
Research Planning Meeting on the Changing International Economic Environment, particularly in Asia and the Pacific and its Implications for India and Southeast Asia New Delhi, 1–2 May 1991

SUMMARY RECORD OF DISCUSSIONS

Is India ready to recognise global realities, the changing international environment, the re-alignments of countries in Europe and within the Asia Pacific region, or is an “intellectual ideological stance” in favour of standing apart going to prevail? This question, posed out of “enlightened self interest” was the underlying theme of the discussions held on May 1 & 2 at the IDRC (SARO) office. The countries of East and South East Asia have all followed Japan in developing highly integrated systems with research, business and government acting together, united by the ideology of growth and by institutional structures that are conducive to mobility. The latest entrants to this group are the Soviet Union, China and Vietnam. India remains outside, an isolation that is due to a combination of domestic policy, geography and geo-politics. Opportunities exist but it is up to India to respond to them; the bottom line is whether India will or will not join the group of Asian countries and develop trade and investment linkages (motivated more by mutual economic benefit than by vague notions of “South-South” solidarity).

These questions were discussed at the meeting which included representatives from the South East Asian and Indian business and academic communities. The meeting was a follow up to an earlier one held in July 1990. The dialogue was marked by the high degree of mutuality of interests: while the South East Asians forcefully expressed their views in favour of opening up the country, the Indians were in no doubt that these issues are important and needed more urgent attention.

The experience of S.E. Asia suggests that both “push” and “pull” factors are responsible for investment linkages. Relocation of industry has been “pushed” by increasing property prices, labour costs and exchange rate realignments, and inter-country cooperation in development along the Mekong River Basin has taken place without explicit government arrangements. New industries and growth centres have also emerged out of dissatisfaction with old systems (as in Indonesia), whether these are called “socialism” or “government control”. These developments have been facilitated by the easy transferability of production technology and by a well developed telecommunications network. New regulations and laws to facilitate such change and competitiveness have followed the emergence of growth centres. The result is that there is a “growth corridor” all the way from Japan to Singapore but as one participant put it, “it stops at the Straits of Malacca”.

India’s response to global movements has not been self consciously inward looking or isolationist but somewhere along the line, the search for self reliance has been interpreted as self-sufficiency and the

resulting controls have given the distinct impression of isolation. At the same time, election manifestos of the major political parties for the 1991 general election all display greater readiness to “free” the economy. The one contentious issue that still remains concerns direct foreign investment and the role of multinationals. Economic policies have been reinforced by social, political and educational attitudes. The absence of an “outward looking” orientation is evident in the paucity of S.E. Asian scholars in India. This sharply contrasts with the large numbers of Japanese scholars, for example, who are experts on India.

While the economic basis of international relations has been possibly underestimated, the lesson of the Gulf war is that global politics is equally important; the influence of U.S. policy will be apparent in the outcome of UNCED 92. India is attempting to influence the agenda and the outcomes. These efforts are laudable but what are the realistic prospects that they will be effective? The West has made environment into a political issue and will use its considerable clout to influence UNCED 92. The countries of S.E. Asia are prepared to react and adjust, and thus benefit. It was noted that the Indian business community in S.E. Asia is significant in size, and as entrepreneurial as any other; e.g. 20% of Hong Kong’s exports are handled by Indians. If the behaviour of Indians in India is different, it can only be attributed to the investment environment.

Against this diagnosis of a rapidly changing international environment, demanding efficiency and competitiveness for survival, India’s present actions and reactions were found to be ambiguous.

The meeting succeeded in transcending these generalities, and identified possible areas of collaborative research. The objective in drawing up a possible research agenda was clearly not research for its own sake. Rather, the group called for active involvement of businessmen, and even the government, in research efforts so that chances of influencing investment policies could be improved.

It was generally agreed that analysis of the role of the government needed to be a central element in this research: governments in NICs have not been passive actors. An active interventionism is implied by the NIC philosophy. Research directed at understanding the nature and extent of such intervention with a comparison of country experiences could provide the backdrop for an analysis of Indian trade, industrial and fiscal policies in the context of economic growth objectives. At the same time more specific aspects of trade and investment linkages and their likely benefits were stressed in the research agenda.

In-depth sectoral studies identifying such linkages would have a more direct impact if the research process helped in dissolving some of the barriers that presently exist between “research” and “business”. Thus, the “university-industry” interface, which is generally weak in India, needs to be strengthened, as in the Centre for Technology Development, Bangalore (CTD) programmes which link research institutes with user industries. Identification of specific industries or areas that would have maximum benefit from trade links with enterprises in S.E. Asia could also lead to some directional changes in policy.

An area of research that can be tackled separately, but can also be seen as another facet of industry studies, is Human Resource Development. The systems and incentives for HRD in S.E. Asia need to be assessed for their use or value in India.

Other possible areas for collaborative research included regional cooperation issues (as distinct from trade and investment linkages), the Asian perspective on environmental questions, and the role of voluntary activism.

Such a research agenda will need a further narrowing of focus, limiting the study of industry and/or area. Given the large areas of common interest, this meeting suggested that a collaborative research effort designed at examining the Indian policy environment in the light of changing international economic and political alliances would receive support from the research communities both in India and in S.E. Asia. Modalities for dissemination and operationalization of research results were also discussed. It was strongly recommended that grants in this regard should include a travel budget to enable Indian researchers to visit South East Asian countries and get some first hand acquaintance of their development processes. Younger researchers (preferably post-doctoral, under 35) are likely to gain more from such exposure.

Seminars to discuss and disseminate research results would serve the purpose of raising levels of awareness about changing international trends and the consequent economic imperatives. To be more effective these should preferably be convened in smaller towns and regional universities. While the metropolitan areas do have some exposure to the changing international environment, it was pointed out that much of India is still living in the 50s, and there is little awareness of recent developments especially in the Asia-Pacific.

Publication of research results is necessary but the general consensus was that larger expectations from this study through its possible influence on trade and financial policies, and Indian "orientations", are not misplaced, and the impact should not be underestimated.

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