

UN joins the poor in war against AIDS

Nairobi, Dec. 1 (Reuters): The UN unveiled ambitious plans today to rush life-saving anti-retroviral AIDS drugs to three million of the world's poor in a \$5.5 billion strategy to fight a disease now killing 8,000 a day.

The UN's World Health Organisation (WHO) estimates six million people in poor countries need the anti-retroviral (ARV) treatment that many victims in the developed world take for granted, but less than 300,000 actually receive it.

"HIV/AIDS has become the premier disease of mass destruction," WHO assistant director-general Jack Chow said at the launch of a strategy on World AIDS Day aiming to get ARV treatment to half of the six million by the end of 2005.

"HIV/AIDS is intensifying its destructive fury on this continent (Africa)... It is inexorably converting developing nations into AIDS-imploding nations."

The WHO wants governments and funding agencies to supply the \$5.5 billion, equivalent to just over one percent of the more than \$400 billion the world spends a year on prescription drugs.

"Compare this with the contribution people make to economic and social life when they're well instead of dead or dying, and it is clear cost is not a genuine obstacle," Chow said.

"Teachers back in schools. Farmers working their land. Mothers caring for their children. These drugs not only save lives, they help to rebuild societies. The cost of ignoring treatment needs is far higher than that of meeting them."

The ultimate aim of the new strategy is to ensure everyone living with AIDS, even the poorest, has access to treatment.

The WHO said last week that 40 million people around the world were infected with HIV, and that the global AIDS epidemic showed no signs of abating.



Young AIDS patients wait for lunch at the Phyathai Babies' Home Foundation in Bangkok on Monday. The home cares for HIV-positive babies left by their parents. Most are expected to die within one or two years. (Reuters)

The WHO hopes that better access to treatment will encourage those with HIV/AIDS to come forward for testing, something which is difficult for many in countries where the stigma of having AIDS often condemns sufferers to social isolation.

"Experience in Brazil and Haiti has shown where people can get treatment they have the

courage to come forward," he said.

Experts said a pillar of the new plan would be to increase the manufacture and distribution of combination therapy ARVs, under which patients need only take two pills a day.

Standard programmes in rich countries require eight or more pills a day. Patients in poor

countries should comply better with the simpler treatment regime. Chow announced that the WHO had approved for use three separate three-in-one combination AIDS treatment pills that are key to its goal of getting ARVs to the world's poor.

He said the cost of treatment was about \$300 per year for each patient living in conditions of

deep poverty. But the Medecins Sans Frontieres charity said governments should provide AIDS drugs free under the plan and pharmaceutical firms should cut prices further.

The strategy unveiled by Chow leaves it up to national governments to decide whether ARV drugs should be free.

"For the poorest no price will

be affordable: governments of both developing and developed countries must meet these costs," MSF President Morten Rostrup said in a statement.

The distribution of combination therapy has implications for the pharmaceutical business: patent restrictions have prevented multinational firms from producing combination pills.

Development and democracy

By Boutros Boutros-Ghali

THE WORLD we share today is one of complex contrasts and differences, of conflicts and promises, a world in which we individuals play a more important role than ever before. "While humanity shares one planet, it is a planet on which there are two worlds, the world of the rich and the world of the poor" (Raanan Weitz, 1986). In the world of the rich, there exists an apparent unlimited abundance, the rule of law, democracy. It is a world where individuals are encouraged to have an opinion and to express it, where they can freely choose their own paths.

The world of the poor, by contrast, is characterised by its lawlessness, by the tyranny of its leaders, and by the extreme and absolute poverty of its people. It is a world in which wars and conflicts tear nations apart and the coherence of entire societies and the stability of political regimes seem to be long forgotten; a world in which the future is but tomorrow.

For those of us who are lucky enough to be born on the 'right' side, it would be criminal not to take time to pause and reflect, and unforgivable to forget to question the order of things. At the heart of the international debate is the relation between development and democracy — two concepts which are inherently intertwined but have all too often been treated as separate. The achievement of both is fundamental to the future of world peace.

Development and democracy contribute to the common prosperity of humanity, to the blossoming of societies where social harmony, the rule of law, the respect of human rights and dignity are indeed attain-



total system, and the free participation of citizens in the democratic process are also essential elements to the realisation of civil liberty.

More than an institutional framework, however, democracy is a state of mind — a culture favouring tolerance, respect of the other and his or

Development is essential to complement and reinforce democracy. It represents the set of economic, social, and cultural aspirations to which all societies aspire. A plural-dimensional process, it comprises all the factors which contribute to the enrichment and personal develop-

More than an institutional framework, democracy is a state of mind — a culture favouring tolerance, respect of the other and his or her differences, pluralism of opinion, freedom of expression and dialogue.

her differences, pluralism of opinion, freedom of expression and dialogue. It is a set of shared values, which belong to the common patrimony of mankind. These are fundamental principles without which there would be no democracy, no sustainable project of development. In order to take on any true significance, however, they should be reflected in the relationships which oppose and unite all individuals — from the social, political and economic institutions to the local actors and members of civil society.

Of course, recognising the importance of those fundamental democratic values at a global level does not mean that the specific historical, religious, or economic circumstances, which contribute to make each society unique, should be discounted or ignored. But all should have, as a central objective, the respect of human rights (as presented in the 1949 United Nation Declaration of Human Rights).

ment of the individual: from the economic and the political, to the social, cultural, environmental, and the scientific, from social justice to education. The right to development is a human right. It should involve all aspects of human life. Inequality, poverty, exclusion, religious fanaticism, racism, xenophobia, and lack of dialogue are all impediments to development which ought to be overcome if we are to work towards the establishment of a more global democratic culture. The mere fact that these are still common traits of modern societies highlights the need for participation and involvement in the democratic process. It reveals that freedom of opinion and expression are not only rights that are to be taken for granted, but rights that must be put into practice. It reminds us that our planet matters, and that it needs us. — IPS

(Boutros Boutros-Ghali was Secretary General of the United Nations from 1992-1996.)

Paradox of development

51-9
15711

IT is reported that poverty is preventing millions of women in Russia from having babies. The government, fearful of falling population, is making abortion more difficult - Russia has one of the highest rates of abortion in the world.

In India and Bangladesh, it is regularly reported that poverty makes people have more babies. Overpopulation in South Asia and underpopulation in Russia (where there is less than one person per kilometre over two-thirds of the country) are both caused by poverty. Being poor makes some people abstain from childbearing and others create a surfeit of children.

How can this be? What is to be made of this apparent contradiction?

