

Quarterly Review

Highlights

Energy & Environment

- 74** Energy has to be the Driver
- 42** Saving the Sundarbans

BRICS & Bilaterals

- 68** BRICS bail out Europe
- 12** Bangladesh: Looking to the future

Democracy & Nation-Building

- 54** America 10 years after 9/11
- 8** Democracy In, Monarchy Out

Evolution Not Revolution

As the anti-corruption movement led by Anna Hazare gathered momentum over the past few months, many have asked: how Gandhian is this movement?



भारतीय वैश्विक संबंध परिषद्



Gateway House
Indian Council on Global Relations

Quarterly Review
July - September 2011

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Nehal Sanghavi
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Letter from the Chief Operating Officer

Welcome to Gateway House Indian Council on Global Relations. We are a foreign policy think tank in Mumbai, established to engage India's leaders, corporations and individuals alike, in debate and scholarship on India's foreign policy and India's role in global affairs. We are membership-based, independent, non partisan and a not-for-profit.

Operating out of Mumbai, Gateway House has a prime vantage point on an array of affairs from globalization, terrorism, energy, technology nation building and the new geo-economics. The access to the nations leaders from cross spectrum from corporate, financial, media and the arts and technology, is the defining factor of our relevance and credibility. Mumbai, within its very core has always been a gateway to the world, a city that shaped and continues to shape India as we know it, its people constantly pushing the boundaries, with a drive that only exists within the soul of Mumbai.

It is while the nation is at this position of advantage that its foreign policy becomes of utmost importance. The new international order will take form regardless, but what place India will have in it will be decided by its interactions in the international arena here-on. This is where Gateway House hopes to make a difference, by being an independent think tank that is both India-based and India-focused. Through our scholarship and debates, we want to encourage the introduction, discussion and circulation of India's foreign policy choices and decisions.

Over the last two years, our events have covered a variety of topics and hosted a fine selection of speakers and guests. For instance, we recently organized a discussion with Deven Sharma, former president of Standard and Poor's, and our senior geo-economics fellow, K.N. Vaidyanathan, former executive director of SEBI. We also co-organized an event with CII that hosted Mrs. Kamla Persad-Bissessar, Prime Minister of the Republic Trinidad & Tobago last month. Our scholarship is similarly current and relevant, not just to India but internationally as well.



Our small yet vibrant Latin America department recently published a paper on the Indian and Brazilian cooperative investment in Africa, and its prospects for the future. Another investment, closer home, was made in the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline, and Gateway House studied its progress and how it will change energy consumption in the subcontinent.

A new era in India's purpose as a nation is in front of us, with the importance and the decisions and means to shape global culture, economy and events. We simply want to be a part of that.

Nehal Sanghavi
Chief Operating Officer

What's INSIDE

**Thailand:
Democracy in,
Monarchy out**



Neelam Deo

8

**Christine Lagarde:
Lawyer in the
hot seat**



Bob Dowling

10

**India - US:
Converging
interests, at last**



Neelam Deo &
Akshay Mathur

14

**Communist
Party of China:
90 is the new 60**



Shastri Ramachandran

16

**The Indian
Diaspora:
a Diplomatic tool**



Manjeet Kriplani

18

**A cautionary
tale on Kashmir**



Seema Sirohi

20

**The Bangladesh Bi-lateral:
Looking to the future**

**Conflict zones:
Intentions versus outcome**

**Pakistan:
Hope for an ailing democracy**

**Gandhi Dynasty:
Politics as Usual**

India: Unlovable at 64

**The Big US downgrade:
Folly or foresighted?**

**U.S and India:
'C' for political management**

**Anna Hazare's Movement:
a case study in management**

**India- Bangladesh:
Saving the Sundarbans**

Steve Jobs: Americas Greatest Innovator

**Chinas aircraft carrier
changes the balance**

**The clock is ticking for
the Assad regime**

**India Bangladesh:
Like US-Canada? Someday, maybe.**

**9/11: India still
waiting for Peace**

America: Ten years after 9/11

Arab East to Wahabbi Winter

**9/11 America:
Dignity, Democracy and Fear**

**Mafia Nation: State Capture
by Criminal Syndicates**

BRICS bail out Europe: A far cry

Obama loses high ground on Middle East

**India Bangladesh:
Energy has to be the driver**

**FDI brings economic growth- its risks bring
hiccups, not heart attacks**

Foreword

Gateway House launched its website in August 2010 and began showcasing short pieces on a range of foreign policy subjects. As an institution, our mission is to stimulate discussion and debate, defining foreign policy in its broadest sense, to include geo-economics, geo-politis, energy and environmental issues, maritime affairs, science, technology and innovation and other relevant focus areas.

Being in Mumbai makes us uniquely sensitive to the important role that Corporate India, including the financial sector; plays in branding India on a global platform. The youthful cultural spread of Bollywood, especially to the non-resident Indian is as much of interest to us as Mumbai's maritime character and international linkages.

This compilation contains articles from our website published from July to September 2011.
A full listing of the articles can be found at www.gatewayhouse.in.

We hope that you enjoy reading and will continue to support our work.

**China's Red
revival**



Jayadeva Ranade

26

**Why Britain is
not a 'broken'
society**



Rodrigo Davies

30

**Women
ambassadors shine
for India**



Seema Sirohi

32

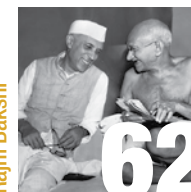
**Steve Jobs:
America's greatest
innovator**



Bob Dowling

44

**India's Democracy:
Evolution, not
Revolution**



Rajni Bakshi

62

**Reasserting India's
independence**



Seema Sirohi

42

Thailand:

Democracy in, monarchy out

by Neelam Deo
Director, Gateway House

7 August 2011



The only surprise in the recent elections in Thailand was the margin of victory of the surrogate force representing ousted Prime Minister Thaksin Shinawatra in a palace coup five years ago. The political party Pua Thai headed by his young sister Yingluck Shinawatra –an unknown political amateur– won 265 seats, as compared to the 159 of the Democrat Party led by incumbent Prime Minister Abhisit Vejjajiva. Considering that Thaksin had said she was his clone and Vejjajiva had cautioned that a vote for Yingluck was a vote for Thaksin, this is transparently the victory of the ousted Thaksin who has lived in exile in Dubai for the past five years, apprehending arrest on criminal charges if he had tried to enter Thailand.

So polarized are Thai politics that for the last several years Thaksin's Red-Shirt supporters have had intense and public confrontations with the Yellow Shirts, who are promoted by the Thai political establishment which supports the aged and ailing King Bhumibol Adulyadej. This sometimes violent confrontation has frequently brought

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Recognizing the delicacy of the situation, Thaksin has himself said he would only return at an appropriate moment.

the capital of Bangkok to a standstill, closed the main airport for weeks in 2008 and resulted in approximately 100 deaths by police firings in 2010 alone. Incoming investment to Thailand has plummeted, as has tourism revenue.

The hotly debated question is whether and how soon Thaksin can return to claim his political mandate. To his credit, former PM Vejjajiva recognized Yingluck Shinawatra's victory and stepped aside gracefully; the Army Chief has made clear that no coups will be attempted.

Our unsolicited advice to Miss Shinawatra is not to hasten the return of her brother, as it could generate a backlash from the still-popular monarch and his disappointed supporters. If she plays her cards right, despite being a political novice and a clear front for her brother, she could commence a process of reconciliation and economic resurgence that Thailand so badly needs. Recognizing the delicacy of the situation, Thaksin has himself said he would only return at an appropriate moment.

While Thailand's first woman Prime Minister is being exhorted to adopt conciliatory postures to enhance the survival possibilities of her government, the political fissures reflected in the rich-poor, urban-rural divides of Thailand are deeply etched. Years of democratic and populist rhetoric have empowered a previously docile rural population even as new communication technologies have shortened the political distance to Bangkok, for

decades the preserve of the political elite. Moreover the families of the dead and imprisoned Red Shirts will demand justice which will certainly alienate the establishment Yellow Shirts further.

The King is ailing, Crown Prince Maha Vajiralongkorn has always been unpopular and the Thai constitution has not been amended to enable the well-loved Princess Mahachakri to succeed to the throne.

Looking into the future therefore, it would seem that the huge democratic vote that the Shinawatras received could be the beginning of the end for the Thai monarchy.

The very fact that rural Thailand –which constitutes the support base of the Shinawatras – was steadfast in its support to them for the last five years, implies that the old loyalty to the monarch has been supplanted by more modern and democratic aspirations.

This includes intangibles like freedom of expression – still curbed by Thailand's draconian lèse-majesté laws, used freely to scotch any challenge to the established dispensation. The increasingly anachronistic monarchy may be on its way out, but Thaksin-style politics won't be a panacea either. What is commonly referred to as the populism that characterized the Thaksin years, – like free medical care and targeted cash transfers to the rural areas – constituted an attempt to divert some of the resources consumed in Bangkok to his rural poor supporters.

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Since the end of military rule in 1979, the Thai economy has grown at an average rate of over 7% annually to raise the per capita income to \$4,716.

This trend could take Thailand towards fiscal mismanagement, because in this election, goodies have been promised, Tamil Nadu-style, like televisions and cycles, by both parties.

Since the end of military rule in 1979, the Thai economy has grown at an average rate of over 7% annually to raise the per capita income to \$4,716. Although the economy suffered grievously during the Asian financial crisis when the Thai Baht collapsed, there had been a strong recovery. That momentum was unfortunately lost in the last five years by the political machinations emanating from the palace establishment which included the ouster of two other elected prime ministers believed to be supportive of Thaksin.

Nevertheless, this election shows that the national pie, incomes and assets will have to be divided differently if political peace is to prevail ■

Christine Lagarde: Lawyer in the hot seat

by Bob Dowling
Editorial Adviser, Caixin Media Group

13 August 2011



Christine Lagarde, the new managing director of the International Monetary Fund (IMF), was a rising star at the U.S. law firm Baker and McKenzie before she became a French government official just six years ago. Lagarde spent 24 years with the Chicago-based firm, which calls itself the second largest in the world by number of lawyers. It's heavily international in Asia as well as Europe. Lagarde's specialty, anti-trust and labor law, are not disciplines usually sought in IMF leaders.

But her work provided years of experience handling complex negotiations. She made partner in six years, managed the Western Europe part of the firm from Paris, and was fully acquainted with the politics of European nations. She leapt into ministerial posts in France in 2005, winding up in 2007 in the top job of Minister for Economic Affairs.

Lagarde's bid to succeed the disgraced and ousted Dominique Strauss Kahn as IMF chief was led by France to keep the IMF post in the hands of the developed nations versus rising stars from China, India and Mexico. In winning the seat, Lagarde becomes one of the few without an economics background and the IMF's first woman leader.

That negotiating history may be important as the IMF stared down the widening EU debt crisis--a crisis second only to the 2008 subprime disaster as a global threat.

Cajoling leaders around the world, not just Europeans, to go along with a big bailout is going to be her job. Bringing along the majority of developing countries, and giants, like China and India, will require a skilled sell. It's no longer just about Greece.

Greece commanded headlines for the last six months, with tear gas, rioting citizens and corrosive charges of official corruption at all levels. But if it were just about Greece, only 5% of the European Union economy would have been hit. It would have been a smelly mess without real danger. It's now clear that Portugal, Spain and Italy are roped in, and that the contagion could spread. Why? Because like the sub-prime crisis, no one is sure of who owes what to whom. The shadowy off-book world of international banking that brought down U.S. and European banks in 2008 hasn't reformed a bit yet, despite new regulations to bring the off-book markets into the open. Credit default swaps, which pay off to holders when bonds default, remain in a murky backwater. No one wants to trigger them.

So without creating more panic, Lagarde's job will be to convince global politicians that contagion from a Greek default now could open the floodgates to a liquidity crisis across Europe and the world. Greece, Spain and Italy have counter party credit with large French, German and UK banks. They may have third party obligations with Asian and Latin banks not yet revealed. In the worst case, these unknown black holes are the fodder for a liquidity crisis.

To quell the panic and line-up broad bailout support, Lagarde has been reaching out for IMF support. On her second day in the job, she gave a big nod to developing nations, saying they should have a larger role in IMF decisions. "The world is going to continue to change. We have these tectonic plates that are moving at the moment, and that needs to be reflected in the composition of governance and employment at the

Fund," she said at her first press conference.

The question is, how quickly? Lagarde made a world-win campaign tour to win the job, with high profile stops in China and India. China's leaders backed her early. India held off, and Mexico ran its own candidate for the post.

So when Lagarde says the IMF has to do its part to help Europe, implying that's necessary to save the world financial system, it wouldn't be surprising if a developing nation leader asks why the institution has to help bail out the screwed-up rich nation banks again. One answer is that the IMF isn't a democracy. The rich nations, led by the U.S. have the highest voting share based on their quota for financial contributions. Rising emerging market nations like China, India and Brazil, want to pay higher quotas in exchange for more power.

Lagarde, lawyer and deal-maker, will have to convince them their time will soon come. She can also remind them of IMF bailouts for Asia in 1997 and Latin America in the 1980's that put those now-powerful regions back on their feet. It's the same game plan today - but in Europe.

The betting is that Europe and the U.S. will keep Greece going with handout loans - called "kicking the can down the street" until a real bank bailout plan is constructed that would take bad loans off the Greek bank books. The model touted today is America's Troubled Assets Relief Program - TARP - that bailed out U.S. banks but angered voters for letting the bankers walk with bonuses and large payouts. Lagarde could not likely sell a TARP bailout to IMF members now,

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In winning the seat, Lagarde becomes one of the few without an economics background and the IMF's first woman leader.

thus the slow-motion Greek drama, in time, is manageable. But the real shadow over her office will be trying to raise funding for anything as large as Italy. The IMF has laid aside \$750 billion to lend in emergencies - about what the TARP plan used in the U.S. But if Greece, Ireland, Portugal and Spain line-up for help, they would exhaust what Europe and the IMF have well before heavyweight Italy, a core economy, came calling.

Then the U.S. and Asian nations would either have to approve a large second round of credits of up to \$1 trillion, or risk calamity with a refusal.

To be sure, Italy's ratio of debt to its economic size - around 5% - seems manageable. But Lagarde and European leaders will need to snuff out bond default fears soon, before Europeans head out on August holidays leaving thin markets and "believe anything" junior traders in charge.

Like the subprime crash, the escalating fear of "who can you trust" is driving the euro debt selloff. Lagarde has the U.S. experience for some guidance. She even shares a personal trait with then-embattled U.S. Treasury Secretary Hank Paulson. She doesn't touch alcohol. Clairvoyance and a clear head will be helpful ■

The Bangladesh bilateral: Looking to the future

by Neelam Deo
Director, Gateway House

15 August 2011

An astonishing level of misunderstanding has been a constant affliction of Indo-Bangladesh relations. The two countries have spent most of the past 40 years since the emergence of Bangladesh as independent countries talking past each other even when they meant well. Therefore it should be no surprise that in this fortieth anniversary of Bangladesh's independence, it should be our mild-mannered Prime Minister Manmohan Singh who has offended the Bangladeshis by remarks made precisely as he sought to commend the Sheikh Hasina government for its cooperation in apprehending “anti-Indian insurgent groups who were operating from Bangladesh for a long time and hence, India has been generous and has offered a credit of one billion dollars.”

In the preliminary remarks made at a confidential briefing to senior editors last month, which were available briefly on the Prime Minister Singh's website before being taken down in embarrassment, the Prime Minister is reported to also have said that “we must reckon that 25% of the population of Bangladesh swears by the Jamaat-ul-Islami (JUL) and they are very anti-Indian, and they are in the clutches, many times, of the Inter-Services Intelligence (ISI); so a political landscape in Bangladesh can change at any time. We do not know what these terrorist elements, which have a hold on the JUL elements in Bangladesh, can be up to”

As a prelude to a series of visits to our eastern neighbour by Indian dignitaries, from Sonia Gandhi – who is to travel to Dhaka later this month

to participate in an international conference – to the just- concluded one by the External Affairs Minister, to the Home Minister, the water Resources Minister and the PM himself in September, the timing of the gaffe could not have been worse.

Unsurprisingly the JUL reacted first slamming the remarks as “baseless” but seeming even more put out by the suggestion that they were not only close to, but controlled by, Pakistan's ISI. They alleged that the Indian PM had been misled by his Intelligence Agencies.

Indian commentators have reacted critically, pointing out that Prime Minister Singh was just “repeating tired old tropes” and that the JUL has never won more than the 8.61% of the vote it captured in 1966 to usher in the first and short lived Bangladesh National Party (BNP) government of Khaleda Zia. But it is worth remembering that all political parties, including the ruling Awami League, have at one time or another wooed the JUL prior to elections.

One has only to look at the liberal democracies of Western Europe to confirm that political influence can far outpace voting percentages. Not only have small extreme parties in France, Denmark, Netherlands and Sweden driven the agenda of the centrist parties rightward by their own racist, anti immigrant ideologies, they have also forced the governments to adopt harsher policies towards immigration by virtue of being critical to the formation of coalition governments.

So consider: about a third of the voters are secular Awami Leaguers,

the third which back the BNP see themselves as nationalistic and prone to being anti-Indian, about 10% who are supporters of the JUL are proudly antagonistic to India. The remaining 20% who are opportunistic could be neutral or antagonistic depending on the prevailing political mood. That could add up to more than the hard-core 25% referred to by Prime Minister Singh. The opportunistic 20% are also the swing vote which determines which party will lead the government as seen in the BNP sweep of 2001 and the Awami League's overwhelming victory of 2008.

The complexion of a government matters almost more than people's inclinations. In the second Khaleda Zia government - which lasted from 2001 to 2006 in which the JUL was a powerful coalition partner - the political rhetoric was anti-Indian and there was no positive movement on the ground in bilateral matters. This bears out Prime Minister Singh's remark that “the political landscape in Bangladesh can change at any time.”

That the ISI has worked against our interests from neighbouring Bangladesh and Nepal and possibly Sri Lanka is well known. It is also not news that they have had the assistance of the JUL, which had fought and committed horrendous atrocities alongside Pakistani troops to prevent the very emergence of Bangladesh, and would again be a willing partner of the ISI. In fact the terrorist attack on the US Consulate in Kolkata in 2002 and the shooting that killed a professor at the Indian Institutes of Science in Bangalore in 2005 were traced to terrorists trained and infiltrated from Bangladesh.

There is no question that this time, Sheikh Hasina has moved with courage and conviction to restore the secular character of the constitution and the ethos of Bangladeshi society and government. But it too stepped back from removing the word ‘Islamic,’ inserted by General Hussain Ershad in 1979, from the name of the country. However by trying and punishing those convicted of the murder of Sheikh Mujib-ur-rahman and his family, the country can close a painful chapter in its history. It must also move with equal resolve to take other measures to enable the essentially tolerant nature of Bengali society to flourish without the overbearing pressure of religious dogma manipulated for political purpose.

These moves bode well for our bilateral relationship. Fortunately the External Affairs Minister S. M. Krishna's visit (July 6-9) went off well at least partly because of the maturity shown by the Bangladesh government which took the position that the brouhaha was over and it preferred to look ahead. Not only did Krishna's counterpart honour him by receiving him at the airport, she also brushed off a pointed question about the Prime Minister's remarks saying “such things happen.” The ministers signed two important agreements, one pertaining to the Promotion and Protection of Investments. The significance of the second, ‘Standard Operating Procedures for the Movement of Bhutanese vehicles plying between India and Bangladesh,’ should not be lost as another step in opening up the long-dormant, critical issue of transit among the four countries - India, Bangladesh, Bhutan and Nepal.

Notwithstanding Bangladeshi graciousness, here is something to ponder: Are we being a trifle too hasty in dismissing the Prime Minister's remarks, to put it mildly, as “unfortunate” and “undiplomatic?” Although context may not be everything, it is important. In his off-the-record briefing to senior editors where the Prime Minister commended

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This fraught issue is being dealt with more imaginatively by our neighbour in a regional framework of transit to benefit Nepal and Bhutan and not just bilaterally for India and Bangladesh.

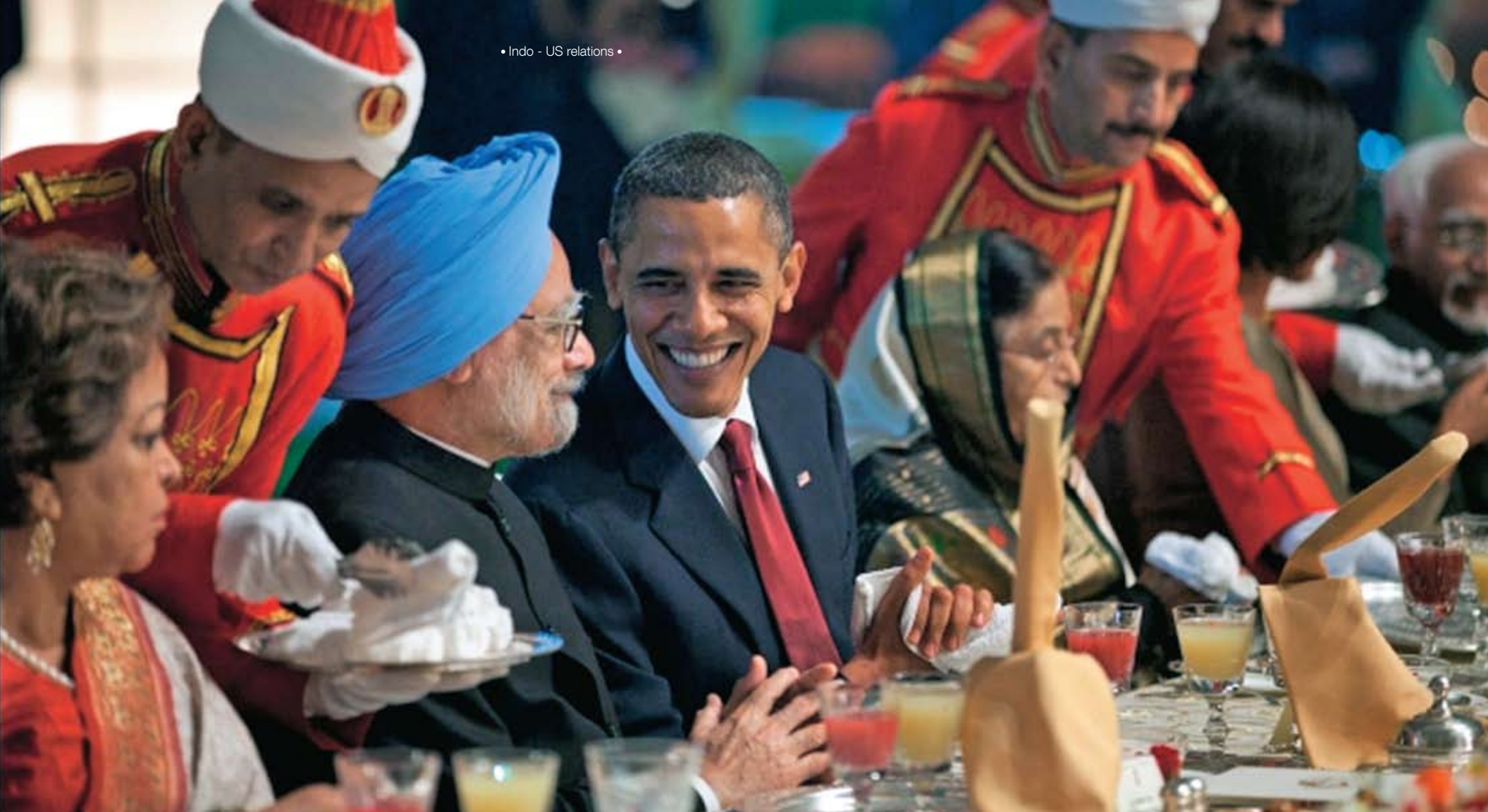
the government of Bangladesh for its anti-insurgent assistance – despite continuing anti-Indian sentiments amongst a significant population of Bangladeshis – he may have been setting the stage for India to reciprocate generously to several bold, far sighted initiatives taken by Sheikh Hasina, including the handing over of hardcore ULFA terrorists and opening up discussions on transit.

This fraught issue is being dealt with more imaginatively by our neighbour in a regional framework of transit to benefit Nepal and Bhutan and not just

bilaterally for India and Bangladesh. India is responding in talks on the sharing of water from common rivers, demarcation of the remaining 6.5 kilometers of boundary between the two countries, including the transfer of enclaves and adverse possessions in each other's territories. Trade in which India should provide maximum access to Bangladeshi exports and the status of projects under the billion dollar credit line announced last year, will also figure in the upcoming summit meeting of September 2011. These are welcome steps from India where feelings towards Bangladesh are generally favourable but we have not, in the past, been generous on issues of trade or prompt in delivering promised aid.

Could it be that despite India's blunders with Bangladesh, our eastern neighbor now has a more sophisticated understanding of its self interest? In a well-researched article in the Daily Star as far back as May 6, 2005 entitled “The India Question,” the then young journalist Zafar Sobhan had pointed out that a large part of the his country's population was persuaded by its obscurantist leadership to express anti-Indian sentiments for years, so that no government dared to act in the interest of Bangladesh, if it also happened to benefit India.

Now, however, that may be changing to the advantage of both ■



India-US: Converging interests, at last

by Neelam Deo and Akshay Mathur

19 August 2011

The second Indo-U.S. strategic dialogue is taking place in New Delhi during a sorrowful national moment and in fragile regional circumstances. The latest terrorist attack on Mumbai, by groups with probable links to the Taliban, coincides with the pull-out of the American forces from Afghanistan. The recent assassinations of two Afghan Governors by the Taliban are serious blows to U.S. hopes of negotiating a gradual exit from

Afghanistan. Simultaneously, U.S.-Pakistan relations hit another low last week with the U.S. withholding \$800 million in aid to the Pakistan army. As the U.S. exits the region to suit its political timetable, India's interests will be precariously exposed.

Yet India is the only country in the Asian matrix where the U.S.' bilateral friendship is progressing, albeit gradually. Both U.S. President Barack Obama and Secretary of State Hillary

Clinton condemned the July 13 Mumbai blasts and reaffirmed support in punishing the perpetrators. However India, especially Mumbai, remain skeptical. Despite its assertions, the U.S. has, in the past, turned a blind eye to the activities of Pakistani-supported terrorist groups in India. Nonetheless, Clinton's delegation is heavy with security experts, such as James Clapper, Director of the National Intelligence Agency, and Jane Lute, Deputy Secretary in the Department of

Homeland Security. India must use the strategic dialogue as an opportunity to focus on regional security issues, ranging from the Afghan-Pakistan region to the Indian Ocean.

For there is much to be gained from India. Even as China continues its meteoric rise, the remapping of relations between the other major Asian countries, including Japan and South Korea, is underway. One example is the upgrading of the trilateral dialogue between India, the U.S. and Japan – all three democracies. The U.S., Australia and India have also raised their profiles in regional organizations like the Asia-Pacific Economic Cooperation, Association of Southeast Asian Nations (ASEAN) and the ASEAN Regional Forum. Part of the motivation would be to balance Chinese ascendancy – a rise that is looking less “harmonious” than China wants the world to believe.

The entry of the Chinese navy into the Indian Ocean shows that the region is

increasingly becoming a play pool for aspiring maritime powers. China has a legitimate interest in protecting its energy and trade flows with the Gulf and Africa. But combating Somali piracy should not become the thin edge of the wedge in overturning India's primacy of geostrategic and commercial interests. The U.S. and Indian navies could make their collaboration on security and surveillance – a showpiece of strategic cooperation.

Another area of Indo-U.S. cooperation is the deepening of people-to-people ties. The creation of the post of an Advisor on the Diaspora for India, by the U.S. State Department, reflects the seriousness with which Washington wants to bring the Indians resident in the U.S. into the ambit of the strategic dialogue.

In particular, there are two domains in which that Diaspora can make game-changing contributions: one is education; the second is science and technology. The Information and Communications Technology (ICT) industry has already proved a critical catalyst for the bilateral relationship; a partnership in education that encourages the exchange of teachers, scholars and other academic experts could be a valuable backward integration strategy, for the supporting schools that feed the ICT industries in both countries. If followed up with regulatory and legislative changes, the U.S.-India Higher Education Summit, planned for later this year in Washington, could redefine the future of India.

Partnering on scientific and technological initiatives is a space for which the returning diaspora is most suited. The Science and Technology Endowment Fund, with annual financing of \$2.5 million shared between the two countries, can energize the entrepreneurial skills and scientific acumen of the diaspora. It can recharge India's shambolic science education and take Indian manufacturing to a more sophisticated level.

