

PM warns on globalisation

AGENCIES
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PRIME Minister Atal Bihari Vajpayee today warned that the continued deprivation of the poor of the benefits of globalisation could pose a threat to world peace, stability and orderly progress even while assuring that India would not deflect from the path of "external liberalisation".

"Why has globalisation not met with enthusiastic acceptance by all the people all over the world? The answer according to me lies in our failure to cast globalisation in a democratic mould," Vajpayee said in his inaugural address at the conference on 'Globalisation and

Democracy' here.

"The new global order will have to reflect the spirit of democracy in all its institutions —above all in the United Nations, which is the most important global institution. Its democratisation is long overdue. This was the consistent theme of what most heads of state and government said at the recently concluded Millennium Summit of the United Nations," he said. Vajpayee, however, said that India will implement its policy of external liberalisation in a manner and pace which is consistent with the national needs.

The Prime Minister said the 20th century saw many nations bracing democracy "without any prompting, persuasion or pressure. "Let there be no doubt in anyone's mind that democracy will triumph even in the few remaining outposts of autocracy". He said

nearly two-thirds of humanity is yet to benefit from the fruits of globalisation even though the riches and the comforts of the remaining one-third have grown faster than before due to globalisation. Vajpayee said India was an example where the election has shown that the poor and the less educated are far more enthusiastic participants in the democratic process than their more privileged counterparts.

"Though democracy has now become a global idea and a global ideal, the question in the minds of many people around the world is: Has globalisation embraced the idea and the ideals of democracy. In other words democracy has been globalised but has globalisation been democratised?"

Vajpayee said the government would fully utilise the power of science and technology to modernise the economy.

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Peripheral vision
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Globalisation should not be seen as an automatic remedy for all economic maladies. It must be tinkered so that its benefits are not denied to the poor, argues RICHARD VON WEIZSACKER

IN ITS Millennium Declaration, the General Assembly of the United Nations confirms its belief to ensure that globalisation becomes a positive force for all the world's people. But it immediately adds that great global opportunities still go along with very unevenly shared benefits as well as unevenly distributed costs. Undoubtedly, the most pressing moral, political, economic and ecological challenge of our time is poverty in large parts of the world. How can globalisation be made fully inclusive and equitable?

Our present debates on chances and risks of economic globalisation should teach us not to persist stubbornly in generalities. There are deep-rooted misgivings as well as enormous changes. Both have to be taken into consideration very seriously.

In many social and economic sectors around the world, we have to deal with dangerously growing gaps between those who profit and others who are subdued by global pressure to adjust. How can we avoid a further marginalisation of the poorest and least developed countries? Will we be able to succeed in the General Assembly's ambitious goal to halve, by the year 2015, the proportion of the world's population whose income is less than one dollar a day?

How can we improve the lives of millions of slum dwellers? How can we prevent a financial or trade crisis from spreading into neighbouring countries or regions? Is the growing impact of cross-border mergers by private corporations leading to a dangerous power concentration beyond political control? Will this development undermine the sovereignty and responsibility of elected national leaders, thus damaging democracy and weakening social welfare for those majorities of the peoples who cannot adjust to the global changes?

With the development of computer science and telecommunications, there is a self-perpetuating, complex global financial market, which leads streams of capital with the utmost speed in unpredictable directions around the world, to get hold of the highest interest rates. Are we able and willing to find legal structure which can help to avoid, or to mitigate risks, to prevent dangers of crisis contamination and so-called domino-effects — in other words, to

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transform gradually the present financial 'soft laws', which consist simply of non-obligatory recommendations, into enforceable rules?

All these challenges are part of a rapid development which includes at the same time an unforeseen amount of changes and real progress. It is technology which is the main driver of globalisation. Computing and telecommunication, accompanied by education and vocational training, offers unprecedented chances for raising living standards and for an infinitely denser network of electronic and other connections in a process of global integration.

Private business and capital is not just taking over the command. Governments and their



electorates have a far stronger influence on the future development than most people seem to believe. Undoubtedly, societies come under a growing pressure for competitiveness. And national politics have to be adapted to global conditions. It is modern information technology which transforms vast parts of our countries into global villages, and hence our decisions require and acquire dimensions of global character.

It is up to governments, however, to enable technological progress by providing economic freedom. Economic globalisation is by no means to be taken as an ongoing automatic procedure. It is within the power of governments to slow down or even to turn back the tide of globalisation. How are they going to react to the increasing anti-business protests at the occasion of the global conferences deal-

ing with the IMF, the World Bank and world trade?

Of course, the protestors are absolutely right in demonstrating in favour of the poor. But are governments right in answering timidly and by providing apologies for globalisation? Are they afraid of being punished by their voters if they try to explain why globalisation possibly is the best means at their disposal to improve slowly, but steadily, the fate of the weakest? It is not just only Western capitalists or the big private corporations which profit from global gains.

Globalisation can initiate more productivity, more employment and higher income among the poor. As can be argued, globalisation so far is, in a way, the difference between South Korea and North Korea or between Malaysia and Myanmar. It would not be a moral response to the morally driven protestors, but rather an irresponsible catastrophe, if governments block the effects of technological progress in the area of interdependence and further integration.

One of the most challenging chances for transforming bit by bit world trade into an order of world peace is the World Trade Organisation. The near future of the WTO will be a major proof. Let me take the example of China which is on the way to be included in the WTO. It was Nehru who, from the outset, worked for the acceptance of China by the rest of the world, a policy and attitude which was, in the first place, bitterly suspected and opposed by the US. Now the US Congress has agreed, finally, to China joining the WTO. This will create, once more, enormous changes and risks.

What about the great amount of wheat export from America and Canada into China, promised by the US Government to its legislators in order to achieve their consent for China's membership in the WTO? You in India know better than we Europeans what impact that might have in the most populous country of the world, with over 70 per cent of its people living in the rural areas.

This is an extract from the 32nd Jawaharlal Nehru Memorial Lecture delivered on November 27. The author is the former Federal President of Germany

China's tryst with globalisation — I

By Muchkund Dubey

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CHINA IS actively and systematically preparing for becoming a dominant player in the globalisation process. For this, it has embarked upon far-reaching economic reforms and restructuring even at the cost of instability in the short and medium run. Some of the policy measures adopted or contemplated by China would result in the disappearance of incompetent and outmoded economic structures. Among these measures is the unprecedented opening up of the economy to foreign investors and suppliers of goods and services. China's resolve to face globalisation headlong derives from its confidence in the strength of its economy.

The first and the second generations of reform starting in 1978 and 1993 respectively relied essentially upon decentralisation of decision-making, a greater role for market forces and export-led growth. In agriculture, the collective farms were virtually dismantled by leasing out land for private cultivation. The introduction of dual exchange rates and dual pricing systems helped in restoring the role of market forces. An attempt was made to make the banking system, rather than the Government budget, the main source of funds for economic activities.

These policies resulted in a dramatic improvement in China's economic performance. The two decades after the reforms saw a quadrupling of China's GDP and a three-fold increase in per capita income. Production of foodgrains increased from 304 million tonnes in 1978 to 495 million tonnes in 1998. The number of people living below the poverty line declined from 300 million to 30 million; in percentage terms the decline was from 31 per cent to 7 per cent.

The really poor are now confined to the rural areas in the north and the west. Foreign trade increased from \$20 billion in 1980 to \$400 billion in 1999. It was as high as 36 per cent of the GDP in 1994. The trade surplus was \$43.4 billion in 1998 and foreign exchange reserves were \$154.7 billion in 1999. There has been a massive build-up of infrastructure, mainly in the South and the East. By 1993, investment in infrastructure went up to 6.5 per cent of the GDP. The actual investment in the 8th

Plan was \$170 billion and a sum of \$303 billion was earmarked in the 9th Plan. The Government financed most of the expenditure on infrastructure. Foreign aid, loans and investment for infrastructure building in China was only 7.3 per cent in 1994.

Notwithstanding these achievements, the possibilities of the first two generations of reforms seem to have been exhausted. This is reflected in the slowdown in the rate of growth of exports and the relative sluggishness of the economy during the last two years. There has been an

the resistance of the state-owned enterprises to reform measures and structural problems in the agricultural sector. China's answer to these problems is more and deeper reform and greater opening up of the economy. The new generation of reforms emphasises strategic restructuring of the economy, an enhanced role for the market, all-round improvement in quality, standards and competitiveness, modern management, building up of the legal system and firmer control by the Central Government over macro-economic policy-making.

Additional resources will be infused in some of these enterprises and concerted effort will be made for their technological upgradation. There is a great deal of emphasis on their management reform, particularly on reducing their social burdens and restructuring their assets and debts in order to make them financially viable. However, in spite of all the problems associated with them, the state-owned enterprises will remain the "pillar" of China's socialist market economy in the foreseeable future.

For redressing regional imbalances, China has embarked upon a very ambitious Look West Policy, which covers ten provinces from the West and the North. This policy is regarded as essential for maintaining national unity, safeguarding social stability and consolidating border security. A complete blue-print of this policy is not yet available. But indications are that several hundred billion Yuans will be invested. The central and provincial Governments will provide most of the resources, mainly through the banking channel. Funds will also come from the Chinese private sector either as direct investment or through the stock market.

Though some projects will be open for participation by foreign entities, the foreign contribution is not expected to be very significant. Most of the projects already announced are in the field of infrastructure. A campaign has been launched to change the attitude of the people in the region, in particular to inculcate the market ethos among them. A major objective announced is to achieve sustainable development and protect the environment. China has shown prompt awareness of the political ramifications of the widening individual income disparity and the emergence of urban destitution. It has, therefore, tried to build over the last 10 years an urban social security and social aid system. The government, workers and companies — all three — contribute to this system. An important component is the payment of unemployment benefit to laid-off workers. However, the rural population is not covered by any elaborate social security system except the rural social pension which provides security to the elderly.

China's resolve to face globalisation headlong derives from its confidence in the strength of its economy.

accentuation of both regional and per capita income disparities. While the southern and the Eastern regions have progressed by leaps and bound, the northern and the western regions remain undeveloped. Individual income gaps in the urban areas have sharply increased mainly because of the inevitable social cost of transition to the market system. The reform has produced a group of newly-rich who have become affluent by illegal means. Abject urban poverty was almost non-existent in China before 1978, thanks to the social security "irons" of the socialist system. Today, the poor stratum in the urban areas is really marginalised.

While on the one hand reform have created millions of jobs in the sunrise industries, on the other hand it has aggravated the problem of unemployment in the traditional sectors. The official unemployment figure for China was only 3.1 per cent in 1997. However, urban unemployment has shot up recently as workers laid off from the state-owned enterprises are increasingly unable to find alternative jobs. Disguised unemployment in these enterprises is said to be 30 million or 25 per cent of the workforce. It is one-third of the total workforce or 300 million in the rural sector. If these figures are added up, the unemployment rate in China could be as high as 27 per cent.

Among other problems are the slow progress of reforms in the financial sector,

In agriculture, there is already a trend of withdrawal of land from foodgrains production for producing higher value-added items or returning it to forests and pastures. There is now a greater emphasis on livestock, aquaculture, processing of foodgrains and forestry. China has already started importing foodgrains on a regular basis and is reconciled to importing 10 million to 20 million tonnes every year. High priority is attached to the application of science and technology, particularly bio-technology, to revolutionise agriculture productivity. A distinguished Chinese economist told this writer that China needed a third agricultural revolution in which the peasants who had moved away from agriculture to Township and Village Enterprises but were still retaining their rights on land, must vacate their rights, and land-holdings should be corporatised. Peasants should form companies to manage the land on a scientific commercial basis. They should convert their land holdings into equities in the company and themselves into workers. It is difficult to say if China would go as far as this. But one cannot but be impressed by the audacity of such thinking.

In the reform of state-owned enterprises some of the measures already under implementation will be pursued more vigorously. These include permitting enterprises to go bankrupt, merging them or converting them into joint stock compa-

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China's tryst with globalisation — II

By Muchkund Dubey

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CHINA REGARDS its accession to the WTO as a means to ride the crest of globalisation and emerge as a major player in the international trading system. Accession will mark a coming of age by the Chinese economy — a seal of approval that it has been transformed from a state-run to a market-driven system. China also wants to use the accession for further pushing its reforms by phasing out inefficient structures, particularly in the auto, chemical and pharmaceutical, and heavy industries, and expanding competitive industries. China also believes that WTO membership will ensure continued privileged access to foreign capital and technology. A major fallout will be a vastly enhanced role for the private sector in the Chinese economy. Among the more specific advantages will be extension of most favoured nation (MFN) treatment as a matter of routine rather than on the basis of bilateral bargaining every year and protection from unilateral action by virtue of its access to the WTO's dispute settlement mechanism.

That is why in its effort to accede to the WTO China has made several concessions, particularly to the United States and the European Union, going much beyond the obligations under the relevant agreements. Another reason why such far-reaching concessions have been wrested is because China has been treated as a non-market economy which must assume special obligations as a price for membership.

In agriculture, China has agreed to remove all export subsidies whereas the obligation under the Agreement on Agriculture (AoA) is to reduce it by 36 per cent (24 per cent by developing countries). China has agreed to reduce by 2004 its overall average tariffs on agricultural products to 17 per cent and establish a tariff rate quota for importing wheat, corn, cotton, barley and rice from the U.S. China has given a minimum access guarantee amounting to 4 to 5 per cent of its total consumption of these products; putting it on a par with developed countries under the AoA. Because of these obligations, imports of cotton, wool and soyabeans are likely to shoot up, 10 million peasants lose their jobs and 18 per cent of land will be withdrawn from production. Total farm

production loss would run into billions of dollars. These concessions should, however, be seen in the background of China's autonomous decision to withdraw land from the production of traditional agricultural goods, its recent import of 10 million to 20 million tonnes of foodgrains annually and the disguised rural unemployment of 200 million people.

In the manufacturing sector, China has agreed to reduce tariffs to an average of

9.4 overall and eliminate all quantitative restrictions by the year 2005. Reduction in the duty on auto imports will be drastic, from 100 per cent at present to 25 per cent by 2000. Tariffs on auto parts will be reduced to 10 per cent by 2006. In addition, a basic-level quota for auto imports will be fixed at \$6 billion, which will grow 15 per cent annually until quotas are eliminated by 2005. The auto sector would be hit hardest by these measures, as they are not competitive. Nevertheless, the Chinese Government has agreed to liberalise this sector because of the acute awareness of the need for its restructuring. It is prepared to let the small scale auto manufacturing companies disappear and concentrate on two or three conglomerates, particularly the joint venture enterprises with transnational auto giants 'capable of competing in the world market'. China is also prepared to close down some parts of its chemical and pharmaceutical industry which are not competitive and concentrate on those holding promise for the future.

China regards accession to the WTO as a means to ride the crest of globalisation and emerge a major player in the international trading system.

In the services sector, China will phase out all geographic restrictions for paging and value-added telecommunication services in two years, mobile and cellular phone services in five years and domestic wireless services in six years. It will allow 49 per cent share to foreign investors in all telecommunication services, and 50 per cent in value-added and paging services. For insurance, China will eliminate all geographic limitations for future licencing over five years and allow U.S. entities ac-

cess to key cities in 2-3 years. It has also agreed to expand the scope of the activities of foreign insurers to include additional services. They will be allowed 50 per cent ownership of joint ventures. Reinsurance business will be completely open to foreign participation upon China's accession to the WTO. For banking services, both geographical and customer restrictions will be withdrawn and full market access will be provided within five years. However, the process of opening up will start from the very beginning. In undertaking these commitments China has foregone the flexibility provided in the General Agreement on Services (GATS) that member-countries are free to specify in their respective schedules the extent of access they intend to provide and the conditions they want to lay down. China has agreed to a substantial opening up of its service sectors because of its demonstrated capabilities and competitiveness and because the opening up is seen as a part of the process of forcing Chinese companies to rationalise and restructure and for attracting foreign private capital to expand and strengthen the service sectors. By far the most far-reaching concession given by China is trading and distribution rights to foreign firms for practically all goods and services, including wholesale, transportation, maintenance and repairs. These will be phased into the Chinese economy within three years. This will prove to be the single most important step towards converting China into a free market economy.

China has made extraordinary concessions to the U.S. in "anti-dumping" and "safeguards" measures. For 15 years after China's accession, the U.S. will continue its current methodology for applying anti-dumping measures against Chinese imports and China will not be able to invoke the legal criteria laid down in the relevant WTO Agreement to challenge this. Similarly, for 12 years, the U.S. will be able to unilaterally apply restraint measures against Chinese imports in cases of surge

in these imports, without China being able to invoke the legal standards laid down in the WTO safeguards Agreement.

In its agreement with the E.U., China has been barred from having recourse to several of the Articles under the WTO Agreement on Subsidies and Countervailing Duties. China has agreed to publicly confirm its intention to join the plurilateral Agreement on Government Procurement, thereby giving up the option available to WTO member-countries to stay out of it. Pending its accession to this Agreement, China has committed itself to extend MFN treatment in sales and purchases by state-owned enterprises.

Textiles and clothing is the only sector in which the U.S. has made concessions to China. The U.S. would eliminate its quotas on Chinese textile imports by 2005. However, the current U.S. safeguard measures against Chinese imports will remain in force until the end of 2008, three years after the integration of the MFA into WTO. In spite of this, the Chinese see their largest gain in the textile sector where they are expecting exponential growth in exports with consequent increase in employment, upon accession to the WTO.

After signing agreements with almost all of its major trade partners, China was expected to accede to the WTO by the end of 2000. However, it may not be possible to adhere to this deadline. This is mainly because of the complexity of the task of multilateralising into the text of the instrument of accession the series of the bilateral agreements concluded by China, and not because of any flagging of the Chinese interest in WTO membership or any attempt on its part to wriggle out of the commitments already made. For, in the current phase of the evolution of its economy, China has come to view the further opening up of its economy as a deliberate choice and not an imposition from outside. China's assumption of obligations far exceeding those called for under the WTO agreements should be seen as a reflection of its confidence, derived from the strength of its economy, about coping with the changes of unprecedented dimensions that it has decided to unleash autonomously, to be on the right side of the globalisation process.

(Concluded)

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'Globalisation will upset social order'

HT Correspondent

Santiniketan, December 23

NOBEL LAUREATE Amartya Sen said that the relentless march towards global economy is "reason for serious worry". Speaking at the inauguration of the centenary celebrations of Patha Bhavan here this morning, Sen said that globalisation would upset the existing social and economic order in the country. While concerns and doubts over globalisation should be addressed, Sen warned against the dangers of 'isolationist' policy. He said globalisation was inevitable, but should be tailored to India's socio-economic needs. Speaking to reporters after the inaugural ceremony, he referred to a similar lecture he delivered at Harvard University earlier this year. The pitfalls and dangers involved in a blind embrace of globalisation should not turn away the nation from integrating itself with the global economic order and free

market economy.

Sen, who teaches economics at Cambridge University's Trinity College, lamented the lack of adequate investment and the neglect of education in India. Referring to the "holistic education" he himself received at Patha Bhavan, Sen said that Rabindranath Tagore's approach to and formula for education was best suited to India's needs. "We learnt Western as well as Oriental, especially Indian philosophy and culture here," he said, recalling his school days. He said that the shortcomings in the Government's education policies could be overcome by implementing Tagore's education formula.

Earlier, in his address, Patha Bhavan principal Chanchal Kumar Bandyopadhyay spoke of growing consumerism and breakdown of social values. Tagore's teachings, he said, has greater importance in this age of social and economic turmoil.

HINDUSTAN TIMES

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Report on children to make dismal reading

By Pratim Mukarji
New Delhi, December 26

IN A few weeks' time, India will have to explain to the world the conditions in which its 380 million children are faring.

The report card to be submitted to the Child Rights Commission in Geneva is expected to make unhappy reading.

Consider the following: 53 per cent of India's children are malnourished. The figure is almost twice the rate reported in the sub-Saharan African countries, which was till the other day, the poorest region in the world.

Scheduled castes and tribal children account for as much as 57 per

cent of the country's total 60 million malnourished children below 5 years.

While 60 per cent of the underweight children are found in UP, Bihar, West Bengal, MP and Maharashtra, underweight children account for 70 per cent of malnourished children in the country.

The Infant Mortality Rate (IMR) continues to be starkly different in urban and rural areas and between boys and girls. These figures depict an unacceptably uneven state of development.

While the IMR in rural India continues to be higher than that in urban India, the Indian child faces one of the worst survival conditions in urban slums. A survey con-

ducted in 1989 in Bombay reveals that the IMR in urban slums was 123 per thousand live births against the all-India IMR of 98. The survey reported an all-India urban IMR of 102.

UN convention

for above-poverty line urban households. The position has hardly improved.

The girl child continues to lose out in the survival game in UP where the IMR for her is 102 against 91 for the boy. The ratios in

other States are no better: Haryana (72/67), Punjab (58/53), Bihar (72/69) and Rajasthan (84/82).

The CCCI, a non-governmental organisation, says, "The mortality rate between 1 and 4 years reflects both malnutrition and common infectious diseases. It is noted that girls die at a rate of 50 per cent more than boys. This is evident from the imbalances in the 1991 Census, which showed boys outnumbering the girls."

The CCCI will submit its report on the implementation of the CRC

to the UN Committee next month. As the gap between the

implementation widens, the CCCI suggests a number of measures to improve the conditions.

They include, a national plan for children from the perspective of children's economic, social and cultural (ESC) rights, identifying and fixing ministerial responsibility for its implementation at both the Central and State levels, a change in the Indian mindset to children's rights and independent monitoring of the progress on children's rights.

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POSTURING ON GLOBALISATION

IT IS NOW almost conventional wisdom for political leaders and heads of Government and state to express disquiet about some aspect of globalisation. The U.S. President, Mr. Bill Clinton, has often cynically questioned the fallout of globalisation on labour and the environment. The French President, Mr. Jacques Chirac, has raised issues of the threat to national currencies and the heads of multilateral financial institutions such as the World Bank, the International Monetary Fund and even the World Trade Organisation have been warning their audiences about the need to make global economic integration a more equitable phenomenon. Not the Prime Minister, Mr. Atal Behari Vajpayee, who ever since he assumed office has been an unabashed supporter of globalisation. He has decided to join the chorus and pose some questions about globalisation. But like much of the public utterances of the world leaders, Mr. Vajpayee's interventions are more in the nature of swimming with the current of public protest rather than registering an inclination to shape the process.

Mr. Vajpayee has cited the international protest movement against globalisation to ask at the India Economic Summit of the World Economic Forum if the public criticism is born of resentment against an inequitable distribution of benefits or if it is really a failure to communicate the true benefits of globalisation. It is a measure of perhaps how seriously the Prime Minister takes such criticism of globalisation that while he has referred to the series of street protests over the past year from Seattle to Prague, no mention is made whatsoever to the opposition at home by a number of economic groups to the same process of a dismantling of national barriers. At the core of

Mr. Vajpayee's arguments is that globalisation will be "universally acceptable" only if it is "universally beneficial". There is nothing exceptional in this, except that the proposals that the Prime Minister has made to achieve this in India are equally unexceptional. The only one of any substance in the proposed partnership between Government and business is his call for each of the 4,300 members of the Confederation of Indian Industry to adopt at least one primary school and one health care centre to supplement the Government's efforts. Irrespective of how the CII and other chambers of business respond to this suggestion, this, as Mr. Vajpayee himself called it, has to do more with dealing with the image of globalisation than its content.

The NDA has travelled a long way from a year ago when in the first flush of enthusiasm of forming a Government again in New Delhi it signalled to business and industry that it would draw up and carry out an ambitious reform agenda. That agenda has long since floundered on the rocks of opposition not so much from people and groups affected by reform as from constituents of the NDA itself, each of which has sought to preserve its own domain of influence. An additional source of pressure has come from the RSS which has not let up on its Swadeshi campaign. But it is also true that grassroots opposition to the globalisation of the Indian economy is strongly rooted in the feeling that a decade of fairly rapid growth has benefited some more than the others. Without a greater percolation of the benefits of growth, measures for a further globalisation of the Indian economy will continue to face as much political opposition as they have in recent years.

THE HINDU

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OPEC snubs calls to cut prices

CARACAS, SEPT. 28. The OPEC oil cartel started a landmark summit pledging to work for market stability and discuss consumer fears — but snubbed calls for concrete action to cut soaring prices.

In a rabble-rousing speech opening the two-day gathering on Wednesday, the Venezuelan President, Mr. Hugo Chavez, threw down the gauntlet, demanding that any talk with industrialised countries also cover issues such as the debt burden which he said crushed impoverished countries.

The assembled leaders included the Iranian President, Mohammad Khatami, the Saudi crown prince Abdullah, the Indonesian President, Mr. Abdurrahman Wahid, the Nigerian President, Mr. Olusegun Obasanjo, and the Iraqi Vice-President, Mr. Taha Yassin Ramadan.

The OPEC has come under heavy pressure to help bring down crude prices which soared to 10-year highs in recent weeks, sparking consumer protests notably in Europe and warnings of a global economic slowdown.

The OPEC leaders gathered for the summit, first such gathering in 25 years, rebuffed any immediate prospect of a new production hike, following three increases already in the last 12 months.

And they insisted that industrialised nations lower taxes on oil if they wanted to ease the burden on consumers.

"We have excess supply on the market," the Iranian Oil Minister, Mr. Bijan Namdar Zanganeh, said as OPEC Ministers approved a final statement. — AFP

The role of protest

By Kalpana Sharma

In the absence of democratic resistance, many more anti-poor, environmentally-damaging policies would have gone through without questioning.

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29/9

THE PRAGUE protests against World Bank and IMF policies have drawn a mixed response. Predictably, the protesters deem the event, when thousands of people representing a range of interests marched on the streets of Prague, a "success". They argue that such demonstrations put pressure on the Bank and the IMF as well as the richer nations to address issues of poverty and indebtedness. On the other side, there are those who argue that such protests are pointless — *The Economist* describes the protesters as "a mere rabble of exuberant irrationalists on the streets" — and that they do nothing for the cause of the poor for whom both the protesters and the Bank express concern.

Regardless of the merits or demerits of the latest spate of anti-capitalist and anti-globalisation protests that have gathered steam across the world, the role of protest in changing national and international policy cannot and should not be overlooked. In the absence of such democratic resistance, many more anti-poor, environmentally-damaging policies would have gone through without questioning. Perhaps the most outstanding example of the result of such resistance is evident from our own experience in India. It is now accepted that the agitations against the Sardar Sarovar Project (SSP) on the Narmada highlighted the enormous social and environmental costs of large projects that had been left unaddressed. Although the dam continues to be built, albeit slower than its proponents would like, there are few who will deny that the environmental and social aspects that were belatedly integrated into the project only happened because of the resistance on the ground.

It is also now a well-accepted fact that the World Bank, which had invested in the SSP and in many other similar large dams worldwide, had to rethink its involvement in such projects. It revised its resettlement and rehabilitation (R & R) policy drastically after the experience with the SSP and has now made R & R a precondition for all the projects in which it is involved. The World Bank's second look at its investment in large dams also

led to the formation of the World Commission on Dams (WCD) jointly with the World Conservation Union two years ago. This is an attempt to bring in all the stakeholders involved in dam building — investors, engineers, environmentalists, representatives of affected communities, and academics. The Commission has already done some painstaking work in tackling what appears an impossible task — to arrive at a set of guidelines that could assist Governments and funders as they decide whether to construct large dams. On November 16, the final report of the commission will be released in London.

But in the meantime, individual reports are already being made public although they will not indicate the final conclusion of the Commission. For us, the India report is of particular interest against the background of the controversy over the SSP and lately the Maheshwar Hydel Project. The India country report is extensive, looking at many different aspects of large dams built in this country since Independence. It has individual chapters such as an historical review by Mr. R. Rangachari, a chapter on the framework of law, policies, institutions and procedures by Mr. Ramaswamy R. Iyer, and a long section on the environmental and social impact of large dams, the Indian experience, by Mr. Shekhar Singh and others.

Despite the divergent points of view represented by the individuals who have worked on this report, some of the agreed conclusions authored jointly by Mr. Rangachari, Mr. Nirmal Sengupta (who also has a chapter in the report), Mr. Iyer, Mr. Pranab Banerji and Mr. Shekhar Singh are significant, especially on the issue of displacement. Looking at the social impacts of large dams, the authors conclude that although there are beneficial and adverse impacts, the costs of the latter have not been reflected in the cost-benefit ratio of projects. At most, the fi-

nancial costs of resettling the displaced are factored into the financial analysis of a dam. And this, too, only after 1978. There is no data to assess the fate of those displaced by the 2500 large dams built before this date.

Even after rehabilitation was accepted as a necessary cost, there have been problems with implementation. "In many projects, there are complaints that many of the promised benefits did not materialise. Where land was given, it was reportedly often of poor quality. The promised infrastructure, people complain, is missing or of poor quality and even basic necessities like water, shelter and economic survival are not always provided for. It is difficult, from whatever perspective one looks, to find many success stories," state the authors. The report also concludes that in addition to the lack of transparency and the corruption that hamper the rehabilitation process, the distribution of benefits from such projects has exacerbated social inequities with a disproportionately large number of those who pay the costs being members of the Scheduled Castes and Scheduled Tribes.

Despite the controversies generated by the displacement caused by large dams such as the SSP, the report holds that there has not been any effort to lay down guidelines that would correct some of these inequities or to accommodate social costs while deciding on the viability of large dams. "It has not even resulted in the acknowledgement of the fact that gross injustice has been done to those who have had to bear the costs of large dams in India," states the report. The authors conclude that "There is a need to do all this and to follow it up, even at this late stage, by a sincere attempt to rehabilitate the millions of 'development refugees' created by large dams. And it is time to consider stipulating that, until this is done, or at least well begun, no further displacement would be allowed."

The report also contains important sections on the legal framework and points out, for instance, that the Land Acquisitions Act is outdated and needs to undergo major changes. It also stresses the need to incorporate greater transparency and processes of consultation with the affected communities. On the environmental impact of dams, the report reminds us that until 1978, no formal environmental clearance was required for dams. By then, of the over 4,000 large dams in India, 2,500 had already been built. Although the dams built since then have had to go through environmental clearance, their adverse impact on the environment had not been negligent. A major factor for this is that the guidelines for conducting environmental impact assessments (EIA) of river valley projects were formulated in 1978, and despite being "sketchy", have not been amended. Furthermore, construction of dams often begins even before the clearance has been obtained. By the time the EIA is ready, the project is a *fait accompli* "because the Government does not have the political will to abandon a project on which considerable costs have already been incurred".

Worse still, the EIAs are hastily done and often by "consultants" who are hired and supervised by the project authorities! This clearly makes a mockery of the concept of an independent EIA that would actually determine the shape and the future of a large dam. The final nail in the coffin of environmental assessment is the fact that there is no system to monitor whether the conditions laid down for the clearance are actually being implemented nor a system of withdrawing clearance if they are not.

All this sounds familiar. But in the past, such statements came from the anti-dam lobby. The fact that experts in the economic, legal, social and environmental aspects of large dams have come to the same conclusion is, indeed, noteworthy. In fact, it brings us back to the Prague protests. That whatever the nature of democratic protests, the substance of the objections that people raise has to be heeded by those who make policy within nations and internationally.

OPEC blames rich world tax for costly fuel price

By Tom Ashby

CARACAS: OPEC heads of state laid the blame for high oil prices squarely on industrialised nations on Thursday and said debt was a greater threat to the world's poor than expensive fuel.

Leaders of the Organisation of the Petroleum Exporting Countries strongly denied they were endangering world economic growth and pointed the finger instead at fuel taxation in the developed world.

"OPEC is not blackmailing anyone. OPEC is not a cause of poverty in the world," said Venezuelan president Hugo Chavez, the host of a summit celebrating the cartel's 40th birthday. "It is the horrific, diabolical world economic system that is to blame ... The debt burden is a greater hindrance to development than the high oil price." The Saudi-dominated exporter group is under pressure from consuming nations across all continents to boost oil supplies and provide some relief to escalating energy bills.

But an OPEC declaration issued as the summit drew to a close said fuel taxes that provide key revenues for Western governments were doing the most damage to consumers' pocketbooks.

"Excessive taxation on petroleum products accounts for the highest share of the final price to the consumers in the major consuming countries," the so-called Caracas Declaration said. Major consuming nations should consider reducing fuel taxes for the benefit of their citizens and world growth, it added.

OPEC would aim to supply oil at fair and stable prices, while boosting cooperation with non-OPEC producers and consuming countries to try to steady the market, said the declaration read by OPEC Secretary-General Rilwanu Lukman.

Mr Chavez, promoting the cartel as a Third World champion, said a recent oil price spike had been driven by financial speculation, problems in the oil refining business and

unjust terms of trade.

"We have relaunched OPEC, a united OPEC for all the world to see," said Mr Chavez, who helped end a price slump last year by coordinating output with Saudi Arabia and non-OPEC Mexico.

The 11-nation group accounts for two-thirds of internationally traded crude oil and 40 per cent of world crude production. It holds the vast majority of world oil reserves.

The declaration made no mention of sanctions, a key concern for members such as Iran, Iraq and Libya, seen by Washington as pariah states for alleged support of what it calls terrorism.

The countries deny the charge and experts argue world oil output could be up to two million barrels per day (BPD) higher were it not for the curbs on their oil industries.

Iraq had proposed the declaration denounce UN sanctions imposed after it invaded fellow-OPEC member Kuwait in 1990.

Delegates have said this was resisted by several OPEC countries including Saudi Arabia, which has been at odds with Baghdad ever since the invasion. A US-led alliance based in Saudi Arabia ejected Iraqi troops from Kuwait in 1991. OPEC did speak up on the environment and foreign debt, saying it wanted a more coordinated approach in international gatherings to easing the burden of heavily indebted nations. "The biggest environmental tragedy facing the globe is human poverty," it said.

OPEC president Ali Rodriguez of Venezuela said he was expecting contacts with the European Union before a November 17-18 producer-consumer conference in Riyadh which will see high level representation from the US and the EU.

The West's energy watchdog, the International Energy Agency (IEA), has called an emergency meeting of its governing board on October 4 to discuss the world oil market. (Reuters)

Mindset on SSIs needs to change: Rajee

STATESMAN NEWS SERVICE

CALCUTTA, Sept. 29. — The Union Minister of State for Small-Scale Industries, Agro and Rural Industries, Ms Vasundhara Rajee, today said people involved in SSIs need to change their mindsets. Whining about the ills affecting the sector and repeating hackneyed arguments would not do, she added.

The Centre intends to bring out a comprehensive legislation soon to aid small-scale industries. Next year, the government plans to organise an international conference to exchange views and study the sector, she added.

Addressing a meeting organised by the Merchants Chamber of Commerce and others here, she called upon entrepreneurs to equip themselves with the new ideas to ensure quality of goods with emerging global competition.

Opec summit concludes on a de

years. Alluding to Opec's tumultuous past — including its near-collapse when prices sank to \$10 a barrel in 1998 — a beaming Mr Chavez called the summit nothing less than a "resurrection" of the

OIL SUPPLY

CARACAS, Sept. 29. — Iraq's Vice-President, Mr Ramadan, said "We will not stop supplying oil" at a press conference yesterday following a two-day summit of the Organization of Petroleum Exporting Countries (Opec).

He resented that Iraq's oil output was being affected by a multilateral embargo against his country, saying the Gulf country could not import the equipment needed for the maintenance of its oil installations. — AFP

cartel.

Crude releases by the USA and European nations to ease stubbornly high prices allowed the Opec leaders to avoid production decisions this week and cling to a pricing mechanism that many analysts believe is unworkable.

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OPEC challenges rich nations to lower oil prices

Caracas (Venezuela), September 29

OPEC (Organisation of Petroleum Exporting Countries) wrapped up its summit challenging rich nations to lower oil prices and defending its own production, but lingering animosities shadowed its presentation of a united front to the world.

Conflicts among OPEC members Iran and Iraq, Iraq and Kuwait, Libya's pariah status and Saudi Arabia's support of UN sanctions against Iraq were set aside in a summit declaration yesterday celebrating cartel unity and pledging help for the world's poor.

Populist Venezuelan President Hugo Chavez - who paved the way for the summit with his controversial Middle East tour in August - cajoled fellow leaders to become advocates for developing nations and to fight the UN sanctions.

OPEC giant Saudi Arabia, however, counselled prudence this week in OPEC's dialogue with industrialised nations - a tone reflected in the final OPEC "Caracas declaration" at the end of two-day summit yesterday.

Venezuela's former paratrooper-turned-President reiterated that OPEC will supply its oil to thirsty world markets, but at "fair" prices that turn a profit. He also announced that OPEC would hold summits every five years. OPEC has held only two summits in its 40-year history.

"What about those countries that export their politics and their bombs?" he said, adding he was

sorry that Libya's Moammar Gadhafi and Iraq's Saddam Hussein couldn't attend.

Stressing sovereignty, Chavez responded to critics of his Baghdad meeting with Saddam in August by making a thinly-veiled reference to the US role in the 1973 coup that toppled Chile's Salvador Allende.

"In Chile, a coup against a democratically-elected government was assisted by one of those democratic countries," he declared. "OPEC is what it is, and now it is stronger."

Chavez said he spoke about UN sanctions against Iraq with Iraqi and other delegations and that he'd pursue the issue with other nations. The sanctions weren't mentioned in the Caracas communiqué.

A UN decision awarding Kuwait more war reparations from Iraq also didn't escape notice here. Iraq condemned the decision, and OPEC's Venezuelan hosts made certain that leaders from Iraq, Iran and Kuwait didn't sit next to each other at meetings.

Alluding to OPEC's tumultuous past - including its near-collapse when prices sank to \$10 a barrel in 1998 - a beaming Chavez called the summit nothing less than a "resurrection" of the cartel.

Oil releases by the United States and European nations to ease stubbornly high prices allowed OPEC leaders to avoid production decisions this week and cling to a pricing mechanism that many analysts believe is unworkable.

(AP)

from a recent bout of illness and he had also been severely affected by the death of his son Michel in an avalanche in 1998.

Trudeau served as Prime Minister of Canada from 1968 to 1979 and again from 1980 to 1984.

At the beginning of the month, his children announced that he was "not well" and that he had been placed under close medical surveillance. His condition was later upgraded to "stable."

Funeral services will be held in Montreal, according to reports from CBC television.

(AFP)

Saddam steps up propaganda war against no-fly zones

London, September 29

SADDAM HUSSEIN is stepping up his propaganda war against the no-fly zones imposed by Britain and the US over northern and southern Iraq, British intelligence sources said yesterday. His tactics include dressing up military casualties as civilians, and releasing pictures of damage to infrastructure allegedly inflicted by British and US aircraft patrolling the no-fly zones. The damage was caused during the Gulf war or the December 1998 Desert Fox bombing campaign, the sources say.

Some of the measures were revealed by General Wafiq Al-Samarai, the former director of Iraqi military intelligence who defected to Britain, according to a recent article in the London-based Arabic newspaper, Al-Sharq Al-Awsat. The general says President Saddam has instructed a special "committee for defiance of the air-exclusion zones" to supervise the propaganda campaign.

An oil war in the making

By K.P.M. Basheer

KOCHI, NOV. 6. A unique boycott, which bears the seeds of a major standoff with globalisation that has hurt the State's slender agrarian economy, is on in Kerala.

On November 1, Kerala's 44th birthday, Kozhikode district decided to say no to palm oil (palmolein). A day before, the district unit of the powerful Kerala Vyapaari Vyavasaayi Ekopana Samithi — the country's largest merchants' union — had decided that its members would not buy or sell palmolein.

Next week, at a huge public function in Kozhikode city, the district will be formally declared free of palmolein.

On December 1, Kannur district will quit palmolein consumption. In another ten days, Thrissur, Malappuram and Wayanad will decide when to go palmolein free. Other districts are expected to follow suit shortly.

The reason — the cheap, imported palm oil which has substantially replaced coconut oil as the main cooking medium of the State, is ruining the rural economy.

Palm oil, imported mainly from Malaysia, is seen as the chief villain behind the slashing of the price of coconut oil and coconut that has hurt the State's farmers very badly. "Palm oil has broken the backbone of Kerala's farmers," says Mr. Nazirudheen, State

president of the Ekopana Samithi.

In less than two years, the price of coconut oil has almost halved. Ten years back, coconut oil sold at Rs. 5000 a tonne, sells now, many rounds of general inflation later, at roughly Rs. 3000.

The coconut price tumbledown immediately followed the crash of natural rubber prices, the other most important farm produce of the State, thus hitting the farmers twice over. "Rubber tree and coconut palm are the two legs on which Kerala's rural economy walks," is a refrain often heard.

The cheap import of palm oil and rubber, aided by the liberalisation-globalisation regime, is faulted for the price fall.

But why should the merchants' union be involved in a product boycott? It's simple economic logic. "The coconut price crash eroded the purchasing power of the farmers," explains Mr. Nazirudheen. "Low purchasing power means low business turnover for merchants and shopkeepers; which means their survival is at stake." He hopes the boycott would gradually lift the price of coconut oil and the farmers would get better prices for their crops.

The Samithi is planning to launch similar measures to boost the prices of rubber, pepper and arecanut, some of the other farm products whose prices crashed in the wake of liberalisation-global-

isation, Mr. Nazirudheen told *The Hindu*.

Koorachund's initiative

Kozhikode district had reason to be the first 'liberated' zone: Koorachund, a nondescript village in the district, first unleashed the war against imported palm oil on October 2 and its inhabitants vowed they would not eat anything cooked in palmolein.

In the run-up to the 'palmolein-free declaration,' there have been several anti-palmolein rallies and demonstrations across the district, as well as in scores of villages in other districts. In a show of hostility, mobs destroyed cans of palm oil and restauranters threw out palm oil-cooked snacks into the drains.

In just one month, the ire against palm oil, ignited in Koorachund, has spread all over the State. Restaurants and tea shops in villages and towns have put up the notice 'palm oil not used' or 'only coconut oil used' and groceries now display the legend 'palm oil not on sale.'