Latest forecasts suggest that the population of Russia will fall by 20 million during the next decade. The present birth rate - 1.2 per couple - is far below the level required to replenish the existing people. Within two generations, the population of Russia could fall from about 150 million at present to less than 100 million. In contrast, by 2050, India is expected to be the most populous country in the world, with 1.53 billion people.

Of course, Russia has recently experienced the transition from a command economy to the free market. This could not be achieved without pain. Indeed, the punishment for heresy has always been severe, and it was considered

appropriate for the former Soviet Union to be subjected to "shock therapy"; as though socialism had been a mental illness, from which recovery (to a market economy) required drastic measures.

The Soviet Union had provided its people with security of employment and health care and pensions. The destruction of this system plunged people back into conditions resembling the pre-Socialist past; and only a minority can now afford to insure themselves privately against the vicissitudes of existence. The experience of Russia has been the sweeping away of

industrialised welfare. The poverty which this leaves in its wake is of a different order from that familiar to the people of India and Bangladesh.

In these countries, there has never been any significant state provision. The family remains the main - indeed, the sole - guarantor of social security. People must look to relatives and kindred in old age and at times of sickness and incapacity. They must seek succour in the same place when stricken by social disaster - loss of livelihood, eviction or underemployment.

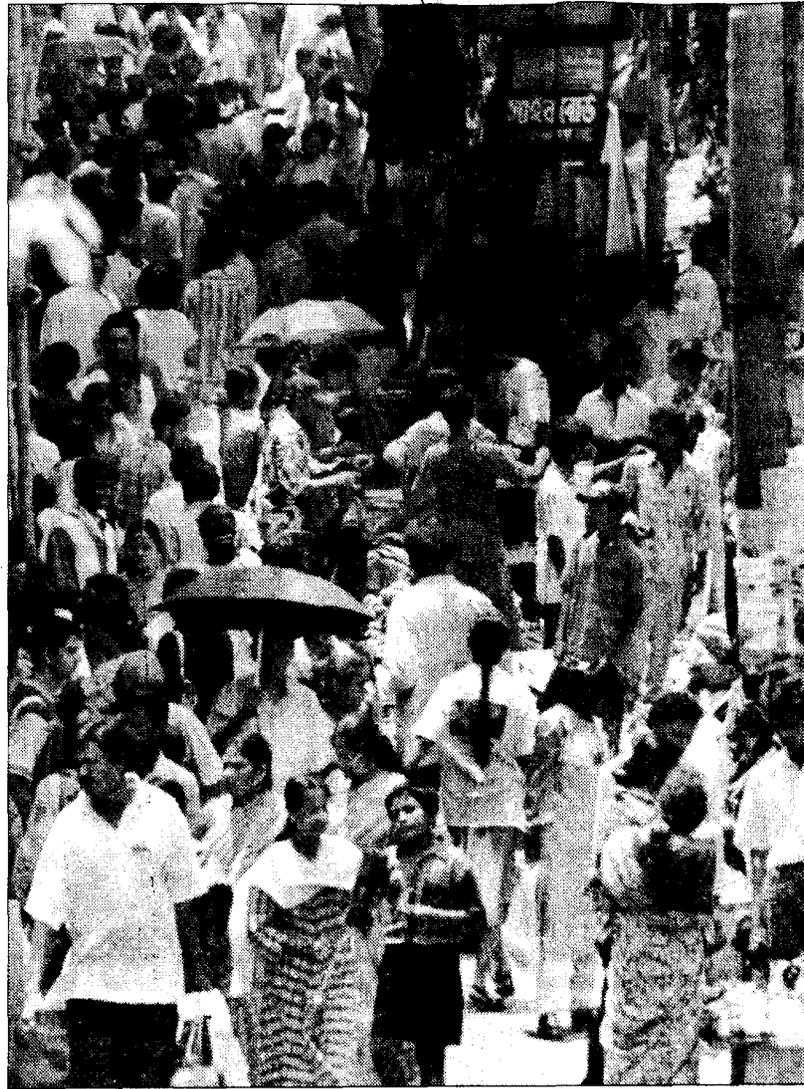
With "development", these forms of human caring perish. The state has usually provided an alternative. But when this is also abolished, people no longer have the ability to resuscitate older patterns of duty and commitment to one another. In Russia, the high incidence of one-child families, the decline in marriage, a rising level

Have children become some kind of ornamental amenity, a costly commodity, the advantages of which must be seriously pondered in competition with the chance of a housing upgrade, a new car or the holiday of a lifetime?

of divorce, together with an ageing population combine to make it impossible to return to voluntary or spontaneous kinds of caring. At the same time, a voracious consumerism has engulfed the Russian middle class, superimposed upon a rotting social structure, so that it has the worst of all worlds - the corruption and bureaucracy of a vanished socialism and the rapacious gangsterism of a version of laissez-faire that would even have shocked early

Victorian England. The punitive visitations upon Russia have been chastisement, not for underdevelopment but for a menacing form of maldevelopment, which has now been corrected.

India and Bangladesh are said to be "underdeveloped". Their pathway out of this unhappy state has been clearly indicated to them. They must cease to have so many children who will look after them in extremis, but without any guarantee of any other form of social security. Archaic practices which entrust the security of the elderly and vulnerable to flesh and



blood must be uprooted. They must learn that there is no higher duty than self-interest. It is everyone for him-

self, dog-eat-dog; life is a rat-race and devil take the hindmost. Until they have mastered these important lessons, they will remain mired in backwardness, cronyism and corruption. These lessons are the more potent, since it was India's dalliance with the Soviet Union that delayed its success in the global order, with its bloated government sector and its reluctance fully to embrace the model of "liberalisation" preached (but scarcely practiced) by the Western powers. Then they will indeed "become like us".

Like us. But in both Japan and

new vistas
JEREMY SEABROOK

much of Western Europe, the birth rate is also falling. Can it be poverty which is making procreation so unfashionable there? No one is going to say that Japan, Germany, Italy and Spain are poor countries. Quite the opposite - these are models of the development to which all other countries must now aspire. But here, too, it is widely believed that having children is "too expensive", and there is a growing reluctance on the part of potential parents to make the sacrifice which their upbringing demands. Observers are puzzled. Have children become some kind of ornamental amenity, a costly commodity, the advantages of which must be seriously pondered in competition with the

chance of a housing upgrade, a new car or the holiday of a lifetime?