Admittedly, a deepening relationship will also expose disagreement and misalignment of priorities – that is already evident. For instance, progress on nuclear energy cooperation remains stalled by the refusal of U.S. companies to accept the Indian law on insurance liability. The recent amendment by the Nuclear Suppliers Group (NSG) to its guidelines restricts the sale of Enrichment and Reprocessing (ENR) technologies to countries, like India, that have not signed the Non Proliferation Treaty. This overturns the clean waiver the group had extended to India in 2008.

Tibet could re-emerge as an issue. The virulence of the Chinese reaction to President Obama's meeting with the Dalai Lama this weekend reveals the Middle Kingdom's continuing paranoia over Tibet. Together with unrest in Xinjiang and Inner Mongolia – which account for almost two-fifths of Chinese territory – China's periphery may well be its “soft underbelly.” While the weekend reaction may only be a war of words between the U.S. and China, it is India that has a contiguous border with Tibet (China). Thus, New Delhi should be alert to the evolving situation without being sucked into the U.S. positioning against China.

Though the Indo-U.S. relationship has developed unevenly in the past, this time both New Delhi and Washington are downplaying the irritants. The exclusion of Boeing and Lockheed Martin by India, in the shortlist of potential suppliers of the multi-role fighter jets, is not being allowed to overshadow the \$8 billion worth of defense purchases already picked up by U.S. companies.

This is proof that optimism about the Indo-U.S. relationship is greater than the divergence on tactical matters. Both governments recognize that the diaspora can play an integral role to promote an inter-dependent, complimentary, balanced and strategic exchange. Whether the official representatives can relay that passion and seize the opportunity, only time will tell ■



Communist Party of China: 90 is the new 60

by Shastri Ramachandaran
Journalist and Author

21 August 2011

China is like the proverbial Indian elephant as 'seen' by five blind men. What you don't see is what you get.

When you don't acknowledge China's stupendous achievements, what you find is a country that has little to show, and still far to go. When you don't see the political foundations of economic policies that freed the vast majority of dirt poor and backward Chinese from awesome feudal inequalities, it is taken to be the success of capitalist impulses alone. Naturally then, you don't see 90 as a venerable age of renewal, but as a stage of decline, if not decay. In China, unlike in 'modern'

India, age commands respect for its experience and knowledge, from which it derives authority and power.

Thus, it is party time in China. At 90, the Communist Party of China (CPC) is in fine fettle with more reasons to celebrate than regret. The CPC is secretive about its membership, estimated to be 80 million. Every year, over 20 million, mostly students, apply to join the party; less than 3 million make the cut.

The party is a big draw, and has come a long way since July 1, 1921 when 13 men, including Mao Zedong, founded the underground unit of 50. It is the 20th century's most successful communist party with a "capital" outcome: the world's second largest economy with \$ 3 trillion in foreign exchange reserves and turbo-charged growth over two decades unrivalled by 'superior' economies. Once scorned by the world, today's China is courted for its economic clout and rapid recovery from the global meltdown which has left advanced capitalist countries in a funk.

Paradoxically, the 90th 'communist' anniversary is also the 10th 'capitalist' anniversary of China joining the World Trade Organisation. Perhaps, no other country celebrates a capitalist and communist landmark at the same time. Similarly, China's emergence in such a short span as a stable and prosperous world power, capable of feeding its 1.3 billion, is without precedent in history.

Like the blind men and the elephant, aversion to Mao and his politico-military achievements make many idolise Deng Xiaoping for China's economic miracle. Such ideological

blindness fails to see politics as the driving force of economic development. It was only on the political foundations laid by Mao that Deng could unleash the processes of reform. And, the reform followed China's opening up to the US under Great Helmsman Mao (not chess master Deng), who took the then unthinkable leap of paving the way for dramatic policy changes.

This churning in the CPC delivered a long-term positive outcome. However, there were twists and

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tendencies.**

turns of a different kind, such as land reforms, the colossal failure to cope with famine, the Great Leap Forward, the Cultural Revolution and 'governmentalising' of the party's nationalist and revolutionary credentials. Over the decades, the CPC has had more than its share of factional wars and self-destructive tendencies. Having overcome these, celebrated the 60th anniversary of the People's Republic in 2009 and arrived in its 10th decade, the CPC is a different creature.

Today, the CPC has become a techno-

corporate bureaucracy, bereft of ideological flavour. The last thing this revolutionary party wants is another revolution. It is a party of the middle class, the professional classes and the salariat. The party is no longer the custodian of the interests of the poor, the marginalised, the rural masses and the millions of migrant labour.

At 90, the CPC represents a lesser percentage of people than it did 30 or 60 years ago. It is more a vehicle of the aspirations of educated and better-off urbanites. Membership is sought after, not to serve the public cause, but to advance career and business interests.

Such a condition can recoil on the party in unforeseen ways. There have been hundreds of thousands of "incidents" – minor riots, social upheavals, demonstrations and protests – across China in recent years. Last year alone there were 180,000 incidents, exposing the seething discontent of the underclass, of those uprooted or passed over by development. They represent the dark underside of China's growth: income disparity, joblessness, displaced populations, corruption, criminality, environmental degradation, ghettos of extreme poverty, social sickness, and restive minorities in the Tibet and Xinjiang regions.

These black holes can erupt any time unless the CPC hastens with political reform towards an inclusive socio-economic order where the benefits of growth extend to incrementally larger sections. The party can ignore this only at its peril, especially as the CPC readies for a change of guard in 2012 and 2013 when President Hu Jintao and Prime Minister Wen Jiabao would step down ■

The Indian Diaspora: A diplomatic tool

by Manjeet Kripalani
Executive Director, Gateway House

21 August 2011



Robert O. Blake, U.S. Assistant Secretary of State for South and Central Asian Affairs, was in India for the second India-U.S. Strategic Dialogue. In addition to the usual policy and diplomatic tools he uses for his portfolio, Blake has

created another: an engagement with the South Asian diaspora.

After the meeting in Delhi, Blake flew to Mumbai to be part of a panel discussion by Gateway House on “The Indian Diaspora: Converging

Destinies.” He joined Alwyn Didar Singh, Secretary for the Ministry of Overseas Indian Affairs, diaspora expert Devesh Kapur of the University of Pennsylvania and recent NRI returnee Adil Zainulbhai, chief of McKinsey & Co. in India, in a lively discussion on the diaspora’s promises and problems.

Blake’s initiative was perfectly timed: India is witnessing the largest return migration of the diaspora in its history. The majority of these are professionals from the developed countries of U.S., U.K. and Canada, stimulated by the combination of the economic crisis of the West and the incredible economic dynamism of India. With their talents they bring their host country’s internalized hopes for engagement with India.

Blake sees the enormous contribution of this diaspora in stimulating innovation, generating jobs and contributing to the broader community through its strong value system, at home. He hopes to use this cohort cohesively to influence Indian policies in ways that align with U.S. objectives. The focus on private sector participation is one such way to promote this objective. How much it benefits India will depend on how creatively India can respond, without losing the independence and integrity of its own economic and political ethos.

Here are excerpts from Secretary Blake’s conversation with Gateway House’s Executive Director Manjeet Kripalani:

Q: You thought up the role of an Advisor for the Diaspora. What was the thinking behind that?

I have two positions in my portfolio that are discretionary. I thought I’d

use one for the diaspora, and the other for education.

There are 2.7 million to 3 million Indian Americans in the United States. They all want to do more to help India, but are at a loss as to how they can contribute.

There are few reputable routes or NGOs they can trust. It’s an opportunity for us to set up a tax-deductible mechanism with a menu of trustworthy operations that can be set up in India. So an alliance and a mechanism will be in place such that if you want to support say, education in Karnataka, we’d do the due diligence and work out a system to channel your support.

That is where the Advisor comes in. It is important to use aid money well and in this we will partner with the private sector. Especially now that there are so many opportunities in India, not just through corporate social responsibility but also with business. There is an interest in partnering in areas like education and water.

We also deal with the Tamil diaspora. It is important for them to be part of the solution in Sri Lanka. The greatest need now is for investment in northern Sri Lanka. The LTTE and the years of neglect have created tremendous needs in infrastructure, capacity-building, etc. The diaspora can play a very important role.

Q: What is your official definition of ‘diaspora?’ You just had an event in Washington on diasporas, which communities were represented?

The Indian definition of the diaspora is a good one: Persons of Indian Origin going back to the fourth generation. Now advances in communication

and easy travel have made it easy for people to go back and forth from their host country to their country of origin.

Even without government intervention, there is a lot of engagement between India and the US, people travelling back and forth. It’s dramatic: 670,000 Indians travelling to and from the US.

So I also want to talk to Indians who spend a lot of time in the US but did not become resident there. Indians who came in the 1980s stayed, but then the Manmohan Singh reforms generated serious growth, and opportunities opened up for young people in India. Indians still come to the US on an H1B visa, but now most go back to India and set up ventures there. Like the young man from Bihar who returned home to set up a venture to burn energy from rice-husks. He was US-educated, and got some US financing for his venture.

The Washington DC event primarily had the diaspora from India, Sri Lanka and Bangladeshis – those that come under our bureau.

Q: Was the role of the Indian diaspora discussed during the strategic dialogue, as planned? What will be the outcome?

The diaspora was not discussed as such, but people-to-people initiatives were talked about.

Q: If Science and Technology and Education are to be successful bilateral initiatives, we need to come up with creative mechanisms for the free movement of people between our countries, for the convergence of our destinies. An FTA in services will facilitate this. We at Gateway House are working on a proposal

that recommends an FTA in services as a game-changer for our international engagement, and starting with the US would be ideal. How would you respond to such a proposal?

It is an interesting idea.

We have tried to pursue a more comprehensive approach to trade. We have three FTAs pending – with Korea, Panama and Colombia. Will have to make some decisions – do them piecemeal or make them comprehensive.

Starting August, we will have bilateral investment treaty talks.

Q: Institutes like ours have a role to play in such people-to-people exchanges. Can your 22nd dialogue (the US and India have 21 on-going dialogues) be the one that brings think tanks into the official space?

Think tanks play a very important role in policy-making. We certainly use our think tanks a lot. In fact as soon as I am back in the US, I’m meeting the think tanks to talk about the strategic dialogue. We engage with three groups outside of government: the diaspora, the think tanks and the media ■

A cautionary tale on Kashmir

by Seema Sirohi
Journalist and Analyst

22 July 2011

Washington – The wings of Pakistan’s notorious Inter-Services Intelligence (ISI) are slowly being clipped by the US Justice Department, painstakingly and case by case.

The arrest of Kashmiri propagandist Ghulam Nabi Fai, for acting as the front man for Pakistan’s spy agency and executor of its subversive agenda, is the latest strike from Washington against the ISI and its masters in Rawalpindi in their ongoing cold war.

But this time, the net has been cast wider and deeper. Apart from naming Fai’s handlers, the FBI has openly stated that ISI’s Security Directorate headed by Major Gen. Mumtaz Ahmad Bajwa “oversees Kashmiri militant groups” and for whom Fai was tasked to prepare a briefing in Washington 2009.

If ISI bigwig Bajwa controls militants who cause mayhem in Jammu and Kashmir and the ISI is a state arm, the case for Pakistan being a “state sponsor of terrorism” grows stronger.

L’Affaire Fai builds on the recent Chicago trial of Tahawwur Rana where the ISI was implicated in the 2008 Mumbai attacks. In addition, a case filed by the families of American victims of Mumbai is underway in New York, in which the ISI chief has been named.

The legal noose around the ISI is tightening slowly but surely, at least within the United States. These are blunt signals and Pakistan could find itself in the company of Iran, Cuba, Sudan and Syria on the dreaded list. Of course, it would be a political decision by the US government but the thinking generals in Rawalpindi might as well put their caps on to prepare for a less cozy future.

Pakistan is a haven as safe can be for proscribed terrorist groups, including those on the UN and US lists. It funds them, as David Headley revealed in the Chicago court, and has been a facilitator of training and weapons. It has provided “critical support” to use the US definition. The Fai case is a big step in proving ISI’s pernicious activities.

For India, the nailing of Fai’s dubious operation only proves the obvious - that most of what is propagated abroad by the Kashmiri diaspora is in reality the agenda of Pakistan’s military-intelligence complex. Kashmir is but a cynical tool for the ISI to embarrass India in major western capitals.

The US move against Fai’s Kashmiri American Council (KAC) should prompt Brussels and London to investigate and shut down the two other big ISI-run outfits in their midst. They are called Kashmir Centers and are just as obvious in their modus operandi. They work to skew the reality on Kashmir and have no interest in a real resolution of the dispute.

Interestingly, Fai was arrested from his suburban home in Virginia as Secretary of State Hillary Clinton was meeting top Indian officials in New Delhi. The timing was exquisite, the FBI case excruciatingly detailed, and the humiliation of the ISI complete.

The ISI is repeatedly named in the FBI affidavit with e-mails and phone

numbers of Fai’s handlers listed should anyone want to check. The FBI says Pakistan’s intelligence services secretly funneled \$4 million over the past 20 years through KAC to lobby Congress and the White House to skew US policy on Kashmir against the Indian position and manipulate the debate. The FBI tracked 4,000 e-mails and phone intercepts to determine the money trail, the straw donors, the codes and the identity of his masters in Pakistan. Those named include Brig. Javed Aziz Khan, Brig. Sohail Mehmood, Lt. Col. Tauqeer Butt and a man code named “Abdullah.”

According to a confidential witness quoted by the FBI, 80% of the material Fai distributed as a “concerned advocate” of the Kashmiri cause was generated by the ISI in Pakistan and channeled to Washington. If Fai came up with the remainder 20 percent, it was also pre-approved.

Fai made donations to some well-known India baiters such as Republican Congressman Dan Burton, who was a constant headache for Indian diplomats in the 1990s for standing behind all stripes of separatists from Kashmiris to Khalistanis and displaying gigantic, gruesome photos of alleged atrocities by Indian security forces in Kashmir and Punjab during stage-managed Congressional hearings. His efforts were so far-reaching, that even former U.S. President Bill Clinton is said to have written a letter to Fai tut-tutting about Kashmir that started with “Dear Ghulam.”

Fai’s ability to spring funds seemingly from nowhere for well-attended Kashmir conferences, was a dead giveaway to those of us condemned to “cover” them as journalists. Since respected speakers from India often came, there was an air of seriousness in the room but the large presence of Pakistan Embassy staff was always obvious. I often thought how brazen, how easy and how convenient it all was – a room on Capitol Hill or a good hotel (prestige), a line-up of entertaining Pakistani speakers (Maleeha Lodhi or Mushahid Hussain)

helpfully provided by the ISI, and a sprinkling of Indian liberals eager to prove their human rights credentials on Kashmir with nary a thought about sharing the podium with generals and bitter enemies of India. And some planted questions from the audience.

The one bright spot was good, oily Pakistani food, provided by some eager suburban Pakistani American looking for a favour back home. The smell often attracted random Congressional staffers who would stroll in, pretend to listen, nod a few times, grab a lunch box and leave.

Having watched Fai “grow” from a small, one-telephone operation in the late 1980s to a full-fledged office employing a secretary or two, I can say he seemed more an efficient office manager than a passionate advocate. He also reminded me of a smarmy babu who knew that we

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The Fai shop was shut down for one reason – to further squeeze the ISI and the army.

knew that he was at least half-fake and half-baked. He never tried to push his line too hard on cynics like me, and only jokingly would remind me to attend another “event” on Kashmir as he escorted the Mirwaiz to meet a staffer in the White House.

But let us not fool ourselves into thinking that the US administration discovered suddenly that Fai was subverting the political system, trying to influence American policy. He has been brazenly visible and walking the corridors doling out money to US Congressmen for two decades. Let us also not fool ourselves that

his arrest was somehow a pro-India move made to correct the imbalance he may have created over the years by flooding Congressional offices with ISI-prepared position papers.

The Fai shop was shut down for one reason – to further squeeze the ISI and the army. The Obama Administration is running out of patience with Pakistan, and its refusal to see that terrorists are bad news for every country, including Pakistan. The Americans probably also had a wish to pay back in kind for Raymond Davis, the Central Intelligence Agency (CIA) operative arrested in Pakistan for shooting down two people but later released.

The Fai arrest is but a bomb lobbed in the cold war currently on between the allies. A recap of recent hiccups might help explain the tit-for-tat. Last year, US troops in Afghanistan mistakenly killed some Pakistani soldiers. Pakistan shut down the NATO supply routes, burnt some trucks and generally sent a message. Then the Pakistanis made the name of the CIA station chief public, forcing his abrupt departure. Then came the Davis affair and the CIA had to pay “blood money” to extract him from a Pakistani jail and the rage on the streets. The next CIA station chief was outed and relations kept worsening.

On May Day the US sent stealth helicopters and killed Osama bin Laden, who was found living a comfortable life in an army town near Islamabad. The humiliation of the Pakistani military-intelligence establishment was complete. The Americans did not tell the Pakistanis about the impending raid.

Left with little to do, the growling Pakistani generals retaliated by throwing out US military advisers. So the Americans suspended \$800 million in aid and accused the ISI of being involved in the torture and murder of Pakistani journalist Saleem Shehzad.

As the Pakistanis were thinking of their next big move, Fai was arrested. For India, it is collateral gain ■

Conflict zones: Intentions versus outcome

by Samyukta Lakshman

29 July 2011

On July 23, local council elections were held in the erstwhile Liberation Tigers of Tamil Eelam (LTTE) strongholds in northern and eastern Sri Lanka. The Tamil National Alliance (TNA), a coalition with suspected links to the LTTE, swept the elections with huge margins; thus, bringing the Sinhalese government of President, Mahindra Rajapaksa, back to the negotiating table.

In the book *International Organisations and Civilian Protection*, Sreeram Chaulia, Vice Dean of the Jindal School of International Affairs, draws from his extensive experience as a humanitarian aid worker. He speaks to Gateway House's Samyukta Lakshman about the efforts of international aid organisations in conflicts in Sri Lanka and the Philippines and how organisations like the TNA were determined to upset any initiatives:

1. In the book, you have mentioned that the South Asian Association for Regional Cooperation (SAARC) gave the Sri Lankan government more leverage and bargaining powers, over U.N. agencies and their western donors in the civil war. How does regionalism aid and abet autocratic regimes?

A. Regionalism is a cover behind which authoritarians have frequently hidden from international pressure. Take the example of Robert Mugabe in Zimbabwe. It is the so-called 'African solidarity' from neighbouring states like South Africa that has enabled him to keep on ruling and

crush pro-democracy movements in Zimbabwe. The same applies to the Rajapaksa 'ethnocracy' in Sri Lanka. It cleverly rallied SAARC states during the final stages of the war and kept being patted on the back by all these powers, including India, for fighting terrorism. In the process, major war crimes were committed. In this book, I have questioned this pseudo solidarity based on principles like 'good neighbourliness' and sought to uncover the ugly underbelly of such state-to-state connivance at the expense of societies living under oppression.

2. The TNA and the Tamil Rehabilitation Organisation (TRO) are alleged to have undermined the international organizations (IO) and international non-government organizations (INGO) working in Sri Lanka. In such a situation, shouldn't the Sri Lankan government have collaborated with these outfits instead of branding them as pro-LTTE?

A. Wars generate political circumstances in which diehard enemies often find themselves on the same side of the fence on certain issues. An unexpected convergence of interests occurred when the Ranasinghe Premadasa regime in Colombo joined hands with the LTTE to drive out the Indian Peacekeeping Forces (IPKF) in the late 1980s. TNA and TRO did undermine the independence of intergovernmental and INGOs during the Eelam wars, but their motive was to further the interests of the LTTE. The Sri Lankan

state's motive was to avert them from probing and acting on human rights abuses committed by government security forces.

My book shows through several examples how IOs and INGOs became over-cautious and ultra-conservative on civilian protection because of such pressure. In most cases, the humanitarians ended up paying lip service to international human rights and quietly went about doing material relief work. I have critiqued this 'developmentalist' agenda in IOs and INGOs and also shown how some of them managed to remain proactive on civilian protection in spite of the dual pressure from the government and the LTTE.

3. What are some of the problems that IOs and INGOs face in the Philippines? How is this different from Sri Lanka?

A. One of my book's chapters compares the external pressures and inducements to either highlight or downplay civilian protection in the Philippines vis-à-vis Sri Lanka. These two wars are basically similar but the actors and their modus operandi are quite different. I show, for instance, how local government units at the provincial level had a lot more might in Mindanao, southern Philippines, than in the North and East of Sri Lanka.

Also, the guerrillas in Mindanao were less totalitarian than the LTTE in Sri Lanka. These structural differences of the armed parties eventually impacted the behaviour of IOs and INGOs in

both countries. What is fascinating is that in both these varied conflicts, the UN Development Programme (UNDP) had a similarly dismal record towards civilian protection. Organisations like UNDP are simply incorrigible, and I have explained why this is so.

4. How robust is the global financing system in meeting the demands for assistance in lesser known disasters? Are the sponsors of IOs and INGOs mainly capitalist nations?

A. The global financial system has failed to enhance civil and political rights of victims of war. This is the central argument of my book. I show how Wall Street and its affiliates among local capitalists, in war-hit countries, act as extractors of precious minerals and preventers of peaceful resolution of conflicts.

As to the 'development' agenda, it is a roaring business in the name of charity, and international financial institutions like the World Bank are at the forefront of pumping money for 'livelihood assistance', 'poverty alleviation' etc. My book shows that the main need of civilians in war is physical protection from violence, something that the aid agencies and their donors have grossly neglected.

This neglect is not due to lack of awareness about the atrocities being committed by state and non-state actors. But more due to structural positioning of interests wherein global finance marries repressive states and local capitalists to deny civil liberties

and freedoms in war zones. IOs and INGOs get most of their humanitarian and development programmes funded by capitalist nations. I have labeled the capitalist world-system as the ultimate 'conditioner' for the behaviour of aid agencies. While unearthing the nitty-gritty of decision

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I have labeled the capitalist world-system as the ultimate 'conditioner' for the behaviour of aid agencies.

making inside IOs and INGOs, I have directed readers to the deeper, less evident interconnections between humanitarianism and financial capitalism and the havoc this has unleashed in war zones.

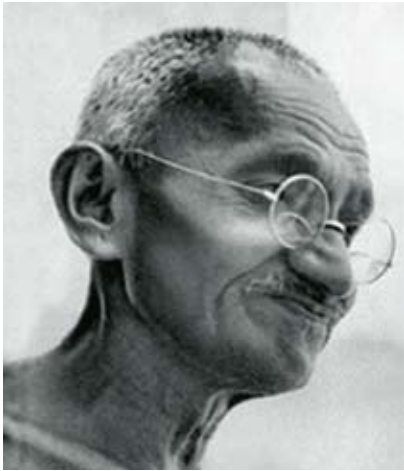
5. What is the role of emerging nations like India, Brazil and China in humanitarian assistance?

A. My book shows that less advanced capitalist states that are growing fast do not yet have the liberal discourse

or the sophisticated channels through which humanitarian assistance can be disbursed overseas.

Japan's rise from the 1960s was paralleled by the construction of an aid industry which went out and captured the 'development' segment across the Global South. It is possible that Brazil, India and China will take this path, but the lack of an independent capitalist class in China will mean that aid will remain confined to the state-to-state (overseas development assistance or ODA) method and not diversify into funding IOs and INGOs. India and Brazil are not as fortunate as China to possess trillions of dollars of foreign exchange reserves, and the amount of foreign aid they can disburse is therefore quite limited.

I have frequently argued that India must export its manpower and human capital in the form of a native version of the U.S. 'Peace Corps' for soft power. India often dishes out financial aid for developmental causes that is not welcome (e.g. Bangladesh) and comes with interest rates higher than in private capital markets. The conditionalities of generating business for Indian corporations in the aid recipient country are also not liked. We need our young people to go and work in the remotest corners of Africa and Latin America, imparting basic knowledge and skills ■



Pakistan: Hope for an ailing democracy

by Samyukta Lakshman

29 July 2011

A day after Mumbai was struck by multiple bomb blasts on July 13, Philip Oldenburg, Professor of Political Science at Columbia University and South Asia Scholar, stopped by the Gateway House office to discuss his new book “India, Pakistan, and Democracy: Solving the Puzzle of Divergent Paths”, and explains how Muhammad Ali Jinnah’s blunder in imposing Urdu as the national language had far reaching consequences.

Professor Oldenburg speaks to Samyukta Lakshman of Gateway House:

What did the terrorists hope to achieve with the recent Mumbai blasts? Do you think the Jihadi elements from Pakistan were responsible for these attacks?

It is not clear why these attacks occurred and what exactly the terrorists hoped to achieve. No group came forward to claim responsibility. It seems to be a violent reaction to a domestic event. This attack was not sufficiently large to provoke an India-Pakistan war. The Indians cannot blame Pakistan for this incident even though they do not curb terrorism, continue to shelter Dawood Ibrahim, and complaints of the November 2008 attacks remain unaddressed. This attack seems to be the activity of groups in India expressing themselves.

Your book emphasizes Jinnah’s decision to make Urdu Pakistan’s national language as a critical

factor for the way democracy functioned in the country. Subsequent Pakistani leaders tried to enforce Urdu and Islam. Is there still a connection between Urdu, Islam and the constitutional order of Pakistan?

I don’t think there’s a connection between the constitutional orders after the breakup of Pakistan in 1971. The language policies prioritized Urdu as a medium of instruction in schools, and Urdu became a genuine language of communication. Urdu, as the national language, facilitated the preeminence of the Muhajir or refugee community in government in the post independence period. Urdu symbolized not just the mistake that an entire Urdu speaking Muslim nation represents, but more critically the fact that the Urdu speakers who arrived in Pakistan saw themselves as the creators of Pakistan and the occupiers of powerful positions within the bureaucracy and the military. Urdu no longer has that kind of role.

Islam is a different story. We don’t quite know what Jinnah’s choice was. Liberal and secular minded Pakistanis believe that Jinnah’s sentiments were expressed in the August 11th speech that Hindus and Muslims were “free to go to your mosques, your temples”. It had nothing to do with the business of the state; it was their business. It was a ringing endorsement, but six months later Jinnah said Pakistan was going to be an Islamic state.

There is an argument about what he felt and what he meant. Was Islam

a superficial idea for him personally? Every effort to make Islam the binding factor ran into divisions within Islam. Islam has been a double-edged sword, and it is not clear whether Islam binds Pakistan in a way Jinnah thought.

How do you view the current democratic experiment in Pakistan? Which direction do you think it is headed in?

The lack of institutionalisation of the political parties and the paucity of ideas on what to do on basic economic and security issues is worrying. There is not much strength in the political system. On the other side of the equation is the strength of the military. Pakistan is not a democracy yet, because the military continues to control security issues, foreign policy and has a significant role in the economy and society.

I haven’t seen signs that the military is letting go. They did stay out of the 2008 election; hopefully, they will stay out of the 2013 elections. They have now recognised that the Jihadi threat is significant and they need to get themselves out of politics to combat this threat effectively and, at some point, get civilians in the defence ministry.

Those with economic muscle have been able to maintain the status quo, and the indicator of this is the inability to have taxation systems. The paradox is that Pakistan has been able to survive economically without taxation and investment

because it is well endowed with agricultural land, gas supplies and other things. Now may be Pakistan has reached a point with water issues and incredible imbalance with low economic growth-high population-increasing poverty. This is not going to happen with infusions from abroad, with drug money or black economy. If the economy changes, it will put the government on a better financial standing.

The middle class is a part of the elite which can get things done without a democracy; they only need connections and trading in favours. If an economic transformation occurs and broadens the size of the middle class, that is an incentive for establishing new democratic action teams.

I am optimistic that democracy (in Pakistan) will develop. There are certain things that can strengthen the political system vis-à-vis the military and bureaucracy. This includes having another good election after a full term of the current parliament with, perhaps, an alternation of government and an easy handing over of power as the first democratic step towards solidifying –not consolidating.

The Nawaz Sharif Pakistan Muslim League and the Pakistan People’s Party recognize, I think, that they need each other desperately. Otherwise (Pakistan) will slip right back into explicit military rule. It seems to me that civil society organisations will expand. The lawyers’ movement that was wrong (to honour the killer of Salman Taseer) may revive, thus pressurising politicians to stick to their guns.

U.S. military aid to Pakistan has created an imbalance in civilian-military power. Is the denial of the US \$800 million military aid a move to correct the imbalance, or just enhance domestic U.S. consumption?

When the U.S. gives aid it strengthens the military. When it withdraws aid, it strengthens the military too as the military says the U.S. stabbed us in

the back. As far as aid is concerned the U.S. can do no right with Pakistan. They can’t give military aid to the military; they can’t earmark it for civilians because the military won’t accept the provisions that aid cannot be given or siphoned off to other areas. We are damned if we do and damned if we don’t.