It is amazing that in a State where nothing seems to work without the backing of political parties, the anti-palm oil campaign started and progressed as a grassroots-level movement. Of course, the former Prime Ministers, Mr. V. P. Singh, and Mr. Deve Gowda, offered their support. As the campaign snowballed, politicians of all hues came out with

helpful statements and the media gave its editorial nod. However, the merchant union's backing was crucial — 300 of its village and town level units at one go decided not to sell palm oil.

"But it is essentially a non-political, non-partisan people's movement without any central organisation or coordination," Father Antony Kozhuvanal, regarded as the brain behind the boycott move, said. Fr. Antony, the vicar of the Sacred Heart Church at Thiruvambadi, near Koorachund, is also the director of the Farmers' Advancement Committee.

He admits he is surprised by the overwhelming support the movement has gained. The movement is now targeting the Coke-Pepsi monopoly in the soft drink market. By pushing tender coconut water into the Coke-Pepsi slot, he feels the coconut farmers could hope for a better bargain. Already, some youth outfits in Kozhikode, Thrissur and Ernakulam districts have started a campaign against Coca Cola and Pepsi.

Fr. Antony and Mr. Nazirudheen, are, for different reasons, voicing the common concern of the villagers. They believe that if the price fall is not resisted now, the rural economy cannot be saved. 'Boycott palm oil' may be a baby step, but it has the potential to offer resistance to the globalisation-liberalisation regime.

THE HINDU

7 NOV 2000

The mantra should be — slow down, consume less, conserve more

Globalisation and sustainability

10/10 2/11

VIEWED FROM the perspective of a low need-low greed, longlife-low profile Yogic culture like India's, the cyclonic globalization during the last two decades of the 20th century may be seen as aiming at flooding the world with rising materialistic wants. One of the US experts told the audience at the recent Scandinavian Interactive Media Event (June 2000, Stockholm) that the day is round the corner when everything from cars and gasoline to fridges and TVs is going to be available free. An aeronautical engineering student from Holland, sitting by my side, chuckled at this: 'Come on! As if all these goods would not cut up the earth's resources in the first place'. When I voiced my dissent in a crowd of 900, the expert walked up to me and angrily advised that I should retire to the Himalayas!

An important conceptual clarity is in order here: the development agenda proclaimed by globalization persistently mistakes 'standard of living' (SL) for 'standard of living consumption' (SC) for 'standard of living' (SL). A recent World Happiness Survey has placed Bangladesh on top in terms of happiness, the USA is 46th in rank, and India occupies the 5th position. It is well-known that SC in Bangladesh is among the lowest in the world. But this has not robbed it of happiness. Equally well-known is the fact that US citizens enjoy the highest SC. Yet they score so low in terms of happiness. It is quite reasonable to hypothesise from such data that the SL in Bangladesh and India still preserves, somehow, such non-measurable qualities as make for greater happiness than that in high SC countries. The real danger is that globalization of greed, pursued by high SC-low SL nations, is destroying the happiness in high SL-low SC countries.

Therefore the predatory globalization

that is now sweeping the world must clear at least two tests: 'material sustainability' (MS) and 'psychological sustainability' (PS). Large masses of empirical data from bodies like the World Watch Institute and several other research studies converge on the conclusion that technology-driven, consumption-inspired economic development, relying increasingly on pushing beyond national borders for markets, is materially unsustainable. After all information itself cannot feed and clothe and shelter people. What it can do is to whip up unmet, unimagined wants at great speed in the remotest corners of the earth. The surge of global material greed, beyond legitimate basic needs, may serve some ill-conceived corporate and national interests of a clever few for a short while. But the long-term negative impact of such short-sighted strategies on the earth's MS is already alarming.

There is another tragic dimension of this assault on MS - the extinction of local cottage and small-scale entrepreneurship. We find in India today a rapidly swelling number of dyed or dyed-backyard enterprises in every conceivable product e.g. zip fasteners, razor blades, cereals, bottling plants for aerated drinks, fountain pens, television, earthen cups for tea coffee etc. Let us not speak of cars and computers. The result is an inexorable shrinking of the decentralized, mass-employment, grass-root economic base of the country. The apparently benevolent activity of

rural marketing is really a well-planned thrust by powerful MNC's to make the simple-living rural people greedy for non-essential consumer goods. All in all, the low-profile, close-to-soil, environmentally compatible units of economic activity are fast disappearing.

A practical implication of the above reasoning is that globalization of business and finance, in order to preserve

cal truth was translated into daily living, by sustainable cultures like India and others, with vigilant creativity. But the wanton creativity of the present era is substituting for this principle, with bullish fury, the false mantra: 'man lives by goods (and information) alone'. The more the human being is trapped in a ceaseless chase for creature comforts without, the greater is the estrangement he/she suffers from intrinsic wealth within. The grinding centrifugality of modern living, caught in a dizzying spin, makes human awareness destitute of a centripetal anchor. This constitutes an existential disempowerment of the deepest kind. The psychology of external self-indulgence that the globalization-market economy cult exclusively relies upon, robs us of our internal SELF-sufficiency (e.g. USA v. Bangladesh).

The motive of self-indulgence, for that is what reality underpins globalization for the sake of business profits, national GNP, and executive stock options, is both materially and psychologically unsustainable. In the long run, therefore, the strategy 'reduced external consumption-cum-ample inner living' is both materially and psychologically unsustainable. Happiness comes more from 'giving', not from 'grabbing'.

Here are some findings sampled from a recent field study by an Indian NGO (A Matter of Quality, Sanshodhan Research Paper) called 'Society For Integrated Development of Himalayas' (SIDH):

(1) The literate person is selfish and greedy and wants good things (...). He/she aspires for consumer items and imitates the West. The literate person is more prone to individualism. The literate people have a greater tendency to drink, smoke, gamble, see films and generally spend a lot of money on entertainment.

(2) The literate is less responsible and lacks discipline whereas the illiterate persons are more responsible towards elders and family. The literate have less respect for the elderly, answer rudely, do what pleases them, order people older than them, use more abusive language.

The above excerpt shows that globalization of the kind now engulfing the world is destabilising and unsustainable from all points of view: material, ecological, social, psychological and spiritual. At the same time, it is this very pervasive subversiveness of greed-based globalization which is also causing a new awakening to the need for spirituality. It has to cast its sobering light on the red heat of money lust. Of course often spirituality itself is getting commoditised e.g. some authors are already talking about 'spiritual capital'. Having quickly discovered that knowledge or intellectual or emotional capitals are not delivering whatever they promised, some of us are trying to extract the same promises from 'spiritual capital'. This tendency has to be corrected before it becomes another tragedy.

For, if spirituality also is made to falter and fail, no saving alternative will be left for the world.

To advocate, therefore, both greedy globalization and sustainable development in the same breath amounts to doublespeak. The way out of this is to sincerely, with a pure heart, commit to the saving global mantra: SLOW DOWN, CONSUME LESS, CONSERVE MORE.



The globalisation of the kind now engulfing the world is destabilising and unsustainable from all points of view: material, ecological, social, psychological and spiritual

MS, should not go beyond basic infrastructural projects in developing countries. They would chiefly be power, roads and rails, irrigation and the like. The whole range of consumer goods, durable or otherwise, must be left free from attacks by MNC's.

As for PS, the champions of globalization seem to be oblivious of an essential law of the being: 'man does not live by bread alone'. This perennial psychological

activity of

American hegemony: For better or worse?

WILL it be worse or better? Or is US foreign policy so firmly set on a course that even with a new President it can't be changed significantly? Some foreign policy analysts say that under President Bill Clinton's stewardship the USA became a "rogue state", a term cooked up by the State Department to describe the likes of Iraq, Libya and North Korea.

This sort of language is not just being deployed against America by those using it for effect, like those who described the impact of Western sanctions on innocent Iraqi children in a landmark article last year in *Foreign Affairs* magazine. It is being used by serious commentators such as Michael M May who is quoted in a recent issue of *Survival*, the quarterly journal of the International Institute for Strategic Studies, as listing half a dozen damning developments in contemporary US foreign policy:

□ Nato expansion made without any prior constraint on further expansion.

□ An East Asian security policy which moves towards a greater use of Japan in balancing

China;

□ Enforcement of a military containment strategy in West Asia which posits hostility towards the two most powerful Muslim states in the region, while supporting a

number of weak client states susceptible to revolutionary change;

□ Active competition with Russia in the Central Asian and Caucasus area;

□ A rhetorically militant yet factually ambivalent leadership of nuclear non-proliferation efforts; and

□ Continued improvement in US military forces, with particular emphasis on those that project American power overseas.

I would add to that a few more: first and foremost, the bombing of a sovereign state, the Yugoslav Federation, without an explicit mandate of the UN, throwing overboard a precept observed since the Westphalian Treaties of 1648 that war is not waged against a sovereign state which has not itself attacked another sovereign state.

Second, the USA's obsession with itself — that it possesses a sovereignty that overrides the sovereignty of others. This manifests itself in issues as diverse as refusing to be party to the creation of an International Criminal Court or the notion that US legislation can be applied extra-territorially and that domestic legislation takes precedence over international commitments.

Third, there is the double standard on human rights, with one part of the world being fair game for constant criticism and the other,

stretching from the Bosphorus to the Indus, which is almost immune from attack.

America now strides the world like a colossus. This is not because of its economic power — the post-Cold War USA accounts for approximately 22 per cent of the world's gross domestic product which is about the same as it was in the 1918-39 inter-war period. It is because of its vast military power — the USA accounts for about one third of world military spending and no country can even think of matching it.

What is surprising is that there are foreign policy analysts who will accept the essential fairness of such a critique but who will still argue that, weighing everything up, they come down on the side of viewing America as a benign hegemony. One such is distinguished French commentator Francois Heisbourg who is the chairman of the Geneva Centre for Security Policy.

He argues that for all America's incongruities, it remains "a key element of what measure of international order may exist". The USA is the "only credible

ultimate guarantor of that order; the only global-scale exporter of security".

Yet even an observer as sympathetic to America as he warns that "foreign perceptions of the US will

not remain static. Several factors could exacerbate the already troublesome trends generated by some of the current "perceptions". Not least, he points out, are the consequences of America's incredible rate of economic growth. If this continues, even at a lesser pace, it will make the USA even weightier than it is in relation to Europe and Japan, not to mention the rest of the world.

This can produce its own backlash, especially when America seems to be calling most of the shots on modern developments, information technology and economic globalisation.

Second is the inability of the executive branch of the US government to override the parochialism of Congress as it often could in the Cold War days. Clinton's defeat on the ratification of the Comprehensive Test Ban Treaty is a warning of worse to come. US foreign policy may simply become unpredictable. And unpredictability can lead to misperceptions and miscalculations.

Neither Al Gore nor George W Bush have addressed this debate, even tangentially. At this time of electoral uncertainty, the only thing that is clear about this poll is that whoever wins has no idea of how to deal with the America that the rest of the world is increasingly worried about.

WORLD VIEW

By JONATHAN POWER

THE STATISMAN

10 NOV 2000

At APEC meet, Clinton defends globalisation

BANDAR SERI BEGAWAN, NOV. 15. The U.S. President, Mr. Bill Clinton, launched a staunch defence of free trade today at a summit of 21 Asia-Pacific economies which stand divided over the future course of globalisation.

The Chinese President, Mr. Jiang Zemin, and the Russian leader, Mr. Vladimir Putin, both knocking on the World Trade Organisation (WTO) door, endorsed globalisation, but in a more tempered fashion. While sympathising with Asian nations which suffered the "brutal sting" of globalisation, Mr. Clinton said open markets were the "way to raise living standards and to lower poverty for all nations."

In an address to business leaders at his farewell Asia-Pacific Economic Cooperation (APEC) summit, he said that only by intertwining their economies could all the world's nations harness ec-

onomic growth. Mr. Jiang, while promising a more open China, called for a review of the way globalisation is taking place, and told the meeting more attention should be paid to the "correct guidance and management of this process."

Mr. Putin spoke of the risks of being a member of a global free trade family, while acknowledging "liberalisation will bring more benefits" than disadvantages.

"Competition and selection are inevitable but we have to study how we can minimise their dangerous consequences," the Russian President said.

The APEC leaders opened a two-day summit with an agenda briefing by their host, Sultan Hassanal Bolkiah of Brunei, before adjourning until tomorrow morning, when they will consider the wording of their declaration. — AP, Reuters

THE HINDU

16 NOV 2000

GLOBALISATION EVIL

Indian Working Masses In Peril

By GURUDAS DASGUPTA

GROWING income inequality inevitably leads to divergence within society, creates income insecurity and aggravates poverty. A man with income insecurity cannot be saved from destitution. One who has no other means of livelihood but labour power cannot be protected from distress if he loses the opportunity to make use of the same.

According to the World Employment Report, 1998-99, ILO, nearly one billion people, one third of the world's labour force, remain unemployed or underemployed. The actual number of jobless people reached 150 million in 1998. In addition 25-30 per cent of the world's workers — between 750-900 million — were underemployed, working substantially less than full time or earning less than living wage. In fact, according to the ILO, since 1970, unemployment rates in the advanced economies have more than doubled and higher rates have been registered in many of the developing countries.

Rising growth of the transnational companies engaged in international production, now comprising 500,000 foreign affiliates established by 60,000 parent companies, having huge financial power, the hundred largest holding assets worth \$1.8 trillion gravely affect the employment potential of the world economy.

LOPSIDED

The World Investment Report, 1999, admits the lopsided character of the economic system. It says "because of their technology intensity and competitive behaviour they are likely to generate smaller number of jobs than other firms of equal output and size".

Very few workers in the world benefit from unemployment protection. Workers in the rural areas and also in the urban informal sector, virtually no protection against unemployment. It is well understood today that globalisation has significant implications for social protection in the countries with open economy who are exposed to the cyclical movement of the global market. Also it is found that there are instances of reduction of social security expenditure in the countries where the share of trade in GDP has increased.

The World Labour Report, 2000 candidly admits "benefits are not reaching enough people". In many countries increased global competition has led to loss of job or flexible employment arrangement that provides less secure and provides fewer social benefits than regular jobs. Short term capital movements have made economies more volatile resulting in more frequent and more severe financial convulsion which have led to sharp rise in unemployment and poverty. All these developments constitute a growing sense of insecurity among workers which goes a long way towards explaining the resistance that can be observed in many quarters to globalisation.

World Economic Outlook, May 2000, released by IMF while reflecting on poverty and globalisation comes to a sordid conclusion. It says, "per capita incomes have been regressing

The author is former Member of Parliament.

in absolute terms in a large number of countries during the past 20-30 years. As a result, the world is entering the 21st century with the largest divergence ever recorded between the rich and poor. The widening income gaps within many countries and the gulf between the most affluent and most impoverished nation are in the words of the then managing director of the IMF, morally outrageous, economically wasteful and

labour in the recent period. More than 2.5 lakhs industrial units are closed. Recently government has decided to shut down 94 textile mills of national textile corporation. Nearly 75,000 workers will be jobless. According to the performance review 1998 of BIFR, 15,08,336 workers were involved in 2,454 companies registered as sick up to 31 December 1998 under SICA Act of 1985. According to labour ministry, out of 1,05,402 workers rationalised in the organised sector as on 29 February 2000, only 14,269 could be re-deployed. The situation has worsened further. There has been steady decline of work force in government departments and public sector undertakings. While the total manpower in the public sector enterprises has gone down from 22.36 lakhs in 1989-90 to 19 lakhs in 1989-99 further off-loading continues with greater vengeance. The displacement of labour in industry and agriculture with the application of capital



potentially socially explosive".

While India is able to register a reasonably high rate of growth, above five per cent, for a prolonged period, the problem of poverty remained staggering, nearly 40 per cent of the population living below the poverty line. While poverty among plenty is the characteristic of the modern world, South Asia is emerging as the most deprived region of the world, embracing one-fourth of humanity. It is the poorest, most illiterate, the most malnourished, where gender sensitivity is least.

World experience establishes beyond doubt that economic growth even if it is high does not automatically translate into human development. The link between growth and human lives can only be created through conscious national policies. Left to the operation of market forces basic human problem remains unsolved. The market economy and the private corporates on their own are incapable of tackling human distress. The social obligation of the welfare state is of paramount importance. The state must come to the aid of the underprivileged and voiceless section of the community guaranteeing equal opportunity and right to decent life.

RATIONALISATION

Prime Minister Vajpayee, while addressing the 36th session of Indian Labour Conference held this year, had declared "changes in labour laws have not kept pace with rest of the economy. There is a growing belief that the nation cannot reap the full benefit of economic reforms unless we reform both the labour laws and the administrative machinery that implement them". Mr Satyanarayan Jaita, the labour minister, had gone further and openly advocated drastic changes in labour laws to enable the private corporates to push forward their plan for rationalisation of labour. The move is clear, get tough on labour.

While economic reform has failed to halt the recession, the Finance Minister having admitted a shortfall of 1.5%, the entire burden of the crisis is sought to be passed on to the working population of the country. Statistical details throw light on the plight of the

intensive technology causes great harm to the economy. It stands in the way of the expansion of the domestic market and results in compression of demand.

NO CHANGE

In 1987 a senior official of Union Labour Ministry had undertaken an inquiry into the problems of women, mostly tribal, who are engaged in loading of iron ore in railway sidings in Bihar and Orissa. According to the interim report, the daily wage was only Rs 10. It stated "the work has to be carried out in open at a tremendous speed and hard labour. Tribal women can be seen doing the work without break for even drinking water with their babies lying near by crying at full throat completely unattended. The work results in tremendous air pollution and iron ore dust causes TB to most of these women. Their working life hardly extends to beyond 7 to 10 years. Benefits such as earned leave, casual or medical leave, maternity leave are unheard of, minimum wage, DA, bonus, gratuity, provident fund etc has never been thought of. They have to work even on 15 August, 26 January and 2 October.

After more than a decade in 1999 another study on the unorganised labour, migrant labour in Punjab, a project sponsored by ILO had unfolded the same grim reality. While describing the plight of a women worker the report says "she was sitting in a dark damp room of 8x10 feet with her one week old baby and tying knots at the ends of a blanket. She earns Rs 20 to Rs 22 everyday. The chawl she lives in has only 3 latrines and two hand-pumps for 150 persons. It is Hargovinda Nagar Colony of Ludhiana where drinking water is polluted with chemicals released from the factories around. The acid smell is heavy in the atmosphere. Chest congestion is a common ailment affecting even the babies. She is the second generation migrant married to a seasonal worker from Bihar". A decade of reform and development has not ended the agonising ordeal of the unorganised working masses in the country. The Indian working masses are in peril.

A Strategic Shift

India as a New Balancer

By K SUBRAHMANYAM

LAST year when the possibility of a paradigm shift in international security relations was mentioned by a senior government official, there was scepticism among some observers. It was largely ignored. Recent developments which include President Bill Clinton's talk of partnership with India, President Vladimir Putin's visit which begins today and the proposed declaration of strategic partnership between the two countries suggest that the paradigm shift may not be some visionary dream but may be in the process of evolution.

The framework in which international security relations were conducted during the Cold War was formulated largely in conceptual terms on the policy of containment enunciated by George Kennan in 1947. Though Kennan himself subsequently came out strongly against the nuclear arms race and the way in which the 'containment' doctrine was interpreted and implemented, there is no doubt the paradigm was essentially 'containment' and that brought about the changes in the Soviet Union leading to its break up and the US victory in the Cold War.

It is obvious that the US strategic community has been working on the concepts needed for a new paradigm which will guarantee the US position in the world as the sole 'indispensable nation' for the foreseeable future. It appears from the major discontinuities in Clinton's policies during his first and second term that the new paradigm is in the process of finalisation during his second term. The US policies of permanent normal trade relations with China, its partnership with India, its espousal of a concert of democracies, its national missile defence, its emphasis on a knowledge-based society, the revolution in military affairs and its focus on international terrorism are all to be fitted into a strategic paradigm which will secure for the US its strategic objectives of being the most powerful nation, militarily, economically and technologically.

Therefore, US planners appear to have concluded that the paradigm of containment could be improvised to one of containment-cum-engagement calibrated appropriately to deal with individual and collective challenges to it from the major nations today. The challengers in terms of capabilities are China, Russia, the European Union, Japan and India in descending order. Unlike in the aftermath of World War II, when a bipolar game became inescapable,

the present international system permits a balance of power and influence among the five Eurasian nations with the US having the advantage being able to manipulate the balance externally.

All five have varying degrees of interaction with and dependence on the US. China derives a massive trade surplus with the US, Russia needs western economic support. The European Union and Japan have security dependence on the US. Though India is the least dependent on the US, it is also the least hostile and least resentful of it. Therefore, the US finds it in its interest to develop a Eurasian balance of power in which it will be on better terms with each of the five balancers than they are likely to be with each other. A polycentric balance of power in the nuclear era rules out war among the nuclear states.

What are the threats to the US?

IN BRIEF

- The US wants a paradigm strategic shift which will ensure its pre-eminent position in the world
- A US policy of engagement-cum-containment has been worked out to deal with major nations
- India is increasingly being seen as a balancer of power in Eurasia
- The Indian national security establishment needs to work out a detailed response to the changing strategy

Defence Secretary William Cohen defined them in a speech in Georgia University in spring 1996. He argued that since the US would have unrivalled military capability, its enemies would resort to indirect threats rather than direct challenges — through terrorism involving weapons of mass destruction. The only major nation which had carried out the proliferation of weapons of mass destruction and which is suspected to continue to do so is China. The only foreign country which has perpetrated acts of international terrorism on US soil is Pakistan.

The US has identified WMD proliferation and international terrorism as primary threats to its security. It will deal with them through a strategy of containment and engagement both with China and Pakistan. Such a strategy requires that neither China nor Pakistan should directly be declared an adversary

but be dealt with through a variety of carrot and stick policies. National missile defence, counter-proliferation and the nuclear stockpile stewardship programme are active measures to counter the threats. The US is confident of persuading China to reduce its WMD proliferation.

The containment aspect vis-a-vis China comes through the policies of the concert of democracies, the relationship with Japan, India, Russia, central Asian republics and even with Iran at a not too distant future. It also involves increasing US military capabilities in the Pacific and Indian oceans. Ideologically, democracy supported by IT and the globalisation process should also be powerful instrumentalities in containing Beijing. The US is also confident that the rhetoric on the desirability of a multipolar and polycentric world will not unite the other five Eurasian powers enough to pose a real challenge to the US.

In this paradigm shift, the US will not hold Pakistan as very valuable especially if the former is able to improve its relations with Iran. As a nuclear weapon state with the potential to proliferate, it has simultaneously to be contained and engaged. It also needs to be watched as it is a generator of Islamic terrorism against the US as well as a conduit for narcotics. India is a potential balancer of power in Eurasia, a reservoir of talent for the US, a nation with no basic clash of national interests with the US, ideologically on same wavelength as a democracy and an English-speaking nation. India, however, cannot be depended upon to toe the US line as happened in respect of the bombing of Kosovo or sanctions against Iraq. But the nature of the new Indian diaspora in the US gives the US the confidence that India can be strategically managed to its advantage. This appears to be the new US strategy and consequent paradigm change. No American has debated it as was done when George Kennan's strategy of containment was published in *Foreign Affairs* in 1947 as a contribution of 'X'. It is not inconceivable that this new strategy may unfold slowly over the next couple of years.

If the above analysis is correct — nothing else really explains all the recent developments as comprehensively as this does — then the issue is whether the Indian national security establishment has done its homework and worked out its response in detail.

THE TIMES OF INDIA

2 OCT 2000

DISQUIET AFTER SEATTLE

IT IS MOST unfortunate that a violent mob took over the protests in front of the Prague Congress Centre, where the International Monetary Fund (IMF) held its annual meetings this week. All the plans and the campaign by global Non-Government Organisations (NGOs) opposed to the unbridled globalisation programme advocated by the West and the Bretton Woods institutions came to naught with this violent climax to the IMF meeting, with the plenary session wound up prematurely. From the WTO Ministerial meeting in Seattle last year, these violent protests have rocked all international summits, particularly those grappling with the complex problems in globalisation and trade liberalisation. So much so, the voices of NGOs such as the Initiative Against Economic Globalisation (INPEG) have been drowned by the stone and molotov cocktail throwers who have taken the centre stage now. This was very much in evidence in the Czech capital and a day which started with singing and dancing, to focus on the anti-globalisation slogans of INPEG and others, ended with violence and arrests. This premeditated violence, instigated by a handful of elements, hijacked the platform created by the NGOs.

Protests and demonstrations have become a part of any regional or global conference of Ministers or Heads of Government. Groups such as INPEG, Jubilee 2000, Oxfam or any of the human rights organisations have been leading their own protests in front of such conference venues to focus attention on pressing human problems, violation of human rights and the lack of concern for the poor at these deliberations. Their causes are genuine and the international organisations, particularly the IMF, the World Bank and the WTO must listen to their point of view while reviewing their policies and programmes. Ultimately, it is the poor in the debt-ridden countries who suffer from the blind implementation of the so-called restructuring programmes

prescribed by these global institutions. For instance, Jubilee 2000 has been campaigning for debt-relief to the poor or the Least Developed Countries (LDCs), which have been marginalised in the sweep of globalisation. Though the G-7 has taken note of this issue, nothing much has been done to assist these countries in managing change. It is in the interests of the NGOs themselves to take charge of these protests, clearly separate themselves into identifiable groups and choose their volunteers carefully to prevent the infiltration of hoodlums or vested interests out to sabotage their protest and give it a violent twist.

If this brand of violence is allowed to dominate such international conferences, no Government or State will offer in future to host them. The rising costs of security, the threat and damages from vandalism and the inconvenience to the delegates and local citizens alike will surely force Governments around the world to think not twice but thrice before volunteering to host such gatherings. Violence is threatening not just the conduct of international conferences or business, but also the role and advocacy of NGOs with a genuine cause. It may be useful for organisations such as the IMF, the World Bank and the WTO to offer a continuing dialogue with some of these representative, recognised NGOs to prevent their resorting to protests outside conference venues. There may be a better opportunity for them to present their views and drive home the message. Violence has no place in a democratic world and it is time to ensure that international bodies function in a more democratic manner. It is unfair of the industrialised countries to impose their agenda on the developing and, worse still, the least developed countries. It will be much better for these institutions to heed these voices of protest and correct their course, instead of being forced to do so through a violent upheaval.

THE HINDU

Globalisation is new name of the game in state

By Nitin Yeshwantrao and Anil Singh

MUMBAI: Scenario 1: Thousands of workmen sporting bright red headbands converge on Kala Ghoda to protest the new labour policy and fight the riot police with petrol bombs.

Scenario 2: Thousands of workmen observe Labour Day by putting in an extra hour as a gesture of solidarity with their employers who are facing stiff competition in the global market. The managements, in turn, offer workers a greater share in profits.

Which of these hypothetical scenarios end up as reality will depend on how sensitively the government administers the sweeping changes in

labour laws that it is currently contemplating. Maharashtra, the most industrialised state in the country, recently proposed to legalise a hire-and-fire policy and curtail the powers of trade unions—moves that would have been unthinkable a decade ago.

Pressed to the wall by the increasingly harsh realities of global competition, industrialists have been pushing for more flexible labour policies. They say that the current laws are archaic and an obstacle to growth. Says Pradeep Mallick, Western Region chief of the Confederation of Indian Industry (CII), "One cannot function in a restrictive environment where 19th century laws govern industry and labour."

Industry representatives who met chief minister Vilasrao Deshmukh recently pointed out that because of "rigid and ancient" labour laws, India has been losing out to China and other south-east Asian countries which are flooding the market with cheaper goods. "Over-protectionism and high wages to the organised work force have robbed the new generation of fresh jobs," said industrialist Arvind Doshi, a member of the delegation which met Mr Deshmukh. He said that if the

government relaxed restrictions, employers would be motivated to hire more workers and at the same time retrench those who failed to meet the desired standards.

Not all trade union leaders are convinced, however. While some labour union leaders recognise the need to change with the times, they are against drastic changes in legislation which, they fear, will rob them of the power of collective bargaining that they have won over the years.

For instance, they say, the Industrial Disputes Act allows the employer to lay off or retrench workers and close a unit for genuine reasons, but this usually entails a lengthy legal process.

"We are willing to sit with policy-makers and industrialists to propose steps to expedite this process," says M.M. Abhyankar, vice-president of the Hindustan Lever Workers' Federation. He adds, "It is not competition or survival that is motivating Indian industrialists to press for labour reforms, but the greed for super profits."

Challenging businesspersons' pleas that labour laws should now allow for longer working hours, Vivek Monteiro, secretary, Centre for Indian Trade Unions (CITU), says, "The notion that deregulation leads to more efficiency is a myth. Just by making workers sweat more, Indian industry cannot compete with China."

Whatever each side may say, management-labour equations of the pre-liberalisation era in which workers often held businesses to ransom are over. Observers point out that there have been few big or prolonged strikes in the last five years. In the few cases in which managements have hiked salaries, they have extracted promises of increased production from the unions. Besides, the trend of outsourcing has rendered unions powerless in many industries.

► Unions lose their punch, Page 5

SUNDAY SPECIAL

THE TIMES OF INDIA
8 OCT 2000

Multipolarity: vision and reality

By P. S. Suryanarayana

Inherent or acquired economic strength is a pre-requisite state-attribute for new multipolarity to flourish.

POLITICAL CALLS for the formation, or more precisely the re-formation, of a multipolar international order have been made by post-Soviet Russia twice in recent months. The Russian President, Mr. Vladimir Putin, first joined the Chinese leader, Mr. Jiang Zemin, to voice the need for such a new global order. Later Russia co-opted India last week to emphasise the imperative of a future multipolar political system in the present post-Cold War era. A logical question is whether these calls for the reversal of the prevalent in the U.S. dominant unipolar order are realistic in scope even if considered necessary in principle.

Now, a perceived hegemonism of the real or potential kind, the general meaning of a Washington-centric unipolar configuration, is arguably an undemocratic trend in global politics, whether or not the U.S., as the sole superpower, insists on exercising totalitarian powers on the international stage. It is also a law of nature in global politics that the weaker states, whatever be the reasons for their condition, resent the strength and dynamism of the more powerful ones. However, a counter-question simply is: who is to blame for this state of affairs, the U.S. or the other powers (the major and medium states) collectively? More importantly, though, the diplomatic logic of multipolarity as a propositional logic of international dynamics of international relations.

Mr. Putin has outlined, through subtle hints in replies to assorted questions ahead of his visit to New Delhi, that multipolarity can be, in his reckoning, the cornerstone of a new international security architecture. Behind this unspecified but clearly indicated prescription, a proposed linkage between multipolarity and a new global security architecture, is the transparent reasoning by Mr. Putin that Russia and China, as also India, can, over a period of time, hope to contribute to the emergence of such a dispensation through a strategic engagement among themselves. Yet, it certainly has not discounted the role of the other Asian states such as Japan in particular and the Eu-

ropean powers in fabricating a new multipolar system.

Today's global security architecture, arguably a lopsided one, is dominated by the U.S. across the entire spectrum. The *raison d'être* of an overwhelming American military presence in East Asia, substantially endorsed still by post-imperial Japan as Washington's political friend, even if not as its strategic equal, to address the question of a "red dragon" in the U.S. A trans-Atlantic reality is that the U.S., in alliance with the European Union or more precisely the major powers within that organisation, is geared to keeping a leash, after having won the course won the Cold War. Evidence, therefore, is that the U.S., and not its allies, is the central character in the U.S. present policy can be seen as a Washington-centric, though, not necessarily Washingtonian, though.

The former U.S. President, Mr. Ronald Reagan, in the U.S. towards victory in the Cold War, but his successor, Mr. George W. Bush, visualised an altogether new world order as the trophy, which still resides in Washington though, in the event, it was left to Mr. Bill Clinton, now the outgoing President, to define the substance of containment-plus (as seen by those opposed to unipolarity). As outlined by his first National Security Adviser, Anthony Lake, it is a dual policy of "engagement and enlargement" — parting with the countries varying in opposition to the U.S. supremacy in world affairs and expanding Washington's influence through the power of ideas such as free markets and the like.

A new poster is whether the motives of state-actors have altered or can really change in the international theatre of competition. Take the bipolarity of the Cold War decades — a paradigm of confrontation between the U.S.-led alliance and the grouping led by the now-defunct

Soviet Union. Bipolarity came into existence in the wake of World War II even as Winston Churchill captured the fears of the West by visualising the spread of an "Iron Curtain" across the Soviet Union and the states being pulled into its satellite orbit. From the mid-1940s, bipolarity was a competition between two separate strategic clusters of countries. The strategic continuity of an "Iron Curtain" and a "Bamboo Curtain" — a Warsaw Pact-plus entity — encompassed China, too, until the Sino-Soviet ideological rift of the 1960s and 1970s.

In one sense, bipolarity gave room for non-alignment (seen by the U.S.-led West as the important rage of the countries marginal to big-power games, although the Soviet Union gradually recognised a chance to opt the non-aligned states on its side). However, non-alignment did not really break the mould of bipolarity. What really began to distort bipolarity was the strategic overture to China by the U.S. at the beginning of the 1970s in the context of Beijing's enduring rift with a post-Khrushchev Soviet Union. The U.S.-China strategic deal of the early 1970s was *prima facie* made possible by the reality of Beijing as a distinctive repository of power even in a bipolar world.

Prior to bipolarity, the then Euro-centric world had known a form of multipolarity in the context of the historical rivalries among Great Britain, France and Germany, to name only a few. The conventional wisdom today is that the latest multipolarity cannot be music to the U.S. ears. A quiz, therefore, is whether the latest idea of multipolarity can be suitably packaged so that the U.S. can see it as an aspect of genuine competition among sovereign states. Yet, multipolarity as a sustainable principle of international relations is conceivable only among states that have evolved organically as powerhouses (not necessarily in a negative sense). Rather, ent or acquired economic strength is a

pre-requisite state-attribute, along with military power (or even without it as in the case of present-day Japan), for new multipolarity to flourish in an organic environment. Charisma as state-actors may also be needed to occupy the power centres in a multipolar world.

While an ideal multipolar world may be impossible to visualise or accomplish, the unanswerable question relates to the number of possible poles of power. Never mind the ecological incongruity of more than two poles on the globe. One way of delineating a new multipolar world is to treat the existing permanent members of the U.N. Security Council (P-5) as powers independent of each other even if not necessarily hostile to one another. This arrangement is rooted in the Yalta and Potsdam order of world politics, as redefined first by the delayed replacement of "nationalist China" by its communist rival and later by the emergence of present-day Russia as the fragmented Soviet Union's successor. This marker is outdated, because the European Union rather than the U.K.-France dichotomy is the more important power in question.

An alternative, therefore, is to treat the P-5 and the potential members of an expanded Security Council as the modal power centres in a future multipolar world. This will include Japan, Germany, India and one or two others from Africa and Latin America. That may still leave out some existing and potential members of the G-7 club of the rich. Also ignored in this scenario will be the Islamic bloc and Israel.

No multipolar world will be stable in the unfolding circumstances unless it accommodates new international coalitions of interests and not just the political ambitions of individual countries. One such coalition is that geared to fighting transnational terrorism and drug trafficking and the like. A conceivably expanded Nuclear Club can also be a new multipolar configuration. In fact, multipolarity may be spawned inadvertently by the U.S. if it decides to build a national missile defence shield without mollifying Moscow under Mr. Putin.

Women and globalisation

By Mythily Sivaraman

SUCCESSIVE WORLD women's conferences, beginning from Mexico in 1975, have seen a gradual widening of the understanding of gender as an inclusive concept of economic, political and socio-cultural issues impacting it in varied ways. At Mexico, one saw the gender issues placed only in an exclusive social frame. It was at the 1985 conference in Beijing that poverty emerged as an issue of some consideration in comprehending and fighting gender oppression. Feminisation of poverty found a mention in its conclusions, but its structural causes were not gone into in detail. Comments were made with some caution: "Macro-economic policies and programmes, including structural adjustment, have not always been designed to take account of their impact on women and girl-children, especially those living in poverty." Talking of globalisation, the Platform For Action (PFA) adopted at the Conference noted that there were "trends that exacerbate" but equities between men and women needs preferred redress: "More emphasis needs to be done of the impact of globalisation on women's economic status".

However, as the effects of liberalisation started to become evident, disappointment set in and criticisms became vocal in conferences and the media. This was reflected in the 1998 report of the World Development Report 2000-01 by the World Bank, which also admitted that market liberalisation has come to be "vigorously contested" everywhere. The women's movement was not impervious to it.

The outcome document of the June 2000 Beijing 15 conference at the U.N. — called to review the implementation of the PFA — was more outspoken in its assessment "in a large number of developing countries changes have adversely impacted women... while globalisation has brought greater economic opportunities and autonomy to some women, many others have been marginalised owing to deepening inequalities among and within the countries". This, despite vigorous attempts by the developed countries to blunt the edge of such criticism. This stridency obviously reflected the ground experience of women across the globe in recent years.

Another reflection of this experience is...

subordination of political and social life to market dictates. The WWM wants to go one step further in identifying neo-liberal capitalism and patriarchy as structural causes of poverty and forms of violence against all women. The writer reflected in which women's transmission of the world is the highly inequitable world economic and political order.

While not denying the potential of globalisation to lead to solidarity and cooperation among peoples and nations, the WWM says that it is "being hijacked by the will of the world's powerful to dominate". In such a system, rights become subordinate...

The World March of Women minces no words in pointing out that the market economy ideology aggravates poverty and violence against women the world over.

ed to the dictates of the market and profit International institutions. IMF, WB, WTO, OECD) are not merely unable to eliminate poverty, they have perpetuated it by imposing income structural adjustment programmes (SAP) comes in for a sharp impact on women. "While on the one hand SAP was gender neutral, in reality they were more demanding of women than of men as much as in the normal sector as in the unstructured sector. We are witnessing shifting of roles and responsibilities held by the State to the private domain and therefore to women. In Latin America, it is estimated that since the SAP in the 1980s women work one hour more a day on average of the equivalent of an extra day per week, which is enormous". Such assessments are taken from studies by U.N. bodies themselves.

The WWM offers not merely criticisms, but solutions as well. Wiping out poverty is an economic task of gargantuan dimensions. Where will the money come from? To this, as to several others before them, WWM has many answers. One such is levying the Tobin (American economist) and a Nobel Laureate) tax, a small tax of 0.1 to 0.5 per cent to be levied on speculative

currency transactions. Such unbridled gambling has brought havoc on national currencies and on the poorest countries into recession. Help is needed to Mexico, Brazil and South East Asia.

Another means of raising resources is to ensure that the developed countries pay themselves to. This ratio plummeted to 0.7 per cent of their GDP as development themselves to. This ratio plummeted to 0.25 per cent in 1996. The U.N. estimates that if the current rate of decline is maintained, Overseas Development Assistance will disappear altogether in another 15 years! It is instructive to note that the U.S., which is putting the heat on the rest of the world to fall in line with globalisation, is not itself adhering to a decision taken at the global level — in fact, it leads the list of the countries paying the least as aid. Yet another way of tapping up resources for poverty elimination is to write off the debts of poor countries, and ensuring that this money is diverted to fighting poverty.

Declining violence — the other theme of the March — as the "violation or nullification of the enforcement by women of their human rights and fundamental freedoms", the March claims that this is inherent in the path of development, which is one of unbridled economic liberalism and consumerism.

On October 17, the marchers demanded that financial dictates be subordinated to social values, that women be subordinated to political rights and women's individual and collective rights be respected; that the new democratic order be founded on new democratic institutions subordinated to the political values of the international community (not only the G 7), constituted with gender parity; that what is sorely needed is structural transformation, not adjustment.

It is reported that the President of the World Bank said recently: "something is wrong when 29 per cent of the world's wealth". The WWM have, for this benefit, catalogued the reasons for this and have, for good measure, advised him that it is urgently necessary to examine paths other than the ones already taken, that are maintaining inequality and violence against women. The international women's movement has certainly not been

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Nobel politics

AS FAR as symbolism goes, the Nobel Prize is the most genuine form of tipping the hat at gifted individuals. Whatever may be the machinations that take place behind the curtains each year before the winners are announced, the Nobel is awarded to people deserving rich accolades no matter what ideological baggage they carry. The prize is, however, not quite as quarantined from politics as one would have liked it to be. Take this year's Nobel Peace laureate, South Korean President Kim Dae-Jung. He has been awarded the highest honour for his "work on democracy and human rights... and for peace and reconciliation with North Korea".

But whatever happened to the maxim, it takes two to shake hands? Mr Kim's winning the Peace Prize overlooks North Korean leader Kim Jong Il's desire to, if nothing else, stretch out his hand too. Whiffs of Cold War smog seem to still linger in the corridors in Stockholm. In the last decade, Nobel Peace Prize recipients have been either old-sparring partners like Irishmen John Hume and David Trimble in 1998, and West Asians Yasser Arafat, Shimon Peres and Yitzhak Rabin in 1994, or individuals along with their representative institutions, such as International Campaign to Ban Landmines and Jody Williams in 1997.

The other bugbear plaguing the Nobel Prize is that of political correctness. The fact that after winning this year's Literature Nobel, playwright-author Gao Xingjian is being publicised as another face of dissidence makes one think whether the Nobel Committee was actually more impressed by his non-literary reputation than his talent with the pen. With precedents like Winston Churchill and Alexander Solzhenitsyn, this urge to award the Nobel Literature Award for more than just literary reasons is not startling. Mr Gao lives in France, has written about his experience as a political activist and a dissident, and perhaps most importantly, one of his plays is still banned in China. The choice of Mr Gao as a brave soul writing against Beijing's grain seems to be as much a pat on the politically correct shoulder as Mr Kim's bagging this year's Peace Prize.

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THE NOBEL PRIZES

THE ROYAL SWEDISH Academy which gives the world's most prestigious award, the Nobel Prize, every year in recognition of the most outstanding achievements in science, literature, economics and for the spread of peace could well be finding the task becoming more and more difficult every year. Its identification of brilliance and originality should have been much simpler in the earlier years when it could readily pick Albert Einstein and other obvious achievers and from India, Rabindranath Tagore, C. V. Raman, Subramaniam Chandrasekhar and Amartya Sen among others as the most distinguished presences in their respective fields. Since then, the hurling away of the frontiers of knowledge has led to the knocking out of all the familiar outposts. Knowledge no longer has any frontiers and it is now stretching into an "unbounded" eternity if one could slightly vary a description of space given by Einstein.