Populations are also ageing in the West. Unless extensive migration into Europe takes place, social security systems will fail and the elderly will be stranded, the infirm and vulnerable left without carers. That some of these must come from India, Bangladesh, the Philippines or Brazil goes without saying. Yet we are still talking "overpopulation" to those whom we must look to in order to tend our old and failing people; and indeed, despite all the panic about asylum-seekers, Britain is actively seeking about 150,000 approved economic migrants each year.

The implications of population decline have scarcely yet been faced in Western Europe and Japan; although the USA has expressed concern about the dwindling population of its allies (not of the USA itself: continuing

immigration, particularly of Spanish-speaking peoples to the South, and a continuing flow of the 7 million or so undocumented migrants, ensures that the population continues to increase. It is expected to reach 409 million by 2050.) Think-tanks in the USA have expressed the fear that if the median age of the people of Western Europe, Japan, and indeed of its new ally, Russia, continues to rise, the initiative for innovation, dynamism and invention will pass from countries with ageing, sclerotic pop-

ulations into the hands of the poor the hungry and the young - not only India, Brazil and China, but also to the Muslim countries, some of which have half their people under the age of 18. There are geopolitical implications, and the USA can see itself surrounded by geriatric allies who will look to it for support and protection, rather than contributing their brains and ingenuity to the dynamic entity which is America.

Now in Western Europe and Japan, the rising numbers of elderly and decrease in childbearing have also been ascribed to an irresponsibility

engendered by too easy a welfare system. This has not been as virulent as in the former Soviet Union, but still they are victims of a similar tendency. People have become lazy and selfish, too secure. Their lives have been devoid of that abrasive quality of uncertainty or hunger, which makes human beings much more productive. This is why they must be encouraged to work longer years, to make personal provision for old age and infirmity, to supply their own shelter against destitution.

The leaders of the so-called "developing" countries should observe all this very carefully indeed. If they follow the deterministic pathway held out so seductively by the shining imagery - as opposed to the underlying reality - of the West, they, too, will find themselves undermined by the same gnawing anxieties - not only growing inequality, but also an ageing population and a reluctance to replenish the great reservoir of humanity which is, in the end, the only resource we have.

It is clear that a "development" which lays waste the care for each other by loving hands and the bonds of kinship is no development at all. It is an ugly and cruel experiment; for these things, once abolished, cannot be readily recovered; the conditions which make people "too poor" to have children, or makes them regard a potential new generation as a

luxury they cannot afford are a kind of barbarism, beside which the commitment of the great majority of the people of India or Bangladesh to dutiful devotion to those they love, stands out as a precious and irreplaceable treasure.

(The author lives in Britain. He has written plays for the stage, TV and radio, made TV documentaries, published more than 30 books and contributed to leading journals around the world.)

email:yrn63@dial.pipex.com

W. Afr
11/9/10
12/11

Three is company

By K.K. Katyal

The India, Brazil and South Africa Dialogue Forum will have greater relevance for the three countries, and others in the developing category, than some of the older organisations like the Commonwealth or the G-15.

ON THE face of it, a trilateral cooperation arrangement between India, Brazil and South Africa looks far-fetched. Brazil is on the other side of the globe; South Africa is not in India's vicinity either. Distance, if nothing else, should be a major hurdle. Yet, to the surprise of many in the world community, the three nations have come close to one another to work for clearly defined goals. Yes, their collective action is to cover trade, economic matters and science and technology but it also is to deal with social justice, steps to alleviate poverty and achieve freedom from hunger and the most important, to remove distortions in the current world order and to try to set right the terms of trade, consciously rigged against the developing world. How to safeguard their societies against the pernicious effects of globalisation and to resist the shifting of the focus away from development is to be another central point of their efforts. Those who have seen the squalor and poverty in the suburbs of Rio or Durban or in the *bastis* near Delhi would wonder why such efforts had not been contemplated earlier and why this ugly reality had not attracted the desired attention.

During a visit to Brazil in January 1996, I heard general talk by officials and others on the possibilities of enhanced cooperation with India via South Africa. What encouraged them in that belief was the opening up of South Africa after the end of the apartheid regime? There was a sudden recognition of its utility both as a transit point and for warehousing facilities. That was on the eve of the then Brazilian President, Fernando Cardoso's visit to India (he was the chief guest at the Republic Day parade that year), which became an occasion for affirming the desire for strengthening bilateral ties, with the change in South Africa seen as a good augury. These ideas continued to be repeated from time to time since then but there was no evidence of concrete steps, especially at the trilateral level. The situation changed suddenly dramatically after a former metal worker, who headed Latin America's biggest left-wing party, Luiz Inacio da Silva, became Brazil's President. His passion and commitment triggered interest in the trilateral moves, with stress on social programmes.

Consider the following sequence — and the speed with which the three countries advanced towards a

new partnership will be clear. The Lula presidency was inaugurated in Brasilia on January 1 this year. Despite his many pre-occupations that day, the new President spoke to his counterpart from South Africa, Thabo M. Mbeki, who was among the foreign dignitaries present there, about the urgency of a grouping of their two countries and India. President Mbeki promised to convey the message to India. In February, at the Non-Aligned summit in Kuala Lumpur, the South African Foreign Minister, Nkosazana Dalmin-Zuma, spoke to her opposite number from India, Yashwant Sinha, about it. India responded enthusiastically, with Mr. Sinha saying that he was scheduled to visit Brasilia in June and that the two of them and their colleague from Brazil, Celso Amorim, could meet to work out details. In the meanwhile, the process of consultations began in right earnest.

The heads of the three countries, the Prime Minister, A.B. Vajpayee, and the Presidents of South Africa and Brazil, who attended the G-8 summit in Evian, France, on May 31 discussed the issue of trilateral cooperation among themselves and, with it, the move received major boost. The Brasilia meeting of the three Foreign Ministers on June 6, and their declaration, turned out to be the first major landmark, giving a concrete shape to the ideas mooted earlier.

"This was a pioneer meeting of the three countries with vibrant democracies from three regions of the developing world, active on a global scale, with the aim of examining themes on the international agenda and those of mutual interest," said the declaration. It drew attention to the "importance and necessity of a process of a dialogue among the developing nations and countries" that had emerged in the past few years. The group was to be called "India, Brazil and South Africa Dialogue Forum" (IBSA) and a Trilateral Joint Commission was set up to coordinate their positions on issues of mutual interest. The first meeting of the Commission is to be held in New Delhi in early March next year. In September, the three heads and the three Foreign Ministers held separate

meetings in New York on the occasion of the U.N. General Assembly session. Trilateral cooperation was also a major subject of discussions during the trip here of the South African President last month — and is certain to figure during the Lula visit here in January next year (he will be the chief guest at the Republic Day parade). In the brief span of eight months, the three heads would have met thrice, with Foreign Ministers meeting five times. Notable indeed, was the frequency of their contacts and the intensity of their interaction.