China doesn’t step in. They are very friendly [with Pakistan], but do not have the kind of resources that the U.S. has. The Chinese are true friends, but in critical moments the Pakistanis have gone to China seeking help and the Chinese have made nice noises and done nothing. They are not accused of stabbing [the Pakistanis] in the back.

The military doesn’t need those resources. This is peanuts; \$800 million is a small part of the budget.

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Islam has been a double-edged sword, and it is not clear whether Islam binds Pakistan in a way Jinnah thought.

You just returned from Srinagar. How do Kashmiris feel about their future?

We spent three days talking to students and teachers from classes 9 to 12 at the Delhi Public School in Srinagar. That’s the elite of the elite –English speaking, upper middle class. It is a very biased group. It is clear that none of them were looking towards a future with Pakistan; they were clearly talking about Azaadi (liberation).

I did an exercise with some student groups over two days, about lets think through Azaadi. What does it mean

in concrete terms? The Pakistanis discovered that choosing a national language was not simple, and their wrong choice broke Pakistan apart.

So what should be the national language of an Azaad Kashmir? They said that we will adopt the Indian idea – of having a state language, but having equal legitimacy for regional languages. Religion? Pakistan also had a terrible time about what religion to follow and how Islam was going to work. Will it be an Islamic state or a secular state? And the answer was secular. If it had been an Urdu medium school, that answer might have been different.

Whatever the outcome, it should happen by civil means not military means.

Are there areas where Pakistan and India can realistically engage? Can they make SAARC an effective organisation?

I am not optimistic about SAARC being more than an organisation of convenience with limited benefits. India is too big and there is no other way that India is going to act.

If Pakistan is prepared now to turn its face back to the subcontinent, trade restrictions might loosen. Indians might say that instead of getting our garments from China, let’s get garments from Pakistan. There is still some scope for people to people medical interaction.

It clearly depends on the drying up of the jihadi enterprise on the Pakistani side, and easing of Indian automatic responses – of what Shekhar Gupta (editor Indian Express) called the Indian Fossil Service— to anything that Pakistan does.

A Hindu article had an interesting idea – a former Pakistani ISI officer and a former Indian Research & Analysis Wing operative suggested intelligence collaboration between India and Pakistan. If India and Pakistan can collaborate on intelligence, then why not everything else? ■



China's Red revival

by Jayadeva Ranade
Distinguished Fellow, Centre for Air Power Studies

29 July 2011

Over the past eighteen months, a degree of political ferment has been discernible in the ideological straight-jacket that regulates present day China. While the more extreme views – widely criticized domestically as reflecting Western thinking – continue to remain on the ineffectual outer fringes of Chinese society, other trends that deviate from the current mainstream political thought are beginning to assume significance. Neither strikes a discordant note with the majority of Chinese who, having grown up in the People's Republic of China and know only Chinese Communist Party (CCP) rule, have a deep seated fear of laoduan, or chaos. For this overwhelming majority, as instilled by the Chinese Communist Party, the latter remains the guarantor of stability and, in the three recent decades, of economic prosperity.

Veneration of Mao Zedong never really dissipated in China and has, in fact, shown an upward surge in recent years. From only 210,000 visitors to Mao's birthplace in Shao Shan, Hunan, in 1980 soon after the end of the tumultuous Cultural Revolution decade, the number of visitors

had risen by millions by the 1990s. Instances began to be reported of the release of pop songs using Mao's lyrics like the 'Red Sun', which single sold over 6 million copies, and the erection of Mao Zedong's statues in towns across China. Photographs of Mao proliferated with taxi drivers and farmers hanging them in cabs and homes. A wave of 'Mao-era' nostalgia became noticeable.

Neo-Maoist sentiment found resonance with the generation of Chinese born between the 1950s and 1970s who generally retain favourable memories of the Cultural Revolution decade (1965-75). The majority were 'Red Guards' and many suffered no physical harm. Most, including those who saw their parents penalized, later joined the CCP to advance careers or ensure security in the years ahead. Many are now entering China's Party, government and military power elite. The influence of 'pro-Mao' sentiments was visible during the recent National People's Congress (NPC) session in March.

The contents of at least 27 identified 'neo-Maoist' websites suggest that this nostalgia has been fuelled by

diverse factors including rampant corruption, unchecked inflation, efforts by liberal economists to dismantle State owned Enterprises (SOEs), grabbing of arable lands of farmers by rural cadres, a widening gap between the rich and poor and, the perceived dilution of purist communist principles. In the run-up to the National People's Congress (NPC) session held in March this year, these websites stepped up criticism of liberal personages including a couple of 'princelings' (privileged children or close relatives Communist Party honchos) but were not shut down although 3 million other websites were closed in the same period on various other charges. The suggestion of support from the Party's Propaganda Department is strong.

Politburo Standing Committee (PBSC) member in charge of Propaganda Li Changchun, and Director of the CCP Central Committee's Propaganda Department, Liu Yunshan, retain a tight grip on the propaganda apparatus. They have not fought shy of subjecting even Premier Wen Jiabao and President Hu Jintao's public utterances, made while travelling abroad, to censorship. Liu

Yunshan is a candidate for elevation at the next Congress. Chen Kuiyuan, who is associated with the hardline 'Left' and is Vice Chairman of the Chinese People's Political Conference (CPPCC), attended an important Propaganda Department conference in January 2011. Li Changchun and Chen Kuiyuan joined the Party in 1965 and Liu Yunshan in 1971—all during the Cultural Revolution and the upward progression in their careers was uninterrupted throughout that decade.

Neo-Maoist sentiment, or 'Red Revival' as called by some, has elicited the tacit support of many 'princelings.' Some top cadres have tapped into this popular sentiment to shore personal credentials and possibly garner support of the Party's 'Cultural Revolution-era' cadres who number over 30 million. Bo Xilai, a 'Princeling' (son of the late Bo Yibo—a Long March survivor, veteran senior Party cadre and friend of Deng Xiaoping) aspiring for elevation in 2012 to the Politburo Standing Committee, has launched a 'Red revival' campaign in his centrally-administered municipality of Chongqing. In January 2010, Chongqing approved inclusion of a Red Guard cemetery in the list of protected historical monuments and introduced 'Red' activities. Some PBSC members, including Xi Jinping, widely viewed as President Hu Jintao's successor, have praised Bo Xilai's 'Red revival' efforts. China's Vice President and Military Commission Vice Chairman Xi Jinping, himself visited Mao's former home in Shaoshan, Hunan, twice in the past six months. During his visit this past March, he praised the 'spiritual legacy' of Mao Zedong. Others like PBSC member and Security Czar, Zhao Yongkang and PBSC member Li Changchun, both due to retire at the next Congress in October 2012, have visited Chongqing and expressed support for Bo Yibo's 'Red' movement. The Director of the powerful General Political Department (GPD) of the People's Liberation Army (PLA), Li Jinai, was another recent visitor.

Hinting at the strength of these 'neo-

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Many emerging leaders are 'princelings' and have personally suffered, or witnessed the tragic suffering of their families

Maoist' sentiments some reports claimed that all but three of the seven PBSC members attended the lavish 90th anniversary celebrations of the Communist Party's formation organized by Bo Yibo at Chongqing. Hu Jintao, Wen Jiabao and Li Keqiang stayed in Beijing along with the Director of the Party's all-powerful Organisation Department, Li Yuanchao.

The tenor of Hu Jintao's speech at the Party's 90th anniversary appears to reflect the popularity of these sentiments. They are an acknowledgement of the influence of the over 30 million members who joined the Party during the Cultural Revolution and Party entrants born between 1960-70, or the hong er dai. CCP Central Committee (CC) General Secretary Hu Jintao spent over 72 minutes reading out his 9,797-word carefully scripted speech where he recounted the successes achieved under the leadership of the Party, but also offered glimpses of potential future political tensions.

He dwelt, for instance, on the need for enhancing 'socialist values' and the 'socialist spirit' among Party cadres to bring them closer to the people. He warned that the challenges ahead are "more strenuous and pressing than at any point in the past." Unlike on past occasions, this time Hu Jintao invoked Mao's legacy. He referred more often to Mao Zedong and his contributions and to a lesser extent to Deng Xiaoping. Mao was mentioned five times while Deng merited only three mentions and Jiang Zemin and Hu Jintao's 'scientific development concept' mentioned even less. Hu Jintao pointedly referred to the 'Four Cardinal Principles', which though enunciated by Deng Xiaoping later became a buzzword of the 'Left'. Hu's speech paid unmistakable obeisance to Mao's legacy and Mao Zedong Thought

Equally important and also reflecting more purist Marxist-Leninist-Mao Zedong thought is the emergence of the political thinking encapsulated in the comments of General Liu Yuan, Political Commissar of the PLA's General Logistics Department. Tipped to soon enter the Central Military Commission, Liu Yuan was appointed full General in 2009 and is the son of former President Liu Shaoqi. At a conference in Beijing this May, attended by at least six other PLA Generals, he presented an essay, as part of a book, calling on China to rediscover its 'military culture' and asserted that 'the Party has been repeatedly betrayed by General Secretaries, both in and outside the country, recently and in the past.' The book advocated a 'New Left' to save China and the CCP. Liu Yuan is close to Vice President Xi Jinping, another 'princeling'.

How long these differing trends of thought would be tolerated by senior Party echelons is uncertain. Many emerging leaders are 'princelings' and have personally suffered, or witnessed the tragic suffering of their families, during the Cultural Revolution. Many remain unwavering in their loyalty to the Party, which they joined during the Cultural Revolution and see as vital for China's rise, while a few venerate Mao's legacy. They are most unlikely to allow neo-Maoist or other sentiments to become disruptive or derail reforms. Additionally, many of the Cultural Revolution entrants to the Party would be nearing retirement when their influence would diminish.

What does this potentially more purist ideology mean for India? For sure, India can expect a tougher, non-compromising stance by Beijing on issues perceived as affecting Chinese sovereignty and territorial issues – including those of the border. We are possibly entering a less flexible new era in Sino-Indian relations ■

Gandhi dynasty: Politics as usual

by *Neelam Deo and Manjeet Kripalani*
4 August 2011

As the Indian television channels fell over each other to cover in minute detail, the unseemly succession drama of the Chief Minister of Karnataka, and the Comptroller and Auditor General's naming of Delhi Chief Minister Sheila Dixit in the graft and corruption surrounding the India-hosted Commonwealth Games, by 2.30 pm this afternoon (August 4), foreign television agencies the BBC and Agence France-Presse reported that Sonia Gandhi, head of India's ruling Congress Party, has undergone surgery in the United States. The foreign news reports named Gandhi's spokesperson, Janardhan Dwivedi, as the source of the information. Dwivedi stated that Gandhi would be away, recuperating, for up to three weeks.

The news of Sonia Gandhi's undisclosed illness and secret departure has come as a shock to Indians, who of late, have been feeling distanced from their government and are reeling from disclosures of massive graft by politicians and a failure to control inflation. Democratic institutions like the media and the Parliament, which should have disclosed Gandhi's condition as a matter of public knowledge, have kept silent.

The Congress Party carries no notice of its leader's illness on its website, and it is significant that its spokesperson confirmed the news first to the foreign press. If it felt it could not trust the Indian media with responsible reportage, the Indian media as a collective, has given it good reason. It is, increasingly part of the cozy nexus of politicians and bureaucrats in Delhi, and is often partisan in its coverage, scoffing at the public's right to know important events. India's Parliament, whose monsoon session began August 1 and is debating, fiercely, the crippling price rises facing the citizen, has chosen to be quiescent in its ignorance of a vital development – one that could presage major changes in

the ruling party and the dispensation of the country. (Neither Sonia Gandhi nor her son Rahul Gandhi, have been seen in Parliament, assuming his presence by her side.)

From here on, it's a matter of speculation about the schedule for Rahul Gandhi to be anointed the next leader of the Congress Party and the government. While away, Sonia Gandhi has, in true family business style, left the Congress Party in the charge of her four trusted lieutenants – Defence Minister A. K. Anthony, spokesperson Janardhan Dwivedi, her political secretary Ahmed Patel, and her son Rahul Gandhi. The senior leadership, comprising Prime Minister Manmohan Singh or Finance minister Pranab Mukherjee, and even Rahul's mentor Digvijay Singh, have been left out of the inner circle of caretakers.

Will Rahul ascend the party seat immediately, or will A.K. Anthony, the only central minister in the caretaker's group, be the prince's regent? It is possible that within the party's innards, a dark horse could emerge, namely Robert Vadra, son-in-law of Sonia Gandhi recently revealed to be a property magnate with vast but undeclared financial capacities.

The transition for India could be a dangerous one, with its democratic institutions already corroded by political corruption and dynastic politics and its economy in rigor motis from lack of any serious economic reform for the last seven years of Congress rule. India youth, comprising more than half the country, are yearning for a better life, and equal opportunity. Instead, it is being fed on the gruel of political nepotism and graft. Rahul Gandhi, seen as a breath of fresh air for Indian politics, with his quest to democratize the Congress party and build its youth wing, has achieved neither. Clearly the party remains a closed family business, with India as the jewel in the crown, just as it was for the East India Company.

It would be fair to assume that Sonia Gandhi has known for a while that she has a condition requiring surgery more serious than can be handled in India – despite India now counting itself as a destination for medical tourism. Certainly, U.S. Secretary of State Hillary Clinton, who was in India July 20 for the US-India Strategic Dialogue, and who met Gandhi, must have been privy to the latter's forthcoming medical visit to the U.S.

Should Rahul be suddenly anointed as party president and perhaps Indian prime minister, expect support from the United States. Gandhi further cemented her family's legacy as the primary actor in regional politics by concluding another important foreign policy moment – On July 25, she went to Dhaka to accept an award given by Bangladesh posthumously to her mother-in-law India Gandhi for her contribution to Bangladesh's liberation in 1971.

Should Rahul become India's next Prime Minister, we can expect continuity in India's external relations – part of which is no change with regard to India's long and frustrating quest for an end to Pakistani support for terrorism against India.

Can Indians hope that the Congress Party, with its glorious independence history, will have the maturity to elect one from amongst itself, a professional in public service – or will we have a replay of 1984 when Rajiv Gandhi became prime minister after his mother's assassination? Is it possible that at this moment of crisis, the limp Indian opposition will cohere into a credible force, and act responsibly to keep this large democracy viable and a model for other emerging nations seeking the same path? Or will India take the Pakistan route, becoming an estate to be handed over from generation to generation? ■

India-China: Look east with caution

by *Madhura Joshi*
5 August 2011

The attacks in the Xinjiang region of China have put an unlikely strain on the China-Pakistan relationship, with China alleging that the extremists behind the attacks received training in Pakistan. In such a situation, India must review its own relations with China.

Ambassador Vinod C. Khanna, a specialist on China, and former Indian ambassador to Cuba, Indonesia and Bhutan speaks to Gateway House's Madhura Joshi on India's Look East Policy, the importance of the Shanghai Cooperation Organisation (SCO) and the steps both countries should adopt to broaden their association.

Can you comment on India's Look East policy? What steps has India taken and what steps can it take further to revitalize it?

It is clearly in India's interests to have a very close relationship with an area, with which it has had a long historical association with and which is today of great importance to its political and economic interests. Sufficient attention was, perhaps, not given to this region before. Therefore, interaction, whether in terms of bilateral relations with countries to the east of India or through participation in multilateral for a particularly in the multi-layered Association of South East Asian Nations (ASEAN) based structures, will be very beneficial. India today is there in whatever way we can, given our limited resources. This interaction will be good for the region as well as India.

Can our Look East policy be used to balance China's growing influence in the region?

Though I do not quite see India's Look East policy simply in competitive terms with China but the fact is that China is a much bigger economy than India, and the economic relations of the East Asian countries with China are much

larger and deeper than their relations with India. We have to accept that as a fact and work and operate on that basis. However, I don't regard this as a terrible short coming.

Do you see the Shanghai Cooperation Organisation (SCO) as playing a larger economic and strategic role in the region? Do you see it becoming the North Atlantic Treaty Organisation (NATO) of Asia?

I think that SCO is an important organization though I would not really compare it to NATO. NATO is a military alliance which was originally designed to be against Soviet Union. If SCO is meant to be against anybody in particular, then we are talking about a different kind of creature. Some see it as against U.S.-led West, if that was the case then why would India want to be a part of it? At the moment there is a different military organization, the Collective Security Treaty Organisation, involving Russia and some of the other former Soviet Union countries of which China and India are not members and that is a nearer equivalent of NATO. I think, SCO is already important and has the potential for becoming more important. Just the geographical area it covers, the resources of the area, the issues and problems here are so vast that a forum where the member countries can sit down and talk and cooperate is important. I hope that it never becomes a NATO style organization.

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India today is there in whatever way we can, given our limited resources

Do you see China's position on Kashmir and Arunachal Pradesh as being an impediment in the future for the relations both economic and political between India and China?

I think that these are very important issues, and they are obstacles to the optimal relationship between India and China. Having said that, both countries have the maturity to be able to still try and build a meaningful positive relationship. These issues cannot be ignored. I am afraid, the problem is pertinent. You cannot have a situation where China on one hand calls Arunachal Pradesh as Southern Tibet and on the other hand says one can put it aside and not worry about it; it is unreal. But having accepted the existence of a problem, we have to keep talking about it, and build walls of understanding to ensure that things don't blow out of proportion. We must continue to build other mutually beneficial relationships despite these problems.

What are the three steps should India take to strengthen its relations with China?

India has much to gain from building upon its relations with China and vice-versa. To strengthen the relationship, India must work on a strategic understanding with China; it cannot sleep on “security” issues.

The proper way of reacting to China's so-called string of pearls around India is to build such good relations with countries that China cannot use against India.

A synergy is required between India and China in multilateral for a where both countries are members. Indo-Chinese agreements on larger multilateral issues will have a stronger impact on their relations, and will have a beneficial effect on the region and the world as a whole ■

Why Britain is not a 'broken' society

by Rodrigo Davies

15 August 2011

It's not often that one could imagine British politicians looking to Iran for advice on civil liberties and how to deal with angry mobs. This week, however, Iran's foreign ministry was quick to offer suggestions about how David Cameron should deal with the thousands of rioters who looted and destroyed high streets across London, Manchester and other large British cities. The UK government should "exercise restraint and behave in a controlled way," counseled Ramin Mehmanparast, President Mahmoud Ahmedinejad's foreign ministry spokesman. He went on to recommend that the authorities investigate the killing of Mark Duggan – the man whose death sparked the first unrest on Saturday – in order to "protect the civil rights and civil liberties."

A curious moment of *schadenfreude*, perhaps, but the fact that Iran finds itself in a position to suggest the UK repair its civil society is a stunning demonstration of how damaged British society appears. One of the most surprising aspects of the rioting is the speed at which damage was inflicted: in the space of four days the violence, robbery and mass arson has resulted in more than £100 million (Rs. 735 crores) in damage, 1,500 arrests and the deaths of five people.

Equally surprising, however, was the lack of urgency in the government's response during the early days of the crisis. As late as Monday afternoon, the second full day of rioting, the Prime Minister's spokesman was still giving assurances that the situation was not serious enough to necessitate Cameron cutting short his holiday in Italy to return home. It was particularly

curious behavior from a man who built his election campaign around a vision of a "Broken Britain" whose communities are disintegrating, and who earlier this year declared that multiculturalism was a failure that was causing the breakdown of community relations.

Widespread rioting in an area that is both very multicultural and one of London's most deprived neighbourhoods, would appear to be the perfect demonstration of the social malaise that Cameron and his supporters were so keen to decry. But to what extent were the riots a manifestation of discontent and community break-down linked to ethnicity, and to what degree did they have roots in wider social unrest?

What became a spate of mob unrest and robbery began with a protest. The family, friends and neighbours of Mark Duggan, a 29-year-old black man killed by police officers during an attempted arrest last Thursday (4th August), marched from Broadwater Farm, a notoriously deprived community with North London, to Tottenham Police Station. The demonstrators stood outside the station for three hours demanding that a senior police officer give information about the circumstances of Duggan's death, without success. Soon after some angry members of the crowd set fire to two nearby police cars. Within a few hours of those incidents, the nearby high street was being ransacked.

It's not the first time one of the city's most crime-afflicted neighbourhoods has turned its anger on the police: in 1985 a riot in Broadwater Farm broke



out after Cynthia Jarrett, a black woman living on the estate, died of a stroke during a search on her home by police. The unrest came a week after a similar riot in Brixton, sparked by the shooting of Dorothy Groce, a Jamaican immigrant whose son was being sought by the police.

In the first 24 hours of the 2011 riots, many commentators understandably drew parallels with 1985, seeing the violence as continued evidence of the dysfunctional relationship between the UK police and large parts of London's black community. It's a relationship that, to many, has not improved markedly in the past quarter-century: the 1999 Macpherson report into the police

investigation of the murder of black teenager Stephen Lawrence declared London's Metropolitan Police Force to be "institutionally racist". In recent years the force has been accused of being slow to respond to knife crime in the capital, an offence that the Met's own statistics suggest is mostly perpetrated by, and against, black youths.

There were two other obvious

doubtless surprised by last week's events. The majority of the participants were not black Britons motivated by anger at the police's perceived indifference to their communities. Instead they are drawn from all ethnic backgrounds, and have often found themselves facing the strongest resistance from immigrant or ethnic minority communities: apart from the three British-Asian men tragically

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Islam has been a double-edged sword, and it is not clear whether Islam binds Pakistan in a way Jinnah thought.

killed in Birmingham, eyewitnesses in East London remarked that Turkish shopkeepers – a large constituency in the area – were among the few who tried to personally resist the looters by standing guard outside their properties. Neither was the rioting restricted to socio-economically disadvantaged Londoners: young professionals were involved too. Among those facing criminal charges is the daughter of a millionaire businessman.

The factor that set the rioters apart from their victims was age. The majority of those arrested so far have been under the age of 21. According to some of the mobile phone messages that rapidly mobilized rioters in one community after another, mostly using the BlackBerry Messenger platform, the rioters were not motivated by anger at the police, let alone the death of Mark Duggan. Instead they seized on the impotence of the police force to protect their high streets, and the free availability of consumer goods to anyone willing to take them with a minimum of force.

The recession and savage cuts in public spending may have made looting a lower-hanging fruit for some would-be rioters. Attention has focused on the Conservatives' decision to scrap the Education Maintenance Allowance, a grant of £30 (Rs. 2200) per week given to 16-19 year olds from low-income families; youth groups working in London's most deprived neighbourhoods suggested the funding provided a critical incentive for teenagers to continue their education rather than venturing into the weakened job market and likely becoming unemployed.

Neither race, nor consumerist greed, nor the socio-economic environment provides a full explanation of the riots. That lies, most troublingly for the government, in the fact that within days, the crime of robbery had become sufficiently normalized that youths from across communities saw looting as a consequence-free action – or at the very least, an action to which the authorities would be slow to respond.

This time, unlike the Brixton riots of 1985, the government and the police now stand disunited. The police blame cuts in government spending for the lack of resources available to respond to the riots, while David Cameron said too few police officers were deployed and the wrong tactics used.

Cameron's proposed remedy to prevent future riots involves restricting the wearing of facemasks in public and a review of public curfews.

Neither of those policies will resolve either the breakdown of the public's faith in the police to protect British streets, nor the police's lack of confidence in dealing with the country's most deprived areas.

To allow communities to heal, the government has to investigate the killing of Mark Duggan. Instead of focusing on Broken Britain, David Cameron would do better to examine the broken establishment of which his government is a part ■

Women ambassadors shine for India

by Seema Sirohi
Journalist and Analyst

15 August 2011



Washington – Tough, driven and uber busy, Washington can be a real test for ambassadors trying to hammer their country's message home to the Americans who begin with breakfast meetings and end with post-dinner drinks on policy.

It is hard to get attention and harder to keep it in this workaholic environment especially at a time when US domestic problems are overwhelming the debates and the foreign policy plate is weighed down by wars (Libya and Afghanistan) and constant troubles with Pakistan. Yet, India has managed to stay in

the forefront and intensively engage top US officials, working towards a deeper strategic partnership. The job of keeping at it, day after day, is done by India's ambassadors - and New Delhi has the unique distinction of sending two women ambassadors in a row to the American capital. Meera Shankar finished her tenure last month and she is succeeded by Nirupama Rao, India's former foreign secretary. Both intelligent, dedicated officers known for their hard work, they have handled complex mandates with grace.

It is a happy coincidence that America's diplomat-in-chief is also

a woman - Hillary Clinton, a former senator, first lady, and a presidential candidate. Clinton made time to personally bid Shankar farewell last week despite having just completed a long, exhausting trip to Asia, including a visit to India for the second round of the strategic dialogue. When the Shankar went to the State Department headquarters on July 27 to make a farewell call to Clinton and review bilateral relations, the US secretary of state called the Indian ambassador's tenure "celebrated."

Two achievements are indeed worth celebrating. Shankar led the team in Washington, which delivered the US Administration's support for India's bid for a permanent seat in the UN Security Council. Not an easy decision for Team Obama for the signals it would send to China, Pakistan and other hopefuls such as Brazil. But President Obama made the choice, capturing Indian hearts when he made the big announcement to the Indian Parliament during his visit last November.

Indian diplomats met several key opinion makers in Washington to build the momentum for US support for a permanent seat for India. Fortunately, they found acceptance for the idea and at least three reports released by US think tanks prior to Obama's visit recommended US support for it. The White House was looking for an announcement that would mark the visit, symbolize the friendship and convince India that Obama indeed was serious about putting his own stamp on the relationship.

The other major step forward was the relaxation of US export controls on sensitive US technology and removal of Indian public sector companies from the dreaded "Entity List" – a legacy

of the 1998 nuclear tests when the US imposed strict sanctions against India – which prevent them from buying dual-use technology. Though the relationship had evolved into a strategic partnership, these hurdles remained. In various US laws, India remained a country "of concern," a country clubbed with the likes of Sudan to be watched for proliferation. Shankar argued relentlessly that this anomaly between words (strategic partner) and actions (keeping India on enemy list for trade) must go. India, she said over and over again, should be on the list of "friendly countries" and must not be denied access to technology. Obama's visit ironed out this major wrinkle when he announced a relaxation of these lingering export controls. Premier Indian state enterprises such as the Defence Research and Development Organisation were removed from the black list.

As Rao takes over from Shankar as India's envoy in Washington, more meat will be put on the bones of this evolving strategic partnership. Americans are keen for India to play a larger role in world affairs, as was evident in Clinton's recent speech in Chennai. "The United States supports India's Look East policy and we encourage India not just to look east, but to engage East and act East as well. And its leadership in South and Central Asia is critically important," Clinton exhorted.

Rao brings her considerable experience to Washington, both as a former foreign secretary and a former ambassador to China (2006-2009). US officials will be eager to hear her assessment of the recent round of India-Pakistan talks concluded in New Delhi, as also her read on China. But Rao's toughest task might be keeping America's continued focus on India. For starting this November the White House will shift to re-election mode, becoming preoccupied with the rough and tumble of domestic politics. And she will have to build relationships with key Republican candidates and power-brokers – an emerging group leaning far, far right as evidenced by the popularity

of Michele Bachmann (R-Minn.) in the recent Iowa state presidential debates - should a change of guard take place in the White House.

Shankar faced a similar situation upon arrival in the summer of 2009, a time of transition in the United States when the new Democratic administration was just settling in. New Delhi worried that a Democratic

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Both intelligent, dedicated officers known for their hard work, they have handled complex mandates with grace.

government -- historically prickly with India and caught in the old mind-set of human rights-in-Kashmir and nuclear proliferation issues -- would lose the momentum built under Republican president George Bush. Bush had broken some "china" for India on the world stage by signing the civil nuclear deal in 2008.

In contrast, Candidate Obama had made "outsourcing" an issue during his campaign, much to India's chagrin. Once president, he sent an alarming signal to New Delhi when he proposed a condominium of G-2 with China, by implication giving Beijing a higher status in Asia that made India uncomfortable. His line on Kashmir – push India via a special US envoy to resolve the issue – raised tempers in New Delhi.

After some plain talking from senior Indian officials in New Delhi and Washington, the White House thankfully dropped the idea. It was then up to Shankar to rebuild trust with the Obama administration, a slow and painstaking job as senior officials slowly shifted gears and understood

Indian concerns. She handled three visits by Prime Minister Manmohan Singh to the US, including a state visit – the first for President Obama – apart from other high level ministerial visits. Shankar also worked hard to make Washington understand that the economic growth models for India and China were different, that China was export-led and India's was domestic-demand driven and more likely to create jobs for US companies at home. Consequently, when Obama returned to the US from his India trip, he was able to deliver US jobs thanks to the large contracts signed by US companies in India.