For the Nobel laureates who have been just mentioned, knowledge had remained virgin territory with a great deal waiting to be explored. The exploration which followed with an increasing number of scientists and experts from a growing number of disciplines led to a huge enlargement of the domains of knowledge. The breath-taking pace of new discoveries has led to the emergence of new specialities and faculties in centres of learning. The nature of the discoveries has also changed from what they had been earlier — the flashes which illuminated areas which had long remained in darkness. Today, with so much already known, the fresh contributions which a brilliant and diligent scientist could make would be taking further the trail by just a few steps more. And that itself would be an achievement which is likely to remain unnoticed until a prestigious outfit like the Royal Swedish Academy makes it known to the world.

The fineness which the knowledge explosion has imparted to any breakthrough could be seen from the Nobel awards given to Eric Kandel, Paul

Greengard and Arvid Carlsson for medicine for their discoveries relating to the modifications of synapses. This would be Greek to the non-scientist until it is clarified that the discoveries could reveal changes affecting learning and memory. The scientists' plunge into the still largely unexplored realms of the human brain for a study of how messages numbering more than 100 million are transmitted between nerve cells at special points of contact known as the synapses has taken them a long way even from Einstein's Theory of Relativity which laid bare the cosmic reality. If the focus of science has shifted from the cosmic outer space to the cerebral inner space, it is an illustration of its becoming increasingly aware of the unexplored territory sunk into human consciousness.

The award of Nobel Prizes to U.S. economists, James A. Heckman and Daniel McFadden for their studies is the Royal Swedish Academy's recognition of the crucial role of the economic decisions being made by the people. Economics took its place much later as a discipline worthy of attention by the Academy in spite of the efforts which John Maynard Keynes and the other distinguished economists had been making to persuade Governments that they had to assume a major role for sustaining production and employment at a high level. If there has recently been a disillusionment with state regulation of economic activity, indications are that the private sector may not live up to the faith placed in it and the state is in no position to disengage itself completely. Though the U.S. economists who got the Nobel Prize for this year may not wholly share this view, they could not be unaware of the regulating role of the state on economic policy, particularly in the developing countries. The Royal Swedish Academy would seem to have brought a keen eye for detecting talent in the midst of the exponential growth of knowledge.

THE HINDU

19 OCT 1971

Summit backs Korean dialogue

SEOUL, OCT. 20. The third Asia-Europe Meeting (ASEM) today adopted a declaration in support of inter-Korean dialogue while participating countries expressed their willingness to improve ties with North Korea.

The two-day meeting adopted the "Seoul Declaration for Peace in the Korean Peninsula" in its first session on political and security issues here.

The five-point declaration, signed by leaders from 26 European and Asian nations, is a strong endorsement by the international community of the two Koreas' efforts to create peace in the peninsula after the historic inter-Korean summit in June where they agreed to resolve their differences.

The declaration assumes particular significance as many European nations including Britain, Germany and the Netherlands, attending the summit have announced normalisation of diplomatic ties with the Communist nation. By signing the declaration, ASEM participants have also agreed to support the Korean Peninsula Energy Development Organisation, an international consortium, arranging reactor construction in North Korea in return for the suspension of Pyongyang's covert nuclear programme.

Beneath the optimism over Korean reconciliation and fine words over stronger European-Asian ties, officials at the summit expressed deep concern over the situation in Indonesia. The Indonesian President, Mr. Abdurrahman Wahid, marked his first year in power at the summit, enfeebled by ill-health, beset by violent

unrest in several regions and forced to coexist uneasily with a recalcitrant military.

Represented at the summit were China, Japan, South Korea, Indonesia, Malaysia, Singapore, Vietnam, Thailand, Brunei, the Philippines, France, Germany, Britain, Italy, Spain, the Netherlands, Belgium, Sweden, Finland, Denmark, Portugal, Greece, Austria, Ireland and Luxembourg.

Earlier, the South Korean President, Mr. Kim Dae-jung, host of the summit, appealed for world peace, citing a melting of the decades-old cold war on the peninsula. "Although conflicts are continuing in various places in the world, reconciliation and cooperation are the common desires of all people that will never fade," Mr. Kim said in his opening address. Mr. Kim, who was awarded the Nobel Peace Prize last week for his efforts on rapprochement with North Korea, remained upbeat for the future role of the burgeoning ASEM movement. "Despite a short history of four years, ASEM is developing as the central axis, in name and substance, for cooperation between the two regions," he said.

Protests staged

More than 10,000 South Korean labourers, farmers and students staged anti-globalisation protests as the summit was launched.

Members of the "ASEM 2000 People's Forum" gathered at the Olympic Park, several kms away from the Coex Convention Centre where the leaders were meeting, and shouted slogans against the kind of multilateral trade cooperation such meetings have come to represent. — Yonhap, DPA, AP

THE HINDU

21 OCT 2002

Silicon Sarkar

The government is, not surprisingly, patting itself on the back for having notified the Information Technology Act. For the uninitiated, it is eager to point out that India is now among only about a dozen countries which have a legal framework in place for e-business. Reluctant as we are to ruin the party, we couldn't help making the association with a cartoon that once appeared in *Punch*: A bewildered looking scientist standing in front of an impressive supercomputer is complaining to his colleague, "They tell me this is state-of-the-art, but I just can't get it to work". Unlike the scientist, the *Punch* reader can see that the explanation lies in a disconnected plug. The analogy is worryingly apt in the Indian context. The truth is that expensive gadgetry is not enough to produce results. In the current context, the disconnected plug is the absence of the mindset required if the IT industry is to really take off in India and achieve the kind of results that the world seems to believe it can. If that seems too harsh a judgment, consider just the process by which the IT Act became law. It was passed by Parliament on May 15, approved by the President on June 9 and notified on October 17, a good four months and more after it got the nod from Rashtrapati Bhavan. Hardly a real-time response, if we may say so. Consider also the IT minister, Mr Pramod Mahajan's comments on e-governance. Mr Mahajan assured correspondents that once the prime minister resumes his duties, he would ask him to "formally declare 2001 the year of e-governance".

This is precisely the kind of tokenism that smacks of the old mindset, one in which things happened only if the sarkar ordained that they would. (Actually, more often than not nothing much happened, but never mind that little detail). In fact, the very existence of the IT ministry is a monument to the idea that sectors cannot thrive unless they are overseen by the government. To tell the truth, a bureaucracy that has mummified itself in redtape does not inspire great confidence about the government boosting the new economy. Of course, this is not to suggest that the government can do nothing to make the IT sector India's engine of growth. There are some fairly simple but absolutely crucial things it can do, indeed should do. Facilitating reliable power and telephone connectivity are two obvious examples. Alas, even here the signs are that the government believes it is best qualified to ensure connectivity. Not so long ago, the government cracked down on entrepreneurs who had used their cellular phones to set up PCOs in some of Uttar Pradesh's more remote villages. Babudom had no doubts that this was a violation of the law. And it certainly is. There are two ways of dealing with such a situation. One is to realise that the law in this case is living up to its proverbial role of being an ass, the other is to gleefully impose the constraints it creates. The choice that was made says much for the mindset that reigns in government. And there lies the rub.

Over a Barrel

Once again, West Asia has become the cynosure of all eyes with over 100 dead in two horrifying weeks of violence between the Palestinians and the Israelis. The international community is all the more worried as the hostilities have begun to tell on the volatile world oil market. And rightly so. Over the past 50 years, West Asia's ongoing crises have been punctuated by occasional and very short periods of calm. The latest incidents prove no exception; barely has the ink dried on the Sharm el-Sheikh agreement on a cessation of hostilities than a Palestinian has been shot dead in the West Bank. While President Bill Clinton's arm-twisting at the balmy resort of Sharm el-Sheikh may bring about a scaling down of violence for the moment, much of the world is at the edge of its seat fearing a further escalation of oil prices. If this fragile peace holds, oil prices will settle down and the global economy would continue on a path of slow but steady growth. But it is too early to determine whether either Israeli Prime Minister Ehud Barak or Palestinian leader Yasser Arafat will be able to sell the US-brokered deal to their people. For India, this scenario is particularly worrying as it is likely to adversely affect the country's rapidly growing information technology sector. The West Asian conflict has hit technology stocks in the West the hardest, sparing not even the big players like Microsoft. The inevitable domino effect has already hit Indian IT scrips as well.

For the Indian economy which is already sagging — Mr Yashwant Sinha's upbeat pronouncements notwithstanding — another price hike could well bring about a dreaded bout of stagflation. It doesn't help that, predictably, we never plan for such contingencies. In this, we should learn a lesson from the Americans. Apart from his desire to earn a place in history as the man who brought peace to West Asia, Mr Clinton's dash to Sharm el-Sheikh is equally motivated by the fact that the US has had to tap into its strategic oil reserve ahead of schedule. There is justification in this panic. The US and most other oil importing nations have not forgotten the aftermath of the Yom Kippur 27 years ago. The OPEC cartel exploited the situation by promptly raising oil prices five-fold creating an inflationary situation which soon descended into recession. Fears are fuelled by the fact that if oil prices hold even at the present level, let alone increase, the stage is well set for stagflation. However, there is some reason to hope that things will not reach that pass. Saudi Arabia, the world's largest oil producer, has made reassuring noises this time around. Riyadh says that the conflict will not disrupt oil supplies. If need be, say the Saudis, they will raise output on their own in order to hold down the prices. This suggests that the Arabs will not retaliate against Israel or the West using oil as a weapon at present. This spirit of accommodation should not be lost on the US and the West. They must exert pressure on Israel to act in a more mature manner to ensure that the economic gloom of the moment is lifted over much of the world.

THE TIMES OF INDIA

19 OCT 2001

People urged to resist globalisation

Sunil Patnaik
Barnampur, October 24

11-6
25/10

THE GLOBALISATION of economy triggered last year's super-typhoon, said the coordinator of World Forum of Fish Harvesters and Fish Workers (WFF) and National Alliance of People's Movement (NAPM).

Speaking at the Carry Centre at Gopalpur-on-Sea after a three-day annual convention of the WFF and NAPM, organised by Programme

for Social Action (PSA), Thomas Kocherry said that globalisation destroys nature leading to severe natural calamities. Globalisation is anti-people and a conspiracy of rich countries to export their poor counterparts' natural resources.

Kocherry said PSA was mobilising people to resist the so-called development process envisioned by the World Bank and the WTO. People — especially tribals, dalits, fishermen, farmers and women — have been marginalised because

natural resources are being exploited to benefit multinational companies. He cited the protest at Seattle, the US, which was a landmark in people's movement for economic equality and to counter unequal globalisation.

On the Supreme Court judgement on the Narmada Dam project, Kocherry said it went against the people and would encourage the upper-middle class to infringe the fundamental rights of the poor. He urged people to continue the

struggle for survival and not to look to the judicial system for a solution every time.

Kisan Patnaik, a socialist and former MP, addressed the convention as chief guest. He urged Third World countries to resist imperial globalisation and work for a people's economy. He criticised Nobel laureate Amartya Sen's self-contradictory prescription in which he supports globalisation and expects poor countries to get priority in health and education sectors.

THE HINDUSTAN TIMES

25 AUG 2000

25 OCT 2000

25 OCT 2000

Drawing the world closer together

The lessening of ethnic conflict and the increase in negotiated autonomy are two results of globalization, writes Prakash Nahda

Whether it genuinely believes in the idea or not, the Atal Behari Vajpayee government, which has just concluded one year in office following the last elections, has achieved one thing: it has maintained a near-harmonious Centre-state relationship. Pressures of a coalition government notwithstanding, president's rule has not been imposed in any state.

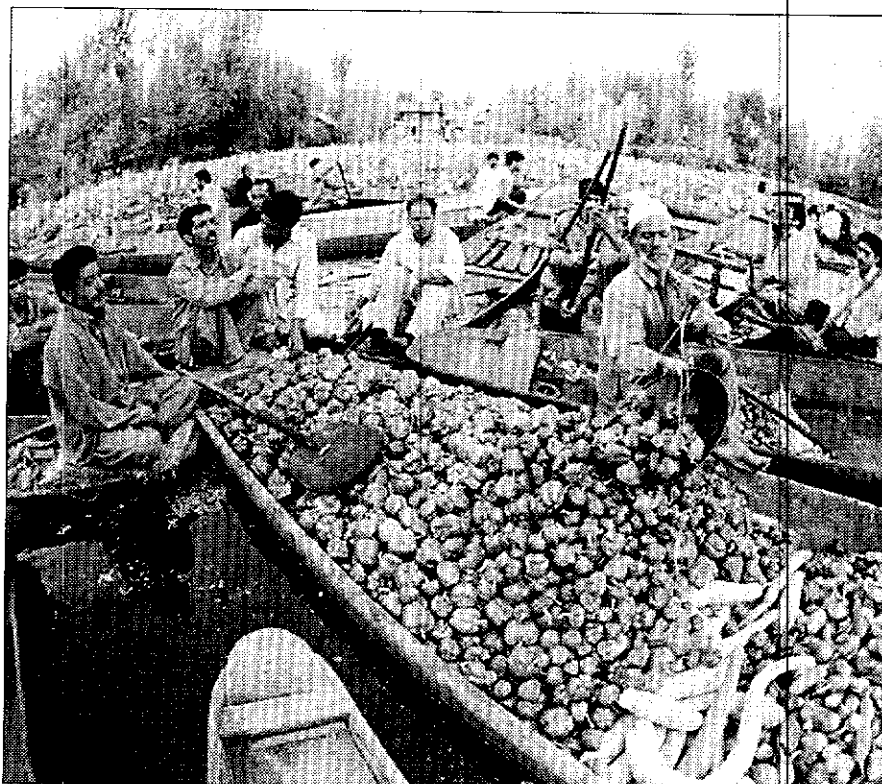
But the Vajpayee government has facilitated the creation of three new states. Contrary to the reputation of his Bharatiya Janata Party being a party believing in a "strong centre", the prime minister did something which none of his predecessors had done. He said that he was prepared for talks in Kashmir beyond the parameters of the Constitution for the sake of *insaniyat*.

True, his initiatives for dialogue with the Kashmiri extremists have not exactly succeeded, but the ground situation in the state is much better than a few years ago. There seems to be a perceptible change in the popular attitude in Kashmir, as evident from the recent opinion poll conducted by a national news magazine, against terrorism and violence. The same seems to be the mood in the troubled Northeast, if the prolonging of the ceasefire in Nagaland and the rising surrenders of the extremists in Assam are any indication.

In a sense, and this is the most important thing, federal relations in India under Vajpayee have been in tune with the emerging global norm of the waning of ethnic warfare. There is now a decline in new ethnic wars the world over. The old ethnic disputes are being gradually settled, thanks to the proactive efforts of democratic states to recognize group rights and channel ethnic tensions into competitive domestic politics.

This development is reassuring, to say the least. Because, the decade of the Nineties, particularly after the end of the Cold War and the disintegration of the Soviet Union, was alarming for India. The global trend then was towards more and smaller countries. As Juan Enriquez, professor in Harvard University pointed out, as against an average of 2.2 new states being created per year in between 1950-90 — mainly because of decolonization and wars among nations — from 1990 to 1998, the corresponding rate was 3.1 new countries per year, attributed mainly to the phenomenon of civil wars within national boundaries. That is, internal turmoils, because of the ethnic, religious, linguistic and regional animosities, increasingly led to abrupt border changes.

However, what facilitated this trend was globalization, which has two conflicting aspects: breaking the world down into its component parts as well as drawing these parts closer together. The first aspect was more appealing during the first half of the Nineties. Many thought that wealthy regions of a country could have greater prosperity, if separated



Towards a better life

from the mother country. The argument was that since their wealth was unfairly distributed among the poorer parts of the country, they were not reaping the benefits of economic restructuring.

Even the poorer regions of a country thought that separation would be less painful in this age of globalization. They hoped that with the world becoming more globalized, small countries would not be dominated by the larger neighbours, provided they opened their borders to greater foreign investment and free trade, like Taiwan and Singapore. They kept in mind the fact that small countries were among the fastest-growing and most effective traders in the post-war era.

However, it is the second but integrating aspect of globalization that seems to have made the ethnic wars in the world over the last five years fewer. As Ted Robert Gurr, professor in the University of Maryland has proved in a recent study, "Of the 59 armed ethnic conflicts under way in early 1999, 23 were de-escalating, 29 had no short term trend, and only seven were escalating — including Kosovo. By the late 1990s, the most common strategy among ethnic groups was not armed conflict but prosaic politics."

According to him, two-thirds of all new campaigns of protest and rebellion since

1985 began between 1989 and 1993; few have started since. "Since the number of new ethnically based protest campaigns has declined — from a global average of 10 per year in the late 1980s to four per year since 1995 — the pool of potential future rebellions is shrinking," he concludes.

Gurr calculates that between 1993 and the beginning of 2000, the number of wars for self-determination has been halved and that during the Nineties, 16 separatist wars were settled by negotiated peace settlements, and 10 others were checked by ceasefires and ongoing negotiations.

To a considerable extent, Gurr's thesis is applicable to Kashmir. The intermittent militancy-related killings in the valley have obscured the fact that the Kashmiris, despite the horrible insurgency, are economically doing better these days. Unlike in the past, Kashmir's manufacturers have now ventured out and found the markets for their handicrafts in the rest of urban India highly rewarding. Earlier, their contacts with the rest of India were through the middlemen, who were taking away most of their income.

No wonder there is a construction boom in the Kashmir valley these days. More Kashmiri young people are now seeking admission in the universities outside the valley. Gradually, the psychologi-

cal barrier of the Kashmiri middle class vis-à-vis the rest of India is weakening. The result is that more and more of the educated militants are giving up violence. They find that they have a better future in a liberal and more globalized India than in a Pakistan that is essentially authoritarian, sectarian and backward looking.

Globalization promotes, among other things, democratic institutions and practices. Not only does it engage the nongovernmental organizations and international bodies such as the United Nations to speak for minority rights, it also encourages accommodating behaviour on the part of both warring separatists and central governments. For material and social costs of accommodation are invariably less than the costs of prolonged conflict.

That is why in recent years there have been cases of wars of self-determination, beginning with the demand for complete independence, and ending with negotiated or *de facto* autonomy within their respective countries. Establishment of Mizoram as a separate state within India, an autonomous republic for the Ganguz minority in Moldava, regional autonomy for the Chakma tribal group in Bangladesh's Chittagong Hills in 1997 and concessions to Kachin and Mon peoples of northern Myanmar are some of the recent examples in this regard.

It is being increasingly recognized the world over that economic productivity and greater access to the markets are not possible without regional order and prosperity. Therefore, major powers prefer containment of local conflicts and fewer civil wars to empire-building or creating zones of influence. It is an illusion that globalization is bound to dissolve national power and sovereignty. The modern forces of the market may challenge the established forms of national authority, but they do not alter the political reality that each is ultimately subject to state power, even if the mechanisms of that power have to be changed. When deregulation threatens national interest or state power, regulation is reimposed, something Malaysia did by cutting itself out of the Asian economic crisis.

Viewed thus, gone are days of the craze for seeing more and more flags in the United Nations. "Autonomy", rather than "independence", is the catchword now. Therefore, one only wishes that the Vajpayee government reinforces its commitment for autonomy not only in Kashmir but also in other parts of the country. In very few contemporary instances did negotiated autonomy lead to independence. On the other hand, as Gurr reminds us, the ethnic statelets that have won *de facto* independence in the Nineties — Somaliland, Abkhazia, the Trans-Dniester Republic, and Iraqi Kurdistan — did so in the absence of negotiations, not because of them.

10-12/2010

LACK OF FOCUS IN ASEM

AFTER THREE SUMMITS involving 25 countries, the Asia-Europe Meeting (ASEM) has failed to come up with a clear, focussed agenda for the future. Last week's summit in Seoul, following earlier meetings in Bangkok and London (1996, 1998), did come up with a framework for strengthening cooperation. But the document as well as the deliberations were full of compromises and characterised by a singular lack of focus on how to make up for lost time in enhancing political and economic ties between the two continents. The ASEM was the brainchild of the Singapore Prime Minister, Mr. Goh Chok Tong, to promote a better understanding between Asia and Europe, as the third angle of the triangle with the U.S. Though the British Prime Minister, Mr. Tony Blair, described ASEM as an effort "to bring our two continents together in the struggle for mutual prosperity and security in the changing world", there were no concrete measures to promote that. The Korean peace process, concerns over Taiwan and Indonesia and the future of trade liberalisation under the WTO obviously dominated the informal discussions at the summit, with the South Korean President, Mr. Kim Dae-jung, coming up with the Chairman's compromise statement weaving together the views of Europe and Asia.

Unfortunately, since the London summit in 1998, the two continents have been busy with their own internal problems — the East Asian economic crisis on this side and the Balkan crisis on the other. Despite the East Asian leaders' desire and push for a "long term partnership based on equality", it seems to be taking a lot of time for the former imperial powers who colonised most parts of Asia till five decades ago to accept the new reality. The pre-occupation of the E.U. leaders over democracy and human rights belies the expectations of their Asian counterparts who do not want to be dictated to. And they detest the prescriptive nature of the West. When the E.U.

insisted on incorporating a commitment to protect human rights and freedoms into the ASEM framework document it was only to be expected that the leaders of China, Singapore and Malaysia should insist on specifying that there would be no "interference in internal affairs". Apart from conveying this message to the orient, the E.U. leaders sought to acquaint themselves with the developments on the Korean peace and reunification process. Following Washington's latest initiative, Britain, Germany and Spain joined the ranks of Western powers seeking to establish diplomatic relations with North Korea. It was significant that China had its way in polishing the references to Taiwan and North Korea to address its basic concerns in the region.

If trade liberalisation, the fight against international crime and the digital divide are the major concerns of the ASEM in the short term, the Seoul summit did little to advance those causes, except calling for a fresh round of multilateral negotiations under the WTO. Europe must have been happy at the "clear signs of recovery" in Asia, though the Asian leaders are concerned about the West Asia crisis and the weak Euro. The E.U. wants to match the profile and importance of the U.S. in the Asia-Pacific but the East Asian countries would like to see stronger trade and investment ties with Europe. That is taking a longer time to evolve than expected. From an Indian perspective, there is unfortunately no word yet about the expansion of ASEM to include New Delhi and involve South Asia in this dialogue. This is a vacuum that the E.U. has realised needs to be filled, but the East Asian members are dragging their feet over the enlargement for two reasons — not to dilute attention at this stage and also because of the Pakistan factor. It is up to India to convince its eastern neighbours that it can add value and substance to the ASEM and ensure its induction at least by 2002.

THE HINDU

10 OCT 2002

Balayogi concern over West Asia crisis

By Our Special Correspondent

NEW DELHI, OCT. 27. The Lok Sabha Speaker, Mr. G. M. C. Balayogi, today expressed India's concern over the West Asian crisis and urged both Israel and Palestine to exercise restraint and resurrect the peace process.

Mr. Balayogi conveyed India's stand when the issue came up for discussion during the visit of Israeli Ambassador, Mr. David Aphek, who called on the Speaker here today.

Mr. Balayogi said that New Delhi was interested in peace and development of West Asia. He said the problem could be resolved and a just and comprehensive peace in the region could be established on the principle of 'Land for Peace' and the relevant U. N. Security Council resolutions, a spokesman for the Speaker's office said today.

Mr. Aphek said Israel was genuinely interested in peace in the region and that the efforts of the Israel Prime Minister, Mr. Yitzhak Rabin, were thwarted by eruption of violence. He said violence and dialogue cannot go together.

Call for holistic approach to globalisation

NEW YORK, OCT. 27. Mr. S.S. Palaniappan, MP, Chairman, Standing Committee on Agriculture, and member of the Indian delegation to the 55th session of the UN General Assembly, speaking at the 22nd meeting of the second committee of the UN Assembly in New York on October 24 said according to the Millennium Declaration "the central challenge we face today is to ensure that globalisation becomes a positive force for all the world's people."

Globalisation — done right — that is supportive of social and economic developmental objectives of developing countries, is what we need. The choice is not between globalisation and isolation; but a discussion is required on the terms on which globalisation would progress. If globalisation is to be meaningful, it cannot be driven purely by the profit motive, through increased international trade or financial flows. It must serve the objectives of Article 55 of the Charter, which laid down that "the United Nations shall promote higher standards of liv-

ing, full employment, and conditions of economic and social progress and development."

While the historical recapitulation of major developments since 1945 in the global economic, financial and trade spheres contained in Part II of the Report of the Secretary General clearly brought out the problems encountered so far, "we regret that it does not provide any concrete recommendations or forward-looking suggestions for the future," he said. "This is not a failure of the Secretary alone. We also deeply regret that despite proposals put forward by India, the Millennium declaration did not move the debate on international trade issues forward, specially on those issues of great interest to developing countries as they embrace market driven paths to development," he said.

"We fully share the view of the Secretary General that knowledge is becoming a source of competitive advantage and is increasingly embedded within the production process. In fact, a paradigm shift has occurred, from

being concentrated in the manufacturing sector, technology now focuses on all value-producing activities, from the pursuit of tangible technology to both technology and knowledge, from the aim of technological advances being radical innovations and patentable, saleable products, to both radical and incremental innovations, those that can be commercialised and those that make a difference to outputs but cannot be sold as such, from the development of technology being an exclusive preserve of research and development institutions to such development being undertaken by all members of the society; in sum, from perceiving innovation as a "job" in a specialised organisation to viewing innovativeness as a way of living and working in the Knowledge Society."

"A holistic and comprehensive approach to globalisation, maximising the advantages that could accrue to the developing nations, and reducing, if not eliminating its dangers, is what is required and must be promoted," he said.

THE HINDU

28 OCT 2000

Summiteers declare commitment to global peace

By Ramesh Chandran
The Times of India News Service
NEW YORK: The extraordinary confluence of spiritual and religious leaders representing a Noah's Ark of religious traditions—from the Anglican to Zoroastrianism—began signing an ambitious document on Wednesday, titled 'Commitment for Global Peace', which emphatically stated that "all religions were equal" and so were men and women.

The document, which is expected to be signed by over 1,000 of the participants at the Millennium World Peace Summit, unequivocally condemns violence committed in the name of religion.

On the penultimate day of the conference, the sum-
 miteers tackled a clutch of complex issues such as 'Conflict transformation in the Balkans' (as well as in Russia and Central Asia), 'Forgiveness and reconciliation: Global challenges, local initiatives' and 'Poverty: Is this how the world should be?'

The organisers of this peace summit are hoping that even as the assembly disperses, its effects will linger on the future of the United Nations General Assembly session, scheduled to start next week, at which more than 100 heads of government and their entourages will descend on New York—in-
P r i m e

Some of the delegates, when questioned, maintained that although the speeches, prayers and invocations within the General Assembly were cerebral and captivating because of their interfaith nature, the "real action" was unfolding outside the summit.

Picture this: a Tibetan delegate sitting down with an Indonesian mullah, a Hindu priest talking to an African bishop, striking some sort of undefinable chord. The Rev Joan Brown Campbell, a former executive director of the National Council of Churches, maintained that such symbolism ought not be "underestimated". She said that it sent out a "powerful image" when religious leaders who, at most times

were themselves very busy, were found sitting side by side in discussions. It showed the possibilities for resolving differences.

► **See Edit: A Meeting of Minds, Page 12**
 ► **Related reports on Page 14**



A veritable Noah's Ark of religious traditions...

Atal Behari Vajpayee and Pakistan's Chief Executive Gen Pervez Musharraf. Will they, too, talk of tolerance, peace and reconciliation, repeated like a mantra many times over at this summit? It would seem highly unlikely.

Church and science meet to build bridges

Philip Willard
 Rome, September 6

Universities and the Vatican will meet on Saturday when the Pope will meet the delegates.

Neuroscientists will have a chance to delve deep into the organic seat of the immortal soul when a three-day conference begins in the Vatican this morning.

Entitled "Architectures of the Mind: Architectures of the Brain, Mind, and Action," the conference will be presided over by Professor Richard Frackowiak of the Institute of Neurology in London and Professor Steven Pinker of the Massachusetts Institute of Technology.

The week-long Jubilee of the

Having MARKED the turn of the millennium by apologising to many of its historic enemies, the Roman Catholic Church has begun this week building bridges with one of the most obdurate of the world's religions.

Thousands of scientists will attempt to plumb the depths of the human soul and the mysteries of outer space in the quest for an amicable meeting of mind and matter.

The week-long Jubilee of the

These hopes for a final solution in the battle between Hobbesian materialists - who recognise the soul only as an epiphenomenon of organised matter, and the idealists - who deny the existence of the material world except as a creation of the kir-wing mind - may be disappointed.

Studies of the soul are still in a preliminary stage," said Gabriele Miceli, a professor of neurology at the Catholic University in Rome, the organiser of the conference.

These topics don't lend themselves to an experimental approach. We will be dealing with

much more modest matters, such as the mechanisms and transformations of the brain and where they occur. We are a long way from understanding the soul or higher philosophical thought.

Researchers attending a conference in Rome towards the end of the month will go even more boldly to the edges of the universe. The meeting will be addressed tomorrow by Professor Duccio Michietto, director of the Space Telescope Science Institute in Baltimore, on the possibility of finding the outside our planet.

Prof. Michietto, who is responsible for the Hubble space telescope programme, said a powerful enough telescope would eventually give scientists the chance of the "Big Bang" of the universe.

A sufficiently potent instrument 2,000 light years away would be able to record the birth of Christ, he told the Rome daily *La Repubblica*.

"I'm afraid though you would need a lens as large as the solar system to get a good image of the child Jesus," *(Guardian News Service)*

THE HINDUSTAN TIMES

UNITED THEY STAND: WORLD LEADERS INCH TOWARDS BENEVOLENT GLOBALISATION

Compromise, do not confront, says Clinton

Dharam Shourie

UNITED NATIONS 6 SEPTEMBER
US PRESIDENT, Bill Clinton, on Wednesday has urged South Asian leaders to choose compromise over confrontation and said the international community should help Israel and Palestine reach a peace accord in West Asia.

"From Burundi to West Asia to Congo to South Asia, leaders are facing a choice between confrontation and compromise," Clinton said addressing the UN Millennium Summit attended by over 150 world leaders.

The international community must take a side, not merely stand between the sides, when good collide with evil and even-handedness can become ally of the evil, he said.

"Most conflicts and disputes are not so clear cut. Legitimate grievances are piled high on all sides. It is wrenching to put aside the instinct to avenge old grievances," said Clinton, who is at the fag end of his presidency.

However, the US President did not refer to either terrorism or nuclear disarmament, nor did he speak about nuclear non-proliferation. In his five-minute speech, Clinton spoke at length on the stalled West Asian peace efforts and Iraqi defiance of Security Council resolutions aimed at sending arms inspectors to Baghdad to ensure it does not produce weapons of mass destruction. — PTI

The Economic Times

7 SEP 2001

**22 m. signatories
back debt
cancellation to
poor nations**

UNITED NATIONS: Nigerian President Olusegun Obasanjo, chairman of the group of 77, has presented a petition with an unprecedented 22 million signatures to the United Nations calling for the cancellation of debts of the world's poorest nations.

Mr Obasanjo, who heads the largest single coalition of mostly debt-ridden developing nations, was sending a strong message to western donors that the least developed countries (LDCs), described as the poorest of the world's poor, are urgently in need of debt relief. "It was a world record breaking petition," Jamie Drummond of the jubilee 2000 coalition, the primary sponsor, said, adding, "It was the largest number of signatures ever collected on one single issue."

The petition was presented to UN secretary-general Kofi Annan who in a report to the millennium summit, currently underway here, has called upon donor countries and international financial institutions to consider wiping off their books all official debts of the 40 heavily indebted poor countries in return for demonstrable commitments to poverty reduction. (Agencies)

THE TIMES OF INDIA

9 SEP 2000

RESOLUTION ADOPTED TO MAKE GLOBALISATION EQUITABLE

World reaffirms faith in U.N.

By Sridhar Krishnaswami

189 40-1
UNITED NATIONS, SEPT 9. The historic Millennium Summit of the United Nations concluded on Friday with the 150-odd world leaders assembled here adopting a wide-ranging declaration to deal with peace and security, eradicate poverty, fight disease and protect the earth. Above all, the leaders reaffirmed their faith in the U.N. and its Charter as "indispensable foundations of a more peaceful, prosperous and just world".

The central challenge, the summit participants argued, is in ensuring that globalisation becomes a positive force. "While globalisation offers great opportunities, at present its benefits are very unevenly shared, and its costs unevenly distributed." For globalisation to be made inclusive and equitable, there must be policies and measures at the global level that corresponded with the needs of the developing countries and economies in transition.

The leaders also identified certain fundamental values essential to international relations in the 21st century — freedom, equality, solidarity, tolerance, respect for nature and the concept of shared responsibility. With a view to translating these shared values into actions, the participants listed objectives that have been assigned special significance — peace, security and disarmament, development and poverty eradication, environment protection, human rights, democracy, good governance, and protection to the



The Prime Minister, Mr. A. B. Vajpayee, signing the U.N. Millennium Summit declaration in New York on Friday.

vulnerable.

The final declaration laid emphasis on meeting the 'Special Needs of Africa', and in strengthening the United Nations, on which there was much talk and debate over the last three days.

Review of sanctions

In the realm of peace, security and disarmament the declaration resolved to take concerted action against international terrorism, to counter the world drug problem, and fight transnational crime and money-laundering. In order to minimise the impact of U.N. sanctions on the innocents, sanction regimes would be subject to regular reviews, besides eliminating the adverse effects of sanctions on third parties. The leaders

also agreed to strive for the elimination of weapons of mass destruction, particularly nuclear weapons, and to keep all options open on this issue including on the possibility of convening an international conference to identify ways of eliminating nuclear dangers.

From the viewpoint of the developing world and the poorer nations, the fundamental thrust of the Millennium Summit was on the developmental and economic fronts. The declaration, which was adopted by acclamation, endorsed the targets set by the Secretary-General, Mr. Kofi Annan, who in a report last year had called for halving, by 2015, the 22 per cent of the global population that gets by with less than one

dollar a day. The leaders also expressed determination to first halt and then reverse the scourge of AIDS, malaria and other deadly diseases. It was also resolved to promote gender equality and empowerment of women as effective ways to combat poverty, hunger and disease, and to stimulate development that was truly sustainable.

Another theme was how the U.N. should take on the challenges of the 21st century; and the kind of structural and functional changes necessary. The leaders pledged to make the U.N. "a more effective instrument" for pursuing all of these priorities. "We solemnly reaffirm on this historic occasion that the United Nations is the indispensable common house of the entire human family through which we will seek to realise our universal applications for peace, cooperation and development," the leaders pledged. Member-states also pledged to strengthen the U.N.'s peacekeeping operations, a rare statement to this effect coming a day earlier from the 15-member Security Council.

Another key feature was the bilaterals held on the sidelines. One of the last held was by the U.S. President, Mr. Bill Clinton, with his Chinese counterpart, Mr. Jiang Zemin. Mr. Clinton assured the latter that the China Trade Bill, currently in the Senate, would eventually be passed.

Unanimity over democratic deficit: Page 13

THE HINDU

10 SEP 2000

Meet concludes, leaders pledge to curb terrorism

PRESS TRUST OF INDIA
UNITED NATIONS, SEPT 9

MORE than 150 world leaders have ended their Millennium Summit of the United Nations, pledging to take concerted action against international terrorism, to strive for the elimination of weapons of mass destruction, particularly nuclear, and work for the expansion of the Security Council.

The declaration was adopted hours after Prime Minister Atal Behari Vajpayee called for a strong global action to fight international terrorism, pointing out that Pakistan sponsored cross-border terrorism has claimed 30,000 lives in India alone and advocated early adoption of convention against this menace.

In a resolution adopted on Friday night at the end of the three-day meet, the leaders kept open the possibility of convening an international conference to identify ways of eliminating nuclear danger.

Vajpayee had supported the Secretary General's proposal for an international meet to address nuclear dangers while calling for destruction of deadly arsenals with the nuclear weapon states.

The leaders agreed to halve the number of those living on less than a dollar a day by the year 2015, but pledged no new funds which would make it possible.

The expectation is that the leaders when they return to their countries would take steps to fulfil their pledges.

India has made a major contribution to the drafting of the resolution and most of its concern had been taken into account. As a result of its efforts, attempts to dilute the definition of sovereignty failed and the leaders reaffirmed the equality of all states and principle of territorial integrity.

"We rededicate ourselves to support all efforts to uphold the sovereign equal-

ity of all states, respect for their territorial integrity and political independence," they said.

The leaders also called for resolution of all disputes by peaceful means and in conformity with the principles of justice and international law and reaffirmed the right to self-determination of peoples who remain under colonial domination and foreign occupations.

The reference to foreign occupation especially pleased Arab and Palestinians who saw in it support to their efforts to make Israel vacate their territories.

They pledged to work for respect of human rights, fundamental freedoms, equal rights of all without distinction to race, sex, language or religion and international cooperation in solving problems-economic, social or humanitarian in character.

The eight-page declaration dealt with issues of peace and security, development and poverty eradication, human rights, democracy and good governance, protecting vulnerable, meeting special needs of Africa and strengthening the United Nations.

Among other things, the leaders pledged to take steps for children, both boys and girls, to complete their full primary education, reduce maternal mortality by three quarters and of children below five years of age by two-thirds, by the year 2015.

Though the Summit has set specific goals, it has no mechanism to monitor whether the member states are taking steps to implement them. The entire onus is on the State themselves, some of whom are so poor that they hardly have any resources to meet such lofty goals, diplomats say.

It has also set the target of reversing HIV/AIDS, malaria and other deadly diseases and asked pharmaceutical companies to ensure ready and affordable

CONTINUED ON PAGE 7

Short speech and within the deadline: Age tells on PM

CHIDANAND RAJGHATTA
NEW YORK, SEPT 9

ONE President is a karate expert who fells black-belts. Another is a Prime Minister who is fathering children in office. Yet another President is a pavement-pounding jogger while his potential successor has actually run a marathon.

Amid a galaxy of young and spry world leaders gathered here at the United Nations, the Indian Prime Minister presents a decidedly aged and infirm picture, completely out of whack with the Millennium summit.

If Prime Minister Vajpayee's health is a matter of great debate and concern back home, there is a pretty good reason. To put it politely, he does not look in great shape. Vajpayee shambled towards the UN General Assembly hall unassisted, but it did not require a trained eye to see that this was a leader in his twilight years.

His delivery was only slightly better paced than his Asia Society address, but again, Vajpayee looked wan and tired and his shuffle to the lectern betrayed all.

The contrast was all the more glaring considering heads of state who preceded and followed him — leaders of Sweden, Malta and Cambodia to name a

CONTINUED ON PAGE 7



concludes, leaders pledge to curb menace of global terrorism

... on the need to equality and em- men which, they e in combating and disease and ment.

he leading Iraqi ay mocked the Millennium one was listen-

ned at the Mil-

DIAN EXPRESS

10 SEP 2000

from the front page

Short speech and within the deadline: Age tells on PM

only delayed settling several flicts which have decimated merous peoples," Babel said.

It dismissed speeches at Summit as "aspirin tablets wh make the sick forget the pa without curing them."

Such meetings were just "the atre to present scenarios dictate, by the Americans to world states, with the aim of strengthening the role of the United States and their hegemony."

few — were at least a couple of decades younger. They moved briskly centerstage and delivered their speeches forcefully, much like what Vajpayee may have done a couple of decades or even a decade ago.

Most leaders happily per- orated far beyond the five min- utes allotted to each country. But Vajpayee, belying the traditional Indian fondness for long-wind- ing speeches, wound up in ex-

actly five minutes with his 12- page speech edited to two.

The Prime Minister A B Vaj- payee spoke in Hindi, presum- ably sending his cow-belt con- stituents into transports of delight.

No statistics were available, but it did seem that the average age of the world leadership gath- ered here is somewhere in the 50s. Some, like the leader of Tonga, a 40-ish head of state with

an unpronounceable name, sur- prised the gathering with a brisk and elegant speech in English with plenty of reference to the in- formation age and the dawn of the new millennium.

The most worrying aspect for India — which ironically is one of the youngest nations with more than 60 per cent of its pop- ulation below 25 — is that the entire NDA leadership is aged or aging.

The fight against hunger

India holds the key

THE *Fortune* magazine updates from time to time, with commendable accuracy and punctuality, the list of the top richest and the media the world over unfailingly publish the list. There are millions of men and women who starve and millions of children who suffer from stunted brain growth owing to iodine deficiency. But, seldom do we hear of them through the media. *The Economist* of London comes out annually with an eminently readable state of the world report, but there is no mention anywhere there of the hungry millions. Yet, the 'continent' of the hungry, in the evocative phrase of FAO Director General Dr. Jacques Diouf, who is visiting India this week, does exist. At present 790 million in the developing world and 34 million in the rest of the world, adding up to 824 million, exceeds the combined population of North America and Europe.

On reflection, it will be wrong to blame the media in general, or *The Economist* in particular, for neglecting to report on the starving millions. After all, the media are only a part of and hold mirror to society at large. Let us introspect: To what extent are we, the well-fed, interested in the plight of our fellow human beings who are not sure where the next meal comes from? As a matter of fact, the whole United Nations system, till recently, did not have a proper mechanism for inter-agency coordination to collect and collate data on hunger at the global level.

It is to the credit of the FAO that it took the initiative in this regard and has come out last year with its report on the State of Food Insecurity in the World. The report which contains a wealth of information was prepared as part of the follow-up to the 1996 Food Summit held in Rome on the initiative of FAO. Governments from 186 countries attended that summit. India, as a country, has the largest number of the undernourished, 204 million, followed by China at 164 million. As a region,

South Asia accounts for 284 million, which works out to more than one-third of the world total. With South East and East Asia having 30 per cent of the world total, it follows that Asia has more hungry human beings than the rest of the world combined. According to data collected between 1987 and 1998, two out of the five children in the developing world are stunted, one in three is underweight and one in 10 is wasted.