The initiative taken by the three countries (along with China) in organising G-20 at Cancun was no freak phenomenon. It was the direct result of the trilateral processes set in motion earlier. The Brasilia Declaration spoke of their resolve to coordinate their efforts for the "reversal of protectionist policies and trade-distorting practices by improving the rules of the multilateral trade system". The representatives of the three (along with China and Argentina) are currently engaged in discussion on the post-Cancun situation. Simultaneously, the three are negotiating with the UNDP for the establishment of a fund to finance projects in social areas in their countries, which could be replicated in the rest of the developing world later. Brazil has already pledged one million dollars to this fund. Another concrete step — on June 18, India and Brazil signed a framework agreement on preferential trade and free trade arrangement, to be extended to the entire Mercosur grouping (of four Latin American countries). Similar agreement between India and South Africa (and other members of the Southern Africa Customs Union) is being finalised now.

In an address during his stay in New Delhi, Mr. Mbeki explained that the trilateral Dialogue Forum was meant to enable the three countries to address issues of global concern — socio-economic development, technology and global governance. "We have a duty", he said, "to ourselves and to the next generations to combine our strengths so that, through our actions, we would ensure that we shall no longer be defined as the

wretched of the earth".

Both the Brasilia Declaration and the statement issued after the meeting of the three Foreign Ministers in New York focussed on the importance of U.N. reforms and expansion of the Security Council — in the first case, "they agreed to combine efforts in order to enhance the effectiveness of the General Assembly and Economic and Social Council" and in the second, "underlined the need to strengthen multilateralism, and, in this regard, agreed to cooperate among themselves and with the Secretary General to further U.N. reforms". This point was not amplified. Each of the three countries have staked their claim to permanent membership of the Security Council, and any reference to their individual ambitions could evoke the ire of their neighbours.

The IBSA, it is clear, will have greater utility and relevance to the needs of the three countries — and, indeed of others in the developing category — than some of the older organisations like the Commonwealth (of the former British colonies) and G-15. The second, supposed to be a core group of the non-aligned, is virtually defunct.

The contemporary relevance of IBSA is established by the Brasilia Declaration — a comprehensive document dealing with issues with a close bearing to the problems and concerns of the poor nations. Witness for instance its reference to the effects of globalisation. It welcomed the expansion of economic growth, employment and social development in several developing countries as a result of free movement of trade, capital and technology, but expressed concern that large parts of the world had not benefited from globalisation. It committed the three nations to the pursuit of policies, programmes and initiatives in different international forums, to make the diverse processes of globalisation inclusive, integrative, humane and equitable.

Then there was the concern over the increased vulnerability of developing countries to fluctuations of global prices of commodities. And stress on importance of a predictable, rule-based and transparent international trading system.

IBSA is a success story of Indian diplomacy, with results achieved through quiet efforts in sharp contrast to cases of flashy approach and high-profile postures yielding limited dividends.

Will Brazil, Russia, India and China dominate the global economy?

BRIC is the future

Tel: 2345678 - 10
10/11/03

S. VENKITARAMANAN

A recent interesting forecast by Goldman Sachs, the well-known American investment-banking company, has raised the question of the BRIC nations — a group consisting of Brazil, Russia, India and China — coming to dominate the global economy in the not-too-distant future. This will be an exciting reversal of roles in the global scenario. Countries long consigned to the scrapheap of the global economy, these economies have, according to the forecast, challenged the purveyors of conventional wisdom and Malthusian pessimists, who had predicted their being choked by their growing populations and misgovernance. In the last two decades, at least two of these economies have clocked a higher rate of growth than the economies of the affluent group of seven, which includes the United States of America, France, Italy, Japan, the United Kingdom, Germany and Canada (Canada contributes little to the total of the G-7). So, the Western media have raised the question of whether the G-4, the BRIC, will soon overtake the G-6.

As is to be expected, the forecast suffers from the limitations of all long-term predictions. Forecasts are usually liable to error, especially long-term ones. Many unforeseen developments can upset the assumptions. But, based on present indications and reasonable projections of the rate of growth of different countries, the Goldman Sachs forecast states that BRIC will grow to outstrip the currently dominant members of the economy, within half a century. The forecast estimates that the BRIC group will be larger than the current big powers of the G-6. China itself is likely to be larger than any of the current occupants of the high ground on the global economic stage. The power-brokers of Washington, who ride herd over the Bretton Woods institutions on the basis of the "strength" of their pocketbooks, had better take care.

The Goldman Sachs forecast includes a sobering prediction that the current members of the G-7 may even become ineligible to attend the meetings of the powerful economies, which have laid down the law for the financial institutions of the world. The forecast is basically a result of the discrepancy in the rate of growth of the two groups of nations. The higher rate of growth of BRIC will inevitably lead to the current gap between the two groups being bridged over the years, thanks to the factor of compounding. Further, the rich mineral and other resources of the countries of BRIC, particularly Brazil, Russia and China, and the intellectual prowess of China and India will make the forecast come true.

It is true that like all forecasts, Goldman Sachs's forecasts have to be taken

The author is former governor,
Reserve Bank of India

with a pinch of salt. The countries that belong to the BRIC group have been known to be vulnerable to political implosions from time to time. So also, we cannot rule out the impact of epidemics, like SARS and AIDS. Hopefully, the nations that belong to BRIC have learnt the lessons of their recent history. They will need to know how to avoid the pitfalls of such catastrophic occurrences by prompt corrective action and preventive policies. Above all, the emergence of democratic forms of governance in Brazil, Russia and China and the strengthening of transparency in governance in India give

to come, the growth of the members of BRIC will depend on the state of health of its potential competitor and future rival, the economies of the G-7, particularly the US. It is ironic that even as the growing forex reserves of the BRIC countries sustain the growth of the American economy by being invested in the US's securities, the growth of America's consumption, which the US's growth implies, sustains the expansion of manufacturing and services sectors of the countries of BRIC.

The dangerous trends of protectionism, which are showing signs of renewed resurgence in America, espe-



Carnival in Brazil

reason for hope that such occurrences will be infrequent.