As Rao takes over as India's ambassador, top of her agenda will be rejuvenating American business interest especially that of US defence companies, in India. After the elimination of Lockheed Martin and Boeing from India's \$11 billion contract for the medium multi-role combat aircraft earlier this year Americans worry they can't compete for big contracts in India.

The loss of the contract was a shock to Washington, and many opinion makers now conclude that New Delhi is not fully prepared for a strategic partnership with the US, one of the key pillars of the relationship. Rao will also have to secure American support for protecting India's security interests in Afghanistan as talks with various Taliban leaders get underway in earnest. Preliminary contacts have been established between US, Afghan and Taliban representatives in secrecy, according to news reports.

It will be a delicate and complex task to sustain US interest and build new avenues while working for results from the more than 20 joint working groups already established between the two countries. But then it is never easy managing relations between two large democracies with multiple stakeholders and such varied interests ■

India: Unloveable at 64

by Neelam Deo & Manjeet Kripalani

15 August 2011

“Will you still need me, will you still feed me, when I’m 64?” asked the rock group the Beatles in their famous song, When I’m Sixty-Four.

Like the average age of its ruling elite, today India is 64 years old as an independent nation, and its people are asking their government both questions. The answer: a resounding No. The politicians do not need the people to stay in power, thanks to the easily manipulated electoral system. Nor will the State feed them equitably despite the politically expedient promises to do so. And even as people, we are now considerably less loveable than we used to be. No Valentines or birthday bottles of wine will be forthcoming from the global community - itself in a funk.

Several incidents illustrate this. First, loveability. A few months ago, we won the World Cup in cricket by a masterful combination of team work and hard work. We won gracefully. Last week, we went to England – same captain, similar team – and lost like a bunch of amateurs. Endless excuses for losing, no grace to admit mistakes and no consistency. Is it a fluke for India to win anything? The consistent and relentless pursuit of excellence has not been inculcated as we have grown older. Instead, losing but still surviving has become the national habit – not an admirable trait.

Easy to see how that came about. Poor leadership arising from dynastic politics and criminal antecedents of the political elite has contributed

hugely. But the citizen has also let his inner fabric disintegrate. Poverty is a factor – and the State has used it to keep itself rich and the people poor. Early reforms gave Indians the delusion that they could be independent of State benevolence, and good economics would minimize the role of bad politics. But the State couldn’t have India not need it or Indians not feed it any more. Hence a roll-out of expensive – and leaky – welfare schemes designed to win votes at the time of election, and subsequent deliberate lack of implementation is snuffing out India’s dreams.

It’s led to the issue of corruption and governance finding itself, at last, at the centre of the national debate. But the very issue of corruption is being handled in a morally corrupt

manner. The ruling United Progressive Alliance realized that India’s middle class - which votes less than the poor but controls the national debate – hugely supported Anna Hazare’s anti-corruption campaign and the yogi Baba Ramdev’s demand to bring back Indian capital illegally stashed abroad. Neither Hazare nor Ramdev’s methods, while legal, are ideal; nevertheless, middle-class considerations made the government decide to involve both in the framing of an anti-corruption bill. When Ramdev and Hazare refused to be totally co-opted, the coalition, in an ironic twist, has set the state machinery in motion to unearth foreign remittances made by Ramdev’s institution and investigate a ‘misappropriation’ of Rs. 2 lakh by Hazare’s trust. A movement to unearth and eliminate corruption, is being used to discredit its crusaders.

The central government’s hypocrisy continues in Karnataka. When the report of the Lokayukta (anti-corruption ombudsman) in the state revealed that the Reddy brothers of Bellary, close to and financially benefitting the chief minister’s family, were involved in illegal mining, New Delhi demanded the Chief Minister’s resignation – rightly – and got it. So why the support for an anti-corruption law for the state, but an effort to crush and discredit one for the Centre?

In another irony, shortly after the Lokayukta report, the Supreme Court banned mining totally – immediately putting 1.7 million labourers dependent on mining for their daily bread, out of work and once again dependent on the inefficient State welfare system.

Moral corruption in policy-making and ideology, disguised in calls for “inclusive growth” and “welfare” schemes has atrophied our muscle at 64, making us less attractive as a model for the world to follow. Other emerging markets like Brazil seem to do better with well-run government schemes that feed people, who therefore need and want the state to progress. India has no social security net, and the vast public depends on handouts through massive underemployment

government schemes like the National Rural Employment Guarantee Act (NREGA).

Official reports say that the implementation of NREGA schemes are spotty and variable depending upon the efficiency or not of various state governments. They are far less effective than the Congress Party likes to project. Despite that, new welfare bills such as the Right to Food are being considered, with plans for more food to be distributed by India’s well-known inefficient and corrupt public distribution system (PDS). According to the government’s National Sample Survey statistics, less than 20% of food meant to be distributed by the PDS reaches the intended beneficiaries. If the Right to Food programme is linked with NREGA and distributed through the PDS, there is ever more scope for corruption. And there’s ever less chance for Indians to be weaned off the hope of more welfare by voting in leaders who make the most extravagant promises rather than voting for those who provide education, health and the possibility of real employment.

Corruption and poor distribution apart, the economic impact on India will be devastating under some of the various new ‘welfare’ schemes. If even 50% of India’s welfare beneficiaries do not receive the promised food, they will be forced to buy it from the open market – at a price far higher than they do now. Such enormous demand from India will make it a permanent importer of wheat, and will raise international prices, in turn making it unaffordable for the urban and the landless poor. At 64, India is already seeing, on average, 50 farmer suicides every day, a haemorrhage which has not been staunched by loan waiver schemes that periodically devastate the financial system and for neither of which has any been any one held accountable.

This callous lack of attention to our selves has made us less loveable to others – and to ourselves. Foreign investment, pouring in till just three years ago, is now receding rapidly, despite having fewer opportunities

anywhere else in the world. Our own stellar educational institutions like the Indian Institutes of Technology (IITs), suffering as they are from severe staffing shortages, are escaping with their existing assets to foreign shores. IIT-Mumbai last week announced a plan to build a New York campus. The institutions are by-passing the stifling policies of the Human Resource Ministry, which is still pondering over allowing foreign universities to enter India. Stashed away those dozen or more education bills still waiting to be passed, Minister Sibal, the demand for educational services in India, and by Indians, has moved to Singapore, the Gulf and even Malaysia.

Loving us even less are our Corporations, which are taking their businesses and their charitable impulses abroad. Tata, Mahindra, Ambani, Narayana Murthy, Nilekani, have all given millions to Harvard, Yale, Cornell and Penn State – universities that hardly need the money, but where they believe it will be spent with accountability. It is also where they perceive their future markets to be.

Our lack of loveability was reinforced last month when our ever-tolerant Reserve Bank of India finally decided to hand it to us – an increase in interest rates by 50 basis points, adding to the cost of borrowing. Now India has low growth, high inflation (stagflation), no muscle power, no moral strength, no foreign funding, no cricket victories and a virus called corruption that’s eating into our entrails.

It’s an unhappy birthday indeed. To reverse course, we need to immediately become handy at mending our fuses and reconnecting our lights, digging the weeds out of our garden, scrimp and save so our grandchildren can bloom amongst the flowers. Then we can email the world a global post-card, telling them we’re not wasting away – we’ve met our own needs and become well-fed.

By then we’ll certainly be far older than 64 - and perhaps loveable again ■

The Big U.S. Downgrade: Folly or Foresighted?

by Bob Dowling
Editorial Adviser, Caixin Media Group

15 August 2011

It was just a weekend ago when Standard & Poor's, the U.S. ratings firm, rattled the world by downgrading America's Treasury securities by one notch from AAA to AA+.

It was three years ago when Kevin Rudd, the then prime minister of Australia declared to Bloomberg News: "The ratings agencies will pay." Rudd thought the raters would be called to account for the largest blunder in financial history, when American raters S&P, Moody's and Fitch stamped AAA on half-a-trillion dollars of sub-prime debt, only to downgrade it to junk as it collapsed. Rudd's Australian government, like many others, got stuck with the junk. Hundreds of politicians, pension managers and investment officials around the world expected U.S. regulators and courts would punish the agencies harshly with fines, penalties and tight regulation and orders to pay back.

So far, it's been the opposite.

The S&P downgrade of U.S. government securities on August 8 shows the raters are back in business more than ever - right or wrong. Supporters cheered the recent downgrade decision, praising the agency's courage to take on the Obama administration. Detractors said the call was politically timed and contained a \$2 trillion error.

As markets awake in the U.S Monday



August 15, it's unclear what S&P accomplished in the week that was. Here's a scorecard.

S&P called attention to a dangerous debt overhang that has been the focus of attention for a year. The real pain from the debt buildup will not hit until later this decade when if nothing changes, 40% of U.S. tax revenues would go to pay interest on the mounting pile of bonds. By acting now, S&P officials said they were calling attention to the dangers of holding the bonds over time.

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Detractors said the call was politically timed and contained a \$2 trillion error.

Critics of the Obama administration said this downgrade proved the President was endangering America's future.

Certainly Americans everywhere had a new reason to hate Washington after an ugly month. They'd watched politicians pointing fingers at each other like short-pants-kids in a schoolyard, fomenting a crisis over raising America's need to sell more debt when most expected they'd have to raise the borrowing limit. The blame-game was over how much to cut spending versus how much to raise taxes. The S&P verdict implied that after all the noise; Washington had accomplished little to fix its financial gap.

The downgrade injected raw fear into the markets in August, a time when trading rooms have less experienced staffers in charge while the veterans are on vacation. The August vacation season also means less trading volume which means jumpy greenhorns in charge can create

volatile markets with smaller deals.

The downgrade also played into waves of concern over Italian and southern European debt.

The fear drove swept across Wall Street but the outcome was perverse. Stock selling collapsed the S&P 500 index down 6.7% in a day, a reminder of the sickening start of the 2008 crash, when stocks eventually fell by 45%. Bondholders seeking safety did the opposite. They raced to buy the same Treasury securities that S&P had downgraded, sending rates on the 10 year bond to a historically cheap 2.03%, saving taxpayers over \$600 billion in interest costs. If the U.S. really wanted to borrow cheap, it should scare the world once a week, was one conclusion.

Writing under the title "The Folly of S&P", Adam Hersch, an economist for the Center for American Progress in Washington observed: "S&P's decision to proceed with the downgrade after admitting to errors left many observers wondering what good are S&P ratings anyway".

Hersch pointed out that in 20 cases of S&P country downgrades that warned of trouble since 1975, including Japan and Canada, borrowing conditions improved. But when countries really blew up, like Thailand during the Asian Crisis of 1997 and Mexico in the 1994 Mexican peso collapse, S&P was 3 months late in issuing an after-the-fact downgrade.

I have written about the ratings agencies before and as an editor of BusinessWeek, had a personal relationship with raters at S&P because we were both owned by McGraw-Hill Companies. Like journalists, S&P raters have been protected by the U.S. First Amendment, which says they are only giving an opinion based on their best judgment. That means S&P can say pretty much what it wants to say as long as it proves it was making a judgment without malicious intent.

Unlike journalists however, raters drive profits. In testimony to Washington

investigators, rating officials described how they were driven to compete fiercely for fees and market share on rating sub-prime debt. The Chairman of McGraw-Hill Companies Harold (Terry) McGraw III, plays extremely close attention to every action at S&P, which remains his company's profit center. McGraw, a close supporter of former President George W. Bush, has been silent during this downgrade.

But it has been taken personally by President Obama and his staff as a political decision that could have been issued later - or not at all - since it is based on a calamity in 2020, if nothing changes. Obama's officials have made much of a \$2 trillion baseline estimating mistake that S&P admitted but said did not affect its outcome.

All of this means there is a political as well as economic flashpoint underlying this "Ratings Week That Was." Conservatives are pleased to see the President get slapped down. Obama's supporters are crying "politically motivated hit job."

Obama's friends in Congress are calling for an investigation. China is talking up its own ratings agency which downgraded US Treasuries a few days before S&P did. But with free speech fully suppressed in China, it is hard to trust the independence of its ratings. European leaders are reviving talk of creating their own credit rating agency.

Back in the U.S., there's a question of "what was that all about"? Terry McGraw remains silent. Warren Buffett says the action was wrong. Bond guru Bill Gross of PIMCO says it was overdue. On three continents, four if you count Australia, it appears that things have suddenly become unstuck.

Kevin Rudd is no longer the Australian prime minister. But if he's still smarting from the ratings debacle of 2008 and still keeping tabs on the rating agencies, perhaps his payback time is not far away ■



U.S. and India: 'C' for political management

by Akshay Mathur
Head of Research, Geo-economics Fellow

16 August 2011

The downgrade of the United States' long-term sovereign rating from AAA to AA+ on August 5th, 2011 by the Standard & Poor's rating agency couldn't have been a worse indictment of the dysfunctional political management of the world's largest economy. The Budget Control Act 2011 signed by President Obama to reduce the national debt by \$2.4 trillion failed to convince S&P that the US Congress has the political will to tackle the mounting debt. In fact, the downgrade only confirmed what the public has long feared: that lawmakers have become incapable of cooperating on tough economic issues.

This could just as well be true for India's political leadership. In the recently released Economic Outlook 2011-12, the Prime Minister's own Economic Advisory Council (EAC) cut its internal growth projection from 9% to 8.2%, and called for strong political leadership to push through much-needed reforms.

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The consequence is that India is becoming a less attractive destination for investment for foreign and Indian companies alike.

The Indian economy is creaking under the weight of domestic political inaction. Three reforms are necessary to sustain India's growth: simplification of the tax code, reforms in agriculture and liberalization of labor law to encourage mass employment. Eight months and two parliament sessions later, there is no progress on these – or any other economic reform. (S&P saw India's back-sliding long ago – since 2007, the long-term sovereign rating for India has stayed at BBB, reflecting the perennial stasis.).

New Delhi-based PRS Legislative Research lists about 70 bills under consideration by Parliament for the current monsoon session alone. This includes the vital Direct Taxes Code Bill which could generate an additional Rs. 56,483 crores in revenue, and help the Centre inch closer to its fiscal deficit target of 4.8%. This is in addition to other priority bills such as the Goods and Services Tax Bill, expected to reduce taxes for businesses, also pending from the last session of Parliament. Moreover, with the government's introducing large social programs such as the Mahatma Gandhi National Rural Employment Guarantee Scheme

(MGNREGA) and the Food Security Bill estimated to add Rs. 40,000 crores and Rs. 70,000 crores respectively to the national bill, without any new sources of revenue it is imperative to exercise prudent fiscal leadership and accountability of public funds.

The consequence is that India is becoming a less attractive destination for investment for foreign and Indian companies alike. The EAC estimated a \$30 billion net FDI inflow in July 2010 for 2010-11, but actual number ended close to just \$7 billion. Similarly, gross fixed capital formation has dropped to 29.5% of GDP for 2010-11 from 33% of GDP in 2007-08, reflecting the reluctance of business to invest for the long term. Thus, India may lose the window of opportunity as an attractive investment destination and grab a share of global business even as the US and Euro-zone struggle. The Reserve Bank of India (RBI) has made up for the stalemate in policy-making. It raised interest rates by 50 basis points in July, but there is limited room to continue in the same vein without hurting growth.

Both the US and India's economic leadership were swift to downplay the effects of the ratings to calm markets worldwide. The US Treasury Secretary pointed to the \$2 trillion miscalculation by S&P on its debt projections, questioning the judgment of the agency. Yet, the inability of the US Congress to convince its constituents in 2010 in favour of a healthcare bill that can effectively reduce debt, or to cooperate on creating jobs to tackle the 9% unemployment rate, is obvious. America's political leadership is stuck with extreme positions led by the Tea Party, and is incapable of allying on tough economic legislations that effect the real economy. India's politicians, on the other hand, do not seem to have a position at all.

India's Finance Minister reasserted that India's economic fundamentals were strong, and that growth is being led by domestic drivers. But his assurances seem weak given that the ruling United Progressive Alliance (UPA) coalition has failed to create alliances with the opposition and the states to agree on domestic reforms.

Fortunately for the Americans, the US dollar still remains the world's reserve currency. Most actions taken by the US Congress have a ripple effect on global markets but unless the world stops buying dollars or Treasuries, it is unlikely to affect Americans directly. For India, the Rupee cannot be a viable alternative to the dollar since it is not fully convertible. But a strong domestic economy can make it easier to raise capital for public needs such as infrastructure and urban development. Also, the majority of the country's savings are in fixed deposits with banks within India, with little invested in insurance and capital markets. If domestic drivers are what are going to lead growth, then lack of reforms will hurt Indians the most.

The global financial crisis had taught us that even in a world of globalized economies and interconnected systems, the management of the economy cannot be left to self-correcting and well-hedged financial instruments. Instead, political leadership is essential to ensure that economic growth is balanced and equitable. For that the American leadership needs to show conviction, and the Indian leadership needs to build bridges in Parliament. Both are conspicuously missing ■

Anna Hazare's movement: A case study in management

by Akshay Mathur

Head of Research, Geo-economics Fellow

26 August 2011

It is not often that you can draw lessons in management from a mass public initiative. I went to Azad Maidan in Mumbai in August to join the thousands others in the fight against corruption. But the business analyst in me couldn't help marvel at the management spectacle that was on display. The mission, operations, communications, enrollment, marketing, motivation and customer service of the movement were being managed in a way that would put most business school case studies to shame. The field had roughly a thousand people, including a hundred volunteers and a few dozen policemen. One corner of the field had covered seating (it had been raining all day).

Those fasting were sitting on stage facing the myriad television cameras at the opposite end, separated only by enthusiastic supporters. On the mike were organizers, community leaders and sloganeers from different walks and religions of life – Hindus, Muslims, Christians, Sikhs – alike. Outside the covered area were groups of protestors in circles doing their own sloganeering. The crowd was mostly lower middle class – educated, passionate, decent and downright patriotic. The older men were in office-going cotton pants with shirts, and the women in salwar suits. The younger crowd was in jeans and tee-shirts, holding up the Indian tri-color with pride. Both the young and the



Both the young and the elderly were protesting side-by-side, reflecting the gravity of the cause that had transcended the generations.

elderly were protesting side-by-side, reflecting the gravity of the cause that had transcended the generations.

MISSION

Speaker after speaker on the stage made the mission of the movement crystal clear: it is a fight against corruption. Not land acquisition, not food inflation, but corruption. Team Anna was taking on leadership of a cause for which demand was high but supply almost zero. To confirm a tangible outcome, rather than an endless battle for a good cause, a measurable and achievable success criteria had also been defined – passage of the Jan Lok Pal Bill. This laser-sharp focus has enabled the organizers and the citizen protestors at Azad Maidan, as also the distributed protests around the country, to march in step and direct all the firepower towards the one, single goal.

Lesson: Focus is a pre-requisite for fighting a larger, more empowered competitor.

COMMUNICATIONS

Two boards were communicating the message. One had the slogan “Azaadi ki doosri ladai”. The second had listed out the 11 major differences between the government's version and Team Anna's version of the bill. It was so simply written that a taxi driver, who had also been looking up at the board with me, turned and said, “Agar MP aur MLA ko vote khareedne ke liye nahi pakad sakte, to kya faida?” No better indication that the board was serving its purpose.

Lesson: Keep your message simple, direct and catchy.

OPERATIONS

On the field, Eliyahu M. Goldratt's Theory of Constraints was being executed flawlessly to ensure that there were minimum bottlenecks. The help desks were placed near the entrances with enough space for people to queue for sending postcards to the Prime Minister. The entire process of taking the postcard (provided free), getting a pen (borrowed), writing into the postcard, filling the PM's address (done by an organizer) and receiving a chest badge, took less than five minutes! Yes, I timed it. That's called a Throughput time in MBA language, and five minutes would have clinched a medal. And all of this was done by five people manning a booth that was seeing thousands pouring in since morning. That's Lean Management for you.

Lesson: Queues can scare away people. Managing the crowds should be a priority.

ENROLLMENT

Subscription to the movement is easy. All you need is an “I am Anna” topi and lots of patriotism. Language, religion, caste, age, gender – no bar. Most slogans are in hinglish – India's unrecognized national language. There were Sikhs, Muslims, Hindus, Christians who stood up to claim that they were in it together. So did the Gujaratis, Marathis, Biharis and Tamilians, and men and women of all ages. There is no registration required. No need to learn jargons, or fear missing the fine print, or providing proof of your Indian citizenship or Indian-ness, or accumulating loyalty points by fasting for a minimum number of hours to be considered a bronze, silver or gold patriot.

Lesson: Make it easy to sign up.

MARKETING

The 4 P's marketing model was in application in its full spirit – Product (Gandhi topis), Price (affordable), Place (Azad Maidan), Promotion (viral marketing). The topi symbolized allegiance to Gandhian form of dissent – You can shun the real Anna, topple him, starve him but his spirit will live on through an invisible line of succession. The cost at Rs. 5 is just at the right price-point that most people can buy, and become one of the proud many that can be spotted in the most crowded streets. The Victoria Terminus (built by the British) and Brihan Mumbai Municipal Corporation (probably the most visibly corrupt institution) located right opposite Azad Maidan provided the perfect place to begin the second struggle for independence. Lastly, and perhaps, the most viral of all, was the “I am Anna” slogan written on each topi. It called out to all those uninvolved with the same sense of duty as the messages you see during elections, “I voted, did you?”

Lesson: All the 4P's must resonate with people. The result could be viral.

MOTIVATION

If you have been wondering how a make-do protest ground can engage people for so long, the power of context can help somewhat explain that. Malcolm Gladwell had explained in his book, Tipping Point, that a movement can gather steam or tip, if the audio-visual context is right. He questioned whether Paul Revere's midnight run to warn about the British may have had the same affect if it had been done during the day. Similarly, the picture of people fasting in white kurta's, with white Gandhi topis, under the portrait of Gandhi in Azad Maidan made the movement patriotic, and emotional. The visible appeal converts into an adrenalin rush through your heart in seconds, and before you know it, you body has suddenly acquired energy to go on.

Lesson: Right ambience can tip the movement in your favor.

CUSTOMER SERVICE

For questions about the rallies, you don't have to call a 1-800 number and be transferred five times before a human voice can help. Here, the time, location, intent of each rally was written out in tabular format on white boards with the name and mobile number of a regular, average, Indian youngster, “Mukesh”, “Anil”, “Siddharth” written alongside. Their responses were quick and helpful.

Lesson: Don't try to have your customer service put on a human face. Have a human instead.

Finally, like every management strategy, this one too has its limitations and will have its critics. But like every management strategy, it cannot come with a promise of solving all the problems, for all the people, for all the time. It can only be an example for those who follow, with the hope that they adopt it for a good cause and retain the values with which this strategy was created ■

India-Bangladesh: Saving the Sundarbans

by Shloka Nath

30 August 2011

Sitting on the sensitive border between India and Bangladesh is the Sundarbans, one of the most wondrous and also most endangered eco-systems in the world. It is a precious mangrove forest of 10,000 square km, sixty percent of which is in Bangladesh and the rest in India. The region is a diplomatic thorn between the two countries: its environmental troubles are caused by neglect and climate change, resulting in the creation of refugees due to loss of livelihood and water-sharing problems. The Sundarbans' issues can advance the relationship between the two neighbors – or send them into retreat.

On September 6, Prime Minister Manmohan Singh will visit Bangladesh for a highly anticipated round of talks. This is the moment for both sides to look afresh at the Sundarbans and make it the creative spur for our bilateral prosperity.

Luckily he has something solid to build on. There has been a sincere effort from policymakers on both sides to break the logjam creatively. One of the most innovative initiatives has been the use of environmental diplomacy, championed by India's former Minister for Environment and Forests, Jairam Ramesh. In January last year, Ramesh suggested that India and Bangladesh join hands to protect the Sundarbans from environmental degradation by the formation of an Indo-Bangladesh Sundarbans Eco-System Forum. It will require the participation of non-governmental organizations, civil society groups



and local communities from both countries, and joint coordination in afforestation, management of mangroves and conservation of the Bengal tiger. The Forum will be functional later this year.

The timing of Ramesh's initiative could not have been more propitious.

India and Bangladesh's fractious relationship has been on the mend over the past two years. Bangladeshi Prime Minister Sheikh Hasina has made several overtures of friendship toward India, most notably by cracking down on Indian separatist groups from the North-East, which have long had safe havens in Bangladesh. In July,

Bangladesh honored former Indian Prime Minister Indira Gandhi for her contribution to the liberation war of 1971 – a significant acknowledgment of India's role in Bangladesh's history.

What needs resolution are the issues created by the construction of the Farakka Barrage in 1975, and the attendant allocation of the Ganges water. The barrage diverted the Ganges waters up-stream, adversely impacting the Sundarbans. Most parts of the wetlands have now surpassed

inhabitants of Bangladesh's southern coast alone, turning them into "climate refugees" – a migration headache for both countries. Already thousands have moved into the slums of Kolkata and Dhaka. In short, the Sundarbans is at the epicenter of both our bilateral diplomatic challenges and of the most intense global battles against climate change.

There is hope. For all its predicaments, the Sundarbans is a place where adapting to climate change actually seems possible, thanks largely to the one commodity that both India and Bangladesh have in abundance: human resilience. This must not be wasted. The economic and environmental element must be enjoined for maximum impact. When Prime Minister Singh heads to Dhaka next week, he must formalise Jairam Ramesh's Forum through a specific Indo-Bangladesh Bilateral Environmental Treaty for the Sundarbans. The treaty will facilitate implementation of the programmes under the Forum, and mandate inclusive and coordinated reform between the two nations at state, district and grassroots levels. This will help tackle the problems of sensitive eco-systems as a whole rather than in the separate and piecemeal form currently the norm in both countries.

Several existing and worthy proposals can be included in the treaty for joint and simultaneous execution by both India and Bangladesh. Funds exist: Last year New Delhi allocated Rs. 300 crores of the Rs.1,156 crore Integrated Coastal Zone Management project to be spent in West Bengal, most of it on the Indian Sundarbans. The funds are for prevention of erosion of the islands, building of storm shelters, promotion of eco-tourism and livelihood improvement. In addition is a Rs. 450 crore central grant for strengthening embankments at critical areas in the Indian Sundarbans. Bangladesh has similar allocations – Rs. 700 crores for its Sundarbans.