The FAO report addresses itself to the question of the progress made since the 1996 Summit. It might be recalled that the Summit had decided that the number of the hungry which was reckoned at

who inhabit it today. And it could produce more. However, unless deliberate action is taken at all levels, the chances are that hunger and malnutrition will continue in the foreseeable future".

If the world produces enough food to go round and if about 18 per cent of humanity suffer from hunger, it follows that there should be a large number of

people who eat more than they should. According to the Institute's 'State of the World 2000', of which more than a million copies have been sold in more than 30 languages, the number of the hungry comes to 1.2 billion; an equal number of people are overfed and another 2 billion people have seri-

was absolutely right in pointing out the obvious, as at times the obvious is not noticed.

While it is true that the world produces enough food to go round, it does not follow that it is only a question of distribution. Suppose North America and Australia were to increase their wheat production. Does it follow that that extra wheat can be distributed to wheat-deficient countries? No. It is necessary for the food-deficit countries to produce most of their food requirements. The farmers in these countries have to be empowered and there is vast scope for South-South cooperation in this regard. The FAO embarked on a programme of South-South Cooperation in 1996. Under this scheme, an advanced developing country sends technicians and experts to a low-income-food deficit country to work there for a period of two or three years. In a personal conversation, the FAO Director General has told me that if a country such as India or China can give a few thousand such technicians and experts willing to work in the field, not in the offices, millions in the recipient country would be benefited. India has signed an agreement with FAO and Eritrea in this regard. By July 2000, 14 such agreements have been signed.

Twenty six years ago, at an inter-governmental meeting in Rome Henry Kissinger, representing the United States, said, to the applause of the assembled delegates, that in 10 years' time no child should go hungry to bed. This remains the central challenge for us, especially since we call ourselves *Homo Sapiens Sapiens*. In 1900, humanity consumed an equivalent of \$1.5 trillion. The figure rose to 4.0 in 1950, 12 in 1975 and 24 in 1998. If only our compassion and judgement had increased at a similar pace!

The writer is India's permanent representative to the FAO and ambassador to Italy



K.P. FABIAN

It is poverty which is the underlying cause of hunger. Nearly 80 per cent of all malnourished children in the developing world live in countries which are food-surplus

830 million in the developing world at the time should be reduced by half by the year 2015. In other words, in round figures, every year we should have seen a reduction of 20 million in the number of the hungry. As against this, the actual reduction has been of the order of 8 million only over a period of five years.

Is there enough food in the world? Yes, Mahatma Gandhi, gifted with his non-academic but profound insight, was right when he said that there was enough in the world for everybody's need, though not for some people's greed. In his foreword to the FAO report quoted above Director General Jacques Diouf says: "It is my conviction that there is no reason not to have a hunger-free world some time in the next century. The world already produces enough food to feed the people

ous micro-nutrient deficiency in their diet. Therefore, the total number of the malnourished, including the overnourished too in that category, comes to 4.4 billion out of a world population of six billion.

We all now know, thanks to Amartya Sen, that hunger is seldom caused by the absence of food. Till he pointed out the obvious, there was a mistaken but rather widespread belief that hunger was always associated with the lack of food. It is poverty which is the underlying cause of hunger. Nearly 80 per cent of all malnourished children in the developing world live in countries which are food-surplus. Hunger is a result of human decisions as much as wealth is. Therefore, hunger can be eliminated if correct decisions are taken. But Amartya Sen

Will OPEC move check prices?

By Batuk Gathani

BRUSSELS, SEPT. 11. Although members of the Oil Producing and Exporting Countries (OPEC) on Sunday unanimously agreed to boost crude oil production by eight lakh barrels a day in response to international fears about a global energy crisis, it remains to be seen if the strategy can check the surge in crude oil prices.

The OPEC, which provides one-third of the world's oil supplies, has increased its output for the third time this year, but this has failed to lower the rising oil prices which have trebled in the last few months. Analysts hope that the current move by OPEC will force the prices below \$ 30 per barrel. On Monday morning, in East Asian markets the crude oil prices fell by \$ 1 per barrel.

The OPEC move comes amid a flurry of protest over high fuel prices in major European countries. Some 2,000 trucks paraded in the streets of Brussels on Sunday and oil refineries were blockaded by trucks in Britain. In

France, the Government caved in to protesters' demands and the week-long blockade has been called off. OPEC officials have argued that if the Western Governments are so agitated about the rise in the price of crude oil, they should also take initiatives by reducing high fuel and energy taxes.

For example, in Britain, 80 per cent of the fuel prices goes to Government in taxes and excise duties. A drop of nearly a tenth of a pound (equal to Rs 8) in value of a gallon of petrol would cost the British Government a loss of Rs 2,000 crores in revenue.

In other European Union countries, it is the same saga with minor variations. A gallon of petrol costs the equivalent of Rs 300 at most European stations. This may come down to Rs 250 per gallon. Hence, an average European motorist feels that he is paying "un-economic and extravagant" rates for fuel. The general public has expressed deep sympathy as was evident in the support for the protests in Europe against fuel prices.

The OPEC members sought a consensus strategy although Iran,

Libya and Algeria maintain that OPEC should not "dance" to the tune of Western Governments. The U.S. President, Mr. Bill Clinton, made a personal appeal to the Saudi Arabian monarch last week to curb the rising oil prices. The OPEC members have argued they are entitled to reap huge profits after enduring serious hardship when the price of crude oil was below \$ 10 per barrel.

The major non-OPEC oil producers are Russia, Mexico and Norway which also play a key role in determining global oil supplies. India depends for two-thirds of its oil needs on imports. With the current high crude oil prices, the additional burden on India could be \$ 5,000 millions over the budgeted level of \$ 12,500 millions during the current fiscal.

The general perception is that with some luck and dogged resolve, India, China and Brazil, which are rated as countries with large potential reserves, could achieve self-sufficiency in oil. This calls for huge investments and efforts to search for oil.

W. M. G. 12
Oil's Well 17/9

The Organisation of Petroleum Exporting Countries (OPEC) has finally bowed to international pressure. Daily production of crude oil will now be upped to 26 million barrels and that should be of immense relief to countries across the globe. Oil price which had reached its highest level since the Gulf war is expected to fall and stabilise around \$24-28. The sudden rise in oil prices had led to road and port blockades in France and parts of the UK. There was growing fear that if fuel prices were to stabilise at that high level it could trigger off a global recession. Ultimately that would have led to a fall in the international demand for oil and prices too would have fallen, but such an equilibrium would have taken a long and tortuous time to arrive. Thanks to President Clinton's pressure on Saudi Arabia, that bridge seems to have been crossed: The Saudis will contribute most of the extra 0.8 million barrels a day since all other members, except Iraq which is subject to a ceiling on its production, are already producing very close to their maximum capacity. But the OPEC decision did not come easy. After all, increased production will only benefit Saudi Arabia while all other exporters will suffer some fall in their oil revenues. But, in the end the prospects of a global recession and a consequent free fall of oil prices seems to have forced everyone to accept somewhat lower revenues. Saudi Arabia, of course, was always ready for this because it will be able to balance the loss in revenues per barrel by the increase in its total exports. It seems to have taken some time for the others to understand that such high oil prices cannot be sustained and it is in their interest to sacrifice present profits for future gains.

In India, the UK and France taxes on petroleum and oil products are extremely steep. Our government, for instance, collects taxes on oil products which counts as its revenue income. At the same time fuel is subsidised through the 'oil pool deficit'. Thus any rise in the price of oil — whether through a rise in its dollar price or due to exchange rate fluctuations — results in a rise in the oil pool deficit. The government then complains that it cannot continue to subsidise fuel, forgetting, of course, that part of the reason for its high price is the heavy taxation regime. In France and the UK, protesters have been demanding that taxes be cut so that prices at petrol pumps remain stable. Consumers in the US did not face such a sharp rise — unlike in the UK and France — precisely because taxes are low and international oil prices are quoted in dollars. But it is not only a question of final prices for the consumer. For, giving up taxes on oil means a higher fiscal deficit, which is inflationary too. And if there were to be a global demand recession then the US would also be affected by it. The effects would have been both economic and political. Perhaps, that would explain why President Clinton chose to put pressure on Saudi Arabia and other OPEC countries. This happens to be one of those issues in which the interests of the US and the rest of the world coincide.

THE S OF INDIA

KF-10 Oil bill goes high

THE RISING crude oil prices are posing a threat to the world economy with yet another bout of recession which may hit emerging economies like India's even harder than the Asian currency crisis. Oil prices have more than tripled since the end of 1998 and appeals to the OPEC have produced only a tepid response. Saudi Arabia has given the assurance that the OPEC members will raise the daily crude output by 800,000 barrels. On the face of it, the gesture seems satisfactory but in essence it is a matter of too little, too late. OPEC has promised that if the hike in oil production does not calm the market and bring down prices from \$ 35 a barrel to the earlier agreed level between \$ 22 and \$ 28, the oil producing countries will raise production by another 500,000 barrels per day, but only after a market impact study. It will therefore be unwise to expect that prices will fall substantially in the meantime.

The problem will be accentuated by the onset of winter in the US and Europe leading to an increase in demand and prices. India, like other developing countries, has no option but to raise the prices. Petroleum Minister Ram Naik has indicated that oil prices will be hiked after the Prime Minister returns from the US. The gravity of the problem is evident from the expanding oil pool deficit which rose from Rs 6,000 crore on March 31 to Rs 7,500 crore by the end of July. The deficit is now estimated to be over Rs 9,000 crore with a possibility of its doubling before the end of this fiscal if prices continue to stay where they are.

The oil import bill for 2000-2001 had earlier been estimated at \$ 17 billion based on \$ 28 a barrel. With prices ruling above \$ 33, the oil bill will exceed \$ 20 billion against last year's \$ 10 billion. The consequent burgeoning subsidy on diesel, kerosene and LPG will become nearly impossible to sustain. Hence, there is no option to an oil price hike though the Government can moderate it by reducing the customs duty. Even OPEC members have argued that it is not just the rise in crude prices but hike in taxes imposed by consuming countries which accounted for the bulk of the increase.

THE HINDUSTAN TIMES

13 SEP 2000

Violence mars protests in Prague

By C. Rammanohar Reddy

PRAGUE, SEPT. 26. Anti-globalisation protesters succeeded for a couple of hours today in cutting off the site of the 2000 annual meetings of the International Monetary Fund and the World Bank from the rest of the Czech capital. The day also saw violence from a small group of protesters while human rights groups said the police had used excessive violence on peaceful demonstrators as well and that the hundreds who had been arrested were denied the basic Czech constitutional right of calling for legal help.

By late evening a sense of calm had returned to Prague though there were few vehicles on roads in the centre of the city and the underground, which normally ferries hundreds of thousands of commuters, was running only a skeletal service. Spokespersons of the Initiative Against Globalisation (INPEG) which organised the protests, told a press conference that the event was "a success". While they condemned the throwing of stones by some protesters, "99 per cent of the demonstrators were peaceful."

Earlier in the day small groups of activists clashed with the police in parts of the city, marring a day which began with music and dance by a peaceful gathering of some 5,000 young people who collected at Namistu Miru (Peace Park) in the centre of the city. During much of the afternoon police helicopters whirled in the air and vanloads of police in riot gear screeched through the city whose streets were gradually emptied of people and cars. Police freely used teargas, cannons and batons to fight back groups of activists who surrounded the Congress Centre. Unconfirmed reports say the bankers, delegates and IMF-World Bank officials were escorted in the evening by the underground



A demonstrator is helped after being teargassed by the Czech riot police during riots on the opening day of the meeting of IMF and World Bank on Tuesday. —AP

metro and not in their limousines.

All quiet in the morning

There were few signs of the trouble to come in the morning when groups of activists representing citizens groups, trade unions, anarchists, some environmental groups and even charity organisations collected in the city centre to first dance to music and wave colourful banners which seemed to signal more a day of celebration than riots.

Police seemed to be at every street corner, but they stood at a respectable distance. The demonstrators were more involved in swaying to the music and distri-

buting pamphlets than in laying siege to the symbols of globalisation, who they said, were gathered across the city. On the steps of an 18th century church that overlooked the park, an impromptu stage was set up for a music station and speakers who gave short speeches.

The police had wisely lifted their earlier ban on the marches and the INPEG, which had organised the day of protests, cleverly split its marchers from one large procession into four different groups which were to circle the Congress Centre from different directions. But while some protesters wore padded suits to protect themselves against police action on what the INPEG had

said would be a non-violent day of direct action, there were more balloons, flags, pamphlets and festoons than rocks or Molotov cocktails that unconfirmed reports now say were responsible for the violence in the afternoon.

A spokesperson for the INPEG who was with one group of a few hundred protesters, mainly teenagers waving pink balloons, said that while a couple of demonstrators in his group did foolishly try to break the police barricades at the Congress Centre there was little justification for the police breaking loose with flailing batons on youth who were almost all first-time demonstrators intent more on chanting slogans than in attacking the police.

The largest groups of demonstrators, led by an innovative Italian group, La basta, wearing padded suits and protecting their chests with rubber tubes, attempted to cross the main bridge leading to the Congress Centre but they were stopped by water cannon, teargas and even police in armoured personnel carriers.

As expected, most demonstrators were from Europe with some from North America and a sprinkling from Asia, Africa and South America. While tough immigration checks had prevented many and dissuaded many more visitors to the Czech Republic, leaving the demonstrators at just a quarter of their expected strength, in spite of their tough talk and months of preparation the police who outnumbered the activists by two to one evidently did not know how to deal with the protests. But in the morning at least the citizens of Prague preferred to peer out from their windows at the youth walking past and contrary to police fears most shops and commercial establishments on the marchers routes remained open and continued functioning without seeing their window-panes broken.

THE HINDU

27 SEP 2000

FROM the elegance of Prague to the slums of Caracas, there is a distance to travel and the measure is not just geography. A sombre Group of Seven (G-7) industrial nations met in the central European capital last week and berated oil producers for creating the conditions for an inflationary slump.

In Caracas, Opec heads of state will put on a brave front of back-slapping and kisses at the ongoing meeting. It is the 40th anniversary of the oil producer's cartel, an achievement of some significance for such a collection of squabbling and unstable nations.

The 11 members of the Organisation of Petroleum Exporting Countries are celebrating at a critical juncture. A winter energy crisis of shortages and high prices looms but Opec is worried about an oil glut.

Opec member-states are currently in clover; an unprejudiced show of solidarity by the cartel rescued the oil price and many Opec countries from disaster in 1998.

So successful were the three production cuts that followed oil's \$-10 a barrel trough that the commodity is now being fingered as the biggest risk for the world economy. Energy-dependent companies in the USA and in Europe are issuing profit warnings; enormous political pressure is being brought to bear on Opec to bring the price down.

Widely perceived two years ago as washed-up, Opec is almost back to enjoying its 1970's caricature of public enemy number one.

Or is it? The price is certainly high but it has been much higher. In real terms priced in today's dollars a barrel of crude oil costs about the same as it did in 1973-1974, when Opec first used its production clout as a political weapon.

Discounting inflation, oil reached its peak in 1981-1982 at \$50 a barrel but since then the spending power of Opec's currency has been more or less in steady decline.

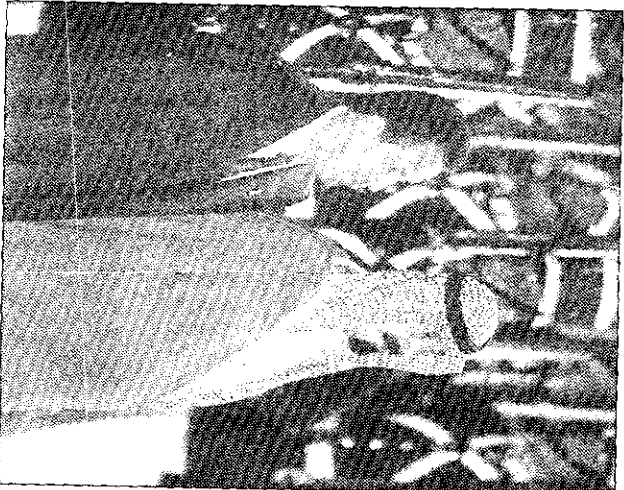
It could decline fairly rapidly next spring, according to Deutsche Bank, crude oil inventories are set to rise sharply in 2001. I Traynor, Deutsche Bank's oil analyst, is predicting a weak crude price in the second quarter and he reckons the organisation will resist pressure for further production increases.

They want a \$25 oil price and Opec can

Public enemy No 1?

As leaders pass the buck on oil price rebellion, crisis looms again for Opec as it

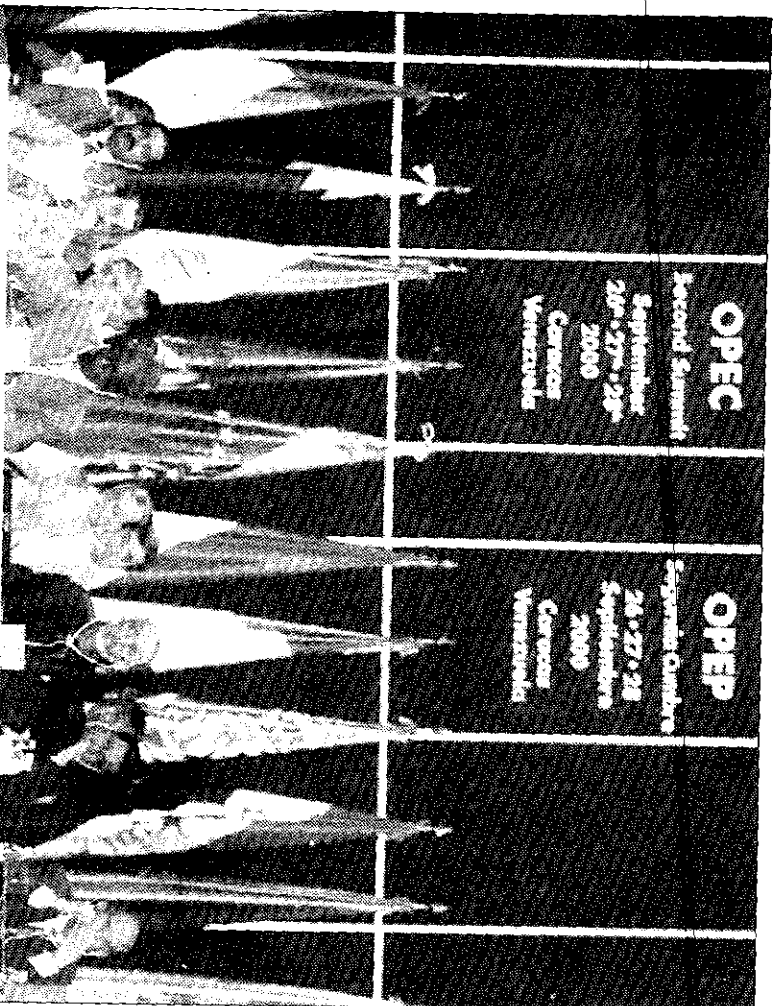
celebrates its 40th anniversary, writes
CARL MORTISHED



Venezuelan President Hugo Chavez walks with Saudi Arabia's Crown Prince, Abdullah bin Abdul Aziz al Saud, during a welcoming ceremony at the international airport in Caracas. — AP/PTI.

see clearly that this industry is investing more upstream than anywhere else."

The spending surge is alarming to the oil cartel. The big oil companies cut expenditure in 1999 as their revenue accounts turned red. But lured by high prices, the industry is spending again.



Members of the Organisation of Petroleum Exporting Countries open their meeting at a hotel in Caracas on Tuesday. Opec members sidestepped growing demands that they increase oil production as the cartel's first summit in 25 years began in Venezuela's spruced-up capital. — AP/PTI.

According to Salomon Smith Barney's survey of producers, global spending on exploration and production will increase 18.6 per cent in 2000, with an even sharper 23 per cent rise in investment by US oil companies.

Much of the investment is aimed at delivering quick barrels that can profit from the recent price gains. Without a two million barrels-a-day cut in Opec's quota in early 2001, prices could be heading back to \$13 a barrel by the end of 2001.

The view from Caracas is less pretty than in Prague. Venezuela exports about three

million barrels a day but appalling economic mismanagement has left the country mired in debt. Nigeria, producing two million barrels, is in worse shape and there is probably no Opec producer, not even Saudi Arabia, that is not smarting from the recent impact of \$-10 oil.

At the peak of the crisis, the kingdom was forced to raise emergency loans from Abu Dhabi to ease its cash flow.

Not surprising that Opec is angry about the posturing of US and European politicians. As politicians faced consumer rebellion over petrol prices, they cynically

revived the image of the greedy oil sheikh. "We need to put pressure on Opec," insisted British Prime Minister Tony Blair to the impromptu mob of truckers and farmers demonstrating against fuel taxes. Opec has been protesting since 1999 that consumers are overtaxed, noting that they earn just 16 per cent of the price of a barrel of refined oil, while Western governments take 68 per cent.

But the battle to wrest control of the rent in a barrel of oil has been waged by Opec for 40 years. If the enemy has switched from British Petroleum to the British Chancellor of the Exchequer Gordon Brown, there is little evidence to suggest that Opec is winning.

In 1960, Abdullah Tariki was angry about falling oil revenues. The son of a camel owner, the "Red Sheikh" studied geology in Texas and shaped Saudi oil policy at a time when producers were at the mercy of Standard Oil and BP.

The market price of crude was then falling, due to increased supplies from the former Soviet Union and, in an attempt to protect their margins, oil companies cut the "official price" on which the producer's 50 per cent profit share was pegged.

Standard Oil cut West Asian crude prices by 7 per cent and Mr Tariki contacted Juan Pablo Perez Alfonzo, Venezuelan minister of mines. Between them, they hatched the framework for an organisation that would defend the oil price and regulate production.

They have had mixed success, not least because the oil price is today driven not by the numbers of crude tanker liftings in the Gulf but by stocks of gasoline and heating oil in Rotterdam and New Jersey.

It is an irony troubling to Saudis that while President Bill Clinton threatened to release US strategic supplies, cargoes of Arab Light were going abegging in the Gulf.

Refineries in free USA, seeking to comply with environmental legislation, do not care for the heavy, high-sulphur Arabian product.

Threatened with an impending glut and facing an oil market that is fragmenting, Opec's celebrations could be short-lived. Their consolation is that consumers no longer believe that the sheikhs are to blame.

— The Times, London

Quality of growth m

The Quality of Growth report released by the World Bank on September 25 emphasises the importance of a qualitative and fuller agenda involving structural, human, social and environmental aspects of the growth process. Excerpts:

THE LAST decade of the 20th century saw great progress in parts of the world. But it also saw stagnation and setbacks. Even in countries that had previously achieved the fastest rates of economic growth. These gaping differences and sharp reversals teach us much about what contributes to development. At the centre is economic growth, not just its pace but — as important — also its quality.

Both the sources and the patterns of growth shape development outcomes. Have those patterns been adequate for rapidly reducing poverty or improving the quality of people's lives? Why have so few countries sustained robust growth rates for prolonged periods? Why have some crucial dimensions — income equality, environmental protection — deteriorated in so many economies, both fast- and slow-growing? How does governance underpin

The main asset of poor people is their human capital.

the growth process? As answers, we offer three principles of development and a set of actions for enhancing the quality of growth processes.

Development outcomes and growth processes

Development is about improving the quality of people's lives, expanding their ability to shape their own futures. This generally calls for higher per capita income, but it involves much more. It involves more equitable education and job opportunities. Greater gender equality. Better health and nutrition. A cleaner, more sustainable natural environment. A more impartial judicial and legal system. Broader civil and political freedoms. A richer cultural life. As per capita incomes rise, several of these aspects improve in varying degrees — but others do not. How can growth processes be influenced so that the qual-

itative dimensions of development outcomes also improve? This book explores these issues of faster and better growth.

The poverty reduction associated with growth has varied widely, as have social progress and welfare improvements, whether in education, health, voice, or participation (chapter 1). Where growth has stagnated or declined, social and welfare dimensions have deteriorated.

It also means that the way growth is generated is very important. The quality of the growth process, not just its pace, affects development outcomes — much as the quality of people's diets, not just the quantity of food, influences their health and life expectancy. That is why it is essential to explore the complex interactions of the factors shaping growth.

The pace of growth has been more sustainable in developing and industrial countries that pay attention to the qualitative attributes of the growth process. Indeed, there is a two-way relationship between economic growth and improvements in social and environmental dimensions.

What then is the quality of growth? Complementing the pace of growth, it refers to key aspects shaping the growth process. Country experiences bring out the importance of several such aspects: the distribution of opportunities, the sustainability of the environment, the management of global risks, and governance. These aspects not only contribute directly to development outcomes, they also add to the impact that growth has on these outcomes, and address the conflicts that growth might pose to environmental or social sustainability.

Principles of development

Viewing the quantitative and qualitative sides of the growth process together puts the spotlight on three key principles for developing and industrial countries:

Focus on all assets: physical, human, and natural capital. Attend to the dis-

tributive aspects over time. Emphasise the institutional framework for good governance. *The major assets:* Broadly speaking, the assets that matter for development are physical capital, human capital, and natural capital. Technological progress affecting the use of these assets matters as well. For accelerating growth rates, much attention has traditionally gone to the accumulation of physical capital. But other key assets also deserve attention — human (and social) capital as well as natural (and environmental) capital.

By focusing predominantly on physical capital, industrial and developing countries can be tempted to implement policies that subsidise it at a cost (chapter 2). This can create a situation that benefits vested interests and is hard to reverse. Meanwhile, from the social viewpoint there is under-investment in education and health (chapter 3) and over-exploitation of natural capital, often because of its under-pricing or weak property rights (chapter 4).

The governance framework

The institutional structures of good governance underpin everything done to boost growth. The effective functioning of bureaucracies, regulatory frameworks, civil liberties, and transparent and accountable institutions for ensuring the rule of law and participation matters for growth and development. The effects of poor governance, bureaucratic harassment, and corruption are regressive and harmful to sustained growth. The capture of state policies, laws, and resources by elite interests often biases incentives and public expenditure toward less socially productive assets and, by eroding the benefits that would go to society, reduces the impact on welfare.

Estimates of the "development dividend" in the form of higher incomes or better social outcomes are dramatic, in going from low levels of rule of law or high levels of corruption to even middling levels. Thus investing in the capacity for better governance is a top priority for better economic performance (chapter 6).

Neglected actions

While we now see the development process more broadly, there is often inadequate attention, especially in a crisis, to two of the three assets that the poor rely on: human and natural capital. This neglect in turn seems to have led to the neglect of some key actions: Improving the distribution of opportunities, sustaining natural capital, deal-

ing with global financial integration, and improving governance and reducing corruption.

Addressing them correctly to asset accumulation, technological progress, and human capital factor productivity.

Improving the distribution of opportunities: The main asset is their human capital. Any given growth rate to which people are entitled depends on the people. The more equitable the distribution, the greater the impact in lowering the incidence of poverty. Seen in a comparison of growth on poverty across countries, if people's abilities are distributed across the population, the skewed distribution of health outcomes would be especially large. A society as a significant people are deprived of or use new technologies at their own expense.

Governments need to ensure the quality and distribution of public expenditure for education. Private-public need to be encouraged. Market-based policies to improve education at all levels, in particular, are needed: labour market policies and social protection policies.

Sustaining natural capital: Environmental degradation has become a sharp reality. Contributing factors include population growth, domestic pressures on scarce resources, and the neglect of global commons. And it is because of their reliance on natural capital as land, forests, and biodiversity, who suffer most from environmental degradation.

Few countries have addressed the underlying environmental and resource issues — the policy distortions, subsidies, and lack of knowledge of the full benefits of environmental protection and resource conservation. A strong combination of domestic and international market-based incentives, and institutions can help sustainably manage natural capital. (chapter 4).

Dealing with global financial integration: Global financial integration offers benefits, but it also makes some countries more vulnerable to hidden

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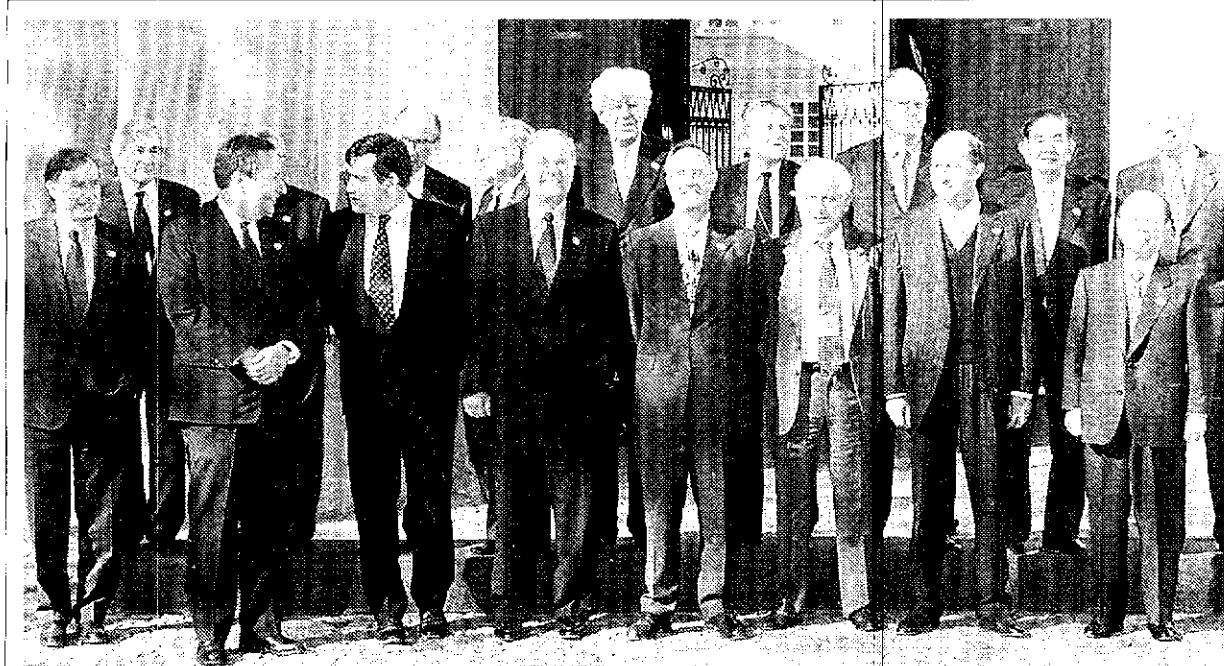
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G-7 Finance Ministers and World Bank Governors meet before the annual IMF and World Bank meeting in Prague. In the picture are (L-R) Messrs. Horst Koehler (MD, IMF), Lawrence Summers (U.S.), Gordon Brown (U.K.), Paul Martin (Canada), Hans Eichel (Germany), Vincenzo Visco (Italy), Laurent Fabius (France) and Miyazawa (Japan). In the rear row are Bank Governors (L-R) World Bank President, James Wolfensohn, Antonio Fazio (Italy) (covered), U.S. Federal Reserve Chairman Alan Greenspan (partially covered), Eddie George (U.K.) Wim Duisenberg (President, European Central Bank), Jean-Claude Trichet (France), Ernst Welteke (Germany), Masaru Hayami (Japan) and Gordon Thiessen (Canada). — Reuters

sudden swings in investor sentiment. Volatile private capital flows seem to be associated with volatile growth rates, which hurt especially the poor, who lack the assets to weather an economic storm. To deal better with such risks, countries need to maintain sound macroeconomic policies. They also need to deepen domestic financial markets, strengthen domestic regulation and financial supervision, introduce corporate governance mechanisms, and provide social safety nets. As governments open their capital accounts, they can consider a spectrum of actions. One is to shun special incentives for short-term flows. Another is to set up reserve requirements and taxes for risky short-term flows. Yet another is to strengthen prudential regulation and supervision. International policy coordination and lender-of-last-resort activity can provide liquidity and emergency financial assistance (chapter 5).

Improving governance and controlling corruption: Governance needs to move to centre stage in institution-building strategies. That requires better analysis and measurement of the di-

mensions of governance and a clearer understanding of the vested interests of powerful groups. Creating a climate for successful development thus requires an integrated approach linking economic, institutional, legal, and participatory elements: building transparent and effective institutions for budgeting and public investment programs as complements to macroeconomic policies; establishing merit-based public administration and efficient and honest customs and procurement agencies; and promoting civil liberties and popular participation (chapter 6).

Shifting priorities

Why focus on quality when the pace of growth is slow in many parts of the world? Growth has been modest in many countries — about 1.6 per cent per capita for low- and middle-income countries since the 1980s and lower still when China and India are excluded. Some countries are also facing or coming out of financial crises. In these circumstances, the issue is not one of quality or quantity. Both are essential, and both are involved in a two-way re-

lationship. A relative shift in priorities could boost the pace of long-term growth. Investments in human capital—education, health care, and population policies can directly improve the quality of life.

Defining the shift: The actions focusing on the quality of growth need to be a core part of the policy package, not add-ons to an already crowded agenda. That means that stakeholders will have to augment actions by governments, shifting the emphasis to asset accumulation and use, by reducing policy distortions.

This book supports broadening the focus of actions to encompass a comprehensive development framework, a qualitative and fuller agenda involving structural, human, social, and environmental aspects of the growth process.

This broader focus complements liberalisation with a build-up in the assets and capabilities of the poor. It shifts attention from an exclusive reliance on government as the agent of change to the engagement of all parts of society. And it requires much more effective capacity building across the board.

WDR 2000-01: A poor report on poverty

In 1960, in the Lok Sabha, Lohia challenged Nehru to show that aggregate growth in the first two plans benefited the poor. Partly in response, a 15-year (1961-76) plan to provide a minimum level of living for the entire Indian population was formulated by Pitambar Pant of the Planning Commission. This plan, after studying international evidence on income distribution, affirmed the importance of accelerating growth for alleviating poverty. The experience since then has confirmed that sustainable reduction in poverty can be achieved only through rapid and sustained aggregate growth. And an economy in which competition prevails, supported by free markets at home and integration with world markets.

China, though different in many crucial dimensions from India, including in particular in its repressive regime, also achieved poverty reduction through sustained and rapid growth and integration with world markets. Since an overwhelming majority of the world's poor live in China and India, one would have thought that a report on attacking poverty would analyse the experience of these two giants, as well as others (in East Asia) who have succeeded in reducing poverty through growth, in depth and draw lessons relevant for other countries. Unfortunately, the World Bank's *World Development Report 2000-01* fails to do so. It is in fact a mish-mash of populist economics, pop sociology, social anthropology and political science, relying on anecdotes and the blunderbuss of cross-country regressions, rather than on a nuanced and in-depth analysis of the experience of countries such as China and India, for deriving its conclusions.

After stating (page 1) that "promoting opportunity — by stimulating economic growth, making markets work better for poor people, and building up their assets — is key to reducing poverty" it immediately

adds "but this is only part of the story" (it does not say how large or small a part) and launches into a discussion of unequal distribution of economic and political power, corruption, social norms of exclusion and vulnerability to uncontrollable events. The emphasis on empowerment, by which the report means actions to make state and social institutions pro-poor and to build political support for such actions, is troubling for several reasons. First of all, the use of the word 'empowerment' is unfortunate, since it has already been used by the political left and right (there is an organisation of conservative republicans in the USA, called "Empower America") to mean very different things. Second, as the report itself recognises, enforcing such actions requires strong political will. Whatever one means by the cliché 'political will', generating it certainly involves operating through domestic political processes in each country. Even if one accepts the need for reforms of socio-political institutions, one can argue strongly against the World Bank's involvement in promoting them. Simply put, the charter of the Bank explicitly precludes its involvement in the domestic political processes of any member country. It is true that whatever economic policy the bank recommends to a country, if adopted, will in principle have an effect on the distribution of economic and political power in that country. But there is a major difference between leaving it to domestic political decision making processes to adopt the policy or not, and attempting to change the processes themselves, rather than policies, by recommending the adoption of par-

The failure to analyse in depth the experience of India and China limits the report's approach to poverty alleviation, says T N Srinivasan



extended to "other backward castes (OBCs)" with the predictable consequence of unleashing political lobbying by many excluded castes for being declared an OBC and thus be made eligible for job quotas. There is no word in the report about the controversy over quotas and affirmative action in the US.

Fourth, the 'slippery slope' argument applies in this case also: once the Bank's involvement in domestic politics is accepted for promoting affirmative action on the ostensible grounds of alleviating discrimination against the poor and women, the door is open for the Bank to pronounce on matters like the institution of Islamic law and banking, or on the periodic demands for a ban on cow-slaughter in India, to take just two examples. Clearly, even a modestly skilled economist of the Bank can easily think up arguments that the two affect the poor or women adversely. The only way to avoid sliding down such a slippery slope is for the Bank to adhere strictly to its mandate and not get into recommending mobilisation of political will in favour of any policy, however desirable it might be from the perspective of attacking poverty.

The fifth and last reason is that even if the Bank wanted to mobilise political will for the implementation of its recommendations, it will not succeed unless the recommendations are tailored to the specific socio-economic-political processes operating in each country. In particular, changes in institutions and practices that have existed for millennia (e.g. the caste system) cannot be brought about in a short time span. Indiscriminately listing, as the report does,

a grab-bag of policies, without grounding them in country specific contexts and the time it will take their effects to be visible has limited value as a programme of action for attacking poverty.

The importance of keeping industrialised country markets open for imports from developing countries of labour intensive goods is rightly stressed. However, selective liberalisation, such as the proposed free access to industrialised country markets for 48 least developed countries would divert trade from other developing countries.

The discussion on the debt reduction initiative for highly indebted countries is less candid than in the bank's latest report on global development finance. The latter asks whether debt relief will get translated into improved social spending that is a key to overall poverty reduction, given that in the past external transfers have only been weakly associated with better social spending. Not only this question is not posed, but also the fact that the bank will be financing \$6.3 billion in net present value terms of the cost of enhanced HPIIC out of its net income is not mentioned in the WDR.

Clearly the opportunity cost of these funds is that they could have been used in IDA for concessional loans to other non-heavily indebted poor countries, such as India.

In sum instead of coming out with a report focused on the few countries and regions of the world where an overwhelming majority of the world's poor live, and with recommendations that were drawn from the success of some countries in poverty reduction through sustained growth, competitive markets and openness to foreign trade and investment, the bank has wandered into areas for which it has neither a mandate nor competence. It is a pity that a valuable opportunity has been missed.

Prof. Srinivasan is Chairman, Department of Economics, Yale University, USA

Tolerance, reconciliation are buzzwords on 'day of prayer' at World Peace Summit

By Ramesh Chandran
The Times of India News Service

NEW YORK: One of the world's most disputatious forums, the United Nations General Assembly hall, on Tuesday resonated with the sound of prayer, soulful calls for tolerance, introspection and peace and meditative music as religious and spiritual leaders found common ground on the inaugural day of the Millennium World Peace Summit.



**MILLENNIUM
WORLD PEACE
SUMMIT**

World Peace Summit.

After declaring Monday as the 'day of prayer for world peace', speakers who represented every conceivable faith emphasised the theme of "forgiveness and reconciliation". Reflecting this spirit was a "walking meditation" performed by Thich Nhat Hanh, the Vietnamese Buddhist monk who has long been in the forefront of contemplative activism.

The cavernous General Assembly hall was so crowded with delegates that many filled seats usually assigned to the media. Speakers representing the world's great religions, such as Bahai, Buddhism, Christianity, Confucianism, Hinduism, Islam, Jainism, Judaism, Shinto, Sikhism, Taoism and

Zoroastrianism spoke within the allotted time of under three minutes, yet some held forth for so long that the concluding session went far beyond the estimated time.

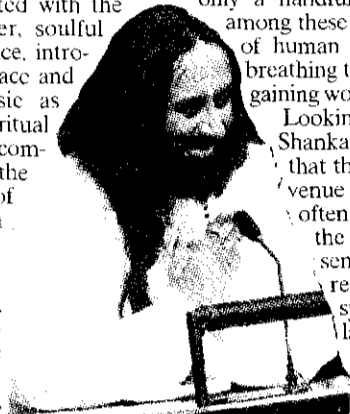
From among this luminous constellation of speakers, only a handful elicited enthusiastic applause, and among these was Sri Sri Ravi Shankar, the teacher of human values, a master of meditation and breathing techniques, whose 'Sudarshan Kriya' is gaining world renown for its therapeutic benefits.

Looking around the great hall, Sri Sri Ravi Shankar remarked that it was appropriate that there had been a "lot of prayer" at the venue since people who have responsibility often do not tend to pray. Commenting on the breathtaking diversity of faiths represented at the summit, he said that every religion had three aspects—"values, symbols and practices"—and while the last two might differ, the values were essentially common. One way to stem unbridled fanaticism and intolerance, he enunciated, was to inculcate and foster human values and to instil a yearning to learn about other religions.

Expounding on this theme of religious tolerance, Sri Sri Ravi Shankar remarked, "Spirituality loves diversity." He said, "Religion is the banana skin, and spirituality is the banana," and often one is left holding the dry skin since religion is what you see, while the fruit is spirituality, the inner core that connects to God.

THE TIMES OF INDIA

30 AUG 2000



Sri Sri Ravi Shankar at the UN General Assembly's millennium peace session.

Non-violence is Way To World Peace

By INDU JAIN

(Speech delivered by Mrs Indu Jain, Chairman, The Times Group, at the ongoing Millennium World Peace Summit of Religious and Spiritual leaders at the United Nations)

BHAGWAN Mahavir was deep in meditation. His closed eyes emanated an extraordinary peace and serenity. A bird flew in and sat close to him. When he opened his eyes, the bird got frightened and flew away. Lord Mahavir thought of the violence inherent in the very opening of the human eye. Non-violence, or *a-himsa* is not only the absence of violence but it is the lack of fear and the presence of an all-embracing love for humanity.

Non-violence is reaching out to others while transcending the barriers of caste, creed, religion, sex, faction and even species. It is an independent state of consciousness. Our physical, emotional and intellectual states of being limit and confine us; they choke us, degrade us and make us unhappy. The absence of fetters or chains is non-violence.