That forecasts of this kind have been made before should be a sobering thought. Let us reflect that before the bust of the Nineties, the Japanese economy was forecast to outgrow the American giant. There were even predictions that Japan will be able to out-compete America's technological prowess. The coming of the Japanese century was very much dreaded in Washington and London. But, all this went up in smoke, with the bust of the Japanese bubble and over-reactions by the Japanese Central Bank. It has taken quite a long while for Japan to catch its breath and to revive the growth impulses. It is still battling deflation, the erosion of business confidence and lack of entrepreneurial initiatives.

What the Goldman Sachs forecast conveys is, however, the definite potential of nations of BRIC to grow. But, the realization of that potential itself depends on the continuance of an open global economic and trading environment. As at present and for many years

cially in reference to imports of manufactured goods and services, can cause a mutually destructive development, which slows down BRIC even as it hinders the growth of America's economy. In any event, the maintenance of a barrier-free trade regime is vital if the Goldman Sachs forecast is to be realized.

In this context, it is worth noting that the Union law and commerce minister, Arun Jaitley, formed an unbeatable combination at the Cancun conference, when he joined with Brazil and China to block the unfair machinations of the Western countries. He seemed to have had a premonition of the Goldman Sachs forecast of BRIC's emergence. The Brazil-India-China combination did its best to prevent the Cancun accord from going the way the West wanted it. But it is time to reflect on this pyrrhic victory to re-evaluate the strength of the Jaitley-inspired coalition.

The international financial media are already full of stories that the "coalition" is facing threats and temptations being offered by the West.

There are suggestions that the alliance will be breached at its weakest links by tempting offers of aid or trading concessions by the US. The path of wisdom for BRIC countries is to be aware of such possibilities and protect themselves against counter-moves by the West. It is time they realized that in the current conjuncture, the West is more powerful than BRIC and a world with a World Trade Organization accord is better than one without an accord.

"Stoop to conquer" is advice, which may be bitter medicine for the Jaitleys of the world. But, the glorious future of BRIC is yet to be — in the period in between, BRIC has to survive and grow. BRIC needs free trade with the West. It is time we revisit the issue of a WTO accord and reassess what is good for us — in spite of the West's reservations. In the longer run, an open trading environment with some of the West-imposed constraints may be better for all — rather than the current conspiratorial goings on in the chancelleries of Washington, London, Berlin and Paris, which tend to dilute even the WTO-inspired arrangements. Let us hope that WTO issues will be solved and BRIC will emerge relatively unscathed. In any event, in the long run of history, BRIC will be the countries that dominate the future.

Anyway, BRIC is the future. The Goldman Sachs forecast may be in error by a decade or two. But, the 21st century is, indeed, a century in which the once-deprived millions of the BRIC countries will come into their own. But, this depends on the managers of these economies avoiding errors, which may cost them dearly. For one thing, irrational exuberance can be costly, whether in matters of economic growth or stock markets. Care has also to be taken that the poison pills of advice tendered by the Western reformers to the BRIC countries be examined carefully before they are accepted.

China and India, in particular, need to take care, lest their growth be stifled by excessive resort to financial compression and monetary tightening, as well as premature capital account liberalization. The BRIC countries are currently in the hands of mature political and economic managers. I am confident that they will do their best to avoid such tempting offers of policy advice, which may turn out to lead to costly errors.

The Goldman Sachs forecast is a reminder that there is nothing as changeable as the global economic scenario. At the turn of the century, Argentina was almost as lush as the American economy. One hundred years later, Argentina was a shabby case. It is not surprising, therefore, that the forecast offers the prospect of a similar sharp reversal of fortune. Among the economic powers of the century, there is a definite prospect that the forecast may well turn out to be a "definitive" century of the BRIC countries.

AN ECONOMIC AXIS OF THE FUTURE

AN UNUSUAL ECONOMIC formation is taking shape in the global economy, which, if successfully established, will threaten Northern hegemony in economic policy formulation. India, Brazil, China and South Africa are in the process of forging closer economic relations with one another, raising the tantalising prospect of a coalition that will challenge the dominance of the United States and the European Union in the world economy. A trade pact stretching across three continents is a long way off from negotiation. But the four developing countries have already experienced the benefits of working closely with one another. At the Cancun meeting of the World Trade Organisation, these developing country giants were able to protect their individual interests in agriculture only because they formulated a common position. In the weeks since the Cancun meeting, they have shown their enthusiasm to cement cooperation in trade, investment and global economic diplomacy.

Since developing country unity at international economic fora began to fade in the 1980s and with the downfall of socialism in East Europe and the Soviet Union between 1989 and 1991, U.S. economic hegemony has gone largely unchallenged. This has been expressed in the growing power of global capital and a corresponding loss of autonomy by national governments in economic policy-making. An economic alliance among India, Brazil, China and South Africa will create the largest economic grouping in the world after the U.S. and the European Union. It will also share, with Japan, the third rank in the league of the world's exporters and importers. Such a large economic formation among the four countries of Asia, Africa and South America will provide a measure of counter-weight to the current dominance of the U.S. and the E.U. in the global economy. The intellectual vision of this coalition is being drawn up by Brazil, which, under President

Luiz Inacio Lula da Silva, has been seeking out new partners in the South as part of its strategy to restore a measure of national autonomy. Cancun was the most visible sign of cooperation among the members of the nascent coalition, but it has not been the only significant development so far. Earlier this year, India, Brazil and South Africa formed a "trilateral forum" to facilitate economic cooperation. Separately, these three countries have been exploring bilateral and regional trade agreements with one another. All these developments have prompted Alec Erwin, South Africa's Trade Minister, to predict that they would eventually lead to a free trade agreement among India, Brazil, China and South Africa. And contrary to motivated predictions by the U.S. and the E.U. that the larger G-20 alliance that was formed on the eve of the Cancun meeting would soon collapse, the core group of the four most important countries has remained in place and is now acknowledged as a force to be reckoned with in global trade negotiations.

India has much to gain from the growth of the new coalition. At Cancun, it was India's willingness to join hands with Brazil that saved it from being forced to agree to negotiations that would effectively have opened Indian agriculture to a flood of imports. The recent visit of Celso Amorim, the Brazilian Foreign Minister, has highlighted the importance Brazil attaches to India's presence in the coalition. President Lula's visit during the 2004 Republic Day celebrations will be an occasion for the two countries to demonstrate that they are serious about closer bilateral relations and about the long-term plan to build an economic axis among four of the biggest countries in the developing world. There is more at stake here than the creation of a grouping of four large economies. The alliance will give these countries and the developing world in general greater space in global economic decision-making.