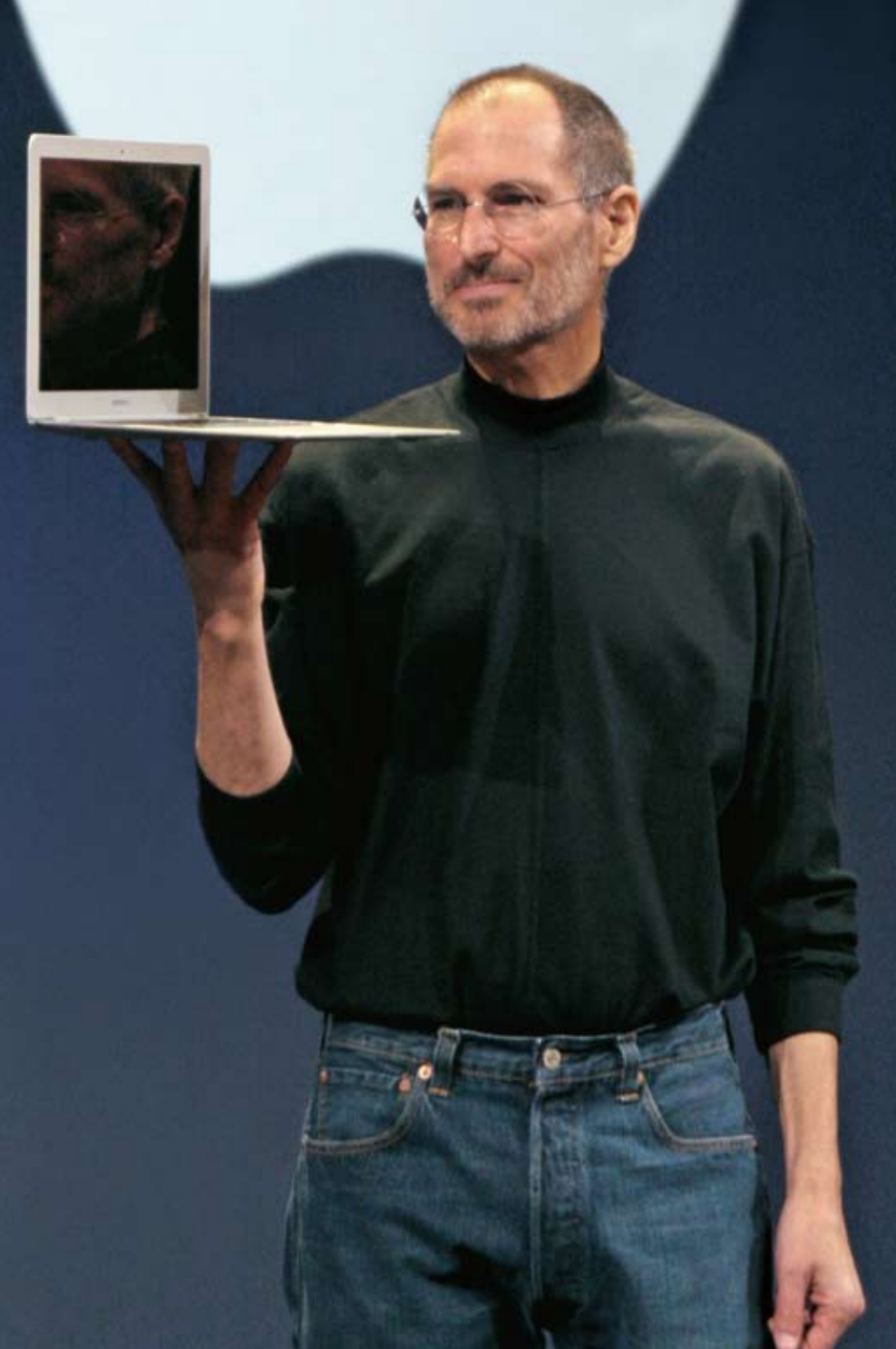
The Treaty should mandate effective cross-border management in both countries at national, state and local

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For all its predicaments, the Sundarbans is a place where adapting to climate change actually seems possible

levels. Community-driven projects to reduce unsustainable livelihood practices that cause environmental degradation are an imperative. Another is establishing institutional linkages to facilitate sharing of knowledge, information and capacity-building programs. Harun Rashid, the former Bangladesh ambassador to the UN, suggests establishing a joint committee of climate and biodiversity experts from Bangladesh and India to harness local knowledge on innovative cropping methods in inter-tidal areas and real-time changes in climate. A joint relocation and emergency evacuation programme can be started for sudden climate disasters such as cyclones or flooding. Both nations can use their strong grassroots institutions to ensure policies are practically implemented and effective. Micro-credit programs like micro-loans for livelihoods and micro-insurance for environmental disasters are examples. It is necessary to involve, directly, the governments of bordering states in this effort. Indeed, in a strategic move, the chief ministers of Bengal, Assam, Mizoram, Tripura and Meghalaya will accompany Prime Minister Singh to Dhaka, and participate in the signing of several bilateral pacts, including a 15-year interim water-sharing agreement for the Teesta River.

With immediate collaboration and strict implementation of such recommendations, the further retreat of the Sundarbans can be halted. Instead of being on the diplomatic backburner, it can be a model for regional cooperation ■



Steve Jobs:

America's greatest innovator

by Bob Dowling

Editorial Adviser, Caixin Media Group

31 August 2011

We landed at San Francisco airport only two hours after Steve Jobs resigned as the leader of Apple. Most people on the plane already had the news. It flashed over the television monitors on board. In the airport, the ads lining the walls are for companies like Oracle, Juniper and SAP. Apple doesn't have to advertise here. Everyone knows its headquarters 50 miles down the road in Cupertino, California, makes it the dominant player in the region.

The next morning a friend who works for Apple's competitor Google, and didn't want to be identified, went to Cupertino. Google and Apple are competitors in mobile phones but Apple is also an advertiser and customer for Google. "Everyone was talking about Steve and the future. But they all believe Apple has so much going on that it will be several years before anything could hurt the company with Steve's leaving. For insiders this wasn't a surprise. And like everything at Apple, Steve's departure will be handled with the utmost attention to detail," my friend told me.

Sure enough. The next morning's papers were full of admiring stories about Tim Cook, Job's successor. "What Now?" asked the San Francisco Chronicle in black type that would usually be reserved for Presidents or the Pope. The paper then went on with seven full stories, most pointing out Cook's behind-the-scenes skills, ability to provide continuity and his genius at designing Apple's manufacturing process.

While lesser known globally, Cook, 50, is a brand name in Silicon Valley. He was, according to insiders at Hewlett-Packard (HP), the unanimous choice to lead HP after CEO Mark Hurd resigned under pressure from a sexual harassment probe. Cook, then COO of Apple, flatly refused the offer. HP has now decided to exit the consumer electronics business – Cook's signature success at Apple. Cook's success lies in integrating physical manufacturing with digital delivery. His work made Apple, again, the No.1 supply chain company in

the world, as ranked by the American Management Association. This is why: two days after Apple gets an iPhone order, the phone gets delivered to the customer's door from China. Because Cook's name had been widely circulated as Jobs' successor, no one blinked at the news. But it was also like trading a rock star named Jobs for a guy who makes the trains run on time.

Even as Cook's organizational brilliance was lauded, stories also rolled out about Jonathan Ive, the British-born Apple designer who produced everything from the PowerBook G4 to the MacBook series to the iPod, iPhone and iPad. In other words, Ive, known as Jony, is credited with creating all the beautiful brushed-aluminium Apple products that you want to own. He has been at Job's side since 1997 after Jobs came back to remake Apple.

By the weekend, the New Apple story was pretty clear. The company's success is based on a manufacturing genius named Cook and a design genius named Ive who will both be on board no matter what, and who have a history of working well together.

Steve Jobs was the maestro waving the baton over the orchestra.

That spin quieted investors who had driven the stock down 1% on the resignation news but quickly brought it back to \$383 by the end of the week. Market commentators named it "the sell-off that didn't happen." Nearly all of the analysts, who follow the company, called the dip a 'buy' signal and have an average price target for the company of \$497 a share over the next 12 months, according to Factset Data, which tracks Wall Street opinion.

Keeping a positive view on Apple's stock isn't just a Wall Street interest. As the second most valued company in the America – only Exxon is larger – Apple's capital weight makes it a bellwether for the U.S. economy. It is the first or second most widely held stock by U.S. hedge funds which have to own it to make their results

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Everyone knows its headquarters 50 miles down the road in Cupertino, California, makes it the dominant player in the region.

competitive with the benchmark S&P500 and the NASDAQ stock indexes, where Apple is a dominant stock. If there had been a sell-off, adding to U.S. economic gloom over housing, jobs, debt and economic growth, Apple's decline would have been a hit to Americans' already sagging confidence in their future.

Still, no matter what the order book and stock outlook, Job's departure as the founder and ranking genius of Apple will hang over the company in the months to come. Over the weekend, TMZ, a tabloid Hollywood website, posted a picture of a pencil-thin Jobs in a black robe. The grave image angered fans but reinforced the view that the totally-in-control Jobs only resigned because he clearly had no fight left. No one knows Job's real medical condition, but as a patient with a transplanted liver who must take anti-rejection drugs, his suppressed immune system means he would risk death if he tried to fight his previous cancer with toxic chemotherapy treatments.

By the weekend, Job's fans and critics were alike in praising a tech vision that went well beyond the beautiful Mac and iPads. He was the first to see the value of Pixar, the digital animation company he sold to Disney, making him Disney's largest shareholder. As a young 27-year-old he was the first to see the value of icons for digital navigation. He created the \$.99 a song iTunes, freeing the digital music industry. The New York Times pointed out that he has 313 patents in his name, compared with nine for Bill Gates and 12 between

the two founders of Google.

The biggest question being asked now is: where will breakthrough innovation come from? – Not just for Apple but for American tech land in general. No single company dominates American innovation, of course, but after Jobs returned to save Apple in the 1990s, his success became symbolic of the best in design and seamless innovation. He was one of the few leaders unafraid to destroy his own profitable products to get better ones – an act of creative destruction that many CEOs preach but few actually practice.

The next creative breakthrough that captures the world's imagination could come from anywhere – Japan, India, China, Russia, Brazil or the innovative tech shops in the Nordic countries. But dozens of digital consumer companies – from IBM to now Hewlett-Packard, have given up the product fight. Heavyweight Valley players such as Google may try to raid Apple for talent, and investors will be interested in backing Apple dropouts who throw up the Next Great Idea. So as Apple works through its rich pipeline of orders in the next two years, there will be a global search to find the new Apple and the new Steve Jobs.

This weekend in the Valley, televisions kept playing the words from a speech Jobs, himself a college dropout, gave in 2005 to graduates of Stanford University after he learned about his cancer:

"Your time is limited, so don't waste it living someone else's life. Don't be trapped by dogma — which is living with the results of other people's thinking. Don't let the noise of others' opinions drown out your own inner voice. And most important, have the courage to follow your heart and intuition. They somehow already know what you truly want to become. Everything else is secondary."

It's almost as if people, while Jobs is still alive, are writing an obituary of his era like it is a case study in American innovation. Strange feeling indeed ■

China's aircraft carrier changes the balance

by Jayadeva Ranade

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2 September 2011

The imminent operationalisation of an aircraft carrier is China's fulfillment of a long-held dream. It appeases popular nationalist sentiment and places China on par with other major world powers. The ability to strike at land-based targets from distant platforms provides Beijing with power projection capability.

The primary task of the People's Liberation Army Navy (PLAN) is to 'recover' China's maritime territorial sovereignty. Its first aircraft carrier will further that objective in the South China Sea. China and five other

countries have been locked in a tussle over the Xisha (Paracels) and Nansha (Spratlys) archipelagos, off the coasts of Malaysia and the Philippines – all eyeing the abundant natural resources and minerals. Once the aircraft carrier is operational, Chinese strategists will be eager to see their country active in strategic hotspots, from the Straits of Malacca to the more distant waters of the Indian Ocean.

On August 10, 2011, Beijing took a major step towards inducting the aircraft carrier into the People's Liberation Army Navy. That day,

the 70,500-tonne, 990-foot aircraft carrier – formerly named the Varyag and purchased for US\$ 20 million as scrap from Russia in 1998 – was launched for five-day-long sea trials at the newly constructed Dalian naval ship-building yard. It will be years, and cost considerable sums of money, before an aircraft carrier group becomes fully operational. China, which already has the vessels necessary to form a carrier task group, however, plans to build two more aircraft carriers by 2015, so that each of its three PLAN fleets has a carrier group.

Photographs of the unfinished aircraft carrier were posted on Chinese websites, on April 6, 2011. They depicted several armaments fitted on board: Type 1030 30mm CIWS guns and FL-3000N missiles systems (all 18 cell varieties) for defensive weapons, APAR and Sea Eagle Radar sensors fitted with an Optical Landing System. They revealed that the carrier, possibly to be named 'Shi Lang' after an ancient Chinese Admiral who conquered Taiwan, had a catamaran-type hull and was seventy percent complete. The completed aircraft carrier will demonstrate China's technological advances in ship construction and weapons. As a Chinese military expert told the Hong Kong-based, Chinese-owned daily, Ta Kung Pao (July 29): "to rebuild an aircraft carrier is no easier than building a new one".

Beijing's intentions were made clear

about four years ago from hints dropped by officials that reinforced ongoing speculation of China's effort to build an aircraft carrier. In January 2007, Huang Qiang, spokesman for the Commission of Science, Technology, and Industry for National Defense, reported that China possessed the capability to build an aircraft carrier. By then reports indicated that China had built at least two new shipyards – including one at Dalian, probably for a secret project to construct an aircraft carrier. Then, in November 2008, General Qian Lihua, Director of the Foreign Affairs Office of the Ministry of National Defense, declared that the world should not be surprised if China built an aircraft carrier. After the deployment of two Chinese destroyers off the Somali coast for anti-piracy operations in December 2008, China's Ministry of Defence spokesman, Huang Xueping, reported that China would now "seriously consider" the construction of an aircraft carrier.

Once Beijing adopted the Four Modernisations programme in December 1979, it began to develop a 'blue water' Navy. Apart from safeguarding maritime territorial interests, the programme would eventually help secure China's anticipated extended energy and commercial sea-borne supply lines. The 'recovery' of maritime territories in the South China Sea and East China Sea are other equally important objectives of the programme.

Planning for a modern 'blue water' navy actively commenced with the appointment of Admiral Liu Huaqing – then the only senior PLA officer with Navy rank – as Vice Chairman of the Central Military Commission. Liu Huaqing drew the contours of the PLAN doctrine and the '1982 Naval Maritime Plan,' which dovetailed neatly into China's overall 'active defence strategy.' This naval strategy had three phases. In the first, from 2000 to 2010, China was to establish control of waters within the first island chain that links Okinawa Prefecture, Taiwan and the Philippines. In the second, from 2010 to 2020, China would seek to establish control within the second island chain that links the Ogasawara island chain, Guam and Indonesia. The final stage, from 2020 until 2040, envisages China putting an end to U.S. military dominance in the Pacific and Indian Oceans, using aircraft carriers as a key component of Chinese military force.

Recent military developments confirm that China's leadership has generally adhered to this time schedule. The first sign that the Chinese Navy is able and willing to break through the 'first island chain' and operate in waters beyond, was visible in June 2011. That month the PLAN, for the first time, conducted exercises in the West Pacific Ocean. More exercises were held in the South and East China Seas, and were commended by Chinese military officials and commentators.

The public unveiling of China's aircraft carrier prompted a spate of articles in the official Chinese media. Jiefangjun Bao (July 30) justified the acquisition arguing that China is the sole UN Security Council Permanent Member not to have an aircraft carrier. It added that China has an 18,000 kilometer coastline and jurisdiction over a 'vast sea area of some 3 million square kilometers'. It declared: "Without aircraft carriers or without mobile sea platforms with efficacy equal to aircraft carriers, we will not be able to effectively safeguard sovereignty over our territorial land and sea. Nor safeguard our maritime rights and interests. We will not be able to provide robust power guarantees for China's legitimate overseas rights and interests, and will find it hard to guarantee our 'core interests' and perform our international duties in major international affairs." Ta Kung Pao (July 29) said an aircraft carrier "will form the core of PLAN's water-surface battle group."

The addition of an aircraft carrier to the PLAN will alter the power balance in the region, with implications for India. It will augment PLAN's presence in the Indian Ocean, which will expand once China begins exploiting the block in the Indian Ocean sea-bed, off Madagascar, allotted to it by the Jamaica-based International Seabed Authority. The presence of a Chinese aircraft carrier in the Indian Ocean implies that Beijing will pay courtesy port calls to countries in the littoral.

The demand by Chinese officers and strategists for bases abroad now assumes added significance. India's military and security establishment will need to heighten surveillance and other maritime defence capabilities. Major lapses, like those which saw three ships—two large vessels and one carrying over 25 persons—sail undetected and unchallenged a few weeks ago, from Somalia to India's western shores off Mumbai, can no longer be allowed ■

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China has long cherished ambitions of a presence in the Indian Ocean. Since the late 1960s, authoritative mainland Chinese official publications expressed resentment at the Indian Ocean being named as such. They warned that India should not be allowed to convert it into an 'Indian lake.'



The clock is ticking for the Assad regime

by Samyukta Lakshman

9 September 2011

As the Arab Spring consigns another dynastic autocrat to the annals of history, the focus shifts to Syria and its President Bashar al-Assad's efforts to cling to power.

For decades, Syria has been ruled by the Alawite minority, backed by Iran since the early 1980s, who now face opposition from the dominant Sunni community in the country and their Saudi sponsors. The Arab League and Western powers, eager to displace the belligerent Shia government in Iran, have imposed sanctions on Syria making for a volatile situation. Former Indian Ambassador to Syria Rajendra Abhyankar visited Syria at the Syrian government's invitation to determine the veracity of perception. Ambassador Abhyankar spoke to Gateway House's Samyukta Lakshman about the developments in Syria, the impact on India-Syria relations and the future of the region.

In your column in Haaretz, you explain that international coverage of President Assad's regime is heavily biased. Having visited Damascus, Hama and other cities in Syria in August, what are the ground realities?

Syria is facing a relentless media war from Western and Arab media networks, particularly Al Arabia [based in Saudi Arabia] and Al Jazeera [based in Qatar]. The law and order situation is under control and [President Bashar al-Assad's] regime does not look like

it is about to collapse as predicted by some observers.

There is still support for the regime – about 60% of the population. Yet, the need for urgent political reform is imperative and the regime will have to open the country politically, economically and socially.

Under an overlay of calm, there is a palpable sense of tension in the places we visited. Amongst the people we met no one is ready to open up on the situation. However most people were clear that they do not want Syria to turn into another Libya. The cohesion of the community and its largely secular and tolerant ethos are important factors which inform this view.

President Assad's government claims it is fighting foreign enemies. Who are these 'enemies' within Syria and outside?

The people we met were emphatic that there is an agenda for destabilising the country, being pursued by Syria's Arab neighbours, Israel, the United States and Western powers. The protests are therefore seen not entirely against the Assad family or even the regime, but provoked by external actors.

This could mean that any punitive action against the Syrian regime has the potential to galvanise the people in its favour. Our interlocutors told us that

money and arms are being brought in to assist the protesters from Jisr-ash-Sougour [which borders Turkey], Daráa [which borders Jordan], Deir az-Zor [which borders Iraq] and Homs [which borders Lebanon].

This explains why the disturbances started in these border cities initially and only then spread to Hama and the poorer suburbs of Damascus [Duma and Harasta].

According to David Ignatius in The Washington Post, the Saudis have been pumping money to the Sunni protesters while Iran has been propping up President Assad's Shia-Alawite government. How do you see sectarianism playing out in Syria?

According to our interlocutors, regional and international players aim first to delink Syria from Iran, thus cutting the cord with Hezbollah, and second to promote Turkey [now an overtly Sunni power] against the Shia phalanx of Iran and Iraq.

In Syria, Turkey is understood to have sent demarches to the Syrian government to legitimise the Muslim Brotherhood [Ikhwan Muslimeen] – banned after the Hama operations in 1982 – and suggested mediatory dialogue with the opposition in Istanbul to relieve the situation. The Syrian government has firmly rejected these attempts, all the while praising the Turkish government for its efforts.

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It is with good reason that they say, 'there is no war without Egypt and no peace without Syria.'

How has the Arab Spring affected the Palestinian peace process?

Any developments in Syria would affect the entire region, including Lebanon, and would harm the chances of liberating Palestine. Should the regime continue to ignore the desires of the people, its longevity is not assured. Consequently, relations with Iran could be cut as well as the umbilical cord that Syria has to Hezbollah and its continuing war against Israel.

In the context of the volatile situation in the region after the U.S. invasion of Iraq, it was stated that a 'foreign hand' is very much present in the ongoing disturbances.

Syria remains crucial for Middle East peace – it is important to remember that Syria is still the calmest area in the eastern Mediterranean region and the Syrians have maintained a quiet border with Israel. It is with good reason that they say, 'there is no war without Egypt and no peace without Syria.'

How is India reacting to the upheaval in Syria? How do you think New Delhi can assist in stabilising the region to make the countries of West Asia and

North Africa better homes for our expatriates and better allies?

India's immediate concern on the outbreak of protests in Tunisia, Libya, Bahrain and Egypt was to get our expatriates out of harm's way – which was very successful. We have not felt the need to evacuate our citizens in Syria yet. If a situation arises, I have no doubt that India will not be found wanting in its response.

On the international level, we are a non-permanent member of the United Nations Security Council. This places an onerous responsibility on us. We are coordinating our response and efforts with like-minded countries of the IBSA and the BRICS group which are also in the UNSC.

Our decision to abstain on UNSC Resolution 1973, which sanctioned the NATO operations in Libya, was well thought out as was our moderating the UNSC presidential statement on Syria issued on August 3.

We would like to see stability and good governance restored [in the region] are more than happy to help in building democratic institutions. But it has to be at the request of the new dispensations in these countries. We are averse to imposing anything on these countries.

Given our close and historic relations with these countries, I believe that regular consultation with the U.S. on our assessment of Syria and the region would be useful.

How do you think the situation will resolve itself in Syria?

After nearly four months of protests, the [Assad] regime has realised that the people have genuine grievances which it can no longer sweep under the carpet.

The regime is susceptible to outside

pressures -- religious, strategic and energy resources-related -- from its neighbours including Israel. Its foreign policy, which has Iran as an important pillar with close linkages in Lebanon and with Hezbollah and Hamas, increases its vulnerability. Yet the regime continues to be wedded to its concept of secularism and is unlikely to give any quarter to the Muslim Brotherhood.

At the same time, it will not be easily able to withstand Saudi financial leverage. The situation is complex in the extreme. The Assad regime needs time to implement its reform package, but the clock is ticking for it.

As the Arab Spring consigns another dynastic autocrat to the annals of history, the focus shifts to Syria and its President Bashar al-Assad's efforts to cling to power.

For decades, Syria has been ruled by the Alawite minority, backed by Iran since the early 1980s, who now face opposition from the dominant Sunni community in the country and their Saudi sponsors. The Arab League and Western powers, eager to displace the belligerent Shia government in Iran, have imposed sanctions on Syria making for a volatile situation.

Former Indian Ambassador to Syria Rajendra Abhyankar visited Syria at the Syrian government's invitation to determine the veracity of perception. Ambassador Abhyankar spoke to GatewayHouse's Samyukta Lakshman about the developments in Syria, the impact on India-Syria relations and the future of the region ■

India-Bangladesh: Like US-Canada? Someday, maybe.

by Neelam Deo, *Director, Gateway House*

9 September 2011

Bangladesh is a neighbor like no other. For most of its nearly 4,000km of boundary it is surrounded by Indian Territory. It has borders with five Indian states, the longest and most important of which is with Paschim Banga (West Bengal) followed by Assam, Meghalaya, Mizoram and Tripura. The last, Tripura, in a sort of mirror image is almost totally enclosed within Bangladesh. History is a huge imperative in making this region a single economic unit. After all Bangladesh, the erstwhile East Pakistan, was carved out of the United

Province of Bengal. And while some historical burdens remain, the shared language, culture and unprecedented empathy for the liberation struggle of Bangladesh is the magnet that pulls together the two.

So the three-day visit of Indian Prime Minister Manmohan Singh to Dhaka, along with the Chief Ministers from four north-East states, was long-overdue and much anticipated. It was, by and large, a success with ten agreements concluded. These cover the whole gamut of bilateral relations including

trade, environment, the exchange of enclaves and adverse possessions and completion of the demarcation of the border, insurgencies, border management, road and rail connectivity, sale of power etc. Some, like the interim agreement for sharing of the waters of the Teesta and Feni rivers and access to Chittagong and Mongla ports for our Northeastern states, had to be left out at the last minute because of the sudden discord created by Bengal Chief Minister Mamata Banerjee's refusal to accompany the Prime Minister to

Bangladesh. (Hopefully the process can be resumed after some linguistic tweaking to satisfy her even though the actual terms of the agreement cannot be altered significantly).

Bangladesh took the first step to bettering relations with India, with Sheikh Hasina closing down the training camps of India's north east insurgencies and handing over its leaders who had taken refuge in Bangladesh. In July, she conferred her country's highest civilian award to Indira Gandhi for her role in the liberation of Bangladesh. Hasina has also moved purposefully and with speed to recover the secular democracy of Bangladesh, lost after the assassination of Sheikh Mujib, successive military coups and the anti Indian policies pursued by the Khaleda Zia.

All the agreements are important but perhaps the most important in putting the past behind us may be the land boundary agreement which would complete the Indira-Mujib agreement of 1974. While it will take some time to complete the procedures, once the land issue is settled, it will promote agreement on the maritime border onto which the land border extends. With that completed, both countries can prospect seriously for oil and gas in the Bay of Bengal even jointly.

The Border management Protocol attached to the Border Agreement, and orders to the Border Security Force not to fire except in self defense will elicit more cooperation from the Bangladesh Rifles and make the border more peaceful. There is drug and cruel cattle smuggling, but most egregious is the human trafficking across this border with women transported to Pakistan and children to the Gulf States to serve as camel jockeys.

As important is the decision to liberalize trade with Bangladesh by dismantling 48 tariff lines on textile imports into India. This should go some way to meet a longstanding demand for India to rebalance the present 10 to 1 ratio of bilateral

trade of approximately \$5 billion annually. This was much appreciated in Bangladesh, and its success could prod India to open itself to free trade for all its smaller South Asian Association for Regional Cooperation (SAARC) neighbours – without demanding reciprocal opening. This would be a grand gesture from a nation that comprises 85% of all SAARC trade. To get the full benefit of this process India must also promote cross-border trade with Bangladesh and all the other members of SAARC, first by rebuilding its woeful border infrastructure.

What could have been done better was the promotion of environmental diplomacy. The two Agreements on the environment on the Sundarbans and the Bengal Tiger are to be welcomed but they are too unambitious. As argued by Gateway House researcher Shloka Nath in an Op-Ed in the Mint, India and Bangladesh should put saving the Sundarbans at the heart of bilateral diplomacy. This would not only recognize the importance of the Sundarbans as a carbon sink but also as the source of livelihood for millions on both sides of the border, the locus of bio diversity and the home of the magnificent Bengal tiger and other unique fauna and flora. We must act before we lose the tiger and generate thousands of climate refugees. If India leads the way in saving the Sundarbans, cooperating on water and environment issues can become the template for relations with other South Asian neighbours.

A gap in the otherwise progressive visit was the last minute decision by West Bengal chief minister Mamata Banerjee to repudiate the Interim Agreement for the sharing of the waters of the Teesta river and to drop out of the visit altogether. It is undeniable that the building of the Farrakka barrage by India in 1975 and the prolonged wrangling over the sharing of the Ganga waters soured what should have been a warm cooperative relationship in the context of the role played by India in the liberation of Bangladesh. It took more than twenty years to negotiate

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the Ganga Waters Treaty. Therefore arriving at an interim agreement on the sharing of the waters of the Teesta and the Feni rivers in an implicit exchange for the use of the Chittagong and Mongla ports for trade with and by our Northeastern States should have been the crowning achievement of Manmohan Singh's visit.

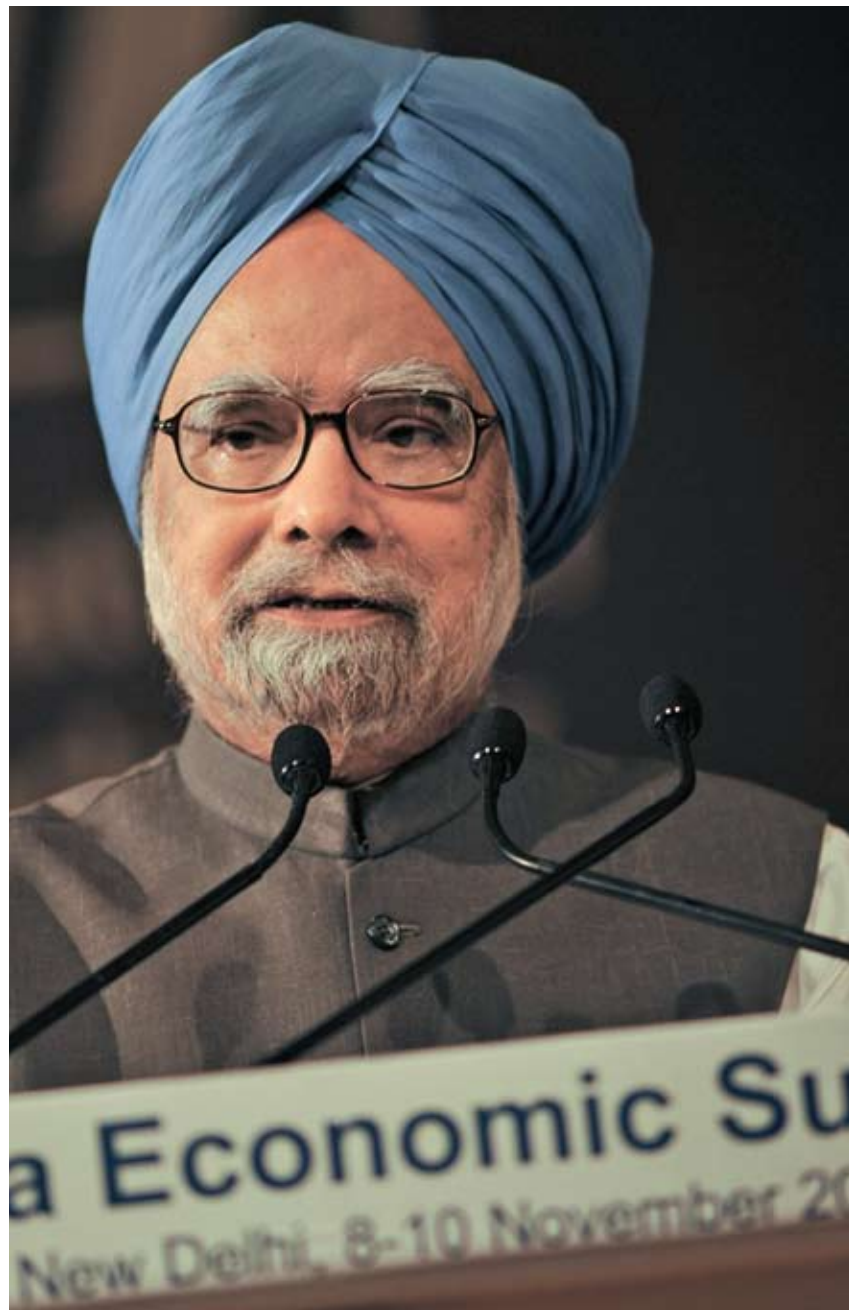
Unfortunately Banerjee's continuing rivalry with the state's Communist Party who she ousted in recent elections, and also local political concerns in North Bengal, obscured the larger national interest in building a relationship of trust with Bangladesh. It would have also enabled the further unlocking of the economies of our North-eastern states, allowing for a robust trade flow of trade between the seven sister states and adjoining Bangladesh.