Removing ignorance is the first step towards building a world movement for non-violence. True knowledge consists of self-understanding and self-control. Non-violence is the highest form of knowledge since it harmonises one's relations with others. Ahimsa, like *moksha* or *nirvana*, is freedom from the endless drama of opposites: pleasure-pain, happiness-sorrow, attraction-aversion, love-hate, gain-loss, success-failure, wealth-poverty, fear-courage, strength-weakness, victory-defeat, praise-denigration, honour-insult, conflict-harmony, gentleness-aggression, virtue-vice, good-evil, freedom-bondage.

In short, non-violence is freedom from the past, from history, from memory. It is freedom from all that which suffocates, chokes, distresses and disturbs. Therefore, whatever can be subdued by opposites is not free; whatever is not free cannot be non-violent. I cannot be sensitive to other people's plight if I remain a prisoner of the human drama being played out by these opposites.

How can I be sensitive to other people and their pain? The Jain philosophy of *anekantvad* has an answer to this. It argues that there are no absolute theories or theorems or formulas that are capable of describing reality in absolute terms.

Nirvana lies in right faith (*samyagadarshana*), right knowledge (*samyagnana*) and right conduct (*samyakcharitra*). Simply put, my way is not the final one, my version is not the only version, and my truth is not the ultimate truth. There are many ways, several versions and diverse paths to reach the truth. Each in its own right is legitimate.

How is this perfect state of peace and universal love to be obtained? Desire and its satisfaction cannot be the foundation of relationship with my self and the other. In relation to myself, desire will only drive me restless, anxious in seeking satisfaction and in wanting to retain what I have. I will reach a point where I can hardly ever enjoy what I desired and obtained. In relation to the other, I turn the other into a means of my satisfaction, into an object, to be grasped and retained, and then manipulated. This is why Jainism places such great emphasis on *a-parigraha*, roughly translated as non-possession. But this non-possession is not one of objects alone, but non-possession of desires and control of the lower senses.

It is fashionable in the West to think of non-violence as a powerless tool. This is a misunderstanding. Non-violence is a way of life and a theory of an ideal society. One

who believes in non-violence resists and counters violence by being uninfluenced by it. Non-violence absorbs the recurrence of violence. It is an expansive, all-embracing love and concern for all living and non-living beings. Remorse and bitterness are not part of the agenda of non-violence.

Who would understand the language of love and concern better than the youth of today? If non-violence has to become a world movement, the young will have to assume the leadership of this movement. They have shown tremendous initiative in taking up the cause of environmental protection, furthering peace and rising above the narrow confines of nationality, ethnicity and parochialism. Today's youth is a global citizen. He or she understands the only language that is universal: love. And love is possible through non-violence alone. I salute the youth of today. I salute non-violence. I believe in universal love and dedicate myself to furthering it.



THE TIMES OF INDIA

31 AUG 2000

'Religion-based' violence condemned

UNITED NATIONS, AUG. 30. Over 1,500 religious and spiritual leaders from across the world today condemned violence in the name of religion and urged religious, ethnic and national groups to respect the right of freedom of religion, seek reconciliation and engage in mutual forgiveness.

They also called for abolition of weapons of mass destruction, including nuclear, and promised to join the United Nations' efforts in this regard.

The commitment — which the leaders signed during the ongoing millennium world peace summit — binds them to resolve conflicts generated by religious and ethnic differences.

It calls for building an "unprecedented collaboration" among world's diverse faiths and traditions to cooperate in building peaceful societies.

The leaders have also pledged to collaborate with the U.N. and "all men and women of goodwill locally and regionally and globally" in the pursuit of peace in all its dimensions.

They also pledged to work for improving the lives of the people, equitable distribution of wealth within and among nations, eradicating poverty and reverse the widening gap between the rich and poor.

They would also educate communities about the need to care for the earth's ecological system and all forms of life and on the need to support efforts to make environment restoration and protection integral part of all development planning activity.

In this context, they would help in developing and promoting global reforestation and urge their followers to join in the regional tree planting programmes.

Among other things, they would help combat commercial practices and applications of

technology that degrade the environment and equality of human life.

No role for religion in new world

In his address, the Rajya Sabha member, Mr. L. M. Singhvi, said religion would have no role in the new world if terrorism in the name of religion continues to claim victims such as in Kashmir.

Mr. Singhvi said if the current dialogue in the common quest for peace is to succeed, all religions should abandon and abjure the "predatory concept" of domination and conquest.

"Let religions of the world unite in the common endeavour of peace. They have nothing to lose but their prejudices," Mr. Singhvi, who is one of the coordinator for the conference, said.

Advocating the ancient vedic and Buddhist tradition, he said "the ancient Indian tradition celebrated the diversities of thought through a philosophy of pluralism and tolerance based on non violence as the supreme religion".

India is represented at the four-day summit by strong delegation of 103 religious and spiritual leaders from different faiths who are accompanied by some 200 disciples.

Chinese team walks out

Meanwhile, members of the Chinese delegation walked out the meeting venue, when the Tibetan spiritual leader, the Dalai Lama's message was delivered.

The delegation of religious leaders, including a Buddhist and a Protestant, left the hall before the message was delivered. Chinese sources and the official Xinhua news agency reported. However, Bawa Jain, the gathering's general secretary, said that if there had been a protest it went unnoticed.

Drikung Chetsang Rinpoche, head of the

Drikung Kagyu lineage of Tibetan Buddhism, delivered the Dalai Lama's message.

"The different faiths need to develop mutual respect for and understanding of each other's belief and values," he said.

By the time Rinpoche made it to the podium, many of the more than 1,000 religious leaders and participants had left the hall. In an earlier session, a member of China's delegation, Bishop Fu Tieshen, condemned the "tragedy of desecrating or distorting or abusing religion". But he added:

"Some people want to trample on the sovereignty of other countries under the pretext of protecting religious human rights. Some people want to fish for fame by deceiving the world under the cloak of religion and going in for Separatist activities."

No room for bigotry

The U.N. Secretary-General, Mr. Kofi Annan, in his address at the general conference hall of the United Nations, said there was no room for bigotry and intolerance in the 21st century.

"Religion has often been yoked to nationalism, stoking the flames of violent conflict and setting group against group," Mr. Annan said.

"Religious leaders have not always spoken out when their voices could have helped combat hatred and persecution, or could have roused people from indifference," he said.

Religion itself was not to blame, the United Nations Secretary-General added.

"The problem is usually not with the faith, but with the faithful," Mr. Annan added. — PTI, Reuters

THE HINDU

31 AUG 2000

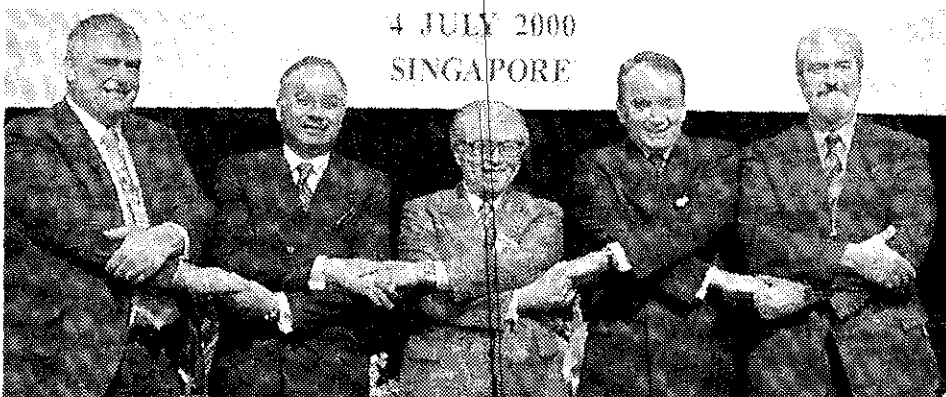
Security of Malaysia, Singapore in focus

110-17 By P. S. Suryanarayana

SINGAPORE, JULY 4. The continuing relevance of the Five-Power Defence Arrangement (FPDA) to the security of both Singapore and Malaysia, besides the recognition of the 'indivisibility' of the external defence of these two countries, dominated the discussions here today at a ministerial conference of the consultative group. The FPDA consists of Australia, New Zealand and the United Kingdom besides Singapore as also Malaysia.

The Defence Ministers of these countries noted, at their one-day conference here today, that the FPDA would continue to play a 'role' in the external defence of both Singapore and Malaysia. Towards sustaining this objective as also the long-term security and stability of the region of South-East Asia, the Ministers reaffirmed their commitment to work closely together.

The FPDA Ministers agreed to enhance the effectiveness of the group's war games by redesignating the existing Headquarters Integrated Air Defence System as Headquarters Integrated Area Defence System. This, the Ministers said, would enable the FPDA to transform its operational scope from an air-defence mode to that of "more combined and joint activities."



Delegates pose for photographers after the Fourth Five Power Defence Arrangements (FPDA) meeting held at the Shangri-la Hotel in Singapore on Tuesday. They are, from left to right: Mr. Lewis Moonie, United Kingdom's Parliamentary Under-Secretary of State for Defence, Mr. Najib bin Abdul Razak, Malaysia's Minister of Defence, Mr. Tony Tan, Singapore's Minister for Defence, Mr. John Moore, Australia's Minister for Defence and Mr. Mark Burton, New Zealand's Minister of Defence. — AP

Taking cognisance of the significant changes in the regional security environment since the last FPDA Ministerial meeting three years ago, the participants today underscored their continuing determination to work together for peace and stability.

They reaffirmed their respect for the sovereignty as also political independence and territorial integrity of all countries and their belief in the principle of settling international disputes through peaceful means in accordance with the United Nations Charter.

THE HINDU

4 JULY 2000

GLOBAL REGIME

Protection Better Than Good Governance

MAINSTREAM economists hold that the free global flow of capital will force national governments to establish good governance. Instead of isolating itself from global capital flows, India should concentrate on economic reforms. It is true that a globalised economy throws out bad governance. But, global capital does not assure improved welfare of the people. People's welfare can only be secured through protectionism.

Mainstream economic logic is that free movement of capital will bring with it free movement of goods (enabled by low transport costs) and technology (because MNCs have both capital and technology).

Capital, goods and technology will flow where economic opportunities or good governance obtains. These inputs will combine with domestic resources and labour in host countries to create efficient producers. This will lead to an expansion of the purchasing power in host countries and also enable them to capture more of the global market.

Thus will be unleashed a virtuous cycle of good governance and creation of economic opportunities. The reduction in costs of communication and transport have indeed made it possible for economic opportunities to be created in much wider geographical areas than was hitherto possible.

LOCAL GROWTH

All our great cities of the 19th century — Chennai, Calcutta, Delhi and Mumbai — were located near sea ports or major riverways. Now it is possible for Bangalore and Hyderabad to compete with these locations. Airports can be constructed virtually anywhere.

Internet has made it possible to establish typesetting facilities even in remote villages. The liberating nature of such modern technology cannot be understated. Diverse countries major global capital flows because of good governance (not to be confused with "democracy", since most of these countries have been entirely undemocratic). This establishes the equation between good governance and global capital flows.

On the other hand, many a dictator in Latin America who practised "bad governance" was dethroned because of global integration. Capital moved away from their countries and their economies collapsed leading to popular revolts. The Russian crisis occurred because the Communist party officialdom stashed away national wealth in New York banks. The subsequent crisis placed limits on such bad governance under the aegis of IMF conditionalities. East Asia has had to reform its banking system because foreign capital would not otherwise take the bait. Relatives of Indonesian strongman Sukarno have had to repay the loans taken from national banks because of the pressure from global capital.

There is merit in the argument that free movement of capital will force developing countries to establish good governance. If not, not only will the global capital stay away, their own capital too will flee to

By **BHARAT JHUNJHUNWALA**

greener pastures. The presence of Western Europe and the United States is substantially better than good governance.

The difficulty arises in the last part of the equation, that is whether local production of global capital will lead to the generation of local wealth, jobs and higher wages. It appears that it may not be so. Rather it may result in the creation of more wealth in the home countries and maintenance of higher wages in the host countries.

The first problem arises that other things such as low transportation being equal, global capital will move to countries

with technological advances having occurred in the West in the last two centuries. The UK and US have minted huge profits because they were the first to manufacture goods and jet planes, respectively.

Then the high wages that will result in the West in respect of global — but domestic — capital as well. A seamless global capital market provides the same opportunities for Indian capital to flow to Jamaica as for Jamaican capital to move to India. It is possible, therefore, that investment in India may not be reduced in a global regime. However wages can cause Indian capital to flow to Jamaica. In such an event India will be left

with lower reinvestment than what would have occurred without a global regime. In that case, at least domestic profits would have been reinvested in India. No longer.

It is for this reason that we find that every country which attracted huge amounts of foreign capital in the eighties have ceased to do so now. Consider oil-rich Venezuela. It attracted foreign investment of \$8.6 per capita in 1980 which compares favourably with \$7.1 attracted by Thailand at the height of its privatisation spree in 1991. The declining growth rate of a country (0.7 per cent in the case of Venezuela's own capital) has taken down along with the flight of foreign investments.

BAD COUNSEL

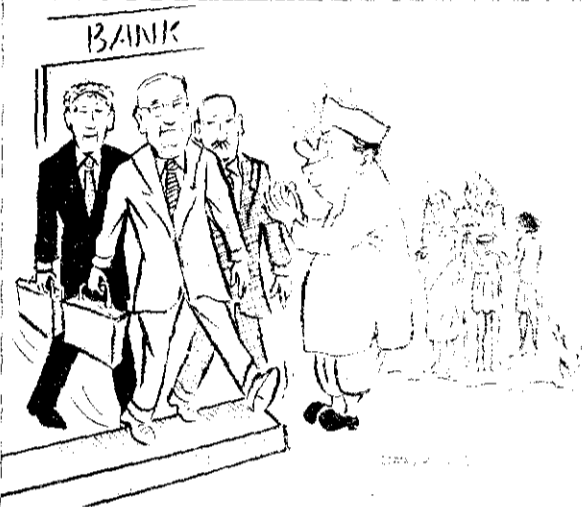
Bad Venezuela retained protectionist barriers, at least her domestic capital would have been required to be reinvested in her own country.

It is unmistakable is that the more a globalised economy shows a global standing themselves in a trap. Not only are they dependent on fresh foreign investment but their own capital also deserts them.

Good governance is an essential precondition for economic growth. But, when it is secured under circumstances of global capital by a developing nation, it is not all from the frying pan and bad governance into the fire of capital outflows. The correct solution is to secure nationalist good governance — without globalisation. As the second world war protectionist bad governance may be better than globalised good governance. At least the nation's economic structure will be preserved. Countries like China and Russia had adopted protectionist bad governance. Instead of moving to protectionist good governance they have moved to globalised good governance regime.

It should be remembered that not one country with domestic good governance has fallen. Japan, for example, had prospered not by inviting global capital but by establishing a mostly good governance regime with protectionism.

Mainstream economists are denying the beneficial effects of good governance and the harmful effects of global capital flows. They are correctly pointing out that global capital flows do fit a bad governance. But they fail to appreciate that the resultant globalised good governance does not lead to welfare of the people in the long run. Vajpayee should



which have the lowest wages, creating more jobs than. But the wages in these industries will rise only to the extent of the global level. Since the wages payable to a worker in a scripter were Rs 1000 a month in India and Rs 1000 in Jamaica. Once the wages are equal, global capital will flow to India only as long as the wages in India are less than Rs 12,000. As soon as wages in India cross the global level of Rs 12,000, global capital will start flowing to Jamaica and other countries like Korea and Chile.

REINVESTMENT

In other words, global capital flows will also lead to the equalisation of wages at the lowest global level. If not, some jobs may be created, but they are not likely to translate into higher wages for the people of the host countries.

The second problem is that development of local industries may not take place. For instance, manufacturers of components for its cars in India with Honda mostly imports kits and assembles them here. It can compete with other manufacturers in their respective segments. The fact that Honda has established little links with the domestic car industry has not eroded its competitiveness. The reason is that freight cost being nominal it does not matter whether components are manufactured in India or Japan. Downside benefits are no longer dependent on the location of the final assembly facilities. Global capital has moved in India more to produce for the Indian market and utilise Indian resources only when they are cost-effective or produced with low-wage labour.

The third problem is that the flow of capital enables global capital to repatriate profits to the home economies. The profits made in India need not be reinvested in India. If the wages in the medical transcription industry in India have risen above the global threshold then the profits made in India will now get reinvested in Jamaica.

Fourth, a chunk of the profits may possibly be repatriated

US trial for missile shield bombs

Washington, July 8: A missile interceptor streaking through the heavens over the central Pacific failed to strike a dummy warhead in a long-awaited flight test last night, dealing a new setback to the Clinton administration's controversial national defence missile programme.

In a \$100-million experiment, the "kill vehicle" fired into the sky from the Marshall Islands missed the mock warhead launched into space from the Vandenberg Air Force Base in Southern California.

"We failed to achieve an intercept this evening," Pentagon spokesman Bryan Whitman said.

Officials blamed a technical failure of the booster rocket that was supposed to release the kill vehicle, a small, manoeuvrable device that destroys warheads by ramming into them. Because the kill vehicle did not detach from the booster, it never activated the on-board sensors and other hi-tech devices that it would use to intercept the target, Air Force Lt-Gen. Ronald Kadish said. Kadish is director of the Ballistic Missile Defense Organization.

Kadish said the booster had been a reliable item and "wasn't even on my list" of potential concerns.

The failure raised the possibility of a substantial delay in the Pentagon's timetable of having a national anti-missile defence system ready for use by the end of 2005. The next attempted intercept had been scheduled for this fall, but that timetable may now be put back.

Last October, the Pentagon initially hailed its first intercept test as a complete success. But it was later forced to acknowledge that the kill vehicle initially had drifted off course and picked out the large bright decoy balloon instead of the mock warhead.

In a second more complicated intercept test in January, the kill vehicle missed the target by 300 to 400 feet after a cooling line clogged and shut down its heat-seeking sensors.

The proposal for a missile shield has raised a chorus of criticism from a sizeable swath of scientists in the United States, some of whom argue that the \$60-billion system is not feasible and that the tests are rigged.

The plan has stirred strong opposition abroad. India fears the system will spark a chain reaction and increase the threat perception vis-à-vis China.

LOS ANGELES TIMES-WASHINGTON
POST NEWS SERVICE, NEW YORK
TIMES AND AP

THE TELEGRAPH

G-8 urged to ease Third World debt

BY ELAINE LIES

Naha (Japan), July 19: An international pressure group called on world leaders on Wednesday to honour a promise to ease the debt burden which they say is crippling the world's poorest nations, amid signs that pledge may be unraveling.

Jubilee 2000, a global coalition of charity groups, was meeting in Okinawa in southern Japan ahead of this week's Group of Eight summit, which is expected to address the issue of the poor-nation debt.

In 1999, the G8 announced a \$70 billion package of debt relief by the end of 2000 for the 40 poorest nations on earth, or Highly Indebted Poor Countries. But a year later, hardly any of that relief has been delivered. By contrast, the G8 is set to back a rescheduling of Russia's debt at the July 21-23 summit, further annoying HPCs, the majority of which are African nations. "They say they will cancel the poor nations' debt, 100 per cent. They need to mean this," said Charlotte Mwesingye of Ugandan Debt Relief. "They are running away from their responsibilities."

"We remind the creditors that it

is a cause of humanity. Life must come before profits," she told an audience of around 300 people at the start of Jubilee 2000's three-day conference in Naha, Okinawa's largest city. Several people attending the conference said they feared the 1999 agreement might never be fulfilled. "The historic promises made then have been left hanging in the air," said Phil Twyford, an advocacy director with the relief group Oxfam International. "The glacial pace at which debt relief has been proceeding threatens the whole plan. This summit meeting is a critical chance to get it all back on track." Debt relief pledges by the US President Bill Clinton have been blocked by budget rows with the Congress, while the European Union has delayed releasing unspent development funds earmarked for relief until it sees concrete action from Washington.

Critics say several nations including Japan have refused to write off debt because of "moral hazard" concerns, including fears that countries would run up huge debts again or spend the money saved from debt payments on arms. (Reuters)

THE ASIAN AGE

G-8 summit to focus on human issues

DEUTSCHE PRESSE AGENTUR

FREE TRADE, DISEASES ON AGENDA

BERLIN, July 19. — The G-8 summit beginning in Okinawa on Friday will witness the world's major powers addressing issues vital to millions of people, including infectious disease, debt and free trade.

Leaders will, for a change, be meeting with no world crisis clamouring for attention.

At last year's Cologne summit moves to end the Kosovo war dominated, while the 1998 summit in Birmingham was overshadowed by Indian and Pakistani nuclear tests.

Japan, which is hosting the three-day summit, wants to use the meeting to address the world's prosperity (debt, trade, health and development issues), stability (terrorism and security issues), and "a world of deeper peace of mind" (crime, environment, ageing societies and food safety).

With the world economy at a peak, there will be pressure to set a date for launching a new round of trade liberalisation talks after the WTO's disastrous Seattle meeting. But officials in Berlin said they doubt whether this would be agreed at Okinawa and that leaders would only renew a commitment to free trade.

"The defeat of Seattle has not yet been overcome," said a senior associate to German Chancellor, Mr Gerhard Schroeder, adding that WTO director, Mr Mike Moore's term would be ending next year and the election of a new American President in November also complicated a swift start for any new WTO round.

Free trade ties with the issue of global debt, is also high on the summit agenda.

Russia, a G-8 member, has vowed it will not come to Okinawa, hoping that its massive foreign debts be forgiven. Russia has some \$60 billion in state debt with overall foreign debt estimated at twice this level. Moscow, instead, would seek debt rescheduling. In Tokyo, *Mainichi Shimbun* said the summit would issue a communique asking the Paris club of creditor nations to reschedule Russian debt.

The summit will also reaffirm a G-8 agreement from last year's Cologne summit to write-off loans to the highly indebted poor countries. The \$70 billion programme agreed at Cologne to forgive HIPCS debt has so far been a disappointment.

The G-8 leaders are expected to remind poor nations that the

deal to erase debt is a two-way street: the countries have to accept G-8. International Monetary Fund and World Bank conditions and spend aid money on poverty reduction and not on waging war.

On security issues, the G-8 is expected to side-step direct criticism of the controversial American proposal for a missile shield.

But Russian President, Mr Vladimir Putin is expected to raise the objections of both his country and China to the system known as national missile defence, which would protect the US from missiles fired by states like North Korea.

The summit is expected to encourage North Korea's cautious opening of ties with South Korea and focus attention on ties between China and Taiwan.

Berlin also wants to discuss the future of the G-8 club.

THE STATESMAN

20 JUL 2000

Putin may raise anti-missile shield

Fred Weir
Moscow, July 20

RUSSIAN PRESIDENT Vladimir Putin arrives in Okinawa on Friday to meet leaders of the Group of Eight rich industrial countries, bearing fresh arms control proposals but smarting from a decision of the US Congress to deny Moscow debt relief.

Mr Putin announced on Thursday that he convinced North Korean leader Kim Jong-Il to drop his country's nuclear missile program in exchange for access to global space technology.

That could be a major card for Moscow to play in its campaign to stop the US from building a National Missile Defence (NMD) anti-missile shield, which could upset three decades of arms control and banish Russia to second-class power status. Washington claims that NMD is necessary to protect North America from "nuclear rogue states", such as North Korea, Iraq and Iran. Russia has argued that political negotiations and measures to draw these countries into the global security system would be a more effective defence than notching up the arms race.

During his visit to Pyongyang on Wednesday, Mr Putin said, Mr Kim voiced an idea under which North Korea is even prepared to use exclusively the rocket equipment of other countries for

Japan to support US defence system'

JAPAN WILL tell the G-8 summit, which opens in Okinawa on Friday, that it supports America's controversial national missile defence (NMD) system, government sources said. A high government source said that Tokyo had decided that it was necessary to formally let the G-8 summit know that the system had Japanese support. Japan itself has its own TMD -- theatre missile defence system -- in which it is actively collaborating with the United States. Government sources said that as some of the European members of the G-8 were opposed to American NMD and their opposition was expected to be very vocal at the Okinawa summit, Japan would have to make its position clear.

PTI, Tokyo

peaceful space research if they offer it".

Earlier in the week, Mr Putin signed a tough joint declaration with Chinese President Jiang Zemin warning of "negative consequences" for global security if Washington unilaterally goes ahead with NMD. Several members of the G-8, the most powerful assembly of Western states, have also voiced criticism of the plan.

The G-8 includes the US, Canada, Britain, Germany, France, Italy and Japan. Russia was admitted to political membership of the body last year, but is still not considered a full economic player. The G-8 meeting in Okinawa, Japan, begins on Friday and continues until Sunday.

"Putin will try to focus the G-8 meeting on the issue of anti-missile defence," says Nikolai Zyubov, an independent analyst. "He will bring the results of his meetings in

Beijing and Pyongyang to the table to show that good diplomacy is the best remedy to nuclear instability. The goal is to bring wavering G-8 countries, like Germany and Canada, over to the Russian position".

But Moscow faces big trouble from a different direction. The US House voted on Wednesday to prohibit any forgiving of Russian debt until Moscow dismantles a key intelligence-gathering facility in Cuba. Congressmen claim Russia has spent \$3 billion on the spy station, near Havana. The Clinton administration says Moscow needs the installation to verify arms control pact.

THE HINDUSTAN TIMES

21 JUL 2000

ld at G-8 meet

G-8 Summit looks beyond finance

When the Group of Eight meets in Okinawa, July 21-23, the agenda will be much broader than the usual talk about economic growth and currency rates. The top industrial countries - the United States, Japan, Germany, France, Britain, Italy and Canada, joined by Russia, - will focus a great deal on the world's poor. And for the first time, leaders from four developing nations met earlier to voice their concerns about being left behind in the information age. Some items on the agenda:

| | | |
|---|---|--|
| <p>Technology Close the digital divide by increasing Third World countries' access to the Internet.</p> | <p>selective lending and strengthen its monitoring capabilities.</p> | <p>Diplomacy Commitment to strengthen the U.N. Security Council, promote the implementation of nuclear proliferation treaties and fight terrorism.</p> |
| <p>Education Narrow the gap between haves and have-nots in countries where 100 million children are not in school ...</p> | <p>Missiles Although praising North Korea's steps toward unification, there is concern over the North's missile and possible nuclear weapons program ...</p> | <p>Crime Cooperate in international efforts, such as restricting financial support, against nations that fail to take steps to stop money laundering.</p> |
| <p>Health ... and in health care, particularly in the battle against AIDS, which is expected to leave 44 million children orphans in 10 years.</p> | <p>Missile defense ... and concern over the U.S. national missile defense system, which some nations feel will destabilize global security.</p> | <p>Dirty diamonds Enforce an embargo on diamonds, which some African nations use to fund civil war.</p> |
| <p>Finance Reform of IMF to foster more focused and</p> | <p>Debt relief Easing of loan payments or forgiving loans to poor countries.</p> | |

Source: Compiled from AP wire reports

Wm. J. Costello is a columnist for AP.

Protests greet G-8 leaders on summit eve

NAGO (JAPAN), JULY 20. Flanked by protests at a U.S. air base, leaders of the Group of Eight (G-8) industrial nations were preparing to open their annual summit tomorrow in Okinawa which will focus on debt, infectious disease and information technology issues.

Leaders, including the U.S. President, Mr. Bill Clinton, were arriving for the three-day summit amid demonstrations aimed at the large American military presence on the island. Despite blistering heat and humidity on Thursday, over 27,000 protesters ringed the U.S. Kadena air base, protest organisers said. Kadena is one of the biggest American air bases outside the U.S. and home to 26,000 troops plus their families. A number of sexual assaults by U.S. soldiers on women from Okinawa have inflamed sentiment against the air base.

"We want the base removed from Okinawa," said Shikou Saki Yama, a protest organiser. U.S. troops have been stationed in Okinawa since the end of World War II when American troops captured the island after fierce fighting. Leaders of the G-7 club of wealthy nations - Britain, Canada, France, Germany, Italy, Japan and the United States - will kick off the summit tomorrow afternoon before being joined by the Russian President, Mr. Vladimir Putin for the full G-8.

G-7 leaders were expected to pledge a new round of trade talks by the end of the year under the World Trade Organisation (WTO), the Japanese business daily *Nihon Keizai Shimbun* said. Some G8 members, however, remain wary about setting a deadline because of expected protests from developing nations and anti-free

trade groups, the paper said. The WTO round in Seattle last December ended in failure amid differences between developed and industrialised nations and chaotic street protests.

All G-7 members belong to the WTO. Russia is not in the WTO but wants to join. The G-7 is not due to reduce Russia's \$60 billion public debt. Instead, leaders will call on Moscow to follow International Monetary Fund (IMF) reforms in order to get debt payments rescheduled. Total combined Russian public and private foreign debt is estimated at up to \$150 billion. On other matters, the summit draft communique calls on Japan to continue efforts to boost economic recovery led by private-sector demand, the report said. It also urges Japan to push structural reforms in order to boost development of information technology (IT).

Japan, which has invested lavishly in preparing the summit, would like the summit to focus both on promoting and handling IT growth. But it is unclear if the Japanese Prime Minister, Mr. Yoshiro Mori is the man to do this. Mr. Mori admitted during a school visit earlier this month that he had never used a computer until recently and had only just sent his first e-mail. Nevertheless, Mr. Mori seems ready to put his money where his mouth is. In a bid to ease the "digital divide" between the rich and poor nations, Japan will announce a \$15 billion IT aid package at the summit, officials in Tokyo said. The Japanese Government has also been generous in funding the G-8 summit which is being held on Okinawa island, far south of Japan's mainland. - DPA

THE END

The Asia Europe wants

EXPRESS FOCUS EUROPEAN UNION-2

Ten Asian nations form part of the Asia-Europe Meeting process and a lot is on the agenda to foster better ties, **9b** discovers **SHANTANU DATTA** in Brussels, the seat of the European Commission. But where does India fit in?

ONE of the last official engagements of Portugal as it handed over the EU presidency to France was the historic summit with India in Lisbon, attended by Prime Minister A.B. Vajpayee and his A-team — External Affairs Minister Jaswant Singh, Finance Minister Yashwant Sinha, Commerce Minister Murali Manohar Murasoli Maran and IT Minister Pramod Mahajan. The summit ended with a 22-point Joint Declaration, which apart from the usual platitudes of mutual cooperation in fighting international crime and drug trafficking, did have some key points that merit a serious look-in.

First, the good news. EU and India would be looking at stepped up people-to-people interaction and in that respect, the move to hold an India-EU Round Table of eminent non-officials and a network of Think Tanks is laudable. So is the decision to conclude an Agreement on Cooperation in Science and Technology, facilitate industry and business links, enhance economic co-operation to develop infrastructure and address all "obstacles" with a view to stimulate EU investment in India. The feel-good factor, if any, ends there. For in comes security

concerns, Kashmir and Pokhara-II. While on paper, "EU welcomes India's current voluntary moratorium on nuclear explosive testing and its willingness to move towards a de-jure formalisation of this basic obligation of the CTBT", what the EU is really saying is: Sign CTBT and get on board. In a conversation with journalists from Asia, Chris Patten, EU External Relations Commissioner, was candid: "With both India and Pakistan having tested nuclear weapons, we are naturally concerned about the security environment of the sub-continent. Hence the talk of CTBT." And what Patten did not add was that the N-tests and Kargil made EU take another fresh look at the region, particularly India. Like it or not, trade, economic reforms and IT all come after this even as more meetings and summits have been planned — India hosts the next one in 2001.

For France though, the Asian agenda is tight, and it's unlikely that India will figure much during its tenure as EU President. Next in line are immediate big meets with China, Japan and the ASEM process. With a summit planned in Seoul in October 2000, the Asia-Europe Meeting proposes

If these are some of the general priorities of the ASEM process, the EU feels that there should be a set of specific goals which the Seoul Summit should address. First, ASEM has tremendous potential in facilitating enhanced mutual understanding on matters relating to regional and global security. In a working document released from Brussels, the European Commission says: "In pursuing the goal of global security the European Union is interested in engaging with ASEM partners in a security dialogue, which should complement this ongoing work... by sharing our respective regional experiences in fields such as analysis, planning and training in relation to conflict prevention and peacekeeping, reconciliation process, humanitarian assistance and other aspects of soft security cooperation."

This is particularly significant because the EU while recognising China, India, Japan, Korea and ASEAN as "major players" in the global and regional stage, also sees the region as a conglomerate of some of the world's most important "flashpoints" like the divided Korean Peninsula, the Spratly Islands and of course Kashmir. It also talks of Indonesia facing the challenge of transition and structural change and the recurring tensions between China and Taiwan.

As for "new security issues", EU is interested in exchanges on international crime and terrorism, cyber war, non-proliferation of weapons of mass destruction, and encouraging universal compliance with the Nuclear Non-Proliferation Treaty, the CTBT, the Chemical Weapons Convention and the Biological Weapons Convention.

On the economic front, EU wants ASEM to encourage dialogue on trade and investment, socio-economic policy and regional macro-economic issues.

This means, EU is keen on talks on WTO and a public debate on the implications of globalisation — especially after the Asian economic crisis.

The other areas for possible discourse could be a consumers' dialogue on food safety and general safety of consumer goods and services. On education, EU would like to see commitment by all ASEM partners to augment educational exchanges between Asia and Europe and launch a high-level ASEM scholarship.

Yes, Europe-Asia ties have had a good beginning. Yet a lot more needs to be done. If not anything else, the Bangkok and London summits have driven home the essential importance of Asia for Europe and vice-versa. Politically, and from the security standpoint, the world is becoming a smaller place. The ASEM process has helped in understanding this even better. Already, it has contributed to an increasing sense of regional dialogue and cooperation within Asia. The third "ASEAN plus Three" informal summit in Manila last November established a stronger basis for dialogue between ASEAN and its North-East Asian parts (China, Japan, Korea), while providing an occasion for the first-ever Summit-level meeting between China, Japan and Korea. In fact, the Seoul Summit will set the agenda for Asia-Europe partnership for the coming decade as it offers the opportunity to take concrete steps on the question of ASEM enlargement so as to correct the current "numerical imbalance". And that's where India comes in. But is it willing?

Concluded

(The writer was on a visit to France and Belgium on the invitation of the French Ministry of Foreign Affairs)

Readers can send feedback to focus@expressindia.com



Patten speaking to journalists from Asia.

to build on past achievements of this forum. It was in 1996 that the first Bangkok "comprehensive partnership among equal partners" based on political dialogue, economic ties and cultural links. On one side of the conference table were the 15 EU member states and the European Commission, while sitting across them were the Asian club of 10 — Brunei, China, Indonesia, Japan, South Korea, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

If the path was laid out during Bangkok's ASEM-I, the 1998 London Summit was overshadowed by the Asian economic crisis. But the crucial achievement of ASEM II was that Europe recognised the importance of cooperation with Asia, so much so that heads of government resolved to maintain trade and investment flows in response to the crisis (The ASEM Trade and Investment Pledge). Also, the London Summit adopted an Asia-

Europe Co-operation Framework setting out key objectives for the ASEM process as well as launching an Asia-Europe Vision Group to address long-term perspectives. The report of the Vision Group was presented to foreign ministers in March 1999, and will be discussed at the Seoul Summit.

But already there is a sense of "forum fatigue" — a problem not unique to ASEM. There are fears that with the European Union caught up in expansion plans, the ASEM process could end up a casualty. The Seoul Summit will therefore be particularly crucial as it will have to ensure that ASEM survives. That is, in politics, negotiations should aim for better understanding among partners; economic dialogue should make an impact on trade and investment; and cultural dialogue should centre around intellectual networking that will help build a deeper public awareness of the importance of Asia-Europe ties.

G-7 to beef up global financial system

OKINAWA, JULY 21. Leaders of the Group of Seven rich industrial nations today welcomed an improvement in global growth prospects over the past year and said their economies were headed for more balanced, sustainable growth.

But in a communique issued after the first session of talks at their annual summit on this southern Japanese island, the seven expressed concern about the negative impact of volatile crude oil prices on economic growth.

The communique underscored the need for stability in the oil markets, which it said would contribute to sustained growth and prosperity in oil-producing as well as in oil-consuming countries.

In a nod to the role played by information and communication technologies in America's record-breaking expansion, the G-7 acknowledged the importance of investing in new technologies in order to increase the growth potential of their economies.

The Group comprises the U.S., Japan, France, Britain, Germany, Italy and Canada.

The communique called on the U.S. to boost its savings rate, which would reduce its record current account deficit, and said Europe should energetically pursue structural reforms to boost jobs and investment.

The Group defended the initia-



The Russian President, Mr. Vladimir Putin, with his U.S. counterpart, Mr. Bill Clinton, in Okinawa on Friday. — AP

tive it launched at its summit last year in Cologne aimed at wiping out as much as \$ 100 billions in debt owed by the world's poorest countries.

It said nine countries had already qualified for debt reduction that would exceed \$ 15 billions. They are Benin, Bolivia, Burkina Faso, Honduras, Mauritania, Mozambique, Senegal, Uganda and Tanzania.

The leaders made no concessions, however, on the conditions debtors would have to meet: the

implementation of economic reforms and the preparation of detailed plans to ensure that the benefits of debt reduction flow to the most vulnerable.

The Group endorsed reports drawn up by their Finance Ministers on ways to root out abuses of the global financial system and confirmed that they would be prepared to block loans from agencies such as the International Monetary Fund if countries do not cooperate on money laundering.

The Group will be joined for the

rest of the summit by one of the countries singled out for not clamping down on money-laundering — Russia.

Russia, U.S. pledge

The Presidents of the U.S. and Russia pledged to continue cooperation in the field of arms control on Friday on the sidelines of the annual summit of the Group on the Japanese island of Okinawa.

"The U.S. and Russia are prepared to renew and expand cooperation in the field of Theatre Missile Development and to consider the possibility of involving other states," Mr. Bill Clinton and Mr. Vladimir Putin said in a joint statement after their meeting.

The Russian Foreign Minister, Mr. Igor Ivanov, told reporters that Mr. Putin had also briefed Mr. Clinton on the results of his landmark visit to North Korea earlier this week. During that trip, the North Korean leader, Mr. Kim Jong-il, offered to abandon his country's missile programme in return for help from other countries to explore space.

Presence on Okinawa

Mr. Clinton told the people of Okinawa on Friday that the U.S. was committed to reducing 'our footprint on this island' as he sought to ease tensions over the large U.S. military presence there. — Reuters

THE HINDU

22 JUL 2000

THE BOTTOM LINE ADVANCED NATIONS FIRE REBUTTAL TO CRITICS OF GLOBALISATION

G8 summit opens with 'rich' promises

By MARTIN CRUTSINGER

Nago (Okinawa), July 21: The world's major industrial countries opened their annual economic summit on Friday, hoping to provide a decisive rebuttal to critics of globalisation by producing specific programmes aimed at bridging the yawning gap between the world's rich and poor.

Leaders of the world's seven wealthiest countries — the US, Japan, Germany, France, Britain, Italy and Canada — held a series of one-one-one talks among themselves before the formal start of their economic discussions later in the day at a newly constructed conference centre with a magnificent view of the Pacific ocean.

After first meeting with US President Bill Clinton, Russian President Vladimir Putin will join rich countries at a

Friday night dinner focused on foreign policy issues. Talks with Mr Clinton were expected to focus Russia's strong objections to a proposed missile defense system the US is considering. To bolster his case, Mr Putin made stops in China and North Korea on his way here to pick up support from the leaders of those countries against the American missile defense shield.

All of the leaders' economic discussions were aimed at providing an answer to thousands of protesters who took to the streets in Seattle, Washington, last December and in Washington in April to press their complaints that globalisation, the increased flow of trade and investment capital between nations, was helping rich countries but leaving millions of the world's poor in deepening poverty.



OKINAWA WELCOME: US President Bill Clinton is greeted by a Japanese woman in a traditional kimono on arrival at Okinawa. (Reuters)

Mr Clinton had a different kind of protester on his mind when he arrived early Friday morning following a 13 1/2-hour flight from Washington. In a speech at a park dedicated to the memory of those lost during one of the fiercest battles of World War II, the President sought to dampen the anger of Okinawans unhappy about America's huge military presence on this small island. "We take seriously our responsibility to be good neighbours, and it is unacceptable to the US when we do not meet that responsibility," Mr Clinton said. He pledged "to reduce our footprint on this island" by continuing to implement 27-step process Japan and the US agreed to five years ago to consolidate American bases on the island.

A small group of demonstrators shouting "get rid of the

bases" was kept far away from the US President Friday. The day before, tens of thousands of demonstrators formed a human chain around a major American air base on the island. Mr Clinton arrived here after nine days of tense negotiations over the Middle East at the Camp David presidential retreat in Maryland, and aides suggested that Mr Clinton might cut short his stay in Okinawa to hurry back to the peace talks. Mr Clinton's speech was delivered at the cornerstone of peace memorial, inscribed with the names of 237,318 people — soldiers and civilians on both sides — who died during the battle for Okinawa, one of the fiercest of World War II.

He was accompanied to Okinawa by daughter Chelsea, while wife Hillary stayed home to campaign for a US Senate seat from New York. (Reuters)

THE ASIAN AGE

22 JUL 2001

Putin dazzles G8 leaders at Okinawa summit

Okinawa
22 JULY

VLADIMIR PUTIN, the ex-KGB spy elected Russian president in March, has dazzled fellow leaders at his first Group of Eight (G8) summit with rare insight into North Korea and a firm grasp of international issues.

Leaders at the summit of industrial states, held this year on the Japanese island of Okinawa, heaped praise on the new Kremlin leader after his first working dinner on Friday.

"I was extremely impressed by his knowledge (and) the way he articulates his position," Canadian Prime Minister Jean Chretien said after the session. "He's a very impressive person in a discussion."

Diplomats said German Chancellor Gerhard Schroeder thought Mr Putin's discussion of his visit earlier this week to North Korea, the Stalinist hermit



TAKE MY HAND: Bill Clinton and Vladimir Putin during a photo session in Okinawa on Saturday AP

state now slowly opening to the outside world, was "brilliant."

Prime Minister Giuliano Amato of Italy, the only western country that has recognised Pyongyang, said he was impressed by Mr Putin's presen-

tation on North Korea.

During landmark talks with Mr Putin earlier this week, North Korea's enigmatic leader Kim Jong-il offered to abandon his nation's controversial ballistic missile programme. — Reuters

Rich nations keep hopes of fresh talks alive

Okinawa (Japan)

THE GROUP of Eight (G-8) nations on Saturday kept alive hopes of launching a new round of world trade talks before the end of the year.