THE HINDU

3 NOV 2003

3 NOV 2003

Reform divide in Nobel hush

RASHEED KIDWAI

Oct. 12: The Nobel Peace Prize for Shirin Ebadi, the Iranian human rights activist who has become the first Muslim woman to win the honour, has yet to capture the imagination of organised voices of the community in India.

Indian Muslim leaders, scholars and the Urdu media are guarded about her achievement, still trying to ascertain what she "believes in" and what she "really stands for".

A section is searching for a "White House angle", circulating a theory that the award is more in recognition of the "discontent" that Ebadi has been sowing in an Islamic society than her campaign for reforms.

Others are wondering aloud if Ebadi is "some sort" of Taslima Nasreen, the Bangladeshi author who took on the orthodox clergy there.

Premier Muslim bodies like the All India Muslim Personal Law Board, the Milli Council, the Tabligi Jamat, the Jamiat-e-Islami and the Jamiat-e-Ulema have not reacted to the Nobel prize and they do not intend to.

"The award has little to do with Islam or Muslim faith. So there is no need for us to formally react," a cleric said. "She is not an Islamic scholar but merely a campaigner of human and women's rights. We value her

contribution in a civil society. That is it."

Among Shias, who form the majority in Iran, the opinion is divided. Maulana Syed Ali, the Imam of Shia Jama Masjid in Delhi, welcomed the honour. "We are delighted. She has been leading the Islamic way of life and trying to clear some misconceptions towards Islam," he said.

The fact that the Iranian regime had congratulated her showed that there were no "two opinions" about her contribution, he added.

But a conservative section was not sure, saying it wants to be certain that Ebadi's drive for



Shirin Ebadi

reforms is not against the Islamic revolution, which was spearheaded by Ayatollah Khomeini.

The moderates in the Indian Muslim personal law board are more supportive of Ebadi. Kamal Farooqui, who represents the liberal section in the board, said: "I do not know much about her work. But it brings us pleasure to know that a Muslim woman has bagged the coveted prize."

The board, Farooqui and Khalid said, has been trying to engineer "reforms from within". But the pace has been tardy as the old order is refusing to give up. The subdued applause for Ebadi, some feel, reflects the ongoing tussle between forces of change and continuity within the Islamic society in India.

G-22 meeting put on hold

By Sushma Ramachandran

NEW DELHI, OCT. 11. Despite the success of the Group of 22 coalition on agriculture at the Cancun Ministerial conference of the World Trade Organisation, India has decided to put on hold a proposed meeting of the group immediately. It now plans to monitor the progress of negotiations on agriculture at the Geneva headquarters of WTO for the time being and convene the meeting only in case problems are faced by developing countries.

Initially in the rush of enthusiasm after the Cancun conference and the positive role of the coalition, it was proposed to convene a meeting of the G-22 that includes China, Brazil and Mexico to chalk out the strategy for future negotiations. Official sources, however, point out that each country has its representative at the WTO and talks resumed on key issues like agriculture right after the ministerial conference. Though the Government remains in touch with the key players in the G-22, it has been decided to take a wait and watch attitude at least for now.

The G-22 had been formed only a few weeks before the Cancun conference was held in response to the agreement reached by the European Union and the U.S. on agriculture subsidy issues. The E.U. and the U.S. had joined hands to

agree that neither would reduce their enormous agricultural subsidies by any significant amount while expecting developing countries to reduce import duties and open up markets to their subsidised food products. This naturally angered the developing countries which then formulated their own framework proposal on agriculture signed by 15 countries initially and submitted it to the WTO. The number of countries in the group rose to 22 by the time the conference took place. Despite pressures from E.U. and the U.S., the group was able to ensure that market access took a back seat and the issue of reducing the hundreds of billions of dollars of subsidy given to a relatively small group of farmers was highlighted at the conference. Simultaneously, the impact of dumping cheap subsidised food products on farmers in developing countries had to be recognised.

The negotiations on agriculture have been resumed at the WTO with the aim of finally reaching an Agreement on Agriculture. Sources here feel it would be premature to rush into a formal meeting of the G-22 unless developments at Geneva warrant it. At the same time, they stress that countries in the group are keeping in touch and India has already offered to hold the first post-Cancun consultation in case this is considered necessary.

THE HINDU

12 OCT 2001

Nobel panel praised for peace prize choice

Oslo, Oct. 10 (Reuters): Guardians of the Nobel Peace Prize have again raised a little-known campaigner to the world stage by honouring Iranian lawyer Shirin Ebadi in a surprisingly bold push for reform in the Muslim world.

Nobel watchers praised the Nobel committee for the choice likely to send pro-democracy waves far beyond Iran, but said hopes of influencing Tehran were fraught with risks of failure. "This prize will promote all people who try to reform the Muslim world," said researcher Espen Barth Eide at the Norwegian Institute of International Affairs (NUPI), calling it "a process prize" aimed at steering events towards democracy.

"It could prove effective. Perhaps Iran will be the start of a modernisation process for the entire Muslim world," he said.

The 1992 prize to Guatemalan human rights campaigner Rigoberta Menchu, then little known abroad, put the spotlight on the struggle of indigenous peoples in Latin America, even

though it has not ended discrimination in Guatemala. In 1995, the committee surprised virtually everyone, including the winner, by celebrating veteran ban-the-bomb scientist Joseph Rotblat. The prize did not stop France, however, from testing nuclear weapons in the South Pacific.

And the Norwegian Nobel committee has sometimes been slammed for controversial and unexpected choices. Other times, like last year when former US President Jimmy Carter won, the award has been seen as a pat on the back for long service for peace.

The panel has been routinely blasted for splitting the 1994 award between Palestinian President Yasser Arafat, then Israeli foreign minister Shimon Peres and late Israeli Prime Minister Yitzhak Rabin for the now-de-railed Oslo peace accords.

"The committee does not live in an empty room. We have antennae out and feel where there are areas which now need to get into focus," the head of the five-member Nobel committee, Ole

Danbolt Mjoes, said about the prize to Ebadi.

"We wish to see that in the nation that Ebadi comes from women should come into focus, the Muslims need to come into focus — every country in the world needs to get into focus where human rights are violated," he said. Kari Vogt, a University of Oslo researcher who was among a few who had correctly tipped Ebadi, said it would help Iran's reformists and signal that "Islam and human rights are compatible".

"Ebadi stands for a non-Western way of looking at human rights. That is a strong signal," Vogt said. Ebadi was the first Muslim woman to win the prize. "The question is how controversial the prize is in Iran," said chief researcher Stein Toenneson at the Peace Research Institute in Oslo. He said if Iran's President Khatami welcomed the prize, that would "boost her status and make it difficult for the conservatives to brush the focus away. In that case, it could really bring change."