The benefits of transforming India Bangladesh relations into a US-Canada type relationship are obvious and could have a demonstration effect on our other neighbours. They must also be obvious to the leadership and people of Paschim Banga. If reports quoting Prime Minister Manmohan Singh as implying that he did not think inadequate consultation on the Teesta waters agreement was the reason for the Bengal chief minister's tantrum then perhaps the agreement can be achieved soon. And perhaps the Chief Minister of Paschim Banga could travel herself to Dhaka and sign the agreement on behalf of India ■

9/11: India, Still Waiting for Peace

by Neelam Deo, *Director, Gateway House,*
& Akshay Mathur, *Head of Research, Gateway House*

10 September 2011



On September 12, 2001, a day after 9/11, the Times of India published a story titled, “India hopes U.S. will now pressurise Pak.” At the time, this relayed a common national sentiment – India may finally get the United States to become a close ally against Pakistan-sponsored terrorism, and help India in eradicating terrorism.

Ten years hence, neither has the U.S. taken a position against Pakistan, nor has India prepared itself better to fight terrorism and insurgency on its home ground. A massive explosion at the Delhi High Court this week left at least 14 dead and some 60 injured. It served as a horrific reminder that India continues to be at the receiving end of terrorism. This is the third major terrorist attack in Delhi since 9/11, following the one on Parliament on December 2001 and another at the Sarojini Nagar Market in October 2005. Mumbai has seen similar attacks with the serial blasts in March 1993, train bombings in July 2006, the 26/11 attacks of November 2008 and coordinate attacks of July 2011. Many more such incidents have taken place across the country in smaller cities like Jaipur and Pune.

Yet, rather than designing and executing ways to secure our borders, we remain enamored with the effects of 9/11 and anniversaries of attacks in London, Madrid, and elsewhere. The government’s response is the same – they had some intelligence, law enforcement was in a state of alert, but there was no actionable intelligence, and of course, somewhere along the chain of command between the Home Minister and the constable on the street, our counter-terrorism strategy was never converted into skills or systems that would prove useful. The usually communicative, media-friendly politicians have no comment to give, reflecting only their incapability or worse, indifference. The media gives it due importance for 24 hours, then in the absence of any new information from the government or the public, moves on to other

news-worthy items.

While 9/11 did not get the US to change their position, it did force them to change their rhetoric. Having become a victim of the international terror network, it no longer described India’s terrorism as a response to domestic events – the tearing down of the Babri Masjid, unresolved problems of Punjab and Jammu & Kashmir, the Godhra outrage – all of which were used emphatically in the earlier decades. Of course, a position against Pakistan is still unlikely given the reality of U.S. objectives in the region. But considering that the U.S. is leaving the Afghan-Pak region even more militant than before 2001 with direct implications for India, the refusal to acknowledge the role of the state in organizing terrorist incidents across the border is egregiously insulting.

Where India has had over 15 attacks in the last five years, most of which remain unresolved, the U.S. has managed to protect its homeland and not allow a single terrorist attack on its soil since 9/11. One planned for New York in 2010 was foiled successfully by the law enforcement agencies reflecting the swift and effective response by the anti-terrorism units. The Washington Post reported last year that more than 1,200 hundred government organizations and almost 2,000 companies were working on programmes related to counter-intelligence, homeland security and intelligence in the U.S. These are mostly geared to preventing outsiders coming into the US and undertaking terrorist attacks in pursuance of political objectives overseas.

Do we even need anything comparable when many of our incidents are perpetrated by our own people indoctrinated and trained usually in Pakistan? Even if by some miracle we were to attain such organizational structures, our poor coordination abilities would derive us no benefit.

That explains one part of our failure. We still seem to think that hi-tech

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Even if by some miracle we were to attain such organizational structures, our poor coordination abilities would derive us no benefit.

gadgets, such as CCTV’s will somehow hide the lack of coordination and training that has seeped through our system. Our Home Minister is often in Washington and continues to look for coordination with the U.S.’s Homeland Security department. But imitating American-style security by purchasing sophisticated equipment won’t work without the security apparatus and training that goes with it.

The other part is the denial that terrorism has increasingly become a home-grown issue and that there is little political will to fight this battle across the three-tier legislative system of central, state and community governments. Groups such as the Indian Mujahideen and Students Islamic Movement of India (SIMI) have become entrenched in the criminal and undercover terror network, and we don’t have a deep counter-intelligence team that can camouflage themselves within communities to pick up alerts at the design stage or swift teams that can foil attacks before the bombs go off. The dangerous political polarity, a paralysed ruling coalition, a fractured opposition, a popular distaste for a corrupt polity and complicit bureaucracy, and a slowing economy, has handicapped any progress towards this issue. If the terrorists are more agile, sophisticated

and meticulous in their planning now, and Indian forces remain under-trained, ill-equipped and tactical, then, unfortunately, we are simply worse off than we were in 2001 by sheer relativity.

The 9/11 attacks transformed our world too. The revenge invasion and devastation of Afghanistan and later Iraq changed our neighbourhood completely. An already hostile Pakistan became even more implacable with stepped-up military aid and political backing from Washington. Although now the West is coming to terms with the duplicity of Pakistan, it is still not able to get off that tiger. When the West leaves Afghanistan and Iraq, according to its own political timetable and as dictated by its economically straitened circumstances, India will have to deal with the consequences.

Are we prepared? Look at what’s around us: an economically weakened U.S. and E.U. but militarily aggressive NATO, a much-strengthened and aggressive China, a dangerously weakened and unstable Pakistan, the risk of the return of the Taliban in Afghanistan, and heightened Shia-Sunni strife in the Gulf. These are playing out simultaneously and close by.

As this article goes to print, the National Integration Council is meeting for the 15th time since it was first established in 1962 by Pandit Jawaharlal Nehru to fight the evils of communalism, casteism, regionalism, linguism and narrow-mindedness. Prime Minister Manmohan Singh’s public statement that India must strengthen its investigative agencies and intelligence apparatus is clear. But with the dangerous developments in world affairs and lack of progress at home, his statements just don’t seem reassuring ■

America: Ten Years After 9/11

by Bob Dowling,
International Journalist & Advisor to Gateway House

7 September 2011

When the first plane hit the World Trade Center at 8:46 A.M. on September 11, 2001, it looked, from the 39th floor of a Rockefeller Center office building, like a small single flight went off course. When the second plane struck Tower II at 9:03 A.M., someone said “Oh my God, a press plane must have come too close”. Except we all knew the press used helicopters not planes.

When the South Tower collapsed at 9:59 A.M. a young woman whispered: “All of those people just died.” When the North Tower collapsed at 10:28 A.M., we were working on a new magazine that would go to press the next night.

Great tragedy can paralyze or motivate. There's not a lot of middle ground. As editors watching the Twin Towers turn to rubble, our job was to make the best sense we could of what happened in time for a magazine deadline the following night. Colleagues blown out of their newsroom at the Wall Street Journal by the attack produced a newspaper from a remote location for the following morning. Wall Street bosses from firms where dozens were killed pulled together staffers to reopen within days. Police, firemen, medics and those who surged into the smoking rubble at the Pentagon in Washington, as well as in New York to dig out buried victims, were the true heroes. In a pasture 80 miles southwest of Pittsburgh, Pa. first responders removed 44 bodies from crashed United Airlines Flight 93, the plane where the passengers had overpowered the hijackers.

On Sunday Sept. 11, a decade after the fateful 9/11, politicians, dignitaries and selected survivors from families who lost a dad, mother, son, daughter or relative will assemble by invitation

at Ground Zero to honor the dead and mark a nation's resilience.

Time heals. Memories fade some. Children who lost parents have grown up with a keepsake photo, ring or earring and moved on. But like a fault in the earth's crust, a deep fissure from that attack remains just beneath the nation's surface.

The line was etched just 15 days after the attack. “Either you are with us or against us in the fight against terror,” President George W. Bush declared in a joint press conference with French President Jacques Chirac. There is no neutrality, Bush had decreed, evoking the raw emotions of 9/11 itself: “All nations, if they want to fight terror, must do something.” He formalized this policy in a U.N. speech a few days later and soon after declared America's right to launch a first strike against a potential terrorist nation, known as the doctrine of pre-emption.

From that day on, the U.S. has wrestled with some hard lessons about itself and the world. Polls show Americans value their independent superpower status as much as ever. But they wonder whom to trust at home and abroad.

Their concerns:

Big Security Failure: In the 9/11 Commission report, the public found out that Washington had failed to protect the people despite repeated warnings. Agencies from the CIA, the FBI, the White House and the Defense Department dismissed impassioned pleas from their ranks about the mission of Osama Bin Laden from Afghanistan and the hijackers while they were living in the U.S.

Big Economic Failure: Six years after 9/11, the lesson that an expensive

big government can fail hugely was repeated with the global sub-prime economic crash. Investigations have documented that the Federal Reserve, the Securities and Exchange Commission, bank regulatory agencies, independent ratings agencies like Standard & Poors and Moodys and mortgage buyers like Fannie Mae and Freddie Mac opened the gates for Wall Street bank abuses. Having been hit twice in a decade, voters' distrust of Washington and big government failure to protect is now the core issue in next year's Presidential election.

New International Alliances: A year after 9/11, President George W. Bush was lining up a “coalition of the willing” for his war in Iraq. There were not many prominent signers except for Britain. But Bush also had his coalition against terrorism, in which China, Russia and many lesser states willing to crack down on possible terrorists were given free rein. On the other side was Bush's “axis of evil” with Iran, Iraq and North Korea as charter members. China initiated a crackdown on Muslim Uighur leaders in its western provinces and ramped up sanctions on the press and dissents everywhere that is increasing to this day.

In the region that President Clinton had called “the most dangerous nuclear flashpoint in the world,” - India and Pakistan - nukes were out and terrorism was in. In 2005, Bush announced that the U.S. would back India's arrival as a new world power, through a civilian nuclear deal. In the same year, when Pakistan's President Musharraf expressed concern about backing the U.S. in Afghanistan, reports said Bush replied with the “either you are with us or you are against us” doctrine and got swift approval.

Personal Privacy: Mass murderer Osama Bin Laden would never make a government list of those who have greatly changed the world, but every time you give up a tube of tooth paste, strip for guards or have a laptop stolen off an airport scanner belt anywhere in the world it's hard

not to see his pernicious influence. Telecom companies turn over personal phone records to police in a blink, government surveillance of personal calls is routine and corporations require personal ID before a pass to enter their premises is issued. Jacqueline Leo, an online editor, added up the U.S. cost from Bin Laden from security spending to ordinary life: \$3 trillion.

Today's U.S politics all but requires that parties and candidates look and act dramatically different, otherwise why vote for a choice? But a decade after 9/11 Bush and Obama look far more aligned on international policy than at odds.

Bush's rhetoric and personality was hot. President Barack Obama softened the tone and draped his presidency in friendlier international garb –especially in opposing torture– but to some scholars his policy is more Bush with a veil than a new American tack. The Guantanamo detention center for terrorist suspects – heatedly denounced during the campaign – which Obama promised to close, looks as secure as ever. Obama is conducting three Middle Eastern wars – Libya, Iraq and Afghanistan, and his military budget is at \$800 billion versus Bush's highest of \$650 billion. Some scholars see clear parallels.

In the Middle East, the “Bush-Obama agenda marches on” says historian Russell Walter Mead of the Council of Foreign Relations:

“President Obama is pushing a democracy agenda in the Middle East that is as aggressive as President Bush's; he adopts regime change by violence if necessary as a core component of his regional approach and, to put it mildly, he is not afraid to bomb.”

A pro-Obama commentator, Peter Beinart asserts that with the killing of Osama Bin Laden and his successors, the President has eviscerated Al Qaeda to the point where jihadism “is sliding into irrelevance” and that the real threat ahead will be the rise of

authoritarian capitalism from China. To most Americans a huge downgrade in a terrorist threat to the U.S. would be glorious news, but what they see each day is war from the Arab Spring advancing across the Middle East. That may mean good news for the next leaders of Libya, but who will they be? The Syrian president is still in power and killing his people. The military seems back in control in Egypt, which may be good or bad, and few outside of specialists can predict which nation might launch the next Arab Spring campaign.

The polarization of the world into “for or against” remains as relevant as ever. But now there is also a huge economic and political cost with it that wasn't there in the years after Ground Zero when the public signed on to eliminate terrorists. With a \$1.3 trillion budget deficit, 24 million Americans searching for jobs, a debt downgrade and a housing crisis without an end in sight, the dire economic outlook vastly outweighs any foreign policy credits ten years after 9/11.

Instead, what the world sees is two leaders trading places on a blood smeared canvas.

Bush attacked the Taliban in Afghanistan and initiated a preemptive war with Iraq, a nation not part of the 9/11 plot, over weapons of mass destruction. Obama declared the unpopular Iraq war a failure, and began using drones to attack the Taliban returning to Afghanistan, where he blamed Bush for failing to win a stable peace.

U.S. troops are now leaving Iraq with an indefinite but far better chance for stability than a strife torn, unmanageable Afghanistan, which Obama says he will leave next year - sort of declaring victory but surely not unrolling the “Mission Accomplished” banner that Bush foolishly hung out in 2003. To some pundits, the present situation looks more like a 21st century version of Vietnam.

So on the 10th anniversary of 9/11 the U.S. has prevented further terrorist attacks, a major accomplishment. The

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Every time you give up a tube of tooth paste, strip for guards or have a laptop stolen off an airport scanner belt anywhere in the world it's hard not to see his pernicious influence.

voters have given up the generous personal liberty and freedom they had before Ground Zero, but have shown they will unite and sacrifice with boundless good will for the right reason. Even as this is written, blogs are recalling the lines to give blood, thousands of small donations and unpaid rescuers, from steelworkers to surgeons, who showed up from everywhere on Sept. 12 to stay as long as needed. The nation's ability to sacrifice for the right cause and leader is deeply embedded.

But Obama is now one of the most unpopular presidents in modern history and his opposition is even more disliked. Polls show Americans are tired of spending and intervening in others' regional wars - not because they are isolationists but because they see vast problems at home.

The existing situation in Afghanistan isn't a foreign policy choice for Obama but an economic one. After seeing costs of \$800 million for the intervention in Libya, plus new requests of \$160 billion for the wars in Iraq and Afghanistan, his ability to sell more intervention is over. He won't get re-elected unless he can forcefully produce results rather than administer soothing rhetoric. The lesson on this 10 year anniversary may be that the U. S. needs to repair itself first, while keeping a guiding, rather than intervening, hand in the world's affairs ■

Arab Spring to Wahabbi Winter

by M.D. Nalapat, *Director, Department of Geopolitics, Manipal University*

11 September 2011



Ten years on, and two trillion dollars and counting, is the world a safer place for the NATO partners? The security of NATO members has been at the core of actions taken by its components – principally the U.S. – since 9/11. While the absence of a terror attack on the U.S. has been taken as proof of the success of the War on Terror, the truth is that such a criterion is too restrictive to reflect reality. Also, the spawning of newer mutants of terror organisations may have created a base within the U.S. that could host future action.

The change that has come about is this: the complex of ideologies (and organisations owing fealty to them) that get clubbed together as “Al Qaeda” has morphed; from a grouping directed and motivated by a few individuals, it is now disaggregated. The steps taken by

the true heroes of the War on Terror – the U.S. Treasury Department and the FBI – to identify and disrupt funding networks for terror organisations has made the former big spenders (on jihad) go into the woodwork to avoid detection. Over the decade, they have been replaced by thousands of smaller contributors, funding a miscellany of organisations across the world, instead of a small number of groups. Many of these funders are camouflaged as “human rights” or as “democracy fighter” organisations. Very often, they have a small number of non-jihadi sympathisers as office-bearers, so that their core ideology gets concealed. As the Libyan overthrow of Colonel Gaddafi and the events in Egypt that culminated in the forced departure of Hosni Mubarak have shown, Wahabbis have mastered an argot that wins them a support base within the populations (and chancelleries) of the

NATO members.

In Gateway House as well as in other sites, this columnist has been wary of the Arab Spring from the start, seeing in the ferment a near-inevitable Wahabbi winter. Today, events in Egypt are demonstrating the truth of the view taken six months ago, that the core of the ideology behind the protests is Wahabbi, magnified in lethal power by getting fused to public discontent over the rising prices of essential commodities. The forecast that the Wahabbi nature of the unrest would become evident by October is now materializing with the attack on the Israeli embassy in Cairo. Should an election take place, the balance of power within Parliament in Egypt would shift overwhelmingly towards Wahabbi groups who would be about as sympathetic to the NATO powers as the Taliban is, although they may show this distaste in less robust

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NATO is empowering its future foes in the Arab world as recklessly as the Central Intelligence Agency did in Afghanistan in the 1980s.

forms than that particular cohort.

Over the 1990s, this columnist has witnessed the methodical manner in which the Wahabbis of the Kashmir Valley have used the language of democracy and human rights to co-opt liberals such as Arundhati Roy to their side. Diplomatic pressure on India to make terminal concessions to the jihadis in Kashmir is not as strong now as it used to be during the Clinton years. But today, the NATO powers ignore the plight of religious minorities and moderates in Kashmir (for example, the destruction of several Hindu houses of worship by the Wahabbis) in their eagerness to back an agenda – that aims to make Kashmir a state where Wahabbis will enjoy the religious supremacy they do in Pakistan and Saudi Arabia. Those backing the numerous pro-jihad organisations in Kashmir never stop to read the numerous tracts brought out by the very individuals who claim to be “fighting for democracy” in Kashmir. This shows an obsessive desire to cleanse the state of “impure” influences (i.e. those not sanctioned by the Wahabbi theology, such as politicians opposed to Wahhabi supremacy) and when relating the rest of India, talk of a determination to “bring back the glory of Mughal rule” over the country. Arundhati Roy may not know this, but that period was not a particularly liberal one in Indian history.

In Libya, the Wahabbi core of the opposition to ‘apostate’ Muammar Gaddafi has mimicked the message that has served their counterparts

so well in Kashmir. They speak of “democracy versus dictatorship” and of “modernity versus autocracy.” All this when the so-called National Transitional Council (NTC), of presumed democrats, has been appointed by Nicholas Sarkozy and has about as much popular resonance as the “Iraqi” groups set up while Paul Bremer was Proconsul of the country some years ago. The reality is that the NTC has zero control over the youths with guns on the streets in Libya. As soon as NATO helps them to complete the task of eliminating Gaddafi remnants from the entire country, these youths will form their own leadership councils, several of the members of which will soon get active in ensuring that Libya becomes a jumping-off point for jihad in Europe. In empowering the Wahabbis in Libya, NATO has dug a huge hole in the future security of Europe, the way the Brzezinski-Casey strategy of creating a jihad force in Afghanistan has blown back across the globe.

As in Kashmir, the briefest of glances at the NATO-backed tracts that enabled a defeat against Gaddafi will reveal their mindset. Such samizdat has been circulating across Libya and the Arab world for decades, and few contain any suggestion that Libya ought to become a democracy. Instead, the emphasis is on the “impure” and “impious” nature of a leader – Colonel Gaddafi – who allows women to go about unveiled and refuses to make (the Wahabbi version of) Sharia the law of the land. The writings of several of the “military commanders” (as distinct from the politicians placed there by Sarkozy) of the Libyan revolt against Gaddafi speak of the need to create a society run under religious law; where women will be shown their place, as will all those not Wahabbi, including more than two-fifths of the tribes in Libya. Now that almost all of Libya has been “liberated,” we will see the impact on women and minority rights of the control of the “democrats” enabled to victory by NATO. Only a minority of tribes is active in the battle against Gaddafi, but as these are being backed by Saudi Arabia

and Qatar (the way the Taliban was), they are considered kosher by NATO. Within a year, the folly involved in this war will get revealed in a way that will embarrass David Cameron as much as the Iraq war affected Tony Blair.

But by that time, it would be too late for Europe. NATO would have created a state where the instruments of coercion are largely controlled by those who have been trained by their Wahabbi ideology to see the West as sinful and evil. And also as the successor to the Crusaders who took back the conquests of the earlier followers of Islam. While Gaddafi was able to keep such groups largely in check, they have now broken free, and the consequences will soon become obvious.

Europe must also learn the lessons from the U.S. involvement in Afghanistan: George W. Bush and Dick Cheney lost the War on Terror almost as soon as they began waging it in 2001. The first error was to be blind to the fact that the endemic focus of the jihadi infestation was Pakistan, including significant elements of its military. As the Soviets discovered in the 1980s, any action in Afghanistan is pointless without simultaneously tackling the root of the problem, which is Pakistan. By teaming up with the very force that was the principal backer of the Taliban, Bush and Cheney doomed NATO to failure in the battle against that force. Also, by not moving more decisively on Saudi Arabia to shut down the education and propaganda networks of the Wahabbi International, Bush and Cheney ensured that the ideology known as “Al Qaeda” would continue to find adherents across the globe.

The War on Terror has further Wahabbized the Ummah rather than empower moderates. It has helped create an economic crisis that is sapping the will of the NATO powers and their ability to respond to future threats. Most ominously, by its continued credulity in the camouflaged jihadis, NATO is empowering its future foes in the Arab world as recklessly as the Central Intelligence Agency did in Afghanistan in the 1980s ■

9/11 America: Dignity, Democracy and Fear

by Seema Sirohi,
Journalist and Analyst

12 September 2011

Something essential has changed in America in the ten years since terrorists hijacked passenger airliners and crashed them into the World Trade Center, shattering that sense of invincibility forever.

As Americans remember the 3,000 victims in ceremonies big and small, they are aware that their great country that John F. Kennedy and Ronald Reagan were fond of calling a “shining

city upon a hill” can be breached. Even though there hasn’t been another terrorist attack on the “homeland” – a term suddenly invading the lexicon post 9/11 despite its creepy historical baggage – Americans feel vulnerable. They have been recounting their stories on radio and television for the past week, talking openly as only the Americans can, digging into their wounds, exploring and excavating their innermost fears and healing.

Countless stories of bravery have been meticulously documented by now, each person identified and accounted for. Fire fighters and police officers who went into the collapsing towers to try to save lives are heroes and family members left behind have fought back to fill the void left by the loss of loved ones. There is no alternative but to move on. The dignity of ordinary Americans is impressive as they learn to live in a changed,

more depleted, economically weaker America, an America reeling from the cost of two wars launched in the name of 9/11 and a recession caused by the shenanigans of the all-too-clever Wall Streeters, greedy bankers and a disappearing regulatory structure.

Americans feel vulnerable. They worry about the economy and they worry about their security. With terrorists striking other countries since 9/11 – notably India and Britain – it is no surprise that 59 percent of the Americans believe that terrorists will find a way to attack the United States in the future. According to a recent Gallup poll, they are roughly split on who is winning the “war on terror” – America or the terrorists. The killing of Osama bin Laden by U.S. Navy seals inside Pakistan in May after a long, arduous hunt gave a temporary sense of relief but not much more.

Negative views of Muslim Americans have continued to rise over the past decade. The community has been under the national microscope. It first tried to hide, and then come out; it struggled within itself and against stereotypes to assert its right to be a part of the American fabric. No one can deny that America has done a better job than most other western nations of absorbing and accepting Muslim immigrants but there is also a tendency to paint with a broad brush, losing the distinction between the moderate majority and the extremist minority.

Last year a controversy over a proposed Islamic Center by a Muslim cleric near Ground Zero in New York fanned those divisive flames. The families of 9/11 victims felt a mosque close to where the towers stood was like rubbing salt into their wounds. Now some members of the Christian right and a few politicians are worried that Sharia law may soon surreptitiously take over America. More than 12 states have devised “pre-emptive” legislation outlawing Sharia in state courts. At least three have already approved, conveniently ignoring the First Amendment, which already prohibits courts from using religious codes.

In the decade gone by since 9/11, the power of the state over its citizens has expanded dramatically, collapsing the cherished circle of individual freedom somewhat. The balance between freedom and security is sadly altered. America today is a snooping, listening, watching society where an old man who forgot his cell phone in the Mall of America on a table remains on the Federal Bureau of Investigation (FBI) watch list simply because he is Muslim. He and his son bear the ordeal quietly.

At airports, there is patience on display as everyone sheds shoes, watches, jackets, bracelets before standing in front of machines that can see through all your flaws. Most absorb the intrusions stoically.

Dana Priest, a Washington Post investigative reporter and co-author of “Top Secret America: The Rise of the New American Security State” has revealed the growth of a terrorism-homeland security complex, which has become so large, so unwieldy and so secretive that no one really knows how much it costs. “Not only does the government find it difficult to get its arms around itself, it doesn’t know what’s inside, it doesn’t know what works, it doesn’t know what doesn’t work. And nobody still, 10 years later, is really in charge of those questions,” she says. There are 3,984 federal, state and local organizations working

on domestic counter-terrorism. The annual budget for the US intelligence community has tripled since 9/11. Some estimates say that more than \$1 trillion has been spent by federal, state and local authorities on security since the attacks.

America conducts its counter-terrorism activities emboldened by the Patriot Act, passed within three weeks of 9/11 in an extraordinary display of unity between the legislative and executive branches. It gives powers to the FBI that in ordinary times would shock and embarrass Americans but today the only opposition comes from a few civil libertarians. The FBI can get records without judicial oversight. It can get phone records from companies, list of websites visited by suspects from internet service providers and financial records from businesses through administrative subpoenas and without a warrant. Librarians can double as snitches. In one of the most disturbing manifestations of a post-9/11 mindset, torture was redefined as “enhanced interrogation technique.”

Who would have imagined such wordplay in the land of the free? It is chilling, especially when vocalized through the mouth of former vice president, Dick Cheney, who has justified, rationalized and augmented every “un-American” technique lustily. Will this national security state shrink back to its original dimensions in the foreseeable future? Homeland Security Secretary Janet Napolitano said a firm “No” in answer to the question.

Would it then be fair to conclude that Osama bin Laden’s deluded, last-century warriors have caused America to go back in time in its passionate respect for human rights? Perhaps only for a short period ■

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Mafia-Nation: State Capture by Criminal Syndicates

by Sarah Chayes, *International Journalist*

13 September 2011

Gateway House interviews Sarah Chayes, Foreign Press Club and Sigma Delta Chi award-winning former reporter at National Public Radio, on the anti-corruption and democracy movements around the world as a response to governments turning mafia syndicates. Chayes reported from Kandahar from 2001 on, and has lived there since, building civil society institutions, authoring a best-selling book, “The Punishment of Virtue, Inside Afghanistan After the Taliban,” founding a cooperative that produces luxury skin-care products for export (www.arghand.org), and advising the US military on Afghan governance as well as the Arab Spring, among other topics.

The Afghanistan project started out in 2001 with great optimism and hope about checkmating Al-Qaeda’s brand of terrorism, as well as rebuilding a nation. Ten years later, has that fructified as planned?

It seems to me that there have been significant concrete gains against the physical manifestation of Al-Qaeda terrorism, not the least of which the localization and killing of Osama Bin Laden. During the decade it took to achieve that goal, a lot was learned about the structure and organization of that association, and its collaborators and imitators; and a lot of progress was made in disrupting and breaking down these networks.

On the other hand, I don’t think nearly as much progress has been made in reaching a deeper understanding of the motivations behind transnational terrorism, or even behind the conflict in Afghanistan. It was as though the

heinousness of the acts was all we had to know, not what might drive men to commit them. So some of the very gains mentioned above inadvertently exacerbated local conflicts, not to mention resentment of the United States among a broad swathe of people around the world.