Many trade diplomats believe the scars left by the failure of WTO talks in Seattle last December to agree the agenda for the next wave of trade liberalisation make an early start to a new round virtually impossible. But Canadian Prime Minister Jean Chretien told reporters after the G-8 discussed the issue: "I think there is a desire by everybody who was around the table to make sure that we resume the negotiations of the WTO before the end of the year."

Lael Brainard, one of US President Bill Clinton's top economic aides, said the G-8 was unanimous in stressing the importance of launching a new round. "I believe that priority will be stressed in the communiqué that is issued tomorrow," she said.

The Seattle talks collapsed, in a large part because of deep differences over agriculture between the European Union and allies like Japan on the one hand, and the US and farm produce-exporting countries on the other. — Reuters

The Economic Times

THE ASIAN AGE
The Economic Times

23 JUL 2000

G-8 promises to help poor nations in IT sector

Nago (Japan), July 22

THE GROUP of eight industrial powers vowed today to help poor nations join the information technology revolution so they can one day leave the third world behind.

On the second day of their three-day summit in Okinawa, the G-8 agreed to create a task force to pool their efforts to boost Internet access and lower its costs in developing nations.

"Countries that succeed in harnessing its potential can look forward to leapfrogging conventional obstacles of infrastructure development," said a charter signed by the G-8 members.

"Everyone should be able to enjoy access to information and communications networks," the document said.

The leaders also called for government policies that avoid undue regulatory intervention in it and vowed to protect intellectual property rights in cyberspace.

The task force will report on the success of its efforts at next year's G-8 summit in Genoa, Italy.

In an effort to prevent the gap between industrial and developing

societies from widening, Japan announced a \$15 billion aid package to help third world nations bridge the digital divide.

Japanese Prime Minister Yoshiro Mori said developing countries face a "vicious cycle" of poverty and infectious diseases.

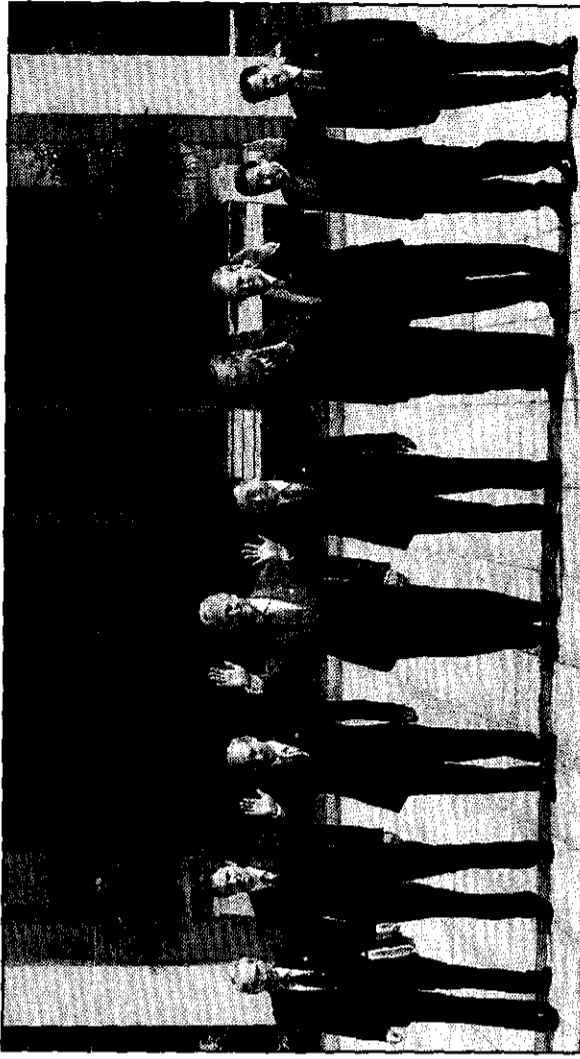
Before the suit the G-8 met with the officials from South Africa, Nigeria and Algeria in Tokyo who lambasted the rich countries, saying they have been too slow to provide debt relief, foreign investment and transfer of it and biotechnology that are vital to economic growth in the third world.

The leaders agreed to aim at launching a new round of trade talks by the end of this year, a Japanese government official said.

The official said the other G-8 leaders agreed to Mori's proposal.

Attempts to set the agenda for a new round of global trade talks in Seattle late last year collapsed amid acrimony between developing and industrialized nation over which sectors should be included in the negotiations.

G-8 leaders congratulated themselves yesterday for the robust global economy-one that only three years ago trembled under the



The G-8 leaders, (from left) Italian Prime Minister Giuliano Amato, British PM Tony Blair, Russian President Vladimir Putin, US President Bill Clinton, Japanese PM Yoshiro Mori, French President Jacques Chirac, Canadian PM Jean Chretien, German Chancellor Gerhard Schroeder and European Commission President Romano Prodi, at a photo session in Nago, Okinawa, on Saturday. Photo AP

Asian financial crisis. With the notable exception of Japan, many of the hardest-hit crisis countries are staging strong recoveries.

Since last year, the G-8 leaders said, prospects for world economic growth have improved.

However, the Group of Eight

(Agencies)

THE HINDUSTAN TIMES

23 JUL 2000

G-8 to promote IT in Third World

NAGO (JAPAN), JULY 22. The Group of Eight industrial powers vowed today to help poor nations join the Information Technology (IT) revolution so they can one day leave the Third World behind.

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ing societies from widening, Japan announced a \$15-billion aid package to help Third World nations bridge the digital divide.

The Japanese Prime Minister, Mr. Yoshiro Mori, said developing countries face a "vicious cycle" of poverty and infectious diseases.

The U.S. President, Mr. Bill Clinton, who started the day with a barefoot walk on the beach, will leave Okinawa early as soon as the summit ends on Sunday to return to the marathon West Asia peace talks at Camp David outside Washington. "We have compressed the schedule to allow the President to get back early enough to spend some of Sunday at Camp David," the White House spokesman, Mr. Jake Siewert said.

Aides said Mr. Clinton decided not to leave late on Saturday in order not to upset his Japanese hosts, already miffed that none of the G-8 leaders' wives has come to a summit on which the Government has spent more than \$750 millions.

Before the summit, the G-8 met with officials from South Africa, Nigeria and Algeria in Tokyo who

ambasted the rich countries, saying they have been too slow to provide debt relief, foreign investment and transfer of IT and biotechnology that are vital to economic growth in the Third World.

Meanwhile, activists trying to eradicate illiteracy that keeps millions from benefiting from IT, today attacked the G-8 plan to bridge the digital divide between the rich and poor.

"Our reaction is that while there are good things about it, it's being touted as a solution to a global education crisis and it's patently not," said Mr. Phil Twyford, director of advocacy at the anti-poverty group Oxfam. "It won't actually deliver solutions to the 880 million people in the world who can't read or write."

On the Balkans, the G-8 called upon the international community not to recognise any Yugoslav election results based on the new laws that the President, Mr. Slobodan Milosevic, has pushed through. — AP, Reuters

THE HINDU

23 JUL 2000

G8 sees strong economic growth as talks close

Okinawa (Japan)

28 JULY

LEADERS OF the Group of Eight (G8), the world's richest and most powerful countries, ended their summit on Sunday after talks on the world economy, Third World debt and information technology.

According to a draft text of the communiqué, the leaders will say they see strong growth in the world economy this year and that Asian economies are recovering from their 1997 financial crisis.

The G8 comprises the US, France, Italy, Germany, Japan, Britain, Canada and Russia.

The leaders said in the

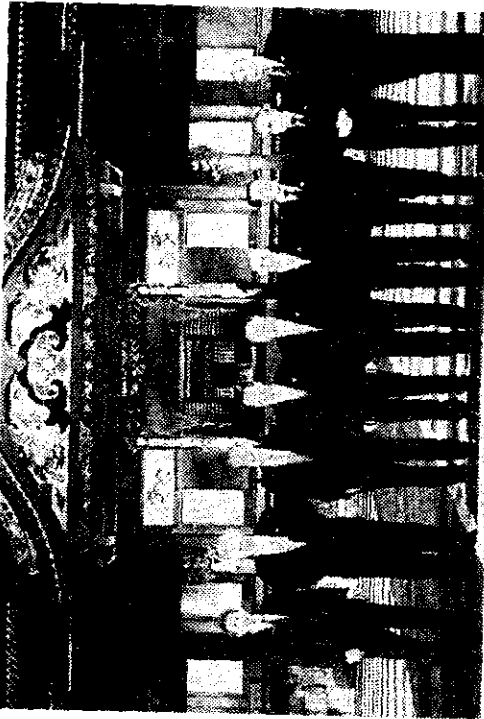


FIGURE HEADS: G8 leaders outside the Hokuden Hall in Naha city, Japan, after the talks closed on Saturday

draft that the information technology revolution was bringing fundamental changes to the world's leading economies and countries needed appropriate macroeconomic policies — including more competition and more flexible markets — to benefit from it.

"Globalisation is proceeding and the rapid spread of information and communications technology is bringing about fundamental structural changes in our economies," said the leaders attending the meet in the draft that was prepared.

They also noted that the Asian economies had recovered since the financial crisis

in 1997 which had racked the region, but added that more reforms were needed to keep those economies on the growth path in the future.

"While the pace of recovery in various parts of Asia differs, trade is expanding and some countries have already achieved dynamic growth," they said.

"Reform efforts must now aim to keep up the pace of reforms in the financial sectors." The communiqué also said there were "encouraging signs of a new reality in the increases in productivity in the United States and, to a lesser extent, in the economies of other G-8 states."

—Reuters

G-8 leaders make raft of promises

OKINAWA (JAPAN), JULY 23. Leaders of the Group of Eight wrapped up their annual summit today with a raft of worthy promises to help developing countries reduce their debts, fight disease and harness the power of new technologies.

In a communique issued after three days of talks on this sub-tropical southern Japanese island, the G-8 also hailed the strength of the world economy and agreed to do their best to launch a new round of global trade talks by the end of the year.

The Summit will not be remembered for any major decisions, but in the absence of new and pressing international dramas the leaders had time to focus on a raft of long-term issues they deemed crucial to global peace and prosperity. "I did my best to put together the views of particular leaders and did my utmost to open up the path to the world and Japan into the 21st century," the Japanese Prime Minister, Mr. Yoshiro Mori, told a closing news conference.

Japan spent more than \$ 750 millions on the Summit and two preparatory ministerial meetings and got what it wanted: a smooth meeting that attracted only a handful of protesters who were no problem for the 20,000 police personnel who had been drafted in. But the big bill for the Summit angered development lobbyists, who said the money could have been better spent on debt forgiveness for poor countries.

Campaigners were also upset by the G-8's failure to ease the conditions on a debt relief plan launched a year ago that has fallen far short of expectations. The leaders merely said they would try hard to ensure that 20 out of the 41 very poor countries are on track for debt relief by the end of the year, up from nine now.

The leaders pledged to meet a raft of U.N. development goals, including numerical targets to reduce aids and other infectious diseases, the halving of absolute poverty by 2015 and a place in school by then for every child on earth. The U.S. President, Mr. Bill Clinton, announced \$ 300 millions in aid to provide free school lunches in developing countries.

Mr. Clinton, who leaves office in January, made what the French President, Mr. Jacques

Chirac, called moving remarks of farewell at today's session. In return, he basked in the praise of his peers.

Mr. Clinton rushed from the Summit to return to the West Asia peace talks he is brokering at his Camp David Retreat near Washington. Just before boarding Air Force One, he held up his hand with his fingers crossed. Earlier, he said Israeli and Palestinian negotiators had continued to make progress in his absence but declined to say whether they might clinch a final peace accord.

As Mr. Clinton made his exit, the Russian President, Mr. Vladimir Putin, made his Summit debut and immediately established himself as the rising star in the G-8 firmament. The former KGB spy's performance was so polished that some leaders said it was time to make Russia a full member of the G-8. For now, it is barred from pre-Summit talks that the Group of Seven — the U.S., Japan, Germany, France, Britain, Italy and Canada — holds on financial and economic issues.

"Before he was more a guest and a protagonist. Now he's one of the eight," said the European Commission President, Mr. Romano Prodi.

The leaders were particularly impressed by Mr. Putin's report on a trip he made last week to North Korea, the Stalinist state now slowly opening up to the outside world. The German Chancellor, Mr. Gerhard Schroeder, called it "brilliant". Mr. Putin reported back on an offer made to him by enigmatic North Korean leader, Mr. Kim Jong-Il, to scrap his country's missile programme in return for help on space exploration.

Mr. Putin encouraged the rest of the group to reach out to Mr. Kim to help defuse cold war tensions on the Korean peninsula, where he said conditions were still potentially explosive. Mr. Putin also urged the leaders not to play the ostrich in the fight against international terrorism, much of which he said was emanating from Afghanistan. "It is important not to act the ostrich hiding its head in the sand, pretending the threat does not exist," Mr. Putin told a news conference at the end of the Summit.

Mr. Putin said he had told his fellow leaders an "arc of instability" had been formed

stretching from the Philippines, which has seen a spate of hostage-taking by Muslim extremists, to the Yugoslav province of Kosovo. "The centre of this arc is Afghanistan and this affects not only Russia and Central Asia but many other countries too," he said. — Reuters



The Russian President, Mr. Vladimir Putin, executes a flip on a Japanese judo student during a visit to a judo school in Gusikava, Okinawa, on Sunday. During a visit to a karate school at Nago on Saturday, Mr. Putin was presented with a black belt in recognition of his keen interest in judo. — Reuters

G-8 pledge to ease third world's debt burden

29/2
ASSOCIATED PRESS

NAGO (Okinawa), July 23. — The Group of Eight industrial nations ended their 26th summit today by saying the world economy is reaching unprecedented levels of prosperity but that it must be shared with the third world by relieving some of its debts.

"The 20th century has achieved unprecedented economic progress. Yet the financial and economic crises of the past few years have presented enormous challenges for the world economy," the final communique said. "The 21st century must be a century of prosperity for all." Leaders praised the recovery of Asian economies from their financial crisis three years ago.

But efforts must focus on maintaining the momentum behind financial and corporate reforms, transparency in public and private sectors, and strengthening social safety nets.

The communique said the G-8 must work harder to provide debt relief for the world's struggling developing economies. "We must promote more responsible lending and borrowing practices to ensure that (poor countries) will not again be burdened by unsupportable debt," the leaders said in the communique.

Relieving the debt of the world's poorest countries was a major topic throughout the three-day summit. Although members agreed earlier on measures to reduce and forgive debt, critics say the programme has been too slow.

Another major topic was health. The leaders vowed to reduce by 2010 the number of HIV-infected young people by 25 per cent, TB deaths by 50 per cent, and diseases associated with malaria by 50 per cent.

The G-8 also said it would set up a task force to "bridge the international information and knowledge divide" between rich and poor countries.

THE STATESMAN

24 JUL 2001

G-8 vows to tackle poverty 91-16

NAGO (Japan): Group of Eight (G-8) leaders vowed to fight the root causes of poverty and conflict in a final communique released on Sunday after a three-day summit in Okinawa, Japan.

"We must tackle the root causes of conflict and poverty. We must bravely seize the opportunities created by new technologies in such areas as IT and life sciences," the communique said following the end of the meeting on the southern island of Okinawa.

The leaders of Britain, Canada, France, Germany, Italy, Japan, Russia and the U.S. said they must acknowledge concerns about globalisation while continuing to maximise its benefits.

"We must engage in a new partnership with non-G-8 countries, particularly developing countries, international organisations and civil society, including the private sector and non-governmental organisations."

The leaders painted a generally optimistic picture of the immediate economic outlook, saying the world economy will grow strongly this year. They added they were particularly encouraged by the strength of recovery in most crisis-affected Asian countries.

Although trade was expanding in most Asian countries and some have returned to dynamic growth, changes must focus on financial and corporate sector reforms, improve governance and transparency and strengthen social safety nets, it said.

"Despite recent positive developments in the world economy, we recognise that there is no time for complacency as globalisation intensifies and the rapid diffusion of it brings about fundamental structural changes to our economies," the leaders said.

To capitalise on the opportunities of growth coming from the information technology explosion, the G-8 economies must renew their commitment to structural change, including greater competition and more adaptable labour markets, they said.

The G-8 leaders reaffirmed their commitment to reducing the share of the world's population living in extreme poverty to half its 1990 level by 2014.

They also committed themselves to push forward the heavily indebted poor countries debt initiative, provide significantly improved access to their markets, strengthen the effectiveness of official devel-

opment assistance, implement an ambitious plan on infectious diseases, notably HIV/AIDS, malaria and tuberculosis, ensure that additional resources are made available for basic education, address the widening digital divide where it is increasing the gap between the rich and the poor, and implement measures to prevent conflict, including addressing the issue of illicit trade in diamonds fuelling regional conflicts

The G-8 addressed criticism of the very slow progress on granting debt relief for the poorest countries by saying it would accelerate efforts to ensure the number of countries reaching the qualifying point is increased from nine at present to 20 by the end of this year.

They also said they would try to work towards launching this year a new round of World Trade Organisation talks, stalled since attempts to launch a new round collapsed at a WTO meeting in Seattle late last year.

The leaders said they would convene a conference in Japan in autumn this year to agree on a strategy to fight infectious diseases such as HIV/AIDS, malaria and tuberculosis. (Agencies)

A SQUANDERED SUMMIT

THE OKINAWA SUMMIT of the Group of 8 (G-8) industrialised countries may well be remembered as a meeting of missed opportunities. The G-7 plus Russia summit, at the beginning of a new millennium, provided an ideal setting for the world's rich nations' club to correct the imbalances of the past and set the tone for a 'peace and prosperity for all' decade. It was the U.S. President, Mr. Bill Clinton's last summit and the debut for the new Russian chief, Mr. Vladimir Putin. If the former drew tributes from his peers for his sustained contribution to these summits and capped his innings with a \$300 million aid for a free lunch programme for schools in developing countries, the latter made a mark with his presentation on North Korea. However productive the Okinawa summit might have been in terms of political and economic deliberations among the leaders, it failed to produce any tangible results. There were more words than deeds, more statements than concrete action plans to face up to the numerous challenges confronting the world today. Even the followup on the debt relief package promised in the 1999 Cologne summit failed to meet the expectations of both the least developed economies and the non-government organisations (NGOs) clamouring for relief.

Though the leaders cheered the global growth prospects and the Asian recovery, now in progress, they could not come up with policy initiatives that would ensure that less developed countries could share in this global prosperity instead of getting more marginalised in the process of globalisation. Even the U.N. Secretary General, Mr. Kofi Annan, conveyed his disappointment that the G-8 did not offer more relief to the debt-ridden countries. The Cologne summit pledged \$100 billion to wipe out some of this debt, but laid down conditions for

the poor countries to qualify. Only \$15 billion of this has been used. Apparently, the summit has begun the search for long term goals and commitments. The move to formulate a health agenda to deal with the raging HIV-AIDS virus and other dreaded diseases, as well as confront the problem of poverty and bridging the new digital divide may be a step in the right direction. But at least in the next summit, the G-8 leaders must be able to spell out an action plan and commit substantial funds to handle these issues. The failure of developed countries to meet earlier commitments, for instance under Agenda 21 at the Earth summit, does not raise much hope, though the leaders from South Africa, Nigeria, Algeria and Thailand, had an informal interaction with some of the G-7 leaders this time.

The G-8 leaders did not miss the opportunity to press for a new round of multilateral negotiations under the WTO, though that process of consultation was derailed last year in Seattle. It could take a while to hammer out a compromise between the demands of the developed and the developing economies on this score. They glossed over the growing indignation at the U.S. National Missile Defence system as well as the trans-Atlantic differences on genetically modified (GM) food. From an Indian viewpoint, there was the reference to the problem of global terrorism, but the focus was apparently on Afghanistan and the Taliban. As if to strike a balance, the G-8 wanted India and Pakistan to restart the derailed dialogue in the spirit of the Lahore declaration. New Delhi must realise that even as the international community comes out openly in strong condemnation of all forms of terrorism, global pressure is bound to increase on India for a resumption of the bilateral dialogue at some stage and some level.

THE HINDU

World peace meet to strive for unity among all religions

HT Correspondent
New Delhi, July 25

THE ISSUES of terrorism and mixing religion with politics would be raised at the August 28-31 Millennium World Peace Summit of Religious and Spiritual Leaders, scheduled to take place under the auspices of the United Nations in New York.

Addressing a Press meet here yesterday, members of the World Peace Summit advisory council Dr L M Singhvi and Dr Abid Hussain spoke against mixing of religion with politics. They said great religions were devalued by violence and the worst form it was terrorism.

Dr Singhvi said "affirmative tolerance" -- the age-old Indian tradition of mutual tolerance and celebration of unity of all faith -- would be the main point on the summit's agenda. This would give a call for a new treaty of peace among all the religions to work and open up a new chapter of mutual appreciation.

Religions have played an important role in building civilisations, particularly in giving them the sense of "sacred" and "spiritual", he said, adding that these were not a speck

in process of time but a stream of consciousness in human civilisation.

Dr Singhvi said Prime Minister A B Vajpayee had extended his support to the summit and HRD Minister Murli Manohar Joshi had been asked to co-ordinate the activities leading up to the New York meeting.

Dr Hussain said there was a need to instill a "sense of morality and ethics to transform humankind and human action" in the field of politics.

Another member of the summit advisory council, Dr Karan Singh, said about 2,000 persons would be attending the summit with India having got about 200 invitations.

He said this for the first time that UN Secretary General had taken the initiative to sponsor the summit. The summit would address issues of conflict resolution, poverty alleviation and gender issues among others, Dr Singh said.

Dr B K Modi, the summit co-ordinator for the Indian sub-continent, said for the first time 500 spiritual leaders of the world would be gathering together and India would be taking the lead with the largest contingent of 100 leaders.

THE HINDUSTAN TIMES

Indian delegation likely to raise conversion issue

Satyen Mohapatra
Rishikesh, June 4

THE HINDU religious leaders forming part of the Indian delegation to the historic Millennium World Peace Summit at the United Nations, New York, may raise the contentious issue of conversion.

Swami Dayanand Saraswati in a short meeting with former High Commissioner to UK, Dr. L.M. Singhvi, MP (BJP), who is a member of the Global Advisory Council of the Summit (the first-ever global meet of religious and spiritual leaders of all faiths held by the UN) here last night made it very clear that one cannot "skirt" this

crucial issue as was done in most inter-religious meets.

"Let us first have peace among religions before religions meet for world peace," he said.

All religions should strive to allay the fears of people

"losing their identity because of religious aggression"

Swami Dayanand Saraswati said. He explained that there were aggressive traditions of religion (which were committed to proselytisation) and non-aggressive traditions in religion. He said conversion and proselytisation is "violence", of the aggressor against the other and should not be allowed.

Swamiji also did not seem to be averse to the idea that while practice and preaching religion may be allowed, the summit may give a call for control on propagating religion with the intention to convert.

ing of the final Declaration of World Peace.

Swami Dayanand Saraswati said India could stress that all religions should work for spiritual and cultural growth of people and strive

for the preservation of diverse cultures. There was

the problem of defining spiritualism but the one word which will strike a chord among all religions and all will accept is "compassion", he said.

Later Mr Singhvi told newsmen that they wanted India's vision of fundamental unity all religions, mutual respect for religions, world peace and universal brotherhood

among people and different religions are echoed at the summit.

A new "Treaty of Peace" among religions should be established and no country can give this message better than India, he said.

Swami Chidanand Saraswati, president of Parmarth Niketan, Rishikesh said there was need to strengthen the Indian culture in view of the tremendous impact from the west particularly through television. He said they had initiated a plan to set up 10,000 primary schools in Uttarakhnad area and

give innovative incentive schemes like these children will be admitted whose parents plant 10 trees, attend adult education classes.

Millennium World Peace Summit

THE HINDUSTAN TIMES

5 JUN 2000

HD-1
5/6

U.S., Russia pact on plutonium disposal

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MOSCOW, JUNE 4. The United States and Russia agreed to destroy plutonium that could be used to make nuclear weapons and to cooperate on "early warning" missile-detecting technology, U.S. officials said.

The agreements were to be formally announced by the U.S. President, Mr. Bill Clinton, and his Russian counterpart, Mr. Vladimir Putin, following their summit today in the Kremlin.

"These are highly significant agreements," a U.S. official told reporters. "They will result in tangible national and international security benefits."

The plutonium pact obliges each country to render 34 tonnes of weapons-grade plutonium into a form unusable for nuclear

weapons and to pledge never to use it for that purpose again. "That's enough for thousands of nuclear weapons," another official said.

The early-warning pact is meant to compensate for Russia's antiquated missile-launch detection system. Some of the satellites used to identify missile launches no longer work, leaving Russia "blind" on certain occasions.

As part of the plutonium agreement, both sides pledge never to reprocess the material.

"They will remove from possible circulation plutonium that is directly usable in weapons if it were to fall into the wrong hands," the first official said. "The second, the shaped-early warning agreement will answer

the wide variety of concerns that have been raised about the risk of mistaken nuclear launch because of gaps in early-warning coverage," he said.

A third American official said the pact would establish a "real-time exchange" of any launch detection by either country, through a centre to be established in Moscow. It is aimed at preventing a nuclear attack based on a false missile launch detection.

American officials said they did not expect a breakthrough on another arms control issue — Washington aims to amend a 1972 anti-missile defence treaty, but they expected the two sides to discuss the issue in a joint summit statement. — Reuter

Another report on Page 16

THE HINDU

5 JUN 2000

Hopes from Scandinavia

By C. V. Gopalakrishnan

THE INITIATIVES taken by Norway in response to feelings from Sri Lanka might leave many wondering how a Scandinavian country, separated by quite a few thousand miles from South Asia, is being sought after for bringing peace to the strife-torn island nation. The global spread of Sri Lankan Tamil has brought a scattering of them to Norway; possibly their links with Oslo are sufficiently close to enable them to persuade it to take interest in the ethnic tragedy in their homeland.

An indication that this is very likely recently emerged from the speech delivered by a Sri Lankan Tamil, Mr. V. Rudrakumar, at a seminar in Bergen on the ethnic conflict in his country. He dwelt at length on the origins of the ethnic violence and its escalation in Sri Lanka and the 'brutalisation' by 'oppressive Sinhala Government'. Of specific interest here are that the seminar was held at the Christian Michelsen Institute and Mr. Rudrakumar's passing reference to the 'peaceful secession of Norway from Sweden'. This gives a clue to the role Norway could play for bringing about peace in Sri Lanka.

Peter Christian Michelsen (1857-1925) was the founder of the Institute named after him. He became the Prime Minister of Norway in 1906 after proclaiming his country's separation from Sweden in 1905. He began his career as a lawyer and later started his own shipping company which became the largest in Norway. He was elected to the Storting, Norway's Parliament, as a member of the coalition party. He later left the party led by G. F. Hagerup in protest against his extremely moderate policy towards Sweden. He became the unquestioned leader of the group urging the dissolution of the union with Sweden and the establishment of the Kingdom of Norway under King Haakon VII. Michelsen is remembered for bringing about a peaceful secession from Sweden.

A possible explanation for this was the total absence of any imperialistic trends in the relationship among the three Scandinavian countries of Norway, Sweden and Denmark. If there is a positive response to Norway's efforts for ending the conflict in

Sri Lanka, it will be because of its record as a non-colonial, non-imperial presence in Asia and Africa. This, however, should not lead to wrong notions about Norway or the other Scandinavian countries having remained very much all along. On the contrary, the Viking invaders of East Anglia and Northumbria in England in the eighth century and of the whole of Europe from the ninth to the eleventh century were the seafaring Scandinavian warriors. But their raids were restricted to Europe and even these belong to fading, receding history which is now preserved in the prime media

three different provincial laws until the promulgation of Christian V's Danish Law in 1683. The code of King Magnus abolished private vengeance which probably legalised the fighting of a duel to which the rivals resorted to in medieval Europe and England. The three countries were subsequently ruled by Danish kings until 1814 with all of them retaining a measure of independence provided under a specially designed Constitution.

This continued until 1905 when King Oscar II relinquished his crown of Norway and the Norwegians voted for the restoration

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in the hilarious strip cartoon, "Hagar the Horrible". (The Scandinavian invasions of the past should, incidentally, recall a Western comment during the Fifties about the Soviet annexation of Eastern Europe being in the same class as the erstwhile pre-Second World War British and French imperialism, the only difference being that the first was European while the second was trans-Atlantic and extending to the rest of the world. The ancient Scandinavian "colonialism" was also very European).

Among the strange happenings in Scandinavian history was that of the much smaller Denmark "ceding" Norway to Sweden in 1814. This led to the development of an independent Norwegian culture for the replacement of all existing Danish elements in Norwegian literature. The history of the Scandinavian countries was either one or the other of them assuming the more pronounced role over the centuries. In 1389, Eric of Pomerania was crowned King of Norway and by 1396 he had become King of Sweden and Denmark as well. In Norway, King Magnus V (1263-68) drafted a common code of law for the rural districts in 1274. Sweden followed this with a similar development in the fourteenth century while Denmark had

secession from Sweden qualifies it to play a role in ending the conflict in Sri Lanka, the handling of the issues relating to secession by the Scandinavian countries calls for a closer look. Their response to the secessionist urges was probably very different from that in other countries including Sri Lanka. The indications are that the Scandinavian secessionists were very persuasive and did not spark a fierce and stubborn resistance from the ruling groups. Such a sober response to secessionist urges could be attributed to Scandinavian perceptions about kingdoms being wholly different from those of the other European countries. Any sense of dismay over their breaking away seems to have been wholly absent. This may be because the Scandinavian kingdoms were seen as what they were — and not as the empires and colonies acquired far beyond Europe to fill the metropolitan rulers with a sense of imperial glory.

The carving out of Scandinavia into Norway, Sweden, Denmark and Iceland did not look like a sundering away and as a catastrophe for which neither the French nor the Americans were prepared when Vietnam threw them out. If this makes the Scandinavian countries a far more civilised European presence, this is borne out by their literature as well.

The uniqueness of the Scandinavian temperament — which might have a special appeal to ethnic groups — would seem to be that they being very much in Europe, with a good part of their northern areas being snow-bound most of the time, did not fill them with the kind of European alienation from the non-European and non-white world of Africa and Asia. On the other hand, Scandinavia's literature of the Sixties and the Seventies was articulating a dissatisfaction with the capitalist system and a concern for the third world poverty. There has, however, been a slight shift since the Eighties with a re-emergence of imaginative literature and a philosophical approach to problems of contemporary society, and an upsurge of interest in myth and fantasy. It has also been drawn towards an increased experimentation with technique and style.

If, as Mr. Rudrakumar indicated in his speech at Bergen, Norway's peaceful se-

Promoting democracy

By V. Jayanth

TEN YEARS have rolled by since Burma held its last general election. But the landslide victory by National League for Democracy (NLD) won in 1990 was brushed aside by the military junta, which seized power. Despite promising to rewrite the Constitution and restore some kind of democratic rule, the military regime in what is now called Myanmar has shown no inclination to give up power.

Fill a few years ago, the junta was trying to model itself on Indonesia — with an executive President, a people's assembly and a dual role for the armed forces — so that it could take on a socio-political responsibility in addition to looking after defence. Now that Indonesia has a democratically-elected Government and is attempting to refashion the role of its armed forces, there appears to be no point pursuing that model any more.

To commemorate the tenth anniversary of the elections and to impress on the international community the need to push for restoration of democracy, the Nobel laureate and leader of the NLD, Ms. Aung San Suu Kyi, sent out a video-taped appeal. "At this time, 10 years from the date that the Burmese people went to the polls in high hopes that their desire for a democratic government would be realised, we are still struggling for Parliament to be convened." She urged the international community "to support our efforts. We would particularly request the peoples of our region to support our efforts". While arguing that democracy "is based on human values" and there was no Western or Asian values attached, Ms. Suu Kyi made a special appeal to Tokyo: "We know that the people of Japan bear us goodwill. We would not like that goodwill to be manipulated by those who want to use it for their own ends." With the admission of Yangon into the Southeast Asian fraternity — ASEAN — in 1997, the junta has acquired some legitimacy and increased engagement.

Expressing solidarity with Ms. Suu Kyi, the British Minister of State in the Foreign and Commonwealth Office said, "My thoughts are with the democratic leaders in Burma on the tenth anniversary of the elections there. These elections resulted

in an overwhelming victory for the NLD, but cynically the military regime ignored it and has persecuted and harried the victors ever since."

It is primarily the West — the U.S. and the European Union — which has been campaigning for the restoration of democracy. And the junta gives colour to that too. The fact that Ms. Suu Kyi's late husband was British made the junta label her as a 'foreigner'. The idea was to 'disqualify' her from contesting elections or holding any public office. Neither a new Constitution has taken shape nor is there

ing best practices". This U.S. initiative appears another attempt at not only preaching democracy but also spreading its own influence in Eastern Europe, after getting involved in Africa and Latin America.

There will be another congregation for 'New and Restored democracies' in December this year in Cotonou. When the Commonwealth and the Non-Aligned Movement (NAM) are getting more serious about democracy, Washington does not want to be isolated on this vital issue which has always been at the centre of its

how to intervene in a crisis situation. Whether an SOS from the head of state or government who apprehends a coup can be acted upon by the nearest country which has the wherewithal to snuff out the challenge. Whether a time-bound plan to stabilise the situation and ensure the continuance of the democratically-elected Government should be formulated. And finding ways to deal with an emergency situation in which an autocratic ruler may be leading a country to the precipice. These are sensitive and dicey situations which defy a standard prescription or easy diagnosis.

In these days of intra and inter-regional conflicts and stand-offs, it becomes increasingly difficult to make an objective judgment of any situation, or for a regional or extra-regional power to step in. Civilian that international financial institutions such as the International Monetary Fund and the World Bank have got into a fix by coming up with strait-jacket solutions for all kinds of financial crises, developing countries are wary of any intervention by the U.N., even on humanitarian grounds. They tend to see the 'hidden agenda' of some powerful country behind any move.

It is in this scenario that the international community has to deal with the problems of nascent democracies and do what it can to promote and protect democratically-elected Governments. Institutional and capacity building, encouraging debate and consensus on key or sensitive issues, sharing experiences and practices and identifying possible threats to democracy are some ways in which the established democracies can help.

One thing is becoming clear. The days of sanctions are over. They only make life more miserable for the people and seldom hurt the rulers. It is important for the champions of democracy to come up with clear guidelines and tactics for international action. The world cannot view a coup in one country as being unacceptable and put up with a military regime elsewhere. There can be no double standards linked to economic or strategic interests. The international community must lay down transparent norms or yardsticks for any intervention.

Given the inherent fragility of democracies in developing countries, it is high time the international community came up with an action plan to protect them.

policy formulations for developing countries.

The Warsaw conference comes at a time when developing countries and island nations are witnessing an upsurge of violence and coups. After Pakistan set the ball rolling last year, many African states are going through a churning process; the malaise has now spread to the South Pacific. First, it was Fiji and then the Solomon Islands. So there is a growing list of military regimes or coup leaders who have overthrown democratically-elected Governments.

Instead of merely criticising on the need for democracy or slapping sanctions on countries run by military regimes, the Warsaw conference must at least analyse the causes for and the background to the seizure of power. Given the inherent fragility of democracies in developing countries, more so in the least developed countries, it is high time the international community came up with an action plan to promote, protect and even save democracy. Analysts warn that there should be no U.N.-backed attempt at interfering in the internal affairs of any country. But there will have to be some serious thinking on a rapid response formula to help democratically-elected Governments in trouble.

There needs to be a lot of thinking on

WORLD LEADER

12 JUN 2000

G-15 seeks bigger say on trade

AA-13 19/6
Cairo, June 18: Leaders of developing nations meet in Cairo on Monday to discuss how to win more influence in the global economy and stand up to wealthier countries.

Members of the G-15 group, which combines 17 countries from Asia, Latin America and Africa, say the two-day summit will try to overcome problems besieging their economies and form a front to push rich nations for fairer trade and debt deals.

"It is obvious that developed countries are ganging up against developing countries," said Malaysian Prime Minister Mahathir Mohamad, a staunch critic of Western economic policies. "All the policies they have are directed at exploiting developing countries. There is a need to bring at least one group of countries together to take a similar stand."

Nine heads of state will attend the summit, which precedes a meeting

of the Group of Eight industrial nations in July. Host Egypt wants the G-15, celebrating its 10th anniversary, to have a bigger say in global trade talks, but foreign minister Amr Moussa said developing nations could only be taken seriously if they were committed to economic reform.

"It is necessary for the G-15 to have a voice that can be heard loud and clear," Mr Moussa told reporters after G-15 foreign ministers discussed a draft communique on Saturday. "But this will depend on the performance of the developing countries and on the need to implement economic reforms which will let us become partners. No country wants to depend on aid." The G-15 consists of Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Jamaica, Kenya, Nigeria, Malaysia, Mexico, Peru, Senegal, Sri Lanka, Venezuela and Zimbabwe. The Cairo summit will discuss Iran's application to join

the group, set up in 1989 to foster cooperation among developing countries and encourage them to speak with one voice on trade.

G-15 nations contribute about eight per cent of the world's gross economic product of \$27.8 trillion and are home to nearly a third of the planet's population.

FEAR OF COMPETITION

Many members, particularly those in Africa, are head over heels in foreign debt which they want written off. G-15 nations are preoccupied with the likely impact of World Trade Organisation rules that will expose their emerging economies to fierce global competition in the next few years.

Egypt's economy and foreign trade minister Youssef Boutros Ghali urged his G-15 counterparts last week to hold talks on how to increase trade within the group that now accounts for just 10 per cent of its total foreign trade.

"These discussions must be aimed at creating a mechanism for development and trade which would increase the group's participation in the world economy," he said. Malaysia's trade minister Rafidah Aziz said her country would submit a paper to the summit outlining how G-15 nations could buy high-quality, attractively-priced goods from each other without violating WTO agreements. A representative for Nigerian President Olusegun Obasanjo said his country supported proposals for a special G-15 bank as well as free trade zones among the group. But he criticised a lack of G-15 coordination which had led to Egypt and Indonesia to tout similar proposals. "We need detailed proposals and we need them to be unified," he said. Egypt wants the G-15 to set up a political decision-making body, similar to one envisaged by the Group of 77 Third World nations. (Reuters)

THE HINDUSTAN TIMES

NEW DELHI

19 JUN 2000

Mahathir warns of globalisation's hidden agenda

2/6
THE STAR
ASIA NEWS NETWORK

CAIRO, June 20. — Malaysia will fight tooth and nail to defend the country and the prosperity of its people from any agenda which uses the pretext of the free market and globalisation, Dr Mahathir Mohamad said in Cairo today.

The Malaysian Prime Minister said globalisation of capital experienced by Malaysia nearly destroyed the country but it was fortunately able to develop its own methods and rebuild its economy.

"We know our success may be short-lived but we will not allow ourselves to be sold to ideas, ideologies and slogans without examining them.

"If we find the slightest suspicion that another agenda is

being promoted, we will fight tooth and nail to defend our country and the prosperity of our people," he said.

"It's time that we ... recognise that we are being led up the garden path by the sweet words and promises of the new slogans, new systems and ideologies.

"We recognise that we cannot go backwards. We can't go back to the centrally planned economies of the Socialist and Communists.

"But is it necessary that the way forward should be the one shown to us by the rich and powerful? Cannot the market be free without domination by the rich and the powerful?"

The Prime Minister said it was ridiculous to think that the free market would discipline governments for the good of nations or society.

NEW G-15 MEMBERS

CAIRO, June 20. — Iran and Colombia have been inducted as members of G-15 which concluded its tenth summit here today, calling for a new economic order and more effective cooperation among developing and developed nations.

With the joining of the two countries, the group now comprises 19 nations. — UNI

THE STATESMAN

JUN 20 1997

G-15 call to adopt U.N. pact on terrorism

CAIRO, JUNE 20. Firmly rallying behind India, the tenth G-15 summit today called for an urgent adoption of the United Nations convention against international terrorism and condemned its perpetrators, and cautioned against forcing the pace of globalisation on developing countries.

A joint communique issued at the end of the two-day summit of the 17-nation grouping of developing countries suggested early reforms of international monetary structure, equitable participation of G-15 members in the World Trade Organisation and other multilateral bodies and asked industrialised nations to hike official development assistance.

The communique, released by the Egyptian President and outgoing G-15 chairman, Mr. Hosni Mubarak, at a press conference here, "strongly condemned all kinds of terrorism, their perpetrators and all those who support them under whatever guise." The denunciation of terrorism by the G-15, which comprises three key members of the Organisation of



The Zimbabwe President, Mr. Robert Mugabe, (right) listens to his Egyptian counterpart, Mr. Hosni Mubarak, during the second day of the G-15 summit in Cairo on Tuesday. — AP

Islamic Conference (OIC), came close on the heels of the Indian Vice-President, Mr. Krishan Kant's unnamed but apparent reference to Pakistan and Afghanistan as the source of the problem.

Addressing the closing session of the summit, Mr. Krishan Kant said global terrorism required to be defeated by concerted international action and proposed urgent conclusion and effective implementation of a convention

against terrorism. Iran and Colombia were admitted into the G-15 and the next two summits would be held in Indonesia and Venezuela in 2001 and 2002.

The eight-page communique said globalisation had failed to secure a better standard of living in developing countries due to imbalances in the world economy and "inequitable and discriminatory" multilateral trading system.

The G-15 members said attempts to introduce non-trade issues in multilateral trade negotiations, application of non-tariff barriers and antidumping duties had to be checked.