Rich nations told to adopt pro-poor policy

Press Trust of India

DUBAI, Sept. 22. — India today asked the rich countries to reduce trade barriers and provide greater market access to enable developing countries strengthen their trading activities.

In his address to the Development Committee meeting of the World Bank and IMF here, the finance secretary, Mr D C Gupta, said “pro-poor policies are the only way forward and for this the developed countries must show greater flexibility on issues of vital importance that are essential for development of poor countries”.

“Improved market access for all products of all is perhaps the key. Specifically for achieving the Millennium Development Goals, the need is to strengthen the capacity of developing countries to expand their production and trading activities and this is possible if the agreement aims to reduce barriers and provide greater flexibility on issues of vital importance essential for development of poor countries”, he said.

Mr Gupta, who is the the Alternate Governor to the Development Committee, admitted there is accordingly a need for an appropriate response from the developing countries as well for a multilateral fair and free trade regime.

He told the joint ministerial committee of the board of governors of the Bank and Fund that “we are also not very comfortable with the calculation of the quantum of development assistance presently made available”.

Mr Gupta also expressed concern over the considerable adjustment and transition costs borne by the developing countries besides the need to get fresh investments.

“Developing countries have been taking courageous steps and our development partners must appreciate that reform efforts get strengthened and pay dividends if reforming governments have some assurance that they could depend on timely and adequate development assistance”, he said.

He said a substantial increase in aid along with domestic efforts to improve policies, programmes and service delivery mechanism would be essential for any meaningful attempt to achieve the Millennium Development Goals (MDGs).

“With little over a decade left for achieving the MDGs, an action plan should be drawn up containing specific commitments from the developed countries for adequate sustained fund flows”, he said.

Mr Gupta said the plan should also address the interventions needed by the developing countries for improving efficiency and effectiveness of their public expenditure on MDGs besides the facilitation and harmonisation efforts of the international financial institutions.

Stressing the need for a massive increase in infrastructure investments, Mr Gupta said the MDGs will not be reached without a increase in investment in infrastructure.

He said given the huge unmet demands for basic services, this increased investment will have to come from a variety of sources, public and private, domestic and international, concessional and commercial.

Globalisation is creating only a handful of winners and a very large number of losers

A bit rich, really

BY PREM SHANKAR JHA

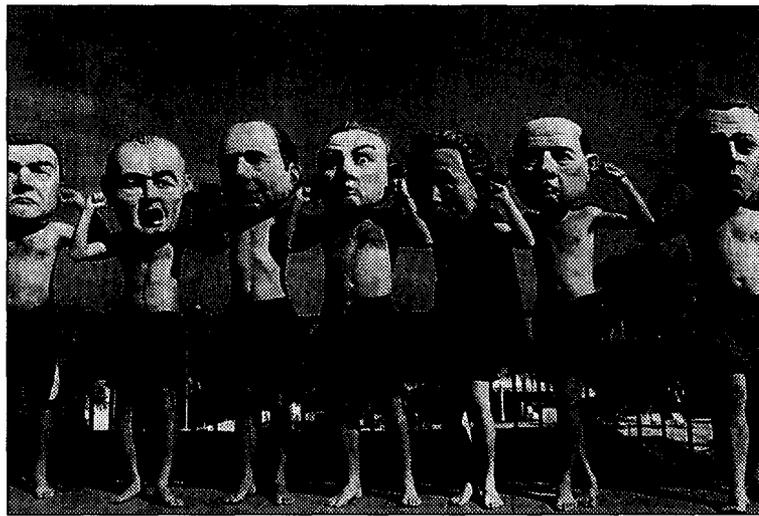
TWO IMPORTANT international meetings took place on the same weekend a fortnight ago. The first was the ministerial meeting of the World Trade Organisation at Cancun. The second, all but hidden by the glare of Cancun, was the annual meeting of the World Bank and the IMF at Dubai. This meeting too was a landmark of sorts because it was the first that the World Bank and the IMF had held in the Arab world. The choice of Dubai was a tribute to the UAE's success in carving a secure economic niche for itself in a ferociously competitive global economy by following open market policies. Dubai epitomises the success of those policies because it has become rich on the strength of human ingenuity alone, with no significant natural resources whatever.

But while the Dubai meeting celebrated the UAE's open economy, the philosophy of openness to which the Bank and the IMF are committed has come under a darkening cloud. More and more people are beginning to wonder precisely where global economic integration is taking them, and are beginning to look at the future with something that approaches fear.

The World Bank did its best to dispel the pessimism in its report on 'Global Economic Prospects' which was released just before the Dubai meeting. It reported that the US economic recession was definitely ending. GDP had grown by 3.1 per cent in the second quarter, and other economic indicators were looking up. Renewed economic growth in the US would fuel global growth. This would lead to a revival of the European economies and a further rise in the already healthy rates of growth being posted in Asia, especially in East and South Asia.

But even this affirmation of faith in the self-correcting capabilities of the global market economy sounded a little hollow. A study published in India's premier economic daily, the *Business Standard*, at about the same time, showed that 1.78 per cent of the 3.1 per cent growth of the second quarter was accounted for solely by an increase in military spending during and after the Iraq war. Not only was this filip to growth temporary, but its price, in terms of human lives and the destruction of property, was almost certainly too high.

As for the robust Asian growth, this finding depends far too heavily upon the high growth estimate, of 7 per cent plus, for China. China's growth statistics have, however, come under increasing scrutiny in recent years. Most economists now concede that its average growth in



MUSCLING IN, MUSCLING OUT: Protestors lampoon G-8 leaders at Cancun

the two decades since economic reforms began in 1979 has been about 2 per cent less than the 9 per cent that its official statistics claim. But what makes its recent growth figures more than a little suspicious is that the claimed growth rate of 7.2 to 8 per cent for 1998 to 2001 bore no relationship to its energy consumption which declined by 4 per cent per annum!

The carefully contrived optimism of the Global Economic Prospects report gives away the defensiveness of the Bank and the IMF. The reasons for feeling defensive are not far to seek. The developing countries are not the only ones facing problems, but the industrialised countries as well. Failure in their case cannot be blamed conveniently upon poor economic policies, poorer management or rampant corruption. For these are the exemplars and prime beneficiaries of 'openness'. So intractable are the problems of the industrialised countries that a kind of numb despair has settled upon their people. At its fringes, this has given rise to an active opposition to 'globalisation' that could easily turn violent. This opposition was very much in evidence at the Cancun meeting.