In Afghanistan in particular, the U.S. refused to consider the potential consequences of empowering a collection of repudiated warlords and major criminals in late 2001 as proxies against the Taliban, and then upholding and supporting these men in positions of power in the Afghan government. They exploited Americans’ single-minded concern with terrorism to obtain a virtual blank check from their US partners regarding how they treated their citizens, so long as they appeared to cooperate in fighting (militarily) terrorists. The result was a gradual mafiazation of the Afghan government, with power and profits shared among a few interlocking – but also competing – networks, money moving upwards in the system, in return for permission to extract resources and protection from legal or regulatory repercussions.

I was experiencing this from the grass-roots level for years – and experiencing the rising frustration of the Afghan people at what amounted to the capture of their state by criminal syndicates under the eyes of the international community – but I didn’t begin thinking about the phenomenon in a systematic fashion until about 2009, when I began working on anti-corruption strategies for the command of the international forces, in Kabul. Then I began to understand how structured this corruption had become.

Still, I was primarily focusing on the case of Afghanistan. I was completely taken aback when I presented a discussion of this phenomenon, complete with a slide sketching out how the system works, and was greeted by a standing ovation from several hundred international high-ranking military and law enforcement officers at a symposium at the Marshall Center in Garmisch, Germany, in early 2010. Several came to talk to me afterwards and practically chorused: “You just described my country.” Then I realized we were faced with a global phenomenon.

How is this phenomenon manifesting itself?

The people experience it as a constant requirement to pay money in order to get public officials to perform their duties (or to induce them not to perform them). In Afghanistan – one of the poorest countries on the planet – two separate studies in late 2010 estimated the total amount of money extorted by way of this “petty” corruption to be between \$1 and \$2.5 billion per year. The payment requirement is usually accompanied by physical or psychological humiliation – a slap in the face, or a swipe at your vehicle with the stock of a rifle to break the windshield if you fail to comply – and utter impunity for the offending official. The result is an acute sense of injustice on the part of ordinary citizens, who see not just themselves hurt and disadvantaged, but also assets that they consider part of their national patrimony, such as mineral wealth, land, or development resources, going straight into the pockets of a privileged few, while they and their neighbors are suffering on the margins of survival. Particularly

galling is the fact that such activities go on in societies that claim to be governed by constitutions, codes of laws developed by representative institutions, and judicial bodies to enforce those laws. This type of mafia government makes a mockery of such institutions and of modern notions of rule-based government and equal justice under the law.

I always knew such behavior was not part of the “culture” of South Asia, as so many Westerners argued to me. But what I didn’t fully understand until 2009 was the degree to which this activity is structured and systematized, not just the ad hoc salary-padding of a few bad apples on the police force, for example. Rather, a portion of the bribes extorted on the streets is required in kickbacks by superiors, as the price for the job, or the position on a lucrative street corner, or a juicy judgeship. These are structured, vertically-integrated networks, whose objective is the extraction of resources. They’re really only masquerading as governments.

How is the public from both developed and developing countries, responding to it? The Anna Hazare movement? The Arab Spring – is it a related response or an indirect outcome of 9/11? How will these new phenomena change our world - which new era will we enter?

Initially, when I gave that talk at the Marshall Center, and I examined the countries from which my most enthusiastic listeners came from – Nigeria, some of the ‘Stans, etc. – I noticed a clear correlation between mafia government and violent religious extremism. And I realized the sense in such a match: If the reason-based rules that have been evolving since the Enlightenment no longer provide people with a reasonable hope of redress of legitimate grievances, then it should be no surprise that they turn back to (their interpretation of) God. And an angry god at that, who in their view encourages the expression of violent outrage. It was a pretty distressing picture.

But then the Arab Spring erupted

– presaged, let’s not forget, by Kyrgyzstan. From Morocco to Syria and beyond, rigorously nonviolent popular uprisings made public corruption the center of their demands. I saw Moroccan demonstrators carry brooms to demonstrations. Tunisian taxi drivers would spontaneously point out public lands that had been expropriated by the Ben Ali clan for their private use. Egyptians have obtained the trial of top officials on corruption as well as murder charges, while the military leadership continues to seek to evade the relatively respected civilian judicial institution.

And then Anna Hazare came to the fore in India, bringing tens of thousands of people to the streets to demand a proper, truly independent anti-corruption authority, with the ability to hold government officials accountable for their use of public assets for private gain. (Ironically, a structure very similar to the joint provincial ombudsman committees I tried to get international officials to establish in Afghanistan. Many of them derided the idea as “alien to local culture.”)

Here was an entirely different – and far more constructive – response to mafia government than violent extremism. What is fascinating about these movements has been their local specificity. While the grievances have been almost identical across a dozen nations, local solutions proposed by activists are different. In some countries, the public has been driven by lack of response from the government to demand regime change. In others, such as Morocco and perhaps Jordan, the public is asking for quite sophisticated transformations of their constitutional orders. When I asked a teen-aged girl why she was demonstrating in Rabat, Morocco, on March 20, she said: “I think the prime minister should be directly elected by the people, and it should be he, not the king, who appoints the cabinet.” That’s not regime change, that’s constitutional reform. In India, the demand is different yet: it is the reinforcement of existing mechanisms of checks and balances.

Where this leads really depends on how successful all these vibrant, inspired, courageous, untried populations are in recapturing the public space from over-entitled, out-of-touch elites, how deft in building institutions of accountable and truly representative government, and how vigilant in monitoring application of principles and in protecting their new political institutions from diverse forms of autocracy that will endeavor to move back in.

Perhaps the biggest surprise for me has been the lack of contagion in the West. Surely the 2008 economic slump was caused in part by some of these same types of corrupt behavior, with business elites slipping the reins of reasonable regulation, anemic accountability, and short-term profit even at the expense of the world economy continuing to reap massive rewards. While some of those suffering the brunt of corrective measures for these crises, such as young people in Spain, have launched their own movements, I find western publics to be surprisingly apathetic as mafia government creeps into their own systems.

Can developed-world democracy model be a viable alternative?

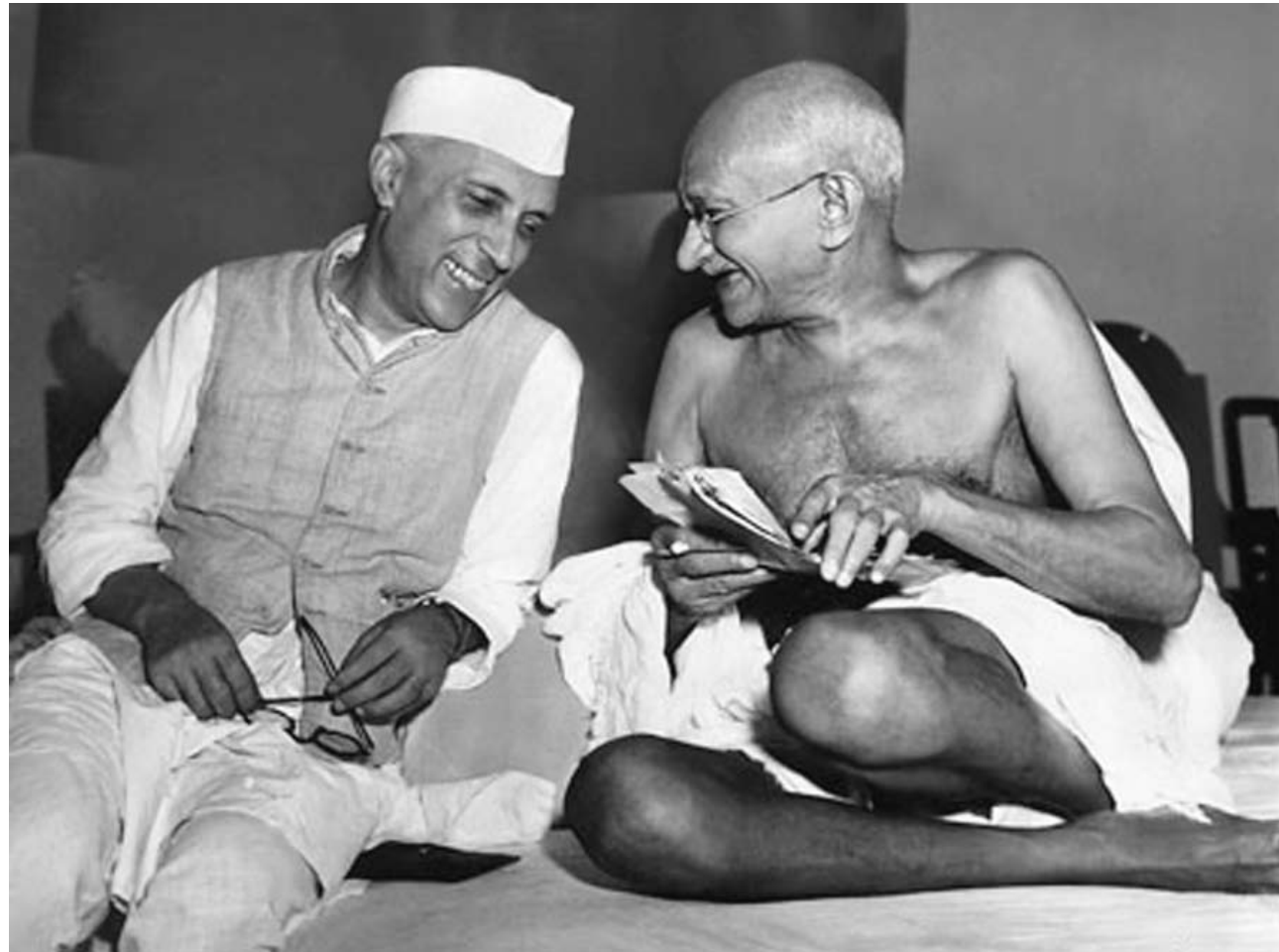
Of course! All the ‘developed-world democracy model’ really adds up to, is the application of a set of principles, which I truly take to be universally valued: citizens get some real say in their collective destiny, the rules that govern society are applicable to all, opportunities are distributed with rough equality, mechanisms exist for the redress of legitimate grievances, institutions are structured so as to provide independent checks and balances on power, and mechanisms exist for the alteration and improvement of the system according to these principles.

What worries me the most is money. Money’s ability to concentrate power is the factor that has most vitiated the developed-world democracy model as far as I can tell. So the future of all of the current experiments in remaking democracy will depend on the people’s ability to constrain the power of money ■

India's democracy: Evolution, not Revolution

by Rajni Bakshi
Gandhi Peace Fellow, Gateway House

14 September 2011



“Satyagraha is a process of educating public opinion, such that it covers all the elements of the society and in the end makes itself irresistible.”

– M.K. Gandhi Harijan, 1946

“... the total revolution has to be peacefully brought about without impairing the democratic structure of society and affecting the democratic way of life of the people. ...One of the unstated implications of such a satyagraha would be self-change: that is to say, those wanting to change must also change themselves before launching any kind of action.”

– Jayaprakash Narayan, Notes on Bihar Movement, 1975

As the anti-corruption movement led by Anna Hazare gathered momentum over the past few months, many have asked: how Gandhian is this movement?

On the world stage it may not matter whether or not Anna Hazare and his colleagues live up to the details of Gandhi's legacy. In any case there is no point in setting up Gandhi as a supreme ideal that all future endeavors must be measured against.

However, our anti-corruption upsurge does lend a further intensity to a global restlessness about the future of democracy – not just as a system of participative governance but as a way of life.

What are the values that will foster a truly democratic culture? This is the question that really matters and is more important than whether or not the on-going agitation will succeed in pushing back corruption.

Gandhian methods offer no ready-made answers, even if they are applied with the best of intentions. That is because Gandhi's example, with all the creativity of his experiments, is a combination of inspiration, challenge and burden. Exploring each of these dimensions may help us to keep refining the key question and find answers that are compatible with contemporary complexity.

Burden, Challenge, Inspiration: Then

It is perhaps the most moving scene of Richard Attenborough's film Gandhi. The year is 1947. All hell is breaking loose as communal violence ravages many parts of India. Gandhi, weakened by fasting aimed at stopping the violence, is lying on a cot on the terrace of a house in Calcutta. Hindu and Muslim combatants are

somberly filing past as they lay down their weapons in Gandhi's presence.

Suddenly a wild-eyed man, Nathu, bursts upon the scene and flings a roti at Gandhi. “EAT!” he shouts, “I might go to hell for what I've done, but I don't want the guilt of your death on my head.” Nathu's pain and anger fill the moment. With a belligerent defiance Nathu tells Gandhi that he killed a boy, a Muslim boy, by dashing his head against the wall.

Gandhi winces in pain. Nathu continues that he did so because they (the Muslims) killed his little boy. And then, in the face of Gandhi's quiet empathy, Nathu breaks down.

Gandhi's answer for the man's unbearable grief is that he find a Muslim boy whose parents have been killed and bring him up as he would his own son. Be sure, adds Gandhi, to bring him up as a devout Muslim even though you are a Hindu.

This sentiment was savagely rejected by the millions who continued the

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Gandhi felt that separate electorates for 'depressed castes' would cause Hindu society to disintegrate.

carnage that accompanied the birth of Independent India and Pakistan. The historical being, depicted in that scene, died a failed man.

Gandhi insisted that his fasts were a means of self-purification and not an imposition on anyone. But that was often not how those on the other side experienced them. One particular fast by Gandhi had repercussions that haunt us to this day.

In 1932 Gandhi went on a fast onto death to oppose separate electorates for untouchables whom he lovingly called “Harijans.” Gandhi felt that separate electorates for ‘depressed castes’ would cause Hindu society to disintegrate. Dr. B. R. Ambedkar, the leader of the lower castes, felt that separate electorates were a critical step towards correcting historical injustices.

A mass popular upsurge arose across India in support of Gandhi's position, driven partly by the fear that Gandhi might actually die if his formula was not accepted. Eventually this compelled Ambedkar to relent. The result was an agreement, known as the Yervada Pact (also known as the Poona Pact) which gave Dalits reserved seats but not separate electorates.

Three generations later, much of the Dalit bitterness towards Gandhi and his philosophy, is traced back to that fast which they recall as a form of coercion. They view Gandhi as deploying his popular appeal to undermine Ambedkar's vision for liberating Dalits.

In various forums where I have had an opportunity to discuss this matter with Dalit youth I have tried to explain that Gandhi's stand was based on a lofty vision of inter-caste unity. But they perceive this as my upper-



The ‘other side’ in this situation is the government, and perhaps all political parties

caste pro-Gandhi bias. So together we experience Gandhi’s fast and the resulting Yervada Pact as a historical burden.[i]

Attempting to overcome this barrier takes us to the challenge dimension of Gandhi’s legacy. This requires us to look behind the specific actions and events associated with the historical Gandhi – to grasp the underlying insights and aspirations. As his biographer, Louis Fischer wrote: “Gandhi fasted not for anybody or against anybody, but for a creative idea.”[ii]

The most fundamental creative idea with which Gandhi experimented was self-critical introspection – the faculty for constantly re-examining one’s own motives and methods. Then the opponent need not be encountered or experienced as an offensive ‘other’ but as someone who, just like oneself, has the potential for critical self-reflection and thus can evolve to higher levels of consciousness and action.

Therefore, Satyagraha is fundamentally an inward challenge.

Physical non-violence is its bare minimum component. Its objective is not the ascendancy of any one formula or solution but empowerment of the search for multi-shaded truths. It is this search for truth that is to be made “irresistible” – not the force of a demand backed by large numbers. And this endeavor is, above all, an antidote to intolerance and any inclination to paint a black-and-white picture of reality. Even if the injustice being resisted is an area of deep darkness, those responsible for it need not be condemned as evil. It is a moral action against the sin, not the sinner.

Perhaps this is why Gandhi spent one of his post-satyagraha jail terms in South Africa making a pair of leather sandals for General Jan Smuts, the man who had put him behind bars. Such love-thy-opponent gestures seem saintly to most people. So it is more important to understand the very human, and do-able, qualities which were the source of Gandhi’s values. Fisher noted that Gandhi had a way of thinking aloud so as to reveal each step in his thinking. Since you heard not merely words but a sequence of thoughts it was possible to yourself see the conclusion emerge: “This prevented him from talking like a propagandist; he talked like a friend. He was interested in an exchange of views, but much more in the establishment of a personal relationship.”[iii]

Stories from the past need not have a literal relevance today. They are narrated here as a path-finder light that might be more helpful than the photo of Gandhi which was used as the backdrop for the stage at Ramlila Maidan.

Let us now explore what is our contemporary combination of burden, challenge, inspiration. What do the

experiences of the anti-corruption mobilization teach us about fostering a democratic culture in everyday life?

Burden, Challenge, Inspiration: Now We are hard-wired to admire self-sacrifice, particularly fasting, for a higher cause. This is why Anna Hazare’s fast was chosen to serve as the fulcrum of the anti-corruption campaign. It was the surest way to generate mass popular support for an issue on which no one can publicly disagree – the need to stop corruption.

But fasting as a means for fulfilling a specific demand – in this case the insistence that a particular draft of a bill to be made into law by a particular deadline – is clearly not conducive to fostering a democratic culture. The dangers and burden of this might have even have more grave implications than the ramifications of the Yervada Pact which continues to handicap inter-caste dialog four generations later.

It could be argued that Hazare’s fast is free of such dangers because there is a universal acceptance of the need to fight corruption. The ‘other side’ in this situation is the government, and perhaps all political parties. It is assumed that they are bound to subvert any legislation that might make it impossible for them to siphon public funds in the future. So how could defeating them have any negative repercussions?

One, this approach poses a practical problem. A hastily steered bill may lead to a poor quality legislation that would send us from frying pan to fire. Advocates of the agitation argue that the Jan Lokpal draft is well-considered and carefully designed by highly-qualified professionals. But this reasoning does not address the fears of those who believe the Jan

Lokpal could become a super-cop institution that will skew, not improve, the balance of power.

Two, there is a problem in principle. Even if the issue at hand is legitimate, should a group of people, backed by a mass upsurge, be allowed to push through their version of a solution? True, parliamentary mechanisms are in need of improvement. But they are not as dysfunctional as many supporters of the agitation seem to believe. And even the dysfunctions can only be made worse by substituting due process with either the moral or tactical force of enraged public sentiment.

Three, the agitation tapped into a long-prevalent loathing of politicians. Again, there is an objective basis for this. When elected representatives fail us there is a legitimate feeling of betrayal. Thus the outrage about big ticket corruption is fully understandable. But that is not a sufficient basis to paint the entire political class as ‘evil’ and then identify ourselves as their victims. To claim, as has been done by some agitators, that we have been ‘betrayed’ for 60 years is at best ignorance and at worst it is false propaganda.

What remained on the fringes of media hype were the voices of other veteran political activists who were drawing attention to how various acts of Parliament have created mechanisms of accountability in everyday life. Over the last 64 years we have created various ways to make democracy more meaningful at the grassroots. The Right to Information (RTI) movement, backed by the RTI Act, and strengthening of Panchayati Raj institutions, through actions of Parliament, have enabled local communities to be better informed and take responsibility for last-step governance.

As the agitation at Ramlila Maidan came to a close, Arvind Khejriwal, the movement’s main architect, said that it was never their intention to claim that all politicians are evil. The truth of this vital disclaimer was also manifest at high points of the televised Parliamentary debate which preceded the passage of a resolution on key points of agreement on the Lokpal Bill. It was following this Parliamentary resolution that Hazare’s fast was called off on a note of victory. [iv]

Four, once sources of corruption are located outside us entirely, in some ‘other,’ we are just a step away from intolerance. Those who questioned the Hazare version of the solution have been denounced as traitors in banners at Ramlila Maidan and other protest locations. Some, like Aruna Roy, an architect of the Right to Information law who has been critical of the Hazare draft of the Lokpal Bill, have also been bombarded with vicious hate-mail. The immediate passage of a law creating the



It was only in 2010 that the guilty doctor was removed from office and is now in jail pending trial.[v]

institution of a Lokpal may or may not help us wipe out corruption – but intolerance of opposing views will undermine democratic culture. For democratic culture depends on open engagement with multiple perspectives and a willingness to be critiqued. But emotions were at such a fever pitch during the agitation that those who challenged the agitation’s tactics were denounced for denigrating “people’s power.”

It should be possible to celebrate the fact that lakhs of people have come out on the streets to speak truth to power and yet also question some characteristics of this mobilization. Otherwise there is an implicit danger of those mobilized behaving like a revolutionary vanguard which treats all critics as counter-revolutionary.

What then are the challenges ahead, post Hazare’s fast? How will the search for multiple dimensional truths become irresistible? Let us turn to some scenes from everyday life, which have not been in the limelight.

As the anti-corruption protest at Ramlila Maidan in New Delhi gathered momentum in August, people across India spontaneously came out onto the streets to march peacefully demanding an end to corruption. Even the small town of Akluj, in Maharashtra, witnessed a candle-light march. Since Akluj has become a rural medical hub over the last two decades most of the protesters were doctors. But one of the most senior and respected doctors of Akluj was conspicuously absent from the rally.

What is the point of marching against corruption, he asked, unless the doctors are themselves willing to stop manipulating patients by performing unnecessary tests and operations? He also pointed out that most of the participants in that march declare

only a small portion of their income to the tax department.

This particular doctor pays tens of lakhs every year as income tax. He is also the one most consistently harassed by the tax authorities. The local taxman seems to resent the doctor's insistence on putting large sums of money into the government's coffers. The other doctors offer the taxman a win-win deal – they get to keep more of what they earn by paying a relatively smaller amount to tax official's personal coffers.

Another doctor, this one in Mumbai, raised the same challenge to his colleagues. In an article published by Rediff.com, on August 29th, 2011, titled Team Anna: What about medical corruption?, Dr. Sanjay Nagral reported that a doctor convicted of corruption by lower courts not only survived in the profession for a decade but rose to become the President of the Indian Medical Council “due to a certain permissiveness of his constituency and peers.” It was only in 2010 that the guilty doctor was removed from office and is now in jail pending trial. [v]

“It is easier and safer for a professional to symbolically identify with the Hazare movement but much more challenging and daring to question internal corruption at ones workplace,” wrote Dr. Nagral, a surgeon at Mumbai's Jaslok Hospital. “When the dust and noise of the spectacular settles it may be worth remembering to turn our gaze inwards” he concluded.

An old man living in a Delhi slum expressed the same sentiment at a basti-level anti-corruption meeting shortly after Hazare's earlier fast in April. A veteran political activist, attending the same meeting, had just given a rousing speech on the global imbalance of power between ‘people’ on one side and corrupt

politicians and corporations on the other. That may be so, said the old man, but Hazare's campaign has also reminded us that doing the right thing and being successful is often not the same thing. For too long now, most of us have not worried about doing the right thing as long as we get what we want. If this is to change, we must all change.

It may not be fair to look for evidence of self-critical introspection amid the euphoria of collective protest, on the streets and at Ramlila Maidan. Mass action tends to require some simplification of issues, a sharply focused demand and a clearly visible opponent.

But such introspection is the key challenge on the road ahead. Its absence might imperil both the struggle against corruption and India's democratic culture. It is dangerous to assume that if big-ticket corruption of elected representatives and government functionaries is tackled, the rest of society will somehow fall in line because the source of the problem is at the top.

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Like Gandhi, JP visualized true democracy as depending upon a sustained and ceaseless evolution of social and moral energies.

Moreover, rapidly identifying and punishing offenders – at any level of government or in any profession – is a necessary but far from sufficient condition. Yes, modern parliamentary democracy needs to rely heavily on effective implementation of rule of law. Indeed there is urgent need to press for this and normalize the functioning of institutions in India. But surely deterrent punishment cannot be the basis, the foundation, of a society worth living in.

The limitations of deterrent punishment as a means of changing erroneous behavior were poignantly and creatively illustrated by the closing moment of the agitation. Hazare's decision to break his fast by accepting a glass of fresh coconut water from two little girls was an important act of political symbolism in a country where the female sex ratio has been steadily declining.

Laws making sex-selection abortions a criminal offence were enacted almost two decades ago. Government policies favoring the girl child are aplenty. But as the census of 2010 showed the gender ratio is still skewed – 940 women for every 1000 men. In the 0 to 6 age group the ratio is much worse – 914 girls to every 1000 boys. Clearly the proportion of females in the population is not going to be secured as much through laws and policing measures as it could be by social renewal. It might be the same with corruption.

Many anti-corruption policing measures already exist. There is clearly need for refining these existing measures and even creating some new ones. But in a society where subversion of policing measures, by the public at large not just powers-that-be, has become a highly developed skill there may be no substitute for a social processes that fosters voluntary compliance with rules. What then are our sources of

inspiration in the present?

The first and most obvious source is the determination, by a wide cross section of society, to speak truth to power by saying ‘enough is enough’ -- corruption will not be tolerated. The power of this ethical energy is not diminished by the darker elements of the flag waving crowds whose cheering for “Team Anna” could not be distinguished from their jingoistic cheering of the Indian cricket team.

It is vital to celebrate the quieter off-camera fervor to confront an unresponsive government. It's most startling manifestation may have been families who brought their children to tumultuous street events – apparently with full confidence that the protest would not turn violent. Some of these were people who wanted their children to have a first-hand experience of grassroots politics.

Some of these passionate protestors were uncomfortable with the more demagogic elements at Ramlila Maidan. For instance, the slogan “Anna is India, India is Anna”. Some supporters of the agitation did make a distinction between confronting a government and undermining constitutionally established procedures. There is no way of knowing how many people who spontaneously supported Hazare's fast took his exhortations for ‘good conduct’ and sacrifice to heart. But one of the most inspiring interventions came from yet another doctor.

At the height of Hazare's fast Dr. T.P. Lahane, Dean of J.J. Hospital, Maharashtra's largest public hospital, found that many of his resident doctors were planning to join a public demonstration in support of the agitation. Dr. Lahane called all the young doctors for a discussion and asked them to consider if marching in support of Hazare's fast was enough.

That dialog led to the doctors taking an inward focused pledge. They swore not to support female feticide, not to take commissions from hospitals for referring patients, not to seek commission from pharmaceutical companies, not charge patients at a public hospital, not give preference to rich patients over poor patients.

A cynic might argue that pledges are easily broken. So what? Even if every last doctor who signed that pledge does not honor its letter and spirit the reiteration of the values is significant. Dr. Lahane's dialog and the resulting pledge are a dynamic form of satyagraha because it involved “educating public opinion” about the values that need to be made irresistible.

This quality of introspection, of taking full responsibility for your immediate domain of action, might be the core value for a truly democratic culture. This way you seek to change the top by revitalizing the grassroots. You strengthen the struggle against corruption at the top by first bringing change in your own professional and social life. Tolerance and respecting the dignity of all, particularly of those who disagree with us, tends to follow from this commitment to being the change you want to see.

None of the above may accrue from a policing- based reduction of corruption or a ‘people's power’ that has such contempt for institutions. It is important to acknowledge what does work and not sweepingly, erroneously, denounce institutions as dysfunctional.

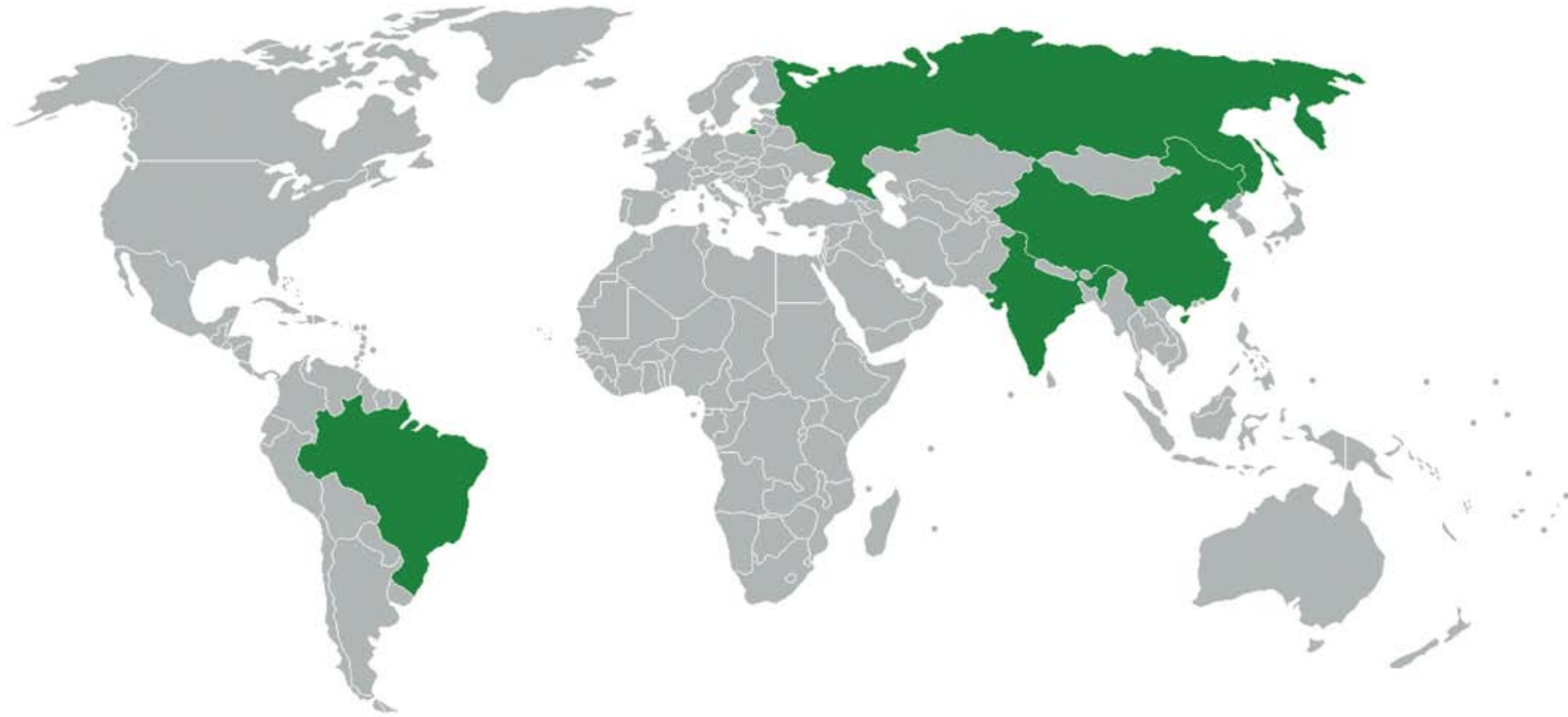
Let us not be distracted by the fact that a slow, insidious, morally anchored process of change seems dull compared to the heated drama of people's power spilling over in the streets. Contrary to popular belief this is not the first-ever mass upsurge against corruption.