The developing countries felt there should be freer movement of natural persons, an area in the provision of services in which developing countries have a comparative advantage in the global economy. Advocating a new manageable and transparent financial order, the communique said the recent East Asian currency crisis pointed to the need for an early warning mechanism against widespread turbulence in financial markets. — PTI

21 JUN 2000

FOCUS ON GLOBALISATION

AT ITS TENTH summit in Cairo, the G-15 (a misnomer after the Group's expansion) has focussed attention on cross-border terrorism and the problems stemming from globalisation. The strong condemnation of terrorism and the call to adopt the U.N. Convention on international terrorism are being seen as a collective response from the group of developing countries to India's concerns on the issue. Since some other member-states in Latin America and even the host, Egypt, have been targets of terrorism, there was not much hesitation in rallying round India in its appeal to stamp out cross-border terrorism. Almost simultaneously, the Indian Cabinet has endorsed the U.N. Convention, clearing the way for the country to sign and then ratify the same. The convention on terrorism adopted by the U.N. and awaiting ratification was sponsored by France. There is another proposal moved by Russia to rally against nuclear terrorism. New Delhi has itself submitted a draft convention on cross-border terrorism, but it will take some time before that comes up for debate. India has been moving every forum of which it is a member to build up a campaign against terrorism with implied references to Pakistan and Afghanistan.

But more important to the G-15 (now Group of 17) is the issue of globalisation. As the World Trade Organisation (WTO) clock keeps ticking away and the industrialised countries do everything possible to prise open the markets of the developing economies, it is imperative for the latter to work on a common strategy. Though there is a realisation that the industrialised nations are misusing the WTO to gain market access, and coming up with protective measures to deny an equal access to exports from the developing world, the countries in Latin America, Africa and Asia have not been able to forge a united front. This group assumes significance because it clubs together developing

economies from these three continents in a bid to emerge as a representative body, perhaps the core of the G-77. It is perhaps only in the last three years that the G-15 has started addressing the trade issues more seriously. Its Trade Ministers have started meeting more often, trying to work out a consensus to combat an "inequitable and discriminatory" multilateral trading system. They have also realised the need to fight against concerted attempts to introduce non-trade issues in multilateral trade negotiations.

Mere realisation of these lurking dangers will not suffice. It is imperative for the developing countries to keep meeting regularly to iron out their differences on WTO issues so that they can evolve a common stand on key issues such as labour standards and environment in non-trade forums or the agreements on investments and competition. After the collapse of the WTO meeting in Seattle, the discussions on the pending agenda were derailed for a while. As the debate resumes and the momentum builds up for the millennium round of negotiations, the developing countries must come up with a common, minimum agenda. There is so much to be implemented in the Uruguay Round and the industrialised countries have stuck to the words, not the spirit of the agreements under implementation. That is one reason for the G-15 pushing for a meeting with the G-8 (group of developed countries). If the developing and least developed economies do not gain quick and tangible benefits from a rule-based trade body, the process of globalisation could well be called into question. Unless the developing countries sink their differences and focus on the larger issues, they will end up losers. They must also take up the cause of the least developed countries, which on their own cannot manage to face competition and globalisation.

23 JUN 2000

A leopard and its spots

By C. Rammanohar Reddy

The tussle about what the World Development Report should and should not emphasise demonstrates that there are forces inside and outside the World Bank hostile to even a modest modification of the dominant paradigm on development.

AN ECONOMIST leaving the World Bank is an unexceptional development. But the resignation of Prof. Ravi Kanbur as lead author for the 2000/01 edition of the World Development Report (WDR) is less about the return of an economist to academia and more about the continued battle over the policy agenda for development.

In setting the agenda for development policy, the World Bank occupies a unique position. It is the world's single largest employer of economists. The volume of research on various aspects of development done at the Bank is far more than what is carried out anywhere else in the world. The Bank also commissions a large amount of research from its external 'consultants'. Together it adds up to a huge body of work, though a fair bit is often criticised as being of unexceptionable quality.

Among the innumerable studies that emerge from the Bank, the most influential is the annual WDR. With its focus every year on one particular aspect of policy this report has set the terms for public discourse, shaped the Bank's own policies and arguably influenced many national governments as well. In the 1980s, for instance, the WDRs argued against state enterprises and in favour of trade liberalisation. The 1991 WDR with its advocacy of a "market-friendly" approach to development subsequently became a cornerstone of the Bank's policy. But the importance of the WDR has in recent years tended to wane, in part because the end-product of innumerable drafts and consultations has turned out to be both sanitised and predictable and in part because the newer Human Development Report of the UNDP has had the appeal of novelty.

However, the 2000/01 WDR was to be special. The theme was to be poverty and after the 1990 WDR this was to be the first one to directly address an issue which, after all, is the raison d'être of the Bank. The making of the new WDR too was different. A draft put out early this year was in April the subject of discussion on the Net in which over 1,500 people were involved. This edition of the WDR was also being prepared at a time when the Bank with its utterances and actions during the East Asian crisis had acquired an image of being more "caring" than its twin, International Mone-

ey to put all the arguments down within a coherent framework in a report that is usually considered a guide to the Bank's thinking on development policy. The discomfort would have been greater since the shortcomings of the recent growth experience that the WDR was attempting to highlight were in part the outcome when countries followed the policy prescriptions of the IMF and the World Bank. And the policy recommendations that flow from the analysis contained in this "flagship" report would have gone against the grain of a good deal of current lending policies of the Bank, not to mention the blind faith of the U.S. that the market knows best.

This is not the first time that the preparation of a report has caused tremors at the Bank. The writing of *The East Asian Miracle*, a World Bank study published in 1993, was witness to intense pressures from shareholders and turf battles within the Bank about what should and should not go into the report. The importance of that tussle was that had the study been written in a certain manner it could have suggested that there was an alternative to the Anglo-Saxon model of market-led growth — one represented by more efficient state-led intervention as witnessed in post-World War II Japan and post-1960 South Korea. But in the event the pulls and pressures were so many that the study ended up saying nothing of consequence in other words the dominant paradigm remained in tact. (The preparation of the 1993 study has been carefully documented by an economist, Robert Wade, in "Japan, Maintenance: The East Asian Miracle in Political Perspective," *New Left Review*, 217, May/June 1996.)

The future about the WDR 2000/01 is then neither the first of its kind nor will it be the last one in the battle to set the agenda for development. The tussle about what the WDR should and should not emphasise demonstrates that there are forces inside and outside the World Bank hostile to even a modest modification of the dominant paradigm on development. The Bank may want to signal that it is turning into a caring organisation but, like a leopard and its spots, it cannot change even if it wants to.

in the market with human and physical assets. This is unexceptional and Bank officials say this will remain the focus of the WDR when it is finally published. But it was the nuances that made a difference. The draft did not question the importance of the market or the need for reforms. The point was more that no universal prescription of liberalisation would work for poverty reduction. It argued that economic policy had to be attuned to the specific conditions in each country, region and even population group. It demonstrated that while market reforms in the developing countries had had a positive impact on economic growth, the effect so far had been a very modest one. It argued as well that the costs of reform were often borne exclusively by the poor. It also brought back to the centre-stage the importance of social equality (including the long-forgotten issue of rural reform) — one argument being that greater equality produces faster growth. (All this and much more can still be read on the Net where the lamary version is available at the World Bank's site.)

MACROSCOPE

What will survive and in what form in the published WDR is a matter of conjecture, but different as these arguments are none of them can even remotely be interpreted as a call to retreat in the barricades. In fact, some of them have on occasion been made by senior Bank officials including the President, Mr. Jan Woldenscho, more lamely in his speech "The Other Crisis" at the 1996 Annual Meetings of the IMF and the World Bank. Why then should the tenor of the draft WDR have caused so much consternation in Washington as to have persuaded Prof. Kanbur to walk out? The reasons suggest that it is one thing to talk occasionally about the limits of market-driven growth or about the need for a greater equality in assets, and quite another

during the preparation of the 1992 edition of the WDR), taking exception to the substance of the report because it seemed to question what in India is occasionally referred to as the "Washington, privatisation and globalisation" — approach. Yet others claim that the importance given in the report to redistribution of assets in poverty reduction was not to the liking of senior officials of the Bank. None of this may be true, but the WDR as it was earlier formulated questioned many shibboleths that are normally associated with the Bretton Wood twins.

A January 2000 version that was the basis for a Net based consultation was not for public quotation, but certain broad features of the draft WDR are now public knowledge. "Attacking Poverty" (which is also the sub-title of this year's WDR) requires, according to the draft, empowerment, security and opportunity — three pillars of the new approach suggested by the WDR team. Empowerment to enable the poor to influence government decision-making, security against the shock of change and the opportunity to participate

in the market with human and physical assets. This is unexceptional and Bank officials say this will remain the focus of the WDR when it is finally published. But it was the nuances that made a difference. The draft did not question the importance of the market or the need for reforms. The point was more that no universal prescription of liberalisation would work for poverty reduction. It argued that economic policy had to be attuned to the specific conditions in each country, region and even population group. It demonstrated that while market reforms in the developing countries had had a positive impact on economic growth, the effect so far had been a very modest one. It argued as well that the costs of reform were often borne exclusively by the poor. It also brought back to the centre-stage the importance of social equality (including the long-forgotten issue of rural reform) — one argument being that greater equality produces faster growth. (All this and much more can still be read on the Net where the lamary version is available at the World Bank's site.)

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Conference on world democracy begins today

WARSAW: Foreign ministers from over 100 countries, including India, will launch the first ever inter-governmental dialogue here on Monday on ways to strengthen democratic governance and to help world-wide democratic movement to keep pace with rapid global economic change.



Jaswant Singh

External affairs minister Jaswant Singh arrived on Sunday to take part in the international conference "towards a community of democracies" which represents a world-wide gathering of the full range of countries that have taken the democratic path.

India, the world's biggest and most populous democracy, along with hosts Poland, the U.S., the Czech Republic, South Korea, Chile and Mali are the co-conveners of the two-day meeting.

Foreign ministers of these seven convening group countries at their first meeting on Sunday broadly discussed formulation of an agenda for international cooperation in order to realise the full potential of democracy.

The meeting presided by Polish foreign minister Bronislaw Gerek

mek was attended among others by Mr Singh and U.S. Secretary of state Madeleine Albright.

U.N. Secretary general Kofi Annan will address the ministerial conference on Tuesday.

A Polish foreign ministry official said the Warsaw meeting will be an "unprecedented event" because of its formal setting in initiating a discourse directly to the governmental level beyond the frame of numerous international organisations promoting democracy.

The conveners have also decided to set aside current crises and problems in bilateral relations in order to focus exclusively on the issue of developing democracy, the official said.

"Too often, when democratic leaders meet, it is to contend with immediate crises or bilateral issues. But, bilateral issues will not be raised at this forum Warsaw conference," the official said.

Apart from plenary sessions on the main themes, there will be four ministerial panel discussions centred around themes relating to democracy. Mr Singh has been given the honour to chair the panel on "democracy and human rights sharing best practices". Ms Albright will be presiding over the panel on "cooperation among democratic governments in strengthening international institutions". (AP)

THE TIMES OF INDIA

26 JUN 2000

Big-5 pledge to eliminate N-arms

India, Pak don't have the status of N-weapon States in accordance with NPT

United Nations, May 20, 5 W Affairs

FACED WITH mounting criticism that their nuclear arsenals are too large, the five main nuclear powers yesterday pledged "unequivocal commitment" to eliminate atomic weapons, without setting a timetable.

In a 23-point statement, the US, Russia, France, Britain and China also called for preserving the 1972 Anti-Ballistic Missile Treaty and obliquely referred to Israel's refusal to sign the Nuclear Non-proliferation Treaty (NPT).

The statement, presented at the current NPT conference by France, is aimed at deflecting criticism that the five powers, particularly the United States and Russia, are moving far too slowly in reducing their strategic and tactical nuclear arms, estimated at more than 20,000 warheads between them.

The five promised "our unequivocal commitment to the ultimate goals of a complete elimination of nuclear weapons and a treaty on general and complete disarmament under strict and effective international controls." But no timetable or specific commitments were given.

Hubert de la Fortelle, France's disarmament representative, emphasised in his presentation a provision that declares none of the five have their nuclear weapons targeted at any specific State. But diplomats said in reality they could be targeted within minutes but noted this provision was a positive signal.

The statement by the five, however, only singled out India and Pakistan for their tit-for-tat May 1998 nuclear explosions. "Notwithstanding their nuclear tests, India and Pakistan do not have the status of nuclear-weapons States in accordance with the NPT," it said.

The meeting, which ends on May 19, is to set goals for the 187 signatories to the NPT for the next five years.

But several diplomats said it was doubtful the statement by the five was strong enough to placate critics at the conference, which include most countries in the world.

The statement called for "preserving and strengthening" the 1972 US-Russian anti-ballistic missile treaty, which the Clinton administration wants to amend to accommodate its controversial new defence programme against incoming nuclear missiles.

Diplomats said the language was aimed at ensuring that the pact could not be changed or abandoned unilaterally.

Some Republican members of the US Senate want to scotch the treaty entirely, while nearly every country in the world considers the new US programme an escalation of the arms race.

Leaks of the Clinton administration's plans for an umbrella against missiles fired by "rogue" States propose an increase in anti-ballistic missiles and launchers for the US and Russia than the treaty allows.

Under the NPT convention that went into effect in 1970, only the five recognised nuclear powers are permitted to have atomic weapons among the 187 States which have ratified the treaty. In turn, they have promised to move toward ridding themselves of the deadly weapons.

British ambassador Sir Jeremy Greenstock said that it was the first time that the five nuclear power countries had made a joint statement, although a similar one was issued by the Security Council in 1995. All five countries are permanent members of the United Nation's Security Council. (Reuters)

THE HINDUSTAN TIMES

9 APR 2000

3 MAY 2000

Over 13,000 dowry deaths reported in last two years

New Delhi, May 17

AS MANY as 13,612 dowry deaths were reported in the country during 1998 and 1999. Minister of State for Home Affairs I D Swami informed the Rajya Sabha today.

While there were 6,637 deaths during 1999, 6,975 deaths were reported by the National Crime Record Bureau during 1998. Mr Swami said in a written reply.

Rape laws: The Law Commission, in its 172th report on "review of rape laws", has recommended changes in sections 375, 376 and 376A to 376D of the IPC, 1860. Mr Swami said, adding that the Commission had also recommended higher punishment for the offence under section 509 of the IPC.

Treaty: Minister of State for Home Affairs Vidyasagar Rao said India has proposed to conclude a treaty on mutual legal assistance in criminal matters with the US, which seeks to improve effectiveness of the two countries in the

matters of investigation, prosecution and suppression of crime.

Ministers: The code of conduct for Ministers to furnish a declaration by each of them regarding their assets and liabilities have been brought to the notice of the Council of Ministers and statements from 17 have been received in this regard. Mr Swami said.

Power: The Government will make it mandatory for all private power distributing companies to

Questions in RS

bring their operations under insurance cover as a measure of protection from future natural calamities. Energy Minister P R Kumaramangalam informed the Rajya Sabha today.

Textiles: No State Government has responded positively to the Centre's proposal for takeover of the National Textile Corporation (NTC) Mills, the Rajya Sabha was informed today.

The Centre had offered in 1997

to the State Governments where NTC Mills are situated that they take over the mills at a nominal cost or even free of cost provided they are willing to accept the responsibility of running the viable mills and protecting the interest of the workers.

Poverty: As per the latest estimates of poverty obtained by the Planning Commission, 48.11 per cent of the Scheduled Caste and 51.94 per cent of the Scheduled Tribe population lived below the poverty line in rural areas in 1993-94. Such figures for the urban areas are 49.48 per cent and 41.14 per cent respectively. Among the entire population, the percentage of people living below the poverty line is estimated at 37.27 in rural areas and 32.36 in urban areas, the House was informed.

Panchayat: Arunachal Pradesh, Assam, Bihar, Delhi and Pondicherry are yet to conduct panchayat elections after the 73rd constitutional Amendment Act, 1992.

(Agencies)

THE HINDUSTAN TIMES

18 MAY 2000

Misreading the QR challenge

There are, as yet, few signs of a comprehensive response to the challenge posed by the removal of quantitative restrictions on imports. To the extent that a strategy can be culled out of official statements, it consists essentially of monitoring the industries that are hit and providing them with protectionist barriers. Such a strategy is obviously not in the interests of the Indian consumer. It is being justified in terms of the need to protect Indian industry. But the value of this strategy for Indian industry too is suspect.

A part of the problem for industry lies in the nature of protection. The spirit of the WTO agreement demands the removal of all non-tariff barriers. In order to be consistent with this spirit the protection that is to be offered must take the form of tariff barriers. But tariff barriers only protect Indian goods against competition on price. They do little or nothing to protect Indian goods against competition from foreign brands. Indeed, the higher price could serve to give the foreign brand an even more exclusive character than it has at home. There are several examples of brands that appeal to the middle and lower middle classes in the United States, like KFC, gaining an upper class image in India. Tariff barriers are thus unlikely to offer protection in the elite segments of individual industries, whether it is against Scotch whisky or Colombian coffee.

These limitations of tariff barriers has led to a demand to follow the letter of the WTO agreement rather than its spirit. Non-tariff barriers could then be resurrected making

use of specific elements of WTO agreements such as safety standards. It has been argued, for instance, that the import of second hand left-hand drive cars could be banned on the grounds of it being a safety hazard. Such measures will undoubtedly be challenged in the WTO but there have been instances of other countries getting away with such surrogate non-tariff barriers. Such protection through the back door will appear attractive to industries that fear a flood of imports. And if there are a sufficient number of such diffident industries, they could succeed in getting the government to adopt this strategy.

Unfortunately, what appears beneficial to an industry when seen in isolation can become a millstone around its neck when seen in the context of the economy as a whole. It does not take great insight to recognise that the modernisation of the economy requires a fundamental structural change.

Historically, development has taken the form of agrarian economies being transformed into industrial ones. In present day economies this transformation could take other forms. There is a possibility of the agrarian economy being directly transformed into an economy dominated by services. Within the non-agrarian sector itself, some industries

The raising of non-tariff barriers will shut out global price signals to the domestic economy, argues Narendar Pani



should take were still provided by the market. It is important to reiterate this well-known lesson of twentieth century economics because of the tendency to slip back into old habits.

The protectionist response to the removal of quantitative restrictions is an example of such a regression. The raising of non-tariff barriers will shut out global price signals to the domestic economy.

Industry could then go on producing items where India has no natural advantage, simply because they have done so in the past. Industry will also not be able to spot new opportunities that the global economy throws up. And, insulated from the rest of the world, the government could end up protecting industries that are becoming obsolete in a rapidly changing global economy.

What is more, Indian industry may not even be the main beneficiaries of such protection in individual industries. As foreign direct investment continues to flow in, foreign capital too has an opportunity to function in the protected environment. Foreign investors could come into the Indian market with products that are more advanced than what exists in India, but far from being the state-of-the-art products of the developed world.

In such an eventuality India could easily become the dumping ground for technologies that are becoming obsolete in the advanced world. Indeed, the phenomenon of foreign companies leading the chorus for protectionist barriers in the Indian market could be a foretaste of things to come.

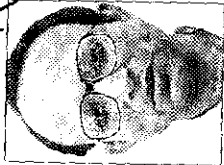
Protecting the interests of Indian industry is thus very different from protecting individual Indian industries. If we accept that development necessarily involves the structural transformation of the Indian economy, Indian industry can only benefit by having complete exposure to the signals the global market offers. It would, in fact, be very unfair to expect Indian industry to operate in a globalised economy without the benefit of these signals.

None of this is to suggest that this structural transformation will be painless. Far from it. The market is a ruthless mechanism. It will shut down industries irrespective of whether alternatives exist for those involved in those industries. Even in industries that are, as a whole, successful, there will be start-ups that fail. It will take a major initiative by the government and industry to reduce these costs.

Among other things, workers will need a social security net, entrepreneurs will need incubators and traditional industries will need to restructure to develop the flexibility the modern economy demands. Ignoring this massive, urgent task and trying to keep the problem out by protecting individual industries is like a soldier on the war front believing he is secure because he has put his fingers in his ears.

India should prosecute OPEC in WTO

We live in the WTO era of rule-based trade. aimed at increasing competition and removing distortions. Yet there is an absolutely huge exception to this rule called OPEC.



(Organisation of Oil Exporting Countries). This cartel brazenly aims to manipulate production to fleece do not always succeed. The very jacking up of prices spurs R&D on energy conservation. And smaller members often cheat on production quotas, so that prices fall instead of rising. Yet in the last year OPEC has made cartelisation work, so the world price has tripled from \$10 per barrel to \$30 per barrel.

The USA has leaned on its friends within OPEC, notably Saudi Arabia, to increase oil production and bring down the price to \$20-25 per barrel. But this avoids a more basic question: Why does the world community not impose sanctions on the cartel and the over-use of industrialised ones.

ensure its break-up? Clearly the very existence of OPEC is anti-competitive. India is now a huge importer of energy, and its dependence on imported energy will rise further in coming years. But India by itself cannot take on OPEC. Rather, it must raise the issue within WTO, and seek multilateral action to stop the fleecing of oil consumers.

This means a sea change in political attitudes. When OPEC quadrupled oil prices in 1973-74, India's foreign exchange reserves disappeared. Yet it supported instead of castigating OPEC. This was ironic. When multinational oil companies cartelised the world price at \$2.79 in the 1950s, India complained of exploitation. Yet when OPEC raised the cartelised price to \$10 in 1973, India kept discreetly quiet about exploitation, and even gave a cheer or two.

Why? First, it felt safer groveling than standing up. Second, it thought, with incredible naivete, that if oil could be cartelised, so too could all commodities, and this could be a way for all developing countries to enrich themselves at the expense of industrialised ones.

Third, India believed that OPEC would use its petrodollar clout to improve trade and aid concessions for the whole Third World.

In retrospect, this approach was hilariously off the mark. Grovelling got India nowhere. Cartelisation for other commodities like iron ore proved impossible, and even the oil cartel collapsed in 1985. And, far from getting developing countries more

SWAMINATHAN S. ANKLESARIA AIYAR

Swaminathan S. Anklesaria Aiyar

back nostalgically to the Cold War days and non-aligned bloc, forgetting completely the way we were exploited (and are still being exploited) by the oil cartel. And the oil lobby in the US is delighted with the rise in oil prices.

US anti-trust legislation makes it illegal for producers to collude to raise prices.

This is why the US government has fined multinational vitamin producers and is prosecuting Microsoft. It is also probing suspected collusion between the two biggest auction houses, Sotheby's and Christie's. This may protect

importers of energy. So they have a common interest in preventing cartelisation of world energy prices. This should have been a key topic for Bill Clinton and Atal Behari Vajpayee to discuss at their recent meeting. Yet it was not even on the agenda.

Why not? Because special interests in both countries have other private agendas. Many political parties and ministries in India hark

the interests of rich art collectors. But surely it makes more sense for the US to probe cartelisation of oil, which siphons billions from ordinary motorists. Logically, it should prosecute government-owned oil companies in OPEC countries, sequester OPEC assets in the US, and arrest any OPEC oil minister who steps into the USA. Why has it not done so? Because it is reluctant to move against cartellers who happen to be governments rather than corporations. The State Department and Pentagon view many OPEC countries as valuable allies. Yet the plain fact is that crooks who fleece you on oil are no different from crooks who collude to raise the price of vitamins or paintings.

The second reason for US reluctance to act is its own oil producers, notably those based in Texas, who are major beneficiaries of cartelisation. Many of them are engaged in oil exploration in OPEC countries, and fear that anti-trust action against OPEC could jeopardise their foreign operations. When OPEC collapsed in the mid-1980s, Texan senators virtually begged

OPEC to push up prices again (this was called a plea for stability). So this combination of big oil, the Pentagon and State Department has put paid to any US anti-trust initiative against OPEC. Instead, the US has used diplomatic pressure on OPEC, viewing cartelisation as a diplomatic rather than anti-trust issue. But even governments are answerable in forums like WTO, which seeks to lower global trade barriers.

Cartelisation is a far more objectionable barrier to trade than quotas or tariffs. India needs to realise that Third World unity has proved meaningless at WTO: what works in that organisation is a combination of countries with similar interests, like the Cairns Group on agriculture.

India needs to raise the cartelisation of oil as a WTO issue, and canvass support from other oil-importing countries. If India moves positively, the US and other western nations will find it difficult to adopt the position that protecting Indian small-scale industries is bad, but hurting consumers of oil is acceptable.

G-77 meet to focus on economic issues

Udayan Namboodiri
New Delhi, April 5

THE SOUTH (G-77) Summit, to be held in Havana next week, will consider the setting up of a high level body to sharpen a developing country's perspective on economic issues of the 21st century.

The Draft Havana Action Programme, circulated among member countries, proposes it be named the "High Level Inter-governmental Committee to Elaborate a South Platform for the 21st Century."

This is envisaged as part of a new strategic objective to reinvigorate international development co-

operation. It is also hoped the summit would result in more meaningful North (read rich) - South (read developing) dialogue.

Recognising the prevailing helplessness faced by developing countries which has resulted in their collective marginalisation by the Group of Seven (G-7) nations, the forthcoming summit will witness a conscious effort to work out a common platform from where a common stand can be taken on key issues.

The proposed Committee will work through 11 working groups. These will be organised along issues like international trade, finance for development with

emphasis on international taxation, capital flows, external debt, transnational corporations, the environment-development interface, intellectual property, cultural identity, multilateral organisations, media and development cooperation.

Union Minister for Human Resources Development (HRD) Murlu Manohar Joshi, who will be leading the Indian delegation, will be making a pitch for greater south-south linkages. India has always been an advocate of a science and technology oriented programme of shared growth.

At the G-15 Summit in Jamaica in February 1999, India had pro-

posed the "strategy sector"-based cooperation policy with focus on core technologies like communications, biotechnology and infrastructure.

This is in line with the Plan of Action adopted at the 1998 Bali conference which, the Havana Draft for Action states, went largely unimplemented.

In spite of detailed outlining of the process of experience and information sharing, the Bali declaration went underutilised. Now there is a suggestion that regional groupings of developing countries should establish joint working groups to study and assess the fast changing situation.

THE HINDUSTAN TIMES

6 APR 2000

HD-13
10/4

G-77 nations to discuss new ways of cooperation

By Hasan Suroor

HAVANA, APRIL 9. Leaders of the Group of 77 countries, representing the developing world, have gathered here in full strength for the first South Summit beginning tomorrow to discuss new ways of sticking together in the post-Cold War climate dominated by one superpower and its geopolitical interests.

The dramatic changes in international relations following the end of the Cold War and their impact on the traditional models of development would be the main theme of the four-day summit to be opened by the Cuban President, Dr. Fidel Castro.

India, which played a key role in initiating the south-south dialogue, would be represented by the Human Resource Development Minister, Dr. Murli Manohar Joshi, leading an official-level delegation on behalf of the Prime Minister, Mr. Atal Behari Vajpayee. Mr. Vajpayee was originally supposed to attend the meet, but it has not been explained why he changed his plan. The Pakistani Chief Executive, Gen. Pervez Musharraf, is expected here and there is a great deal of interest

whether he would raise the Kashmir issue or, for a change, concentrate on other matters.

Dr. Joshi would put across India's perspective on the new global order and how the country is facing up to it. A point he is likely to emphasise is that globalisation has its pitfalls and there is a need to hasten cautiously. He has been arguing against blindly accepting alien models of development not suited to local conditions and temper, and is likely to elaborate on this while addressing the summit. He would reiterate India's known position on the developed nations' attempt to link trade with social issues, and argue that globalisation should not lead to erosion of cultural identities of individual nations.

The summit would adopt a Havana Action Programme identifying key areas of common concern to the people of the South. It is expected to be a sharply focussed document eschewing the generalities which normally mark declarations adopted at international conferences. The idea, it is said, is to focus on specific issues and recommend "strategic initiatives" to be pursued within a prescribed time-frame.

A draft of the programme, now in circulation, identifies four "critical areas" of common interest to the countries of the south: globalisation, knowledge and technology, south-south cooperation and north-south cooperation. The programme would "guide our collective thinking and action in the immediate period to come (and) would also serve as a foundation on which to build and evolve our policies and actions in the future."

The summit is being held in an environment fundamentally different from the time when the Group of 77 was launched. While at the political level the end of the Cold War has resulted in a number of "profound geopolitical changes in the structure of international relations", in the economic sphere there has been a resurgence of "neo-classical economic orthodoxy" with emphasis on market forces and the dominant role of the private sector.

The heads of state and governments from over 100 countries have their work cut out as they prepare to respond to these challenges without either appearing to be ostrich-like or making too many compromises.

30 APR 2000

Nasdaq sees 2nd worst single-day decline ever

Elizabeth Smith
NEW YORK 11 APRIL

The Nasdaq composite index on Monday suffered its second worst single-day point decline ever, with most of the drop coming in the late afternoon. Nasdaq's technology-laden composite index closed down 258.28 points, or 5.81 per cent, at 4188.49. Nasdaq's drop on Monday also ranked in the top 10 one-day percent declines. About 1.44 billion shares were traded, one of the lightest trading days of the year to date.

The market's daily trading volume has averaged about 1.81 billion shares a day this year. It reached a new daily record on April 4, when volume totalled 2.9 billion shares. "Yes (the Nasdaq) is down, but on no volume," said John Giovannello, who heads over-the-counter trading at CIBC World Markets in New York. "It was just so quiet that you couldn't



CNBC correspondent Tom Costello reports on the day's trading at the Nasdaq MarketSite in New York's Times Square on Monday

get a handle on what was going on. It really happened in the last half an hour." The Monday drop came a week after the index suffered its worst-ever decline — 349.15

points on April 3. The Nasdaq 100 index of top stocks dropped 293.27 points, or 6.83 per cent to close at 3998.26. The Dow Jones industrial average was up 75.08

points at 11186.56. Nasdaq has tumbled 17 per cent since March 10, when it hit a record high of 5048.62. For the year, the Nasdaq composite index is still up 2.9 per cent as opposed to the Dow's decline of 2.7 per cent.

"It's a reaction to last week's decline because last week's decline broke the back of sentiment," said Roy Blumberg, money manager at Sheer Asset Management. "It's a case of people needing to do some damage control and cut their positions." Internet routing equipment maker Cisco Systems, the most heavily weighted stock in the composite, lost 2-3/8 to close at 72-9/16. Microsoft, the second most heavily weighted stock in the composite, slid three to 86-1/16. Database software maker Oracle lost 4-5/8 to 82-1/2. Intel, the world's leading maker of computer chips, fell 5-11/16 to 131-1/8.

—Reuters

US treasuries rise on another bleak day for techs at Nasdaq

Ross Finley
NEW YORK 11 APRIL

US TREASURIES rose on Monday on safe-haven buying as the technology-heavy Nasdaq stock index plunged nearly 6 per cent and as investors hung onto rapidly-appreciating government securities.

"There's a certain need for Treasuries for insurance reasons against what can go wrong in the world at any given time, and with less and less Treasury supply that's all it takes" to push prices higher, said Vincent Verterano, head of government trading at Nomura Securities International.

The Nasdaq tumbled 258 points, or 5.8 per cent, on Monday, erasing all of Friday's substantial 4 per cent gain, sparking buying in Treasuries against stock weakness.

While the 30-year bond rose sharply on Friday on speculation that the Treasury would soon step up its \$30 billion debt buyback programme, dealers said robust demand for 10-year notes led the market higher on Monday.

"Reduction in supply (and) new benchmark status in the 10-year note is coming into play, in that more and more people (are buying) 10's rather than bonds," said Thomas Este, head of fixed-income sales and trading at Daiwa Securities America Inc.

10-year notes ended at 17/32 at 105-12/32, yielding 5.77 per cent. The 30-year bond was at 12/32 to 108-10/32, yielding 5.67 per cent. Two-year note jumped 5/32 to 100-13/32 yielding 6.27 per cent. Five-year notes also rallied, up 14/32 to 99-8/32, yielding 6.06 per cent. — Reuters

Asian stock markets drop in tandem

Singapore
11 APRIL

ASIAN STOCK markets lost ground on Tuesday on the heels of the sharp overnight slide in US technology shares but the region's losses were less severe than those suffered on Wall Street. Japan's share market largely resisted the pull from Nasdaq's plunge to end slightly higher.

The US dollar and the euro gained against the yen in afternoon trading in Tokyo, supported by bids from Japanese investors reallocating assets for the new business year and the expectation of Group of Seven concern over the yen's strength at their finance meeting on Saturday.

Tokyo's benchmark Nikkei average ended 0.4 per cent lower at 20,522.52 but some blue-chip technology and drug sectors found support. "Considering Nasdaq's downward impact, Tokyo is doing pretty good. It was saved by buying in the drug makers and high-tech firms with strong earnings," said Hidenori Karaki, an equity manager at Tokyo Mitsubishi Perso.

The Nasdaq on Monday, it declined. The Industrial Average



END OF THE ROPE TRICK

Passersby walk past an electronic board displaying the movements of the Hong Kong Stock index on an electronic board outside a Hong Kong bank on Tuesday

Hong Kong stocks were trading lower as the Nasdaq dive sent shivers through the local market, with investors scurrying away from volatile high-technology counters.

The benchmark Hang Seng Index was 2.2 per cent lower at 16,479.74 in mid-afternoon

trade, dragged down by profit-taking in market heavyweight China Telecom (Hong Kong) Ltd before the release of its final results for 1999 on Thursday. "We are held hostage by the Nasdaq," said Geoff Galbraith, deputy head of institutional sales at Dao Heng Securities. "But I don't think the market will drift down too much if Wall Street stabilises."

Australian stocks also traded lower as the Nasdaq fall sparked selling in technology, media and telecommunications stocks. The market was led lower by heavyweight News Corp. The old All Ordinaries index closed one percent lower at 3,155.

South Korean telecommunications and technology shares also tumbled. The benchmark Korea Composite Stock Price Index (Kospi) ended 1.74 per cent lower at 855 points. "Nasdaq's plunge swept the local equity market," said Park Jin-gon, a strategist at Daewoo Securities. "Investors hurriedly dumped tech shares, taking steam out of both the main exchange and the OTC market."

Analysts said profit-taking hit companies that were bought on hopes they might benefit if a planned June summit between North and South Korea, announced on Monday, leads to business opportunities north of the well-fortified border. — Reuters

PAK. SHOWS RESTRAINT AT G-77 SUMMIT

Castro attacks West's 'exploitative' policies

By Hasan Suroor

HAVANA, APRIL 13. Much to the relief of Indian diplomats, Pakistan eventually opted for restraint with Gen. Pervez Musharraf in his speech at the G-77 summit here carefully avoiding any reference to contentious bilateral issues. After the Human Resource Development Minister, Dr. Murlu Manohar Joshi's sharp reference yesterday to "state-sponsored cross-border terrorism", Pakistan was widely expected to return the compliment.

Gen. Musharraf did make the point that the G-77 fraternity had certain bilateral problems which must be settled through a dialogue so that they could get on with the job of governance, but that was about it. Even after allowing for between-the-lines nuances his tone was one of cultivated reasonableness.

Post-Colombia and post-Havana. Pakistan is seen to be consciously engaged in toning down the rhetoric and projecting a softer image of itself in international fora.

Behind the scenes, meanwhile, both New Delhi and Islamabad are battling to get their viewpoints incorporated into the Havana Declaration and the Plan of Action — the two key documents which the summit would adopt on Friday before dispersing. India has a formulation on democracy which Pakistan might have difficulties with, while Pakistan's insistence on focussing on human rights clearly has more to it, from the Indian point of view, than meets the eye.



The U.N. Secretary-General, Mr. Kofi Annan, being greeted by the Cuban leader, Mr. Fidel Castro, at the G-77 summit dinner at Havana's Palace of the Revolution on Wednesday. — Reuters

A highlight of the summit was the Cuban President, Dr. Fidel Castro's speech mercilessly attacking the rich countries for their "exploitative" policies vis-a-vis the third world, particularly singling out the U.S. as the villain of the piece.

Dr. Joshi, with his strong belief in "swadeshi", must have quietly applauded Dr. Castro when he warned against indiscriminate globalisation and "free" trade. "In the hands of the rich countries, world trade is already an instrument of domination which under neo-liberal globalisation will become an increasingly useful element to perpetuate and sharpen inequalities..." It was vintage Castro: an explosive mix of passion and cold analysis.

AP reports:

"Another Nuremberg is required to put on trial the economic order imposed on us," Dr. Castro said, referring to the trials held after World War II in Nuremberg, Germany, to judge Nazi war criminals. The current global economic system "is killing by hunger and preventable or curable diseases more men, women and children every three years than all those killed by world war II in six years," he said.

"It is high time for the third world to strongly demand the removal of (the IMF), which neither provides stability to the world economy nor delivers preventive funds to help debtors avoid their liquidity crises; it rather protects and rescues creditors," he said.

14 APR 2002

G-77 wants greater stake in globalisation

ASSOCIATED PRESS

HAVANA, April 14. — Mixing barely concealed anger with a conciliatory attitude, dozens of Third World leaders were unveiling a strategy today to combat poverty enveloping half the globe's population and join the industrialised world in its technology revolution.

Concluding a three-day summit in Havana, leaders of the Group of 77 vowed to press for a greater say in multilateral lending institutions, the World Trade Organisation and the UN Security Council.

All have one objective, the leaders said in draft summit proclamations issued yesterday: to give the majority of the world's poor a real stake in globalisation — an economic order they say so far has entrapped millions in poverty and threatens the stability of developing nations.

"Nothing we say or do will have any true meaning for our people unless we can significantly and quickly reduce the shameful number of those who live in poverty, even as more people than ever become millionaires," declared Belizean Prime Minister Said Musa.

"One day, humankind will be called to account: How come you never made no connection between growing poverty for the many and booming wealth for a few?"

Protests in Washington

WASHINGTON, April 14. — Police in Washington DC are waging a battle of wits with protesters who vow to disrupt meetings of world finance ministers on Sunday and Monday. Symbols of the psychological battle were laid out on a street corner yesterday when police chief Mr Charles Ramsey plunked down on the sidewalk metal and plastic tubes, chains and chicken wire.

Some 300 tubes and other equipment were seized from two protester vehicles on Wednesday night. Mr Ramsey readily admitted that his officers knew from intelligence operations that the devices were coming. From the protester side, the tubes — dubbed "lock boxes" or "sleeping dragons" — represent a new way to keep police from easily breaking human chain blockades. — AP

The G-77 — which since its founding in 1964 has grown to 133 member countries, representing 80 per cent of the world's population — vowed to consolidate its presence in international financial centres. The South African President

Mr Thabo Mbeki, said the protests in Washington against the IMF and World Bank meetings are evidence of a rising consciousness in the developed world of Third World poverty. "The people who elect the governments are beginning to come back into the streets to say there is a problem," Mr Mbeki said.

Inadvertently underscoring the G-77's point, the World Bank reported yesterday that the global financial crisis of 1997-98 had dealt a setback to efforts to relieve poverty. Some 1.2 billion people were forced to get by on less than \$1 a day in 1998, it said. Fifty-seven per cent of the world's population existed on just 6 per cent of world income.

Mr Said Musa, echoing complaints by many fellow leaders in Havana, insisted that despite austerity measures imposed on Belize by the IMF and World Bank, a third of his nation's 200,000 people were destitute.

"They told us these measures would stabilise our economy. Instead, they have stabilised poverty," he insisted.

Yet the draft summit declaration called for close cooperation with the industrialised world. "It is imperative to promote a North-South dialogue based on the spirit of partnership, mutual benefit and genuine interdependence," it said.

THE STATESMAN

15 APR 2000

Russia's Duma begins START-2 treaty session

MOSCOW: Russia's state Duma, the lower house of parliament, met on Friday for a session during which it is likely to ratify the START-2 nuclear arms reduction treaty — seven years after Washington and Moscow first agreed the deal.

Deputies in the 450-seat chamber were first due to discuss the aluminium industry before closing the doors to the media to handle the START-2 treaty. The draft agenda allocated 20 minutes to the debate. Officials said music would be played in the lobby to thwart journalists' efforts to eavesdrop on the proceedings in the chamber.

START-2 cuts U.S. and Russian nuclear warheads from 6,000 to no more than 3,500 on each side by 2007. The U.S. senate ratified the treaty in 1996. If deputies vote in favour, President-elect Vladimir Putin will be able to fly to London on Sunday on his first trip to the west with proof he has stamped his authority on the Duma.

The significance of that will not be lost on British and others contemplating a safe return to greater investment in Russia. It will also show the International Monetary Fund that Putin can push through reforms and so secure new loans. It could also give a boost to arms control talks.

"Delaying ratification of START-2 was practically the entire arsenal of measures Russia had to respond to the west if it ignored Moscow's point of view," said daily newspaper *Trud*. "Now there is no reason and no point to delay." (Reuters)

Rich nations should share wealth: Third World leaders

ASSOCIATED PRESS
HAVANA, APRIL 15

HAVING denounced an economic order they say impoverishes millions and threatens the stability of developing nations, dozens of third world leaders debated ways to convince the globe's economic powers to share the wealth.

Beyond trying to shame industrialised nations into action with sobering statistics on the widening gap between rich and poor, hunger and infant mortality rates, leaders at the Group of 77 summit also sought common ground among themselves on Thursday.

Since its founding in 1964, the Group of 77 has grown to diverse group of 133, representing 80 per cent of the world's population.

"They want us to dance to the tune they're playing," Venezuelan President Hugo Chavez declared in an animated speech. "We cannot dance to the tune they're playing in the name of globalisation. We will dance to our own tune."

Chavez called upon developing nations to promote trade among themselves, citing as an example Mexican-Venezuelan pact that provides oil to Central American



Cuban President Fidel Castro greets Pakistani military leader Pervez Musharraf during a lunch break of the Group of 77 summit of developing nations in Havana on Thursday - AP/PTI

and Caribbean nations at discount prices.

A draft summit declaration challenges industrialised nations to dialogue without provoking them, said Abelardo Moreno, director of multilateral affairs for Cuba's foreign ministry.

Forty foreign ministers in Havana urged the UN to take a more active role in economic development and technology transfers to poorer nations, and also demanded democratisation and transparency for the Security Council, including permanent

council seats for developing nations. Ministers also called for decision-making roles for developing nations in key lending institutions such as the World Bank and the IMF, which they said impose "unachievable" austerity conditions in

They ranged from Brunei - an Islamic sultanate of 360,000 whose per capita gross domestic product is among Asia's highest, at \$14,800 in 1997 - to Malawi, an impoverished southeast African nation of 11 million where 60 per cent of the people live in poverty and 265,000 have died from AIDS-related illnesses.

