling proxies operating in Afghanistan, Bangladesh, Egypt, India, Iran, Iraq, Libya, Somalia, Sudan, Syria and Yemen. In China, Japan, North and South Korea and the littoral of the South China Seas minor differences are being spot-lit, whereas much could be gained from

cooperation and peace. Southeast Asia and East Asia have made notable progress towards dialogue and understanding—the “Asian Way”—via various fora like the Chiang Mai Initiative, the Association of Southeast Asian Nations (ASEAN) Defence Ministers Meetings, ASEAN+5, ASEAN+China, the Asian Leaders Forum, BRICS (Brazil–Russia–India–China–South Africa) etc. The “Asia Pivot” strategy and the Trans-Pacific Partnership on the other hand are seen by China as interfering with harmonious regional cooperation, which ASEAN and other Asian nations are keen to consolidate. The “Asian Way” of resolving differing perceptions on issues has caught the imagination of the people of Southeast Asia and is beginning to bear fruit in the areas of agriculture, anti-piracy in the Malacca Strait, currency swap agreements, economic partnerships, education, the environment, health and housing projects, trade, etc. While the Japanese initiative for an Asian Monetary Fund was stalled by the IMF, the concept is still alive and as the dollar reserve currency system is gradually overtaken (however slowly) by the economic realities of today and tomorrow, it could act as the glue to join with the rest of the continent.

Several initiatives and progressive ideas have been delayed, disabled or sidelined due to exogenous, extra-regional or external pressures and mal-influences. These include a pan-Asian energy grid incorporating oil and gas pipelines, an Asian railway running west to east, a new Silk Route, water conservation and sharing ongoing exchanges in riverine/riverway possibilities including the Mekong Delta and in South Asia—all of these could progress when the dollar system recedes. For India, the highly beneficial India–Pakistan–Iran gas pipeline has been stalled because of pressure from the US administration and even now, India’s energy trade with Iran is constrained due to American–European sanctions on the latter. Japan has committed to the Delhi–Mumbai freight corridor, Beijing has shown interest in road projects and there are mutual benefits such as in fast trains where China has demonstrated great progress. Asians have much to gain by sharing cultural and historical experiences, ecological conservation techniques, economy of transportation, good organic agronomic, forest management, horticulture and soil conservation practices, healthcare methods and knowledge.

#### THE EXAMPLES OF ALBA, EPU AND MALAYSIA

**M**uch may be gained from studying, consulting with and adopting the practices of the Bolivarian Alternative/the Bolivarian Alliance for the

Peoples of our America (ALBA). The organisation was launched a few years ago through the initiative of Late Venezuelan President Hugo Chavez, with Bolivia, Cuba and an increasing number of South American and Caribbean nations joining as members (“ALBA and the Promise of Cooperative Development”, *Monthly Review*, vol8, no9, December 2010). ALBA member-states have studied and begun to implement the European Payments Union (EPU) Model as relevant to present day conditions. The EPU arrangement was instituted in Europe after the Second World War, when countries were acutely short of foreign exchange. The process was practical and helped European nations manage their trade accounts. ALBA has taken on education, health, housing projects, etc with a lead country in each sector—Cuba in education and health is setting the example and pace. A development bank with Venezuela contributing the seed/venture capital (thus keeping out the IMF, USAID and World Bank) is becoming a working reality and communication and broadcast satellites are in orbit. The premise is that the way existing international economic institutions and relations operate has been detrimental to Third World developmental needs.

Therefore, 8+ Latin American and Caribbean countries led by Bolivia, Cuba, Ecuador and Venezuela, with support from Argentina and Brazil are working to build ALBA as a regional cooperative development model, designed to promote new non-market shaped structures and patterns of economic cooperation. This is done in part by providing a framework for member-states to create partnerships between existing national enterprises as well as new regional public enterprises. Resulting initiatives, though still few in number, have helped member governments strengthen their planning capacities, modernise national agricultural and industrial operations and provide essential social services to their citizens. In response to worsening international economic conditions, ALBA has stepped up efforts to promote a full-fledged regional development programme/process. In November 2008, member-governments announced their support for

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During the Great Depression of the 1930s in the Western world, the US was forced to promote public ownership and production. Europe at the end of the Second World War faced a similar dilemma but formed the EPU and took concrete steps towards the creation of a single integrated European market, despite American opposition. The EPU multilateral clearing system proved remarkably successful in promoting regional trade and national development/growth. In particular, it encouraged trade by reducing Europe's need for scarce foreign exchange. Over the system's approximately eight years of operation (1951–59), 70 per cent of all bilateral trade imbalances were settled by automatic EPU adjustments. The economic gains achieved over this period were striking. In the Organisation for European Economic Cooperation area as a whole, the gross national product grew in real terms by 48 per cent and industrial output by 65 per cent during the EPU period. This corresponded to compound rates of growth of about five and seven per cent respectively. No precedent exists in the records of market economics for such intense growth over such a long period. The US did not reach this rate even between 1940 and 1949 when it mobilised a depressed economy for war and post-war reconstruction.