It was at the same Ramlila Maidan, in June 1975, that Gandhian social worker Jayprakash Narayan (JP) addressed a crowd of over 100,000 people protesting against Indira Gandhi's corrupt government. It was JP's last public meeting before the Emergency was declared and JP along with most opposition leaders landed in jail. Some of the young people who were politicized by the JP Movement went on to become major political figures accused of large scale corruption – notably Mulayam Singh Yadav and Lalu Prasad Yadav.

This does not mean that those protests were futile. As more and more people across the world pay close attention to India's on-going struggle to build a more effective and truly representative democracy it will be vital to understand why protests were a relatively small part of JP's concept of “Total Revolution.” Like Gandhi, JP visualized true democracy as depending upon a sustained and ceaseless evolution of social and moral energies.

Gandhi himself evolved to the extent of forgiving and embracing murders, as depicted in that scene from Attenborough's film. We are not required to ‘follow’ Gandhi – either literally or metaphorically. But his composite legacy – of both burden and inspiration – can be a light on the path ahead.

Yes, lives are partly improved by winning on specific demands for laws that compel the powerful to be more accountable. That is vital. But the evolution may depend on devising ways of converting outrage into well-directed purpose and brashness into a courage that is respectful of different ways of reaching the same goal ■



BRICS bail-out of Europe:

A far cry

by Akshay Mathur
Head of Research, Geo-economics Fellow

23 September 2011

Consider a situation when the richest families in your city, unable to meet the expenses of their high standard of living, and unable to agree among themselves on a future direction, ask you, a lower middle-class citizen, for a loan. The amount required is not fixed, the guarantee of return not certain, but the virtue of saving your city is visibly high even though you are having trouble making your own ends meet, because the situation was created by the rich in the first place.

This is exactly what the idea of the BRICS bailing out the Euro sounds

like. After living beyond their means for years, the Europeans have had a rude awakening of their highly leveraged balance sheets. Greece alone requires \$17 billion in its next installment of the \$150 billion promised in May 2010 to stay afloat. If Italy, which has twice as much as debt as Greece, were to follow, the amount required for bailing it out remains anyone's guess.

Among the BRICS, China is the only country with enough capital to even consider a bail-out. With \$3.2 trillion in reserves, China dwarfs the other four whose reserves add up to

little over \$1.2 trillion – Russia (\$533 billion), India (\$319 billion), Brazil (\$353 billion) and South Africa (\$50 billion). If the external debt positions are factored in, \$300 billion for Brazil, \$305 billion for India, it doesn't leave much for investment.

How then, is the idea of a BRICS-led bail-out of a € 750 billion (\$1 Trillion) Euro-zone crisis even conceivable? Perhaps, there are macro-economic reasons. Brazil's foreign exchange reserves are mostly a result of their Central Bank's purchase of dollars being poured in by foreign investors. It may not want its source of capital to dry up. The Chinese reserves are

fueled by similar intervention by their Central Bank to maintain their currency, and of course, their exports. Given that Europe is China's largest trading partner at close to \$400 billion, they have a vested interest in saving their client base. India's foreign investment inflows have dropped from \$70 billion in 2010 to \$60 billion this year. It would not want the crisis to spread and affect revenues of its export oriented industries, such as IT, which gets close to 30% revenues from Europe. Finally, the volatility in oil prices has affected Russia for whom oil remains its primary export and forex earner. Thus, Russian participation, if any, would be driven more by the oil marketplace than by its proximity or historical affinity to Europe.

If the macro interests and capabilities are so disparate, does BRICS as a group, even have a role to play?

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Among the BRICS, China is the only country with enough capital to even consider a bail-out.

If Euro-zone, which is a monetary grouping, has had difficulty in coordinating a fiscal response, how is BRICS, which is still an emerging alliance, expected to coordinate a bail out? They don't have a coordinated strategy for managing their sovereign wealth funds (SWF). Brazil, China and Russia have one, whereas South Africa and India do not. Neither has there been any hint of the countries agreeing on converting additional portions of their reserves into Euros.

One way to add to the loan pool immediately would be to contribute to the IMF's New Arrangements to Borrow (NAB) program. Brazil was a

beneficiary of this in 1998. A second way would be to buy Euro bonds issued by the European Financial Stability Facility (EFSF) backed by the member states.

Regardless of the instruments available, since the financial strength is missing, this decision is increasingly looking symbolic. But even symbolic decisions need political will and tangible benefits in return. Brazil can use the opportunity to further its claim for a UN Security Council seat even though this investment seems tangential to the new President Dilma Rousseff's socialist agenda. The Russians have been burnt by two crises, in 1998 and 2008, resulting in devalued currency and diminishing reserves. They may be reluctant saviors. India, burdened by its own socio-economic woes, cannot afford symbolic moves. The \$17 billion installment for Greece alone is equal to the total budget of our National Food Security Bill for one year.

Perhaps, it is time to let businesses instead of countries participate in the bail-out. According to a report in The Guardian, Debt-ridden Greece gets vote of confidence from China, Chinese companies such as COSCO have already signed \$1 billion deal to manage the Pireaus dockyard and are considering buying a stake in the railway network OSE. This confirms predictions that China is peeling itself off of BRICS in making investment decisions. Hence, Greece and Italy are courting China. This kind of strategy is something other BRICS nations should consider.

Whether the decision is financial, political or symbolic, BRICS must at least consider whether it is worth bailing-out Greece. During the Asian Financial Crisis, the IMF forced Asian economies to stop saving the currency and the banks, and introduce structural adjustments in return for IMF loans. Many institutions went bankrupt and individuals lost their wealth in the process. Why should it be any different now? ■

Obama loses high ground on Middle East

by Seema Sirohi
Journalist and Analyst

26 September 2011

New York – Palestinian President Mahmoud Abbas decided to put the fate of his people in the hands of the United Nations collective after two years of false starts and dashed hopes and watching an American president stand squarely in the corner of Israel, helpless against the power of the pro-Israeli lobby.

Abbas made a formal request on Friday to the UN Security Council for a full UN membership, recounting how every effort at making peace had “shattered against the rock” of Israeli settlements. Repeated applause and cheers greeted his speech to the UN General Assembly followed by a standing ovation as he ended asking for support for the “establishment of Palestine.” The only delegates left sitting were from Israel and the United States.

The drama around Abbas’ decision to go ahead and ignore the enormous pressure from the U.S. and some European countries to give negotiations yet another chance gripped the week-long gathering of world leaders. The Palestinian question once again is front and centre although it is another matter how far the request is likely to go. The Obama Administration has made it clear it would veto the proposal in the Security Council should it reach that stage. But before that, U.S. diplomats will try to stall, delay, influence and generally prevent a majority from

coalescing within the 15-member Council. Clearly, the Americans are loath to use their veto power because of the regressive signal it would send in light of the Arab spring. Washington prefers that Abbas falls short of garnering nine votes in the Security Council in favor of recognition.

Those strongly in favour of granting Palestine recognition are India, Brazil, Lebanon and South Africa among the non-permanent members and China and Russia among permanent members. The Europeans, including France, Germany, Britain, Portugal, Bosnia and Herzegovina, are currently undecided while Colombia, Gabon and Nigeria are under tremendous pressure to vote against the request. For an African country to vote against the recognition of Palestine would speak volumes but political expediency and pressure can make countries bend.

What is clear is that the United States can no longer claim to be an honest broker in the Middle East. President Barack Obama, who delivered a soaring speech in Cairo in June 2009 calling for a “new beginning,” has walked back significantly from his tough line on Israel. He no longer occupies the moral high ground where he acknowledged Palestinian suffering along with the need for security for the state of Israel. When the Palestinians heard him in Cairo, he signified hope and an energized American effort to push the peace

process forward. True, Obama has come under steady pressure from the pro-Israel lobby at home while being repeatedly snubbed by Prime Minister Benjamin Netanyahu on the question of ending illegal settlements in and around Jerusalem. Netanyahu, a captive of the extreme right-wing religious parties in Israel, is content not to move and force immobility on the Americans as well. Irony indeed that 70 percent of the Israelis are said to support a two-state solution and recognition of Palestine as a separate state.

Obama’s own re-election bid, which currently looks under a cloud given the depressing state of the economy, unfortunately requires sterling credentials on the question of Israel. He has received open warnings about losing the influential Jewish vote and thereby funds for the Democratic Party, something that his team tried to “correct” by making his UN speech a tonic designed to soothe Israel. The speech asserted that the United States will support Israel under almost all circumstances. He seemed to be competing with Rick Perry, the Texas governor and a top Republican presidential hopeful, who had tried to upstage Obama on the all-important question of Israel.

Perry “happened” to be in New York rabble-rousing the pro-Israeli voters in the same week as the General Assembly to establish his credentials and darken Obama’s. He



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The only delegates left sitting were from Israel and the United States.

called Obama’s Middle East policy “naïve, arrogant, misguided and dangerous,” scaring the president’s reelection team silly. The White House apparently has sent e-mails to those concerned about Israel quoting Netanyahu praising Obama on Israel. An American president in need of a stamp of approval from a foreign leader is indeed in trouble.

And so came the repeated public assertions that the Palestinian bid for recognition was foolhardy and would prompt an American veto. For a president to attempt to out-Israel a mere candidate is a reflection on Obama’s diminished position, his low approval ratings at home and his powerlessness against the Republicans.

The world watched Obama, once a symbol of hope and change at home and abroad, deliver a speech that was the very antithesis of logic. He praised the winds of change from Cairo to Tripoli where international law and support were key to attaining the very freedoms that Americans would like all others to enjoy but the Palestinians, he implied, must attain them without such leverage.

The speech is unlikely to convince the hardcore pro-Israeli lobby about Obama’s change of heart because it mistrusted him from the day he made the Cairo speech. So what did he achieve by falling in line?

Obama could and should have been on the right side of history on the question of Israel-Palestine. No one can deny that Abbas and his Prime Minister Salam Fayed have tried to play by the ever-changing rule book designed by Israel and its supporters, reducing, shrinking and squeezing their aspirations to suit an uncompromising partner. But even they have a threshold ■

Reasserting India's independence

by Seema Sirohi
Journalist and Analyst

26 September 2011



Nations this weekend to strike a different pose, one more confrontational than conciliatory, to clearly differentiate the Indian world view on the various unfolding international crises.

He gave a critique of globalization, questioned the efficacy of the Bretton Woods institutions and told western powers about the perils of military interventions – a direct reference to the NATO operations in Libya and a warning not to go the same route in Syria. He used strong words to assert that India was extremely uncomfortable with the growing tendency to interpret UN resolutions in favour of military intervention. The speech was reminiscent of the old days, almost Indira Gandhi-esque in its tone.

“Societies cannot be reordered from outside through military force. People in all countries have the right to choose their own destiny and decide their own future,” Singh told the General Assembly in his September 24 address. “The international community has a role to play in assisting in the processes of transition and institution-building, but the idea that prescriptions have to be imposed from outside is fraught with danger.” The rule of law is “as important in international affairs as it is within countries,” he stressed.

Fighting words from a prime minister generally seen as a man of gentle demeanor. But there are good reasons for his sudden tonal change. India, currently a non-permanent member in the UN Security Council, had abstained on the Libyan resolution but not voted against it in a positive gesture to the western allies. However, subsequent developments and the supply of weapons to the Libyan rebels was seen by India as going beyond the limits of what the UN resolution had authorized. There is disquiet about claims of western ambassadors about the current Libyan situation - New Delhi simply does not believe half the reports they have submitted about the ground realities.

The prime minister's speech has put Indian perceptions on the record. Brazil and South Africa, also non-permanent Council members, share India's discomfort about NATO; the trio has been resisting the tendency to see the Syrian situation through the same western lens. India sees the idea of the “Right to Protect” or R2P as fraught with danger. The R2P principles focus on halting genocide, war crimes, ethnic cleansing and crimes against humanity; the principles derive their power from the idea that sovereignty is a responsibility, not a privilege. It still is only a norm, not a law, but a significant body of opinion is coalescing behind it among western opinion makers. India would still count itself in the old, traditional camp of respecting sovereignty above most other compulsions bar some. In another clear statement,

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Early reform of the Security Council must be pursued with renewed vigor and urgently enacted

India came out unequivocally in support of the Palestinian struggle at this 66th gathering of the international community, where Palestine President Mahmoud Abbas submitted an application to be recognized as a state. Israel, the United States and some key European countries are opposed to the move and are likely to block it with the ultimate weapon – the veto. Manmohan Singh did not waver from India's traditional support for Palestine, despite Israel being India's largest defence equipment supplier and despite improving bilateral relations with that nation. Singh even named East Jerusalem as the capital of a future Palestinian state.

Singh then took on globalization and the mythology associated with it. He was front and centre in his criticism – somewhat surprisingly – when he said the “benefits” can no longer be taken for granted. He made it clear that he was no fan of a free market run wild on the wings of deregulation. “Economic, social and political events in different parts of the world have coalesced together and their adverse impact is now being felt across countries and continents,” he said in his speech. The financial crisis of 2008 in many respects has deepened, he averred, and while the western world is resorting to protectionism, emerging economies are being asked to carry more than

their fair share of the burden. It seemed like Singh was using the global audience to register a variety of complaints, and sending signals that the kind of market openings the west seeks in India are unlikely to be implemented any time soon. The U.S. has been pushing India to open its retail, banking and insurance sectors to a greater degree, something that Indian politicians say can be socially explosive because it will throw millions of small businesses out of work.

Terrorism was a major theme for Singh; here his criticism focused on the west (read, the United States) having an uneven policy. “There cannot be selective approaches in dealing with terrorist groups or the infrastructure of terrorism. Terrorism has to be fought on all fronts,” he said in a clear reference to Washington's tendency to largely ignore Pakistan-supported groups that operate against India while focusing on Al-Qaeda and its affiliates which target the U.S. and other western nations.

Singh's speech will not go unnoticed by Washington and its allies, especially when discussions begin on the expansion of the UN Security Council. India is seeking permanent membership in an expanded Council to “reflect contemporary reality” and enhance its credibility and effectiveness in dealing with global issues. “Early reform of the Security Council must be pursued with renewed vigor and urgently enacted,” Singh exhorted. Even though the U.S. came out in support for India's candidacy during President Barack Obama's visit to New Delhi last November, discussions on reform are proceeding slowly, if at all. There is no urgency felt among the five permanent members (China, the U.S., Britain, France and Russia) to expand their club any time soon.

If there was a perception that the prime minister was pursuing U.S.-friendly policies during his first term, he spoke from a different, if an old song book, in an effort to make clear that India had, unmistakably, an independent foreign policy ■

India-Bangladesh: Energy has to be the driver

by Hari Seshasayee

28 September 2011



India's Prime Minister Manmohan Singh made a long-overdue, much-anticipated trip to Dhaka on September 6. But West Bengal Chief Minister Mamata Banerjee's decision to repudiate the interim Teesta and Feni water-sharing agreement undercut the larger national interest of building a relationship of greater trust with Bangladesh. The Bangladesh government, on its part, reacted maturely and turned the visit into success and a major step forward for India-Bangladesh relations.

Gateway House's Hari Seshasayee interviewed Tariq Ahmad Karim, the High Commissioner of Bangladesh

to India, to discuss the implications of the agreements signed during the visit, and the long-term vision for the two neighbours.

India and Bangladesh have conventionally invested and traded in sectors such as textiles and technology, but new initiatives like power (the thermal power plant at Khulna, for example) and other sectors like automobiles or pharmaceuticals have immense potential. What in your opinion should we focus on?

A major area for us is power generation. Thermal power, based on coal or hydro carbons, is just one part.

Gas is another. The exploration of gas is significant because our estimated reserves are not sufficient to meet our needs. We currently switch between power and fertilizer plants, and even export fertilizers to India. To set up more power plants, we need to find more gas fields – perhaps this is an area where India can take a chunk of the exploration market.

Bangladesh has ambitious growth plans, and we want to lift many people out of poverty. To do that, we

have to create jobs, our industries need to expand and the economy must grow faster. To do this, you need power: without energy, you cannot fuel development plans. It's like a car without petrol – it will go nowhere without gas. Energy has to be the driver. So we're back to power.

Presently, the energy plan is a short-term one – even with the 1,320 megawatts (MW) plant in Khulna, we would still be short by 1,000-2,000MWs of power. A medium and long-term plan must also be formulated. Instead of trying to meet deficits, we must reach a stage where we have plenty of power, and can direct it to essential industries.

This requires ample cooperation and sub-regional support as well. Take India's deal with Bhutan for instance: while Bhutan's total power demand is approximately 700 MW, the potential capacity for generation is over 23,000MW. In the first phase alone, India is to generate 10,000MW. And Bangladesh has expressed an interest in tapping into the remaining 13,000MW – at least some of it, if not all.

For this long-term vision of energy security and enhanced bilateral relations, is there a specific role that India's North-East can play?

Yes, the North-East can play a significant role in setting up hydroelectricity power generation – specifically in Arunachal Pradesh, Sikkim and Mizoram.

Mizoram has the potential for small-scale hydroelectricity generation, while Sikkim's potential is even larger. In its next phase, Sikkim plans to produce 3,000MW of power, and Bangladesh is interested in acquiring 500-1,000MW of that, which we invest back into India's power industry. It's a win-win situation – Sikkim benefits, Bangladesh benefits.

Ultimately, India's national grid line benefits, since we have agreed in principle to hook-up our grid lines. In five to ten years, India and Bangladesh

will have active exchanges and trading of power.

The North-East is highly valuable for another reason: if you have goods, you must also have a large market to sell the goods. For Bangladesh, the biggest market is right next door – India. But to allocate this linkage, good connectivity is essential. This will enable constant exchanges and trade across our borders, allowing people to rediscover each other.

After all, the North-East was one of the richest areas before partition, and its GDP-per-capita was higher than many places in India – today, it is one of the lowest because the region became starved of economic development. Due to alienation, neglect, and other factors that influenced the socio-political matrix, a large concentration of anti-state movements spawned from this region. If the state can give citizens of this region a sense of belonging, the anti-state movements will become marginalized and slowly wither away.

Thus, restoring connectivity between India's North-East and Bangladesh would highly benefit both countries. India can participate in any economic or industrial activity that facilitates this connectivity, whether it is railroads or river transportation.

You mentioned that power is a major driver. How important is water-sharing in this context?

India and Bangladesh share 54 rivers, and we have an agreement on only one – the Ganges. Until recently, we were on the point of signing a second agreement, on sharing the waters of the Teesta River, but that fell through when the West Bengal government opted out. We are still hopeful that the issue will be resolved – Dhaka and Delhi have already drafted an agreement, but it is now something Delhi must work out with Kolkata.

What are the next steps in the Indo-Bangladesh relationship – maritime agreements, conservation of the

Sundarbans, oil and gas in the Bay of Bengal?

Two agreements pertaining to the Sundarbans were signed recently – one on the joint management of the Sundarbans ecosystem, and another on the conservation of the Tiger, which we both claim as a national heritage.

Hopefully, the Sundarbans agreement can become a model for managing other ecosystems that we share – perhaps the ecosystems that connect Bangladesh to India's North-Eastern states can be explored next.

With regards to maritime issues in the Bay of Bengal, although India and Bangladesh initiated arbitration proceedings under the UN Conference on the Law of the Sea (UNCLOS), we hope the issues can be resolved through bilateral discussions. Apart from India and Bangladesh, Myanmar too filed their claims in the Bay of Bengal under the UNCLOS. Hopefully, the arbitrators will resolve the matter in a few years.

If the maritime issues are resolved, then the Bay of Bengal will be the centre of action: all three nations believe that an untapped triangular section in the Bay of Bengal holds the highest deposits of oil and gas. Until the issues are resolved, any exploration around that section is a problem – so the sooner it is resolved, the better it is for everyone. It may even open up the prospect of joint exploration of the maritime beds.

To conclude, the biggest gain from the present process, in my view, is that India and Bangladesh are rediscovering each other. You can put political barriers between people – through India's partition, for instance – but you cannot ignore or wish away your neighbours. Rediscovery will reduce much of the baggage of the legacy of mistrust that has been fostered over the years ■

FDI brings economic growth - its risks bring hiccups, not heart-attacks

by Samyukta Lakshman

26 August 2011

SP Kothari, Deputy Dean and the Gordon Y Billard Professor of Management at the Massachusetts Institute of Technology (MIT), discusses the global financial crisis, India's slow reforms and the challenges for the economy with Gateway House's Samyukta Lakshman.

1. India perceives itself as immune to the global financial crisis. But that is because its economy is far less globally integrated. What impact will the current turmoil actually have on the Indian economy and business?

India, like any other country, is integrated with the global economy; the real issue is the extent to which it is integrated. India will be impacted because exports constitute a non-trivial source of employment and income. What we are witnessing – the stock markets moving up and down – has to do with what's going on in the US. Clearly, the economic growth in the U.S. and Western Europe has slowed down, so has their expenditure on information technology, desire for tourism and so forth. Any other sector where India plays a role will impact the country adversely.

2. How can India strengthen regulatory institutions and regulations?

India should have fewer regulations and should open up the economy far more. If you have good enforcement then you don't need as many laws. I think India is a highly regulated economy, far more than the Western economies. Those handcuffs must be loosened and the economy opened up for more investment from abroad.

It needs less government involvement in sectors like aviation, coal, railways and power. It needs to disengage the manufacturing and industrial sectors, and place them in the hands of the private sector including private ownership. I think the forces that favour such privatisation are still rather weak in India - and in much of the emerging markets. I don't foresee a change in the next five to ten years.

3. Foreign Direct Investment (FDI) is fleeing India; corruption is in the international headlines and keeping foreign investors at bay. What stage of development is India at, and where does India stand in terms of risk? Can you draw comparisons with other countries?

India is a much bigger country than most nations. The aggregate dollar amount of FDI may seem substantial, but from a per capita basis, if FDI is \$20 billion in India then that is like \$20 per person. There are many countries around the world where FDI on a per capita basis is far greater – Mexico is 10 times greater than India, so are Bulgaria and the Czech Republic. It is important that India creates an environment that is conducive to attracting a lot of FDI. It hasn't done that yet. China is the base comparison; FDI in China has been much higher than in India.

The corruption scandals discouraged foreign investors, but not nearly as much as the overall law enforcement, regulations, the number of clearances one needs to get to start a business. More damaging has been the kind of mass protests against visible foreign investment. What comes to mind is



The corruption scandals discouraged foreign investors, but not nearly as much as the overall law enforcement, regulations, the number of clearances one needs to get to start a business.

the investment Tata Motors made in Singur, or Posco's investment in Orissa. Those high-profile projects were delayed if not all together scrapped as a result of grassroots protests.

4. What measures can India take to liberalize while minimizing global systemic risk? Will the pressure for financial liberalization lessen? If so, for how long?

I think we would be exposed to foreign systemic risks with or without FDI. There are countries in Africa that are immune to global systemic risks, but that has made them exceedingly poor. You would be immune to globalisation risks, but then you would not benefit from all the good that comes from globalisation. FDI will bring economic growth. From time to time there will be risks, but they will be hiccups, not heart attacks ■

Gateway House Meetings

“Emerging Nationalism & India's Role in the World”

June 2, 2011

Dr. Janaki Bakhle, Historian and Director, South Asia Studies, Columbia University and Dr. Sanjeev Kelkar, Author – ‘Lost Years of the RSS’ Rajni Bakshi, Author and Gandhi Peace Fellow, Gateway House

“Emerging India's Response to a Rising China”

July 4, 2011

Ambassador Vinod C. Khanna, Former Indian diplomat and specialist on China, in conversation with Ambassador Neelam Deo, Director, Gateway House

“Why Pakistan is not (yet?) a Democracy”

July 14, 2011

Philip Oldenburg, Professor of Political Science, Columbia University and SouthAsia Scholar in conversation with Ashok Advani, Publisher, Business India

“The Indian Diaspora: Converging Destinies”

July 21, 2011

Alwyn Didar Singh, Secretary, Ministry of Overseas Indian Affairs, Robert O. Blake, Asst. Secretary of State, South & Central Asia, United States, Adil Zainulbhai, Managing Director, McKinsey & Company India and Devesh Kapur, Director, Centre for the Advanced Study of India, University of Pennsylvania

“Turmoil in the Global Financial Markets & its Impact on India”

August 24, 2011

Rakesh Jhunjhunwala, Rare Enterprises; Pankaj Vaish, Managing Director, Head of Markets, Citi South Asia; S.P. Kothari, Deputy Dean and Professor of Management, IT Sloan School of Management; and K.N. Vaidyanathan, Senior Adjunct Fellow for Geo-economics, Gateway House and former Executive Director, SEBI

“Diplomatic Roundtable”

September 2, 2011

US Congressmen: The Honorable Jim Cooper, The Honorable Alcee Hastings, The Honorable Bob Goodlatte; Bundestag: The Honorable Gisela Piltz, The Honorable Frank Schwabe, The Honorable Carsten Sieling; Robert Bosch Stiftung: Dieter Berg, Peter Theiner, Sandra Breka; The German Marshall Fund: Ivan Vejvoda, Maia Comeau, Dhruva Jaishankar, Kirrin Hough, Christoph Klavehn; Helsinki Commission: Fred Turner and Gateway House participants

“Syria & the Arab Spring”

September 6, 2011

Ambassador Rajendra Abhyankar, former Indian Ambassador to Syria in conversation with Manjeet Kripalani, Executive Director, Gateway House

Gateway House Meetings (cont’d...)

“Roundtable Discussion on Central & South Asia”

September 15, 2011

Claudio Lilienfeld, Director, South and Central Asia, McLarty Associates, in conversation with Nehal Sanghavi, Chief Operating Officer, Gateway House

“Uncertain Neighbourhood: Human Rights in South Asia”

September 22, 2011

Brad Adams, Asia Director, Human Rights Watch, in conversation with Rajni Bakshi, Gandhi Peace Fellow, Gateway House

“Luncheon on India-Bangladesh trade”

September 26, 2011

Bangladesh High Commissioner to India, Tariq Ahmad Karim, in conversation with select Gateway House corporate members

“The Globalisation of Finance: Opportunities & Threats for India”

September 28, 2011

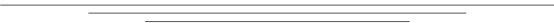
Ishaat Hussain, Finance Director, Tata Sons, Dr. Nicolas Krul, Economist, Meera Sanyal, Chairperson & Country Executive, Royal Bank of Scotland, India, and K.N.Vaidyanathan former Executive Director, SEBI and Gateway House’s Senior Geoeconomics Fellow

This issue has been sponsored by Gateway House members ESSAR Group

“India-Pakistan Trade”

September 30, 2011

Geoffrey R. Pyatt, Principal Deputy Secretary for South & Central Asian Affairs, U.S. State Department, in conversation with select Gateway House corporate members



Published by

Gateway House: Indian Council on Global Relations
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Designed & Printed by

Spenta Multimedia, Mumbai | www.spentamultimedia.com

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