The summit came as IMF officials in Washington argued yesterday that freer trade and greater integration of the global economy offered the best hope of lifting millions out of poverty. Thousands of demonstrators planned to protest globalisation's impact during IMF and World Bank meetings beginning there on Sunday.

South African President Thabo Mbeki said the protests are evidence of a rising consciousness in the developed world of third world poverty. "The people who elect the governments are beginning to come back into the streets to say there is a problem," he said.

Anti-poverty strategies presented at the Havana summit sometimes conflicted - reflecting the wide-ranging ideologies and states of development of member nations.

Inflation report trips Nasdaq

NEW YORK, APRIL 15. The U.S. stock market suffered a history-making collapse that shook professional and armchair investors alike on Friday.

Already weary from days of heavy selling, investors panicked after the Government released a surprisingly bad inflation report. As prices tumbled, many who bought stocks with borrowed money were forced to sell to repay loans, accelerating the downward spiral.

The Dow Jones industrial average fell 617.78 points, or 5.7 per cent, to 10,305.77 — by far its biggest one-day point drop ever. At its lowest point, the Dow was down 722 points.

The Nasdaq composite index, home to the technology stocks whose popularity has evaporated, also suffered its worst point drop ever — down 355.49, or almost 10 per cent, to 3,321.29.

"We had a semi-panic, almost a full cascading deterioration," said Mr. Ned Riley, chief investment strategist for State Street Global Advisors. "The real question is, have we reached the nadir of emotion?"

Mr. David Hummel, a 23-year-old computer engineer, has seen the \$ 12,000 tax refund he invested three weeks ago cut in half. "The bears aren't just growling, they are roaming the streets. I'm just glad I don't have a wife I have to explain this to," he said while seeing the flashing stock quotes of the Nasdaq marketsite in Times Square.

It has been one of the worst weeks in U.S. market history.

The Nasdaq fell a record 1,125.16 points, or 25.3 per cent, and is now down 34 per cent from its peak, well into the territory investors term a bear market. The Dow shed 805.71 points. The 7.3 per cent drop was the fifth biggest since the start of 1987. The blue chip index is now 10 per cent off its peak.

The sell-off decimated several sectors, including computer software and semiconductors, brokerage companies, banks and transportation.

The trigger for the collapse was the Labour De-



Two traders looking at the board for the final numbers after the close of trading at the New York Stock Exchange on Friday. Stock prices plunged on Saturday as investors responded to new inflation reports with furious selling. — AP

partment's announcement that consumer prices rose more than expected in March, reflecting higher costs for everything from gasoline to housing. — AP

Ice for the economy?: Page 13

16 APR 2000

Shake up finance system: G-77

HAVANA, APRIL 15. Representing 80 per cent of the world's population, leaders of developing nations have called for a new global human order to spread the world's wealth and power.

"From now on, we will play our part in shaping this order into one that is just, fair and mutually beneficial to all sides," said the Nigerian President, Mr. Olusegun Obasanjo, chairman of the Group of 77 summit that concluded here late on Friday.

The three-day summit in Havana was the first by the Group of 77, which has grown to include 133 countries since its founding in 1964. The summit saw the group expand from a U.N. lobbying bloc into a more formal organisation meant to negotiate with groups of wealthy nations.

At the end of the summit, the Cuban President, Dr. Fidel Castro, promised to supply 3,000 doctors for a third world health programme, saying the overall plan "could save at least one million

lives each year in Africa". He also accused the developed world of poisoning the earth through pollution.

"We fight for the most sacred rights of the poor countries. But we are also fighting for the salvation of this first world, which is incapable of preserving the existence of the human race ... And much less of governing the world," Dr. Castro said.

Dozens of leaders complained that globalisation of the world's economic and information systems had done little but damage their countries, despite their great promise.

Resolutions adopted late on Friday called for a shake-up of the world's financial systems to give developing countries greater say over economic and trade policies, for forgiveness of foreign debts and for sharply increased foreign aid.

The summit came on the eve of a meeting starting on Sunday in Washington of the International

Monetary Fund and the World Bank — two organisations sharply criticized by many leaders here who claim they force governments to make painful policy changes in exchange for aid.

The World Bank reported on Thursday that the global financial crisis of 1997-98 had dealt a blow to efforts to relieve poverty. Some 1.2 billion people were forced to survive on less than \$ one a day in 1998, it said. Fifty-seven per cent of the world's population existed on just six per cent of world income.

The draft resolutions called for "a new global human order aimed at reversing the growing disparities between rich and poor," with countries of the south given the right to "participate on an equal footing in decisions which affect them". The summit said the U.N. should play a stronger role in economic affairs, and called for delegates from the G-77 to negotiate with groups of wealthy countries. — AP

THE HINDU

APR 2000

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G-24 calls for integration of poor into global trading system

By Sridhar Krishnaswami

WASHINGTON, APRIL 16. Although several emerging market economies have returned to a faster growth trajectory in the aftermath of the financial crisis, there are significant risks, vulnerabilities, constraints, high levels of poverty and debt in many parts of the developing world. In this context, the excessive hikes in short-term interest rates in major industrial nations may negatively affect global growth prospects and the cost of credit for the developing nations, say the Ministers of the Group of Twenty-Four.

In a joint communique at the end of the 63rd meeting here, the Ministers of the G-24 have also emphasised the need for a well-sequenced and balanced approach toward the further integration of developing countries, the poorest in particular, into the global trading system. The Ministers have taken the position that the World Bank and the regional development banks have an important role to play in capacity building and infrastructure development "to further and accelerate" such an integration.

"The BWIs (Bretton Woods Institutions) must continue to provide effective support in the research on trade barriers and to assist developing countries to increase their capacity to identify and defend their interests," the G-24 said. The Ministers have also expressed support to ongoing efforts to develop ways to hedge against severe fluctuations in commodity prices.

At a time when there is a lot of attention on issues of debt and the plight of the poorest in the international system -- both inside the World Bank and IMF buildings, and outside by way of the street protests -- the G-24 has ex-

pressed serious concern over the insufficiency of bilateral contributions from donor countries to 'Heavily Indebted Poor Countries Initiative Trust Fund' that would finance the share of debt relief from the World Bank and other multilaterals.

The G-24 has further cautioned that the debt service forgiveness granted by IDA to cover its own share of debt relief may compromise the future availability of IDA lending for the HIPC and Non-HIPC Initiative. "More generally, slow legislative action on the part of the industrial countries for the funding of the components of the HIPC initiative is delaying their bilateral contributions, including for the transfer of the remainder of the investment income from gold transactions to finance the IMF's share," the communique says.

Mechanism of funding

One of the important issues that the G-24 has addressed is the mechanism of funding for the HIPC initiative, the argument being that the present arrangements shift a disproportionate burden of the cost of the initiative to other developing countries, including other HIPCs, and other poor countries. With the present arrangements also requiring a substantial contribution from multilateral organisations, these institutions were encountering difficulties in financing their share of the HIPC debt relief.

In order to secure the success of the HIPC initiative, the Ministers have suggested that a strategy be developed to address these problems that would include the provision of additional bilateral and multilateral grants to support contributions from developing nations and regional institutions. "Particular attention should be given to providing financial

support that would allow the participation of those developing countries whose claims on HIPCs represent a high proportion of their GDP and exports," the G-24 observed.

In welcoming the debate both within and outside the Bretton Wood Institutions on the reform of the international financial system, the Ministers of the G-24 expressed serious concern about proposals for the reform of the BWIs in ways that would deprive access to either the IMF or the World Bank Group's resources for any group of members, especially the poorest. The Ministers have also regarded the proposals for raising the cost of access to the BWIs facilities as shifting the burden of resource provision from one set of developing countries to another.

Call for transparency

At a time when there has been considerable criticism from the outside over the manner in which the Managing Director of the IMF and the President of the World Bank are chosen, the Ministers of the G-24 have called for a process that is "transparent, involves the entire membership through the Executive Boards and allows the selection of the best candidate from any part of the world".

On transparency, the G-24 argued that this concept is crucial for the demonstration of ownership, promotion of accountability and good governance, for attracting private capital flows to developing countries and for crisis prevention. The Ministers also stressed that transparency must be applied uniformly to all players in the international system -- the developed and the developing world, and private, public and multilateral institutions alike.

THE HINDU

THE HINDU

17 APR 2000

WTO predicts a rosier future for world in 2000

Sheila Mathrani
GENEVA 17 APRIL

IN ITS preliminary report on trade developments in 1999, and outlook for this year the World Trade Organisation (WTO) predicted a rosier outlook for world trade than in 1999, just at the eve of the annual IMF meet.

However these predictions, it states, are based on the assumption that the oil price will recede from its first quarterly rate of \$30 per barrel level to a range of \$20-\$25 per barrel, and the avoidance of a major financial market turbulence (in particular a sudden sharp correction of stock markets and the dollar rate) in the remaining months of the year.

However, with the turbulence in the financial markets having begun on April 14, WTO's predictions could go askew, for, according to economists, a sharp correction of the stock markets, together with a marked slowdown of US demand and imports, could alter the trade forecast significantly.

The report states that at nearly \$350 billion, the US merchandise trade in 1999 exceeded the total imports of Japan. Therefore, a disruptive adjustment of the current external imbalances will be a major risk to trade growth in the near future.

India's imports in 1999 increased by 1 per cent, its share being at 0.8 per cent of world imports. India's exports showed an annual percentage change in 1999 to 9 per cent, from a minus 4 per cent in 1998, with its share of world exports at 0.9.

WTO predicts (based on IMF statistics) that global economic output is expected to accelerate from 3 per cent in 1999 to about 3.5 per cent in 2000. The volume of world merchandise trade growth should reach 6.5 per cent this year, as against 3.5 per cent in 1999.

Though WTO cannot give a detailed review of world merchan-

dise trade by product group in 1999, it states that due to rebounding oil prices world fuel exports have increased in excess of 20 per cent.

There can be a higher growth if there is a higher demand in western Europe and Japan than currently projected.

The WTO report states that in 2000, GDP growth of industrial countries could expand by 3 per cent, or one half per cent faster than in 1999, with a moderately lower growth in the US being more than offset by higher growth in western Europe and Japan.

Latin America and West Asia should see a strong pick-up in their growth after a stagnation in 1999. The African economies are expected to improve. With expansionary fiscal policies of the Asian developing countries having been more important in 1999 than this year, with a strengthening of fixed investment and private consumption the GDP growth of Asian developing countries is expected to be unchanged.

Trade accelerated in the second half of 1999, and mostly affected western Europe, Latin America, West Asia and the transition economies and have had a "carry-over" effect this year. However, in 2000 North America and the developing countries of Asia (which recorded double digit import growth in 1999) are not likely to expand their imports as rapidly in 2000.

In brief, WTO findings on trade developments in 1999 are:

- Strengthening of global output and trade in the second half of 1999 — contributed mostly by Asian recovery and demand growth in North America.
- With the increase in world commodity output in 1999 by 1.5 per cent, same as in 1998 and an increase in world GDP growth by 1 per cent to 3 per cent in one year, the electronic goods (office and telecom equipment) and automobiles sector has grown stronger.

GOOD DAYS AHEAD

The Economic Times

18 APR 2000

TUESDAY, APRIL 18, 2000

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AT THE CONCLUSION of the G-77 Summit at Havana on Friday, the cause of South-South cooperation continues to remain a largely misty horizon. Often regarded as the voice of the developing world in a manifestly inequitable global economic order, the G-77 has seldom focussed its collective thinking on the strategies needed to enhance the economic clout of the developing countries or to promote a pattern of mutual economic cooperation based on complementarities. The Havana declaration only confirms the failure of the leaders of the developing countries to transcend their habitual ritual of the castigation of the North as the embodiment of the vicious evils which have made for the pathetic state of dependence of the South. That over the past several decades, the developing countries have remained largely phlegmatic in relation to the enormous scope for South-South cooperation in the spheres of trade, investment, technology and know-how itself operates as a severe barrier to meaningful new initiatives.

Whether the Havana declaration and the so-called programme of action envisage any qualitative change in the policy perspectives of the G-77 countries vis-a-vis the new challenges posed by the rapid pace of globalisation, stemming from the dramatic advancement of IT, is a moot issue. The call for removal of inequities in North-South trade is only a feeble protest against the WTO regime when the acute need is for a real common ground being established by these countries in their developmental priorities. Nor are the kind of harangues indulged in by the charismatic Cuban President, Mr. Fidel Castro, against the finance capitalism of the West any substitute for pragmatic measures needed for leveraging the internal strengths and resources of the South.

There is a significant divide among the G-77 countries on a wide range of issues which constitute the contentious agenda before the WTO. Dr. Murli Manohar Joshi, deputising for the Prime Minister, seems to have made the rather moralistic affirmation about "conspicuous consumption" in the affluent countries running counter to a globally sustainable pattern of consumption and production. Even if such a formulation is patently inconsistent with what the Havana declaration itself propounds — the sovereign right of countries to choose their own models of development without being hemmed in by external interference — the question is whether the G-77 countries are willing to take a united stand on the dictates of universal import liberalisation being made to them by the WTO. Even on the critical issue of keeping labour standards and environment outside the ambit of the WTO, the Havana declaration seems to be conspicuously evasive.

Is it possible that the break-down of the WTO Ministerial conference at Seattle last year has generated a misperception in G-77 circles that it was the concerted stand of the developing countries (rather than the mutinous opposition of American labour) which led to the collapse of the negotiations? An adamant refusal to participate in future WTO negotiations would not, by itself, afford for the developing countries any immunity from the damaging impact of globalisation. Unless the developing countries strive to work out their strategies for mainstreaming with the global economic order without abandoning the major task of poverty alleviation through employment generation and social safety nets, they could face the calamitous plight of further marginalisation.

18 APR 2000

WEDNESDAY, APRIL 19, 2000

THE NASDAQ REACTION

THE INDIAN STOCKMARKET'S sympathetic response to the sharp declines on the American bourses last weekend has given rise to varied interpretations — some plausible and some far-fetched. The presumption that the Indian markets are globalised because they reflect trends in the international stock prices is premature. There are too many variables that are unique to India and which make such a facile comparison meaningless. For a start, the rupee is not yet fully convertible and very few Indian investors can participate in market activities abroad. Over the past year, the few Indian equity listings on the Nasdaq and New York exchanges have no doubt created a positive sentiment for Indian stocks, but it would be naive to think that many other Indian companies can follow the examples of Infosys and Satyam, or, even if they do, be received with the same level of initial enthusiasm. True integration of the Indian capital market with the outside world is still far off. On Tuesday the markets in India declined even though Wall Street had rallied the previous day.

However, stock prices the world over move as much on sentiment as they do on economic fundamentals. While that might explain why the Nasdaq factor has so often been cited in recent stock analyses in India, it is difficult to see how such a comparison can be stretched beyond the obvious: along with the developed markets, the Indian market too is witnessing a profound transformation. But while it is all too easy to spot the similarities of the market dynamics in both the situations, it is more difficult to comprehend the differences. The recent crash in the global exchanges can be usefully interpreted to learn the right messages.

On Friday the technology-driven Nasdaq exchange recorded its highest one day fall ever, with its composite index losing 356 points or about 9.7 per cent of its value. Happenings in the Nasdaq have mirrored the rapid recent ascendancy of the so-called new economy companies and their stocks — basically those in information

technology, communication and entertainment. At least in stock performance though not in actual financial performance, the new economy companies have eclipsed those in the old economy: those in manufacturing and financial services for instance have seen their market valuations plummet even while the technology companies have soared. To a large degree this bias against the older companies has been seen in the recent Indian stock prices too. Logically, a fall in the prices of these stocks ought to signal a much needed correction in their valuations and equally relevantly make them affordable to the genuine investors. However, that wholesome benefit cannot be claimed yet. There has been a fall in the stock prices across all sectors leading to a belief in some quarters that large scale panic has set in.

If the doomsayers are proved wrong, it might be the start of better times for stock markets everywhere. Realistic valuations, not those based on irrational exuberance, are what the stock markets need. If, for instance, the mushrooming dotcom companies are evaluated more on the basis of conventional investment parameters — their prices must correlate with their earnings — there would be a general and wholly welcome demystification of one important emerging sector of the economy. It would also mean going back to the very basics of stock selection. The stock markets can still become an appropriate mechanism for formulating and testing official policies.

The fall in the American prices was apparently triggered by unexpectedly big inflation figures. Many analysts have however been expecting a correction. In recent times the high share prices have underpinned the sustained economic buoyancy there. In India too there have been very high, probably unrealistic, expectations from the markets. The consequences of the recent falls will be keenly watched by investors as well as macro-economic planners.

19 APR 2000

World trade, employment & poverty — II

By M. S. Swaminathan

APRIL 22 is Earth Day. The focus is on the peril of global warming and the need to accelerate the transition to the solar energy era. Managing the consequences of human-induced changes in climate will undoubtedly be one of the biggest environmental challenges of the 21st century. The Intergovernmental Panel on Climate Change has concluded that "the balance of evidence suggests that there is discernible human influence on global climate". The U.N. Framework Convention on Climate Change adopted at Rio de Janeiro in 1992 was designed to stabilise the concentrations of Green House Gases (GHG) in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Unfortunately, the political will to implement the Kyoto Protocol of the Climate Convention is still lacking in many industrialised countries which are responsible for most of the GHG emission. Adverse changes in the climate as a result of a rise in GHGs in the atmosphere will affect the poor countries and the poor in all nations the most, since they lack the coping mechanisms.

Fortunately, the precautionary principle is now being accepted internationally as a desirable approach in dealing with issues where the available scientific evidence is not yet adequate to arrive at definite conclusions. The Cartagena Protocol on Biosafety agreed to by Parties to the Convention on Biological Diversity at Montreal in January 2000 is another welcome step in incorporating the precautionary principle. Genetic engineering is a very powerful tool since it enables us to manipulate and alter the very blueprints of life. We do not know yet how to measure the benefits and risks. This is why the Cartagena Protocol is an index of the humility with which we should approach issues of great significance to the ecological health of our planet.

A similar precautionary approach will be needed to ensure that free trade does not result in the import of unemployment and poverty. An analysis of the impact of import policies on the livelihood security of the poor is a must if global trade is to become an instrument of poverty eradication. The WTO's Agreement on Sanitary

and Phytosanitary (SPS) measures is likely to be of increasing importance to developing countries. The SPS agreement identifies the FAO/WHO Codex Alimentarius Commission as the agency to set standards for food safety and human health. The FAO's International Plant Protection Convention (IPPC) is responsible for plant health. The FAO/WHO Codex Alimentarius Commission at its 23rd Session held in June-July, 1999, established an Inter-Governmental Task Force on Foods derived from Biotechnology. The Codex Committee on Food Labelling is also working on recommendations for the labelling of genetically modified foods.

As stressed earlier, a major challenge in global trade in agricultural commodities is working towards providing a level playing

field in the market for products made by millions of small farm households, as compared to those produced by highly mechanised and extensive farming, if increasing the rich-poor divide is to be avoided, the international community should establish a Global Facility for Equitable Trade, on the lines of the Global Environment Facility (GEF), to provide financial and technical support for strengthening infrastructure, post-harvest technology and sanitary and phytosanitary measures in developing countries, where efficient small scale, decentralised production (i.e., production of masses) is the only pathway to poverty eradication.

The experience of the United States shows that mass production technologies need not necessarily result in jobless economic growth, provided there is a rapid expansion of job opportunities in the tertiary sector. At present, the primary sector is the dominant source of employment in India and many other developing countries. This is why in such countries, production by masses will be the only method of achieving job-led growth at least during the next 20 years.

To sum up, the World Trade Agreement

can become a powerful force for strengthening food and ecological security as well as for spreading the benefits of frontier technologies such as biotechnology and information technology among the economically and socially handicapped sections of humankind provided the following steps are taken:

First, food security at the level of an individual today is more a function of economic access to food, rather than the availability of food in the market. Endemic hunger affecting over 800 million women, men and children is mostly the consequence of a famine of jobs or livelihood opportunities. Hence, the World Trade Agreement should ensure that trade helps to create and not destroy jobs/livelihoods. Countries should be free to impose non-

tariff barriers if the removal of quantitative restrictions on certain commodities will destroy the livelihoods of the poor, thereby increasing their vulnerability to food insecurity.

Second, the WTO should enable the establishment of a World Trade Agreement Contract Facilitation Service, which will help member-nations to promote trade rooted in the principles of ecology, economics, employment and gender and social equity. Third, the renegotiated TRIPS agreement should incorporate the equity principles enshrined in the CBD with reference to access to genetic resources and benefit sharing. The primary conservers of genetic resources and the holders of traditional knowledge should receive recognition and reward under TRIPS. For providing objective advice on the risks and benefits associated with recombinant DNA technology, a National Commission on Genetic Modification for Food and Health Security should be set up with multi-stakeholder representation including media representatives.

Fourth, to provide a level playing field in relation to competitive efficiency between products emerging from centralised mass

production technologies and those produced by decentralised "production by masses" technologies, it will be essential to make a massive investment in the necessary infrastructure, such as roads, storage, processing and marketing facilities and sanitary and phytosanitary measures. For this purpose, a Global Facility for Equitable Trade should be set up on the model of the Global Environment Facility. Such a facility should provide support to developing countries to fill infrastructure gaps.

Fifth, the IPR Rights should not exclude the poor from deriving benefit from inventions of significance to human food and health security. For this, it will be important to organise Global and Regional Cooperative Research Networks involving advanced research institutions in industrialised countries and researchers in developing countries, committed to harnessing science for public good. Also, pure-breeding centres engaged in the production of novel genetic combinations using recombinant DNA techniques should undertake participatory breeding with farm families to develop location-specific crop varieties. This will help to combine genetic efficiency with genetic diversity, thereby helping to avoid genetic homogeneity-induced vulnerability to biotic and abiotic stresses.

To exclude the impact of free trade on Indian agriculture will determine whether it will enhance prosperity or poverty in the country. Agriculture is the life-line of rural livelihood security. It is also the foundation for national sovereignty. Most Indian farmers are resource poor, struggling to produce and market more with poor production and post-harvest infrastructure. Even today, the road and the roof are the primary spaces available to most of them for drying the harvested grain or other farm produce. Exposing our hard working but resource-poor small farm families to the challenge of comparative advantage in world trade without assisting them through integrated packages of technologies, services and public policies to bridge the wide gap between actual and potential yields currently prevailing in most farming systems, will result in increasing unemployment and perpetuating the growing rich-poor divide.

The impact of free trade on Indian agriculture will determine whether it will enhance prosperity or poverty in the country.

22 APR 2000

'Third World should use UNCTAD to fight WTO aims'

Bangkok, Feb. 7: Developing countries should use a UN summit in Bangkok this week to oppose free trade and stop rich countries from keeping them poor, non-governmental organisations said on Monday.

Pressure groups from around the world said the 10th UN Conference on Trade and Development summit in the Thai capital should fight globalisation and the aims of the World Trade Organisation.

"We want decision makers at all levels to review the goals of free trade," Deji Poomkacha, a Thai coordinator of development groups, told an NGO plenary caucus ahead of the UNCTAD meeting.

"We are very much in doubt about the benefits of the globalisation of trade," he said. "People are going hungry at an alarming rate."

Discussion at the UNCTAD summit, gathering ministers and senior officials from

almost 200 countries, is likely to focus on attempts by the world's top economic powers to resume trade talks after the collapse of the WTO meeting in Seattle in December.

The meeting will be attended by WTO director-general Mike Moore, IMF managing director Michel Camdessus and the World Bank.

But NGOs, many of whom took part in demonstrations in Seattle ahead of the chaotic disintegration of the WTO meeting, want UNCTAD to shift the focus away from free trade, which they say only benefits rich nations, towards helping poor countries.

A draft statement from the NGO plenary caucus called for UNCTAD to chart "a bold strategy for reversing the marginalisation of the South in the global economy."

"In Bangkok, UNCTAD can draw on the support of its 190 member countries for a

truly new and just world order for the billions who have been dispossessed and disempowered by indiscriminate, corporate-led globalisation," it said.

The NGOs argue free trade only benefits rich countries and Western companies because it stops poorer nations from developing their industries.

They reject the arguments of economists in the developed world that free trade allows greater competition and efficiency and therefore provides better and cheaper goods and services.

Instead, they say unfettered free trade forces poorer nations to use technology patented by Western companies rather than their own products. It also hampers agricultural development and can force developing nations to import food from abroad, they say.

Speakers at the NGO meeting on Monday said UNCTAD's original role as a promoter of development had been undermined by the WTO. The WTO was a vehicle for US financial interests and was not interested in the fate of the developing world, they said.

"In Seattle, there was a dialogue of the deaf," said Mexican activist Patricia Alonso of the international peasants and small farmers organisation, Via Campesina.

"The WTO has led to greater instability in local and world markets and greater poverty," she said. She praised the opposition to the WTO by activists groups, which ended in riots on the streets of Seattle during the WTO. "The mobilisation showed the anger and frustration that people feel given the deteriorating conditions," she said. "The NGO agenda for UNCTAD includes policies intended to help developing countries such as the cancellation of debt." (Reuters)

SPOTLIGHT

W. 19/2/2000

Unimpressed protesters promise to continue

Poor nations find voice in Unctad declaration

PRESS TRUST OF INDIA

BANGKOK, Feb. 19. — Representatives of 146 countries including India declared the week-long Unctad conference which ended today a "success", even as protesters assembled in full force before the convention centre to flay trade liberalisation.

In a political declaration adopted by the meeting, Unctad announced "a new round of multilateral trade negotiations should take into account development dimensions of globalisation."

A new round of WTO negotiations is slated to be held later this year in Singapore.

Delegates at the Queen Sirikit Convention Centre expressed satisfaction that Unctad, though not a negotiating body, had helped expose developed nations who talked more and worked less about improving living standards of the world's poor.

"Like the child and emperor's clothes, the globalisation process spearheaded by the developed world has been thoroughly exposed and the conference has helped in making the world bodies realise the need to change gears to address the issues of trade and development," said a spokesman for

the Indian delegation. Talks between rich and poor countries reduced, if not erased, the friction that brought last December's WTO meet in Seattle to a standstill, he said.

"Bangkok is a bridge between Seattle and the future we need," said a German delegate.

Developing countries have long felt that the WTO was trying to push them to open their markets without giving them enough time to prepare to compete.

"All multilateral organisations speak the same language as the developed world," Thai Deputy Prime Minister, Mr Supachai Panitchpakdi said.

"There is a general feeling that Unctad is a mere talking shop."

To this, Unctad secretary-general, Mr Rupens Ricupero, said future meetings should involve less talk and a greater exchange of views between government officials, the private sector and NGOs.

But in a joint statement, street protesters today slammed Unctad for adhering to trade and development under capitalism which they said did not serve the interests of developing countries.

THE STATESMAN
20 FEB 2000

UNCTAD agenda to include Third World issues

■ 146 participating countries forced the UN agency to enhance its role

PRESS TRUST OF INDIA
BANGKOK, FEB 19

THE week-long assembly of 146 UNCTAD member countries on Saturday agreed to enhance the UN agency's role in ensuring financial stability through reform of multilateral lending institutions including World Bank and International Monetary Fund (IMF) and avoided confrontation on questions of farm subsidies, market access and good governance. The plan of action for the next four years called Bangkok declara-

tion adopted at the conclusion of the conference reflected the trade and development concerns of the developing countries by exposing serious shortcomings in the globalisation process that were detrimental to the Third World.

International financial architecture has become a buzzword in the last few years after the East currency meltdown and its contagion effect on several other countries but no concrete action has been taken so far. This conference in its plan of action, committed itself to the reform of the global financial structure to prevent recurrence of currency crisis, which kicked off an extended discussion on the wording in the plan on Friday night.

The reform of international financial institutions included enhancing of

the early warning and response capabilities for dealing with the emergence and spread of financial crisis. This would be done through the traditional means of relevant analysis from a development perspective.

Indian officials here expressed satisfaction over the outcome of the meeting and said it was a major step forward in moving towards financial stability. India was first to demand a new international financial architecture after the Southeast Asian currency crisis and had circulated a note which had found wide acceptance.

The plan also called on UNCTAD to contribute to the achievement of coherence in the global economic policy mainly through analysis of the interde-

pendence between trade, finance, technology and investment, and on the impact of such interdependence on development. UNCTAD's role in the reform of international financial architecture had been one of the most contentious issues, with some countries emphatic that it should have no say.

Farm subsidies, market access and good governance, which remained sticky issues till final and last meeting of the committee of the whole last night with developing and developed countries taking a confrontational posture, were ultimately resolved with suitable modifications. Though India did not have any objection to the issue of good governance, several African countries had reservation about the phrase in the plan of action which referred to good governance and corruption.

Ultimately the paragraph was re-

tained with suitable modifications to the satisfaction of G-77 developing countries including India. The main objection India had was on food security and market access and the relevant paragraphs on agriculture and trade liberalisation were substantially diluted and modified to the satisfaction of India and other developing countries. In the past-Seattle scenario, the plan of action is expected to act as "catalyst" to work towards the agenda of new round of trade negotiations for the WTO. Protection of human rights and fundamental freedoms, previously opposed by Myanmar and China were also approved.

Developing countries wanted to pass strictures on developed nations over farm subsidies, but the text slightly toned down this aspect. It was, however, strong enough to reflect the developing countries' concerns.

W. K. Jeyaraj

7-10 GLOBAL WAR 21/2

The just concluded tenth meeting of the United Nations conference on trade and development was an ersatz version of the Seattle ministerial conference. An inconclusive resolution was produced amid anti-trade demonstrations by nongovernmental organizations. UNCTAD is often projected as the third world's voice in the globalization debate. However, as has been obvious for years, the developing world has no coherent voice — and it is impossible for it to have one. Amid much high flowing and largely meaningless rhetoric about globalization, UNCTAD X was riven by roughly the same differences that stalled the World Trade Organization's Seattle summit. A mix of rich and poor agricultural exporters wanted an end to export subsidies for farm goods. A mix of rich and poor countries opposed them. There was also a major divide over multilateral efforts to curb corruption. Again rich and poor countries stood on both sides of the fence. The developing countries had some genuine gripes about the present state of the global economy. But they were a repeat of the Seattle debate: a need for greater market access, technical assistance to handle trade disputes and regulations, and greater transparency in WTO negotiations. There were the normal and meaningless calls for more foreign aid and an "equitable" society. The summit was a continuation of the debate that began in Seattle.

UNCTAD X did see environmentalists and activist bodies resume their denunciations of that ill defined term, globalization. As in Seattle, the slogans and placards had little behind them other than sound and fury. Though they collectively represented a general attack on market based capitalism, none of them have any realistic alternative as to how human society should organize its political and economic activity. For all the claims globalization has increased inequity, the fact remains the most successful example of poverty alleviation in recent times — China's and southeast Asia's ability to lift hundreds of millions of people into the middle class — was accomplished by integration with the world economy. Those countries that have rejected capitalism and opted for economic isolation have either followed the Soviet Union into the dustbin of history or sunk into repression and poverty like North Korea or Myanmar. It is true an illiterate, diseased peasant will not benefit as much as an educated college student. But the lowest class does not do well in any economic system. The failure to endow them with human capital is the fault of domestic policies that cannot be blamed on multinational corporations or the WTO. East Asia has shown the opposite is true: an embrace of foreign investment and trade is a necessary stop along the path to prosperity. Those who demonstrate in Seattle and Bangkok often have genuine grievances. Unfortunately, they have only added prejudices rather than any true conceptions of the answers to their problems.

THE TELEGRAPH
21 FEB 2000

h t t a m

10 most significant inventions in 1,000 yrs

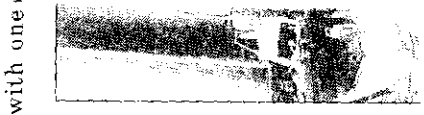
HOW marvellous it would be if a handful of people from each of the past ten centuries could be brought together for a millennial soiree. They would surely discuss music, literature, fashion and art. But their discourse would, I feel, be dominated by the extraordinary milestones in human innovation and invention.

An emigre from the 14th century would be astonished to hear that people no longer routinely die from common infections. The Victorians would find it unbelievable that human beings had leftists and engineers have had footprints on the Moon. And those today to imagine a should bear relevance to people ~~life without electricity and~~ ~~And so to the most contraver-~~ ~~clean water, without the~~ ~~know-how to send instant mes-~~ ~~sages to the next town (let~~ ~~alone the next country) and~~ ~~without mass-printed books.~~ ~~It is scenarios such as these~~ ~~that have helped The Times to~~ ~~define its choice of the ten~~ ~~most significant technological~~ ~~milestones of the millennium,~~ ~~Most are inventions; others~~ ~~are discoveries. One on this~~ ~~list, the Moon landing in~~ ~~1969, is pure human achieve-~~ ~~ment.~~ ~~Other milestones, the Pill~~ ~~and modern waterworks, seem~~ ~~almost mundane. Yet the for-~~ ~~mer has made it easier for~~ ~~women to make life-changing~~ ~~choices and encouraged them~~ ~~to aspire and achieve in every~~ ~~11th century a Chinese~~ ~~alchemist moulded characters~~ ~~in baked clay which could be~~

The past millennium has seen inventions such as the Pill, the printing press, the atomic bomb and electricity. It has witnessed discoveries such as penicillin and the structure of DNA, and achievements such as man walking on the Moon. ANJANA AHUJA looks at the impact on our lives worldwide

W. A. S. S. J.

In 1453 Johannes Gensfleisch, a goldsmith who adopted the name Gutenberg, cast pages of type from molten metal to print copies of the *Gutenberg Bible*. In 1476 William Caxton set up the first printing presses in Britain. They revolutionised fields that had relied on dissemination of information, such as literature, education and politics.



It greatly reduced the number and scale of epidemics of diseases such as cholera and typhoid.

Electricity: 1880s

The history of electricity dates back to the 17th century when the first machine for making electricity through friction appeared. The first battery was made by Alessandro Volta (hence 'volts') out of zinc and copper plates and brine. The 1830s produced the dynamo which converts mechanical energy to electrical energy and the 1880s saw widespread public electric lighting and the building of the first large power stations. Thomas Edison, the first professional inventor, brought it into the home with the invention of the lightbulb around 1880.

Telegraphy: 1790s

In 1791 a Frenchman called Claude Chappe invented a way of transmitting written messages over distance using towers with instruments on top that could be manipulated into different positions to represent letters and numbers. Electric telegraphy began in 1837 in London with the efforts of Charles Wheatstone and William Cooke, whose contraption comprised a dial printed with 20 letters and ten numbers featuring five needles, each connected separately to an electromagnet. By varying the direction of the current the needles could be made to swing to the left or right. Pointing one needle in one direction signified a number and pointing two signified a letter. They later

and the Industrial Revolution often deadly infection.

When the inhabitants of Soho, Central London, started talking in 1854, John Snow, a doctor, began to investigate. He concluded that the deaths and illnesses were befalling those using the Broad Street Pump, a public well, and the deduced that the well was being contaminated by the contents of nearby latrines. It was the first illustration that serious disease could be water-borne. He also showed that households drawing their water from different stretches of the Thames had different incidences of cholera. This prompted the development of waste treatment and disposal, especially as the burgeoning urban population

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Fleming named the wonder mould penicillin and presented his results in a 1929 paper. But he grew disheartened because penicillin acted slowly and it was difficult to produce large amounts.

His work, however, was pursued in the 1930s and 1940s by Howard Florey and Ernst Chain at Oxford University. The onset of war focused the men's minds and in 1941 Florey flew to America to convince the government and pharmaceutical companies to produce it. His plea worked and laboratories all over the country focused on the task in hand.

For the first time infections from wounds, which claimed many more lives than bullets, could be conquered. Ninety-five per cent of wounded soldiers lived. In 1945 Fleming, Florey and Chain were awarded the Nobel Prize for Physiology or Medicine.

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The atomic bomb: 1940s

The Manhattan Project to develop the A-bomb was presided over by Robert Oppenheimer and staffed by Enrico Fermi, Edward Teller and Niels Bohr. All came together to try to defeat Hitler. A-bombs rely on fission where a heavy nucleus in this case uranium is prompted to split into two lighter elements, releasing energy in the process. The design involved two pieces of uranium being fired at each other, prompting initial fission. Stra-

The computer: 1940s

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neutrons provided by this first reaction would trigger more fission, thereby unleashing a lethal chain reaction.

Hiroshima was the first target on August 6, 1945, but it took another atomic bomb, on Nagasaki three days later, to force Japan's surrender. Afterwards Oppenheimer turned against nuclear weapons and was tainted by accusations of Communism. He died in 1967, four years after receiving official government recognition for his work.

The discovery of the structure of DNA: 1950s

It was the kind of discovery that scientists dream about. After a relatively short period of research two Cambridge University oddballs were able to announce in 1953 that they had discovered the structure of the molecule of life. The eccentric mismatch of James Watson, a single 23-year-old American with a keen eye for the fairer sex, and Francis Crick, a married 35-year-old still working on his PhD, ensured their story became a legend.

In 1943 DNA was discovered to be the key to inherited genetic traits and the race began to find its structure. The molecule, too small for inspection with a microscope, could be seen only using X-rays. That research was being

done exclusively at King's College London by the enigmatic crystallographer Rosalind Franklin under the tutelage of Maurice Wilkins. Watson heard a lecture by Franklin, learnt that the molecule was a helix and initially built a disastrously wrong model. However, the duo got there in the end, thwarting the ambitions of the famous chemist Linus Pauling. Crick, Watson and Wilkins shared the 1962 Nobel Prize for Physiology or Medicine. The prize cannot be given posthumously Franklin died of cancer aged 37 in 1958. Biology advanced rapidly after this discovery. The Human

Genome Project aims to issue the complete manual of human genes within a year or two.

The Pill: 1950s

The Pill was the fruit of an alliance between philanthropy and medicine in the 1950s. Katherine McCormick and Margaret Sangers, both wealthy Americans, were pre-occupied with the Women's Movement and the threatened population explosion. They met Gregory Pincus, a Massachusetts doctor who, during animal studies, had accidentally found that certain hormones could prevent ovulation and therefore pregnancy. Pincus was persuaded to work on a contraception for women.

In 1956 the first form of the Pill was ready for trials: it was licensed in America in 1959 and in Britain in 1961. It quickly found favour among young women, who found it reliable and practical, and it revolutionised the sexual scene in the 1960s and 1970s. The Pill is generally considered safe and there are estimated to be about 200 brands used by 60 million women across the globe.

Moon landings: 1960s

Yuri Gagarin, the Russian cosmonaut, proved in 1961 that man could travel into space and return safely. Afraid of being outdone, John F. Kennedy announced in the same year a no-expenses-spared national effort to plant the American flag on the Moon by the end of the decade. Thus the Apollo space programme was born.

Neil Armstrong, Edwin 'Buzz' Aldrin and Michael Collins, members of the Apollo 11 mission, travelled to their distant, lonely destination in a Saturn V rocket designed chiefly by the German pioneer Wernher von Braun. The lunar escapades of Armstrong and Aldrin were watched by an estimated 600 million people, nearly a fifth of the world's population. Millions more listened on radios.

The opening of the final frontier has resulted in the launch last year of the orbiting International Space Station, which will play host to spacemen and spacemen from all nations, and the call to send people to Mars, our nearest planet. — *The Times, London*

Ministers issue alert against graft

TOKYO, JAN. 22. The Group of Seven nations today issued an alert against corruption, warning that it could undermine the benefits of the global financial system.

Besides money laundering and harmful tax competition, "the benefits and opportunities of the international financial system can also be undermined by corruption," a G-7 communiqué said.

"We support the work being done in various fora on anti-corruption measures," said the statement issued after a one-day meeting of the G-7 Finance Ministers and Central Bank Governors. "We expect the international financial institutions to also strengthen governance and anti-money laundering measures in programmes with member countries." The G-7 groups Britain, Canada, France, Germany, Italy, Japan and the United States.

The group bowed to increasing U.S. alarm and issued a joint warning that the world needs more balanced growth, especially from sluggish Japan.

"We see improved prospects for non-industrial growth in the major industrial economies and the world economy as a whole," said the statement. "But the challenge remains to secure a more balanced pattern of growth among our economies that is important to sustaining the expansion".

Immediately after the meeting, the U.S. Treasury Secretary, Mr. Lawrence Summers, rapped home the point, demanding Japan open its markets to ensure faster growth critical to the world.

"What is most important for Japan and what is most important for the global economy is that sustained domestic demand-led growth be achieved in Japan," Mr. Summers said.

Japan won a G-7 endorsement for its fears that a strong yen would eat away at the value of its exports, one of the few strong pillars of its fragile recovery. The financial chiefs agreed with Japan's concern about possible damage inflicted by the high yen on Japan and the world economy.

"We will continue to monitor developments



The Group of Seven industrial nations' Finance Ministers and Central Bank Governors share a smile during a group photo session at a garden in the Mita House in Tokyo at the start of their meeting on Saturday. From left: the U.S. Treasury Secretary, Mr. Lawrence Summers, the Italian Treasury Minister, Mr. Giuliano Amato, The Bank of Japan Governor, Mr. Masaru Hayami, the German Federal Bank president, Mr. Ernst Weiteke (behind Mr. Hayami), the Japanese Finance Minister, Mr. Kiichi Miyazawa, the IMF Managing Director, Mr. Michel Camdessus, and the French Finance Minister, Mr. Christian Sautter. — AP

in exchange markets and cooperate as appropriate," they said in the joint statement.

But the Japanese Finance Minister, Mr. Kiichi Miyazawa, warned that Japan's future hinged on private demand. "Now is the time to expect a recovery consumption in private consumption," he told a news conference after the meeting. "Without it we cannot expect the economy to suddenly record growth of three per cent or so." In the past two years alone, Japan has forked out about \$ 552 bil-

ions in extra spending to stimulate demand. Mr. Summers said fiscal policy was only part of the answer, however, pointing to Japan's failure to open its telecommunications market in line with Washington demands. The G-7 statement stressed the need to "take advantage of the investment opportunities created by new technologies," echoing U.S. frustration at Japan's failure to push along the Internet bandwagon with lower telephone costs. — AFP