

Chapter 18: The Promises and Realities of Decolonization: 18-3c Economic Reforms and Restraints in Nonaligned Nations  
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## 18-3c Economic Reforms and Restraints in Nonaligned Nations

After World War II, governments of newly independent states often took on a strong role in guiding economic life to promote development. Egypt's Gamal Abdel Nasser successfully manipulated the two superpowers of the Cold War for the benefit of his nation's economic development (see [Chapter 17](#)). In India, Nehru's daughter Indira Gandhi became prime minister in 1966 two years after her father's passing and faced the challenge of reviving the nation from its deepest economic crisis since independence. A war with Pakistan had left the treasury strained and droughts had induced famines. In addition, diplomatic tensions with the West—particularly the United States—over demands that India liberalize its economy as a condition for loans from the International Bank for Reconstruction and Development (the Vietnam War added to those tensions) made Gandhi suspicious of foreign aid. Instead, Gandhi embraced the promises of the Green Revolution (see the Environment & Technology feature in [Chapter 17](#)) and pursued policies of nationalization, economic planning, and social reform, such as equal pay for women. High inflation and other economic difficulties continued to plague India's economy as Gandhi moved the nation effectively into socialism and toward rule by decree during an extended state of “emergency.”

### Prime Minister Jawaharlal Nehru visits with Col. Gamal Abdel Nasser, Premier of Egypt

India's Jawaharlal Nehru (in white hat) was a central figure in the nonaligned movement, also known as the “Third Force.” In 1966 Nehru traveled to meet Nasser in Cairo to try to recruit the Egyptian leader to the nonaligned movement.





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To India's south, Sirimavo Bandaranaike pursued similar objectives in Sri Lanka, the former British colony of Ceylon. Born into an aristocratic family, Bandaranaike became the world's first female prime minister and epitomized the approach of nonaligned countries with her nationalization of banking, education, industry, and parts of Sri Lanka's trade. Her adoption of Sinhala as Sri Lanka's official language (instead of English) further alienated the dispossessed and stateless native Tamils. Lack of economic development and continued dependence on food imports fueled opposition against Bandaranaike, who was ousted in 1977. A protracted civil war followed. Bandaranaike returned to political life in 1986 and her third term as prime minister in 1996.

Economic nationalism also existed elsewhere along the Indian Ocean Basin. In Tanzania, Julius Kambarage Nyerere combined the nationalization of major economic sectors along with authoritarian abuse of power during his terms as prime minister and president from 1962 to 1985. Son of a high Bantu tribal chief, Nyerere pursued a controversial "villagization" policy, concentrating rural populations in settlements for the sake of improved industrial output. Economic disruptions resulted instead.

#### Section Review

- Lázaro Cárdenas fulfilled some of the promises of the Mexican Revolution and nationalized the oil industry.
- After World War I, Argentina and Brazil prospered but were still dependent on the United States and Europe for advanced technology.
- Brazil and Argentina suffered greatly from the depression; in the 1930s dictatorships modernized the two nations but left the majority in poverty.
- Nonaligned nations in South Asia and the Indian Ocean Basin pursued economic nationalism, often with authoritarian rule.
- Despite the often hostile and violent separations of colonial subjects from their imperial rulers, postcolonial economic ties most often remained closest to the foreign nation boosted from power.

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