Studying the EPU experience offers a practical way to think about the subject and the promise of cooperative development. Third world countries face enormous obstacles to development, the majority of which are the consequences of their forced integration into the global capitalist system—one of the most important being the historically created import dependence. Third World attempts to boost economic activity normally trigger, at least in the short run, a sharp rise in the demand for imports. This means that most of these countries are forced, almost from the beginning of their developmental efforts, to give priority to a competitive export sector, which involves channelling resources into satisfying foreign rather than domestic needs. Soon the complications multiply—one of the fastest ways to establish a competitive export sector is to attract export oriented TNCs/MNCs. Unfortunately, as developing countries face similar development challenges, they end up competing amongst themselves, offering even greater environmental, labour and tax concessions. This makes it

difficult to use their gains from trade to promote a domestically responsive and self-reinforcing process of social and technological development. Aware of the destructive consequences of global market dynamics some governments have tried to delink their economies from the world capitalist system—this however has its penalties and pay-offs.

In 1987, more than \$100 billion of Asia's hard currency reserves were transferred in a matter of months into private financial hands. In the wake of currency devaluations, real earnings and employment plummeted virtually overnight. The result was mass poverty in countries that had been experiencing real economic and social progress. The manipulation of market forces by big banks, hedge funds, investment banks like Barclays, Goldman Sachs, Soros, speculative instruments like derivative forward markets, forward foreign exchange transactions and currency options were a form of economic and financial warfare. Did the IMF help? No, it was a part of the attack. As Mahathir Mohammed, then Prime Minister of Malaysia said:

“The IMF is using the financial crisis to enable giant MNCs to take over Third World economies ... open up your economy ... but opening will cause all our banks, companies and industries to belong to foreigners”.

Mahathir imposed capital and exchange controls, a policy aimed at shifting focus from catering to foreign capital to encouraging national development. Joseph Stiglitz the chief economist to the World Bank at the time admitted that the organisation had been “humbled” by Malaysia's performance.

## CONCLUSION

**T**here is no theoretical limit to sectoral cooperation and exchange of experience amongst the countries and peoples of Asia. Over the years, there has been a chemicalisation of agriculture, cutting down of forests, degradation

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of soil, depletion of water tables and soil erosion by “quick fix” myopic practices leading to “living soils” becoming “dead soils”. However, little effort is required to join hands in recreating “living soils” that improve the lives of a majority of people in the countryside. This does not involve “hi-tech” imports of machines, but simple direct exchange of experiences and innovations at the basic level. Water must not be privatised, if it is, it breeds conflict within and between societies. The same principle applies to non-renewable resources, which as per India’s constitution are to be used for the common good and that is non-negotiable. There is therefore a need for an alternative development strategy to enjoy economies of scale and obtain scarce resources and technology. ALBA has recognised this requirement and although it has been pursuing a vision and ideology of twenty-first century socialism, capitalist countries could further capitalist interests in ALBA.

Significantly, many Third World/Asian countries are already enmeshed in a form of economic integration, some by choice and others by compulsion. This is a neoliberal integration designed to promote greater capital flow/mobility, deregulation, liberalisation and privatisation. Achievements are best measured by exports, inflows of foreign investments and corporate infallibility, extreme inequalities/disparities and not social gains. ALBA’s stated goal is to power a regional development process with the aim not to create an identical system in each country, which would be impossible even if desired, but rather to sustain a collective effort to ensure that critical goods and services are sustainably produced and shared within the community. For example in the case of healthcare, structured trade could promote the regional distribution of Cuban pharmaceuticals. Similarly, ALBA nations could increase their capital contribution to the ALBA bank and direct it to fund the sustainable production of basic food items in member-countries, build transportation networks to distribute them in state marketing outlets in each country and to sell them at affordable prices.

Economic development is a multifaceted and difficult process, yet much may be learnt from both the EPU experience and the ALBA Project and there is good reason to be optimistic about the future. As John Bellamy Foster and Robert Waterman McChesney (*The Endless Crisis: How Monopoly Finance Capital produces Stagnation and Upheaval from the USA to China*, New York: Monthly Review Press, 2012) have stated:

“The world is being subjected to a process of monopolistic capital accumulation

so extreme and destructive (distorted) that not only has it produced ‘great inequality’ and conditions of stagnation and financial instability, but also the entire planet is being put in peril in order to sustain this very system. Hence, the future of humanity—if there is one to be at all—now lies with the 99 per cent. If the system itself were at fault, then self evidently—indeed by definition—a solution would ultimately require the development of a new political–economic–social system”.

Western style democracy is neither necessary nor sufficient for development—what is important is for a strong state to have the power to regulate growth, resource exploitation and consumerism. Otherwise, Asia faces endless ecological disasters, political conflicts and territorial disputes—the alternative is disciplined living with simplicity in a Gandhian framework. ❧

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Acknowledgement: Martin Hart, the Landsberg Professor of Economics and Director of Political Economy at Lewis and Clark College, Portland, Oregon for his expertise on the ALBA Project

Adapted from a paper presented at the international conference *Gandhi, Disarmament and Development*, Indore, Madhya Pradesh, India, 4–6 October 2013