While even the fiercest protesters have only a hazy idea of the reason why they oppose global economic integration, they share a dawning perception that their governments have not been entirely honest with them. For more than a decade, legions of economists, spokesmen of international organisations and heads of government of the rich nations have spared no effort to convince the world that globalisation, and the consequent removal of trade and investment barriers, increases efficiency and therefore raises income. It does

this not only within a country but also across the globe. Witness the succession of 'miracles' in East and South-east Asia. Globalisation, in short, creates only winners and no losers.

Today, an increasing proportion of the population, not only of the poorer countries but also of the richest nations in the world, is convinced that all this hype is designed to lull them into acquiescence. In reality, globalisation is creating only a handful of winners and very large numbers of losers. The winners are the transnational corporations and a minuscule class of global professional managers. For them it has created hitherto undreamed of opportunities to work in and travel to far away places and earn vast sums of money.

To those outside this charmed circle, it has brought stagnant and often sharply declining real incomes, immense insecurity of employment and a sharp reduction of social security benefits that make them look upon the future with fear.

Globalisation has led to a sharp increase in the inequality of incomes and has given birth to permanent, endemic unemployment even in the industrialised countries — something that economic theory had once said was not possible. In the US, which is the stoutest champion of global integration, 40 per cent of all income earners have seen a decline in their real incomes in the last 30 years. At the other end, 2 per cent of Americans now own 90 per cent of its wealth.

What is most disturbing about these new developments is the inability of the governments of the rich countries to do anything to arrest them. In the Seventies and Eighties, government after government promised to stem the growth

of unemployment, the decline in real wages and the withering away of social benefits, but failed. In the Nineties, they stopped talking about these goals. Instead all of their talk centred on GDP growth rates, the need to keep inflation down, the exchange rate stable and the fiscal deficit at a minimum. All of these policy goals arose from a single obsession — the need to promote economic integration.

To achieve economic integration, therefore, the governments of the industrialised countries have been forced to give up the use of precisely those tools of policy, the interest rate, the exchange rate, tariff protection and pump priming, that they used to deploy to fight recession and unemployment in the past. To the victims of globalisation, this has felt like betrayal.

At Cancun one saw the very beginnings of an alliance between the dispossessed of the rich countries and the developing countries. In the Nineties the former, not content with forcing deregulation on their own peoples, had begun to force the 'deregulation' of international trade and investment upon the developing countries as well.

Beginning with the Uruguay round of trade negotiations, they compelled them to lower tariffs and eliminate trade and investment barriers. In exchange, they offered to end their own trade restrictions and ease the movement of temporary labour from the developing to the developed countries. The most important of these promises was to lift barriers to trade in agricultural products.

The Cancun talks failed because the poor for the first time unitedly demanded that the rich live up to their promises. Studies carried out before the conference had shown that they had systematically delayed their own liberalisation while insisting upon the developing countries to speed up theirs beyond what the Uruguay round had stipulated.

As a result, very little of the immense benefits from trade that they had been promised had actually accrued to them. But their most glaring failure was to liberalise agricultural imports. This, therefore, became the developing countries' target of attack.

The protesters outside the conference hall, most of whom were from the rich nations, celebrated Cancun's failure. The US trade representative, by contrast, did not bother to conceal his government's anger and told the developing countries that they would have to pay for their temerity. But the first threads of an alliance were bound at Cancun. In future years it is likely to grow stronger.

IMF banks on growth in India, China

Arun Kumar
Dubai, September 18

THE STRONG economic growth in India and China will not only change the guard in Asia but would also impact the global economy, said Kenneth Rogoff, economic counsellor & director of research, International Monetary Fund. The Indian economy is growing at a healthy 5.6 per cent in 2003 and is expected to grow at 5.9 per cent in 2004, he said, and projected China's growth at 7.5 per cent for both 2003 and 2004.

While reasonably optimistic about normal or even better growth in the global economy, Rogoff warned there is no time for complacency. "The recent collapse of trade negotiations in Cancún, Mexico is a tragedy, not

however expressed his concern over the rising fiscal and current deficit.

"After 2004, while the productivity numbers are encouraging, one has to be quite concerned about what will eventually happen when the twin deficits — fiscal and current account — are reigned in, as eventually they must be," he contended. In the United States, much of the incoming data reflects strong growth.

The IMF has projected an estimated 2.6 per cent growth in 2003 and 3.9 per cent in 2004. These figures are realistic, he contended.

The IMF has projected a global growth rate of 3.2 per cent in 2003 and 4.1 per cent in 2004. Though the data which the IMF had released in April 2003 re-



Kenneth Rogoff
Indian concern

least because without stronger trade growth, global growth will eventually slow down significantly, and global poverty will rise," he stated.

On the US economy, Rogoff

mains, Rogoff said that there is a huge difference since last April as "we see an upside potential in the next 9 to 12 months."

On the outlook for the global economy, Rogoff pointed out: "This time it is not a balanced growth". While the United States and emerging Asian countries are growing at a reasonable pace, Europe is still struggling to turn the corner. Japan's situation is improving but it is still uncertain, he added.

On future prospects, Rogoff said: "Looking further to the second half of 2004 and beyond, there are still many risks which include a disturbing pattern of global current account imbalances. And this is likely to worsen. The United States is continu-

ing to absorb a large share of the global net savings. And, much of this is coming from Asian economies.

Rogoff also cautioned that there was a significant possibility of a bust in the housing construction industry in some countries, especially as low interest rates pick up. The fact that the global economic recovery has not produced more jobs poses some risks for consumption.

Another cloud on the horizon is the high and growing level of public indebtedness throughout the world. "This issue of the world economic outlook is a clarion call to the potential default problems looming in the emerging markets that do not take advantage of current relatively benign conditions to adjust," said Rogoff.

Poor nations unite to stall WTO talks

K. K. K. 1399
Cancun (Mexico), September 12

PAKISTAN JOINED India and other developing countries on Friday to stall the World Trade Organisation conference in Cancun, demanding major cuts in farm subsidies of the US and other developed nations.

The rich countries tried to steamroller their way on trade and investment issues but were stopped by the developing nations, led by India, China and Brazil, from bypassing the contentious subject of agriculture.

Without referring directly to India's objections, Pakistani Commerce Minister Humayun Akhtar Khan told a meeting of Islamic countries that the rich countries should abolish the subsidies.

About 70 developing countries successfully pushed their argument on agriculture to make a

989 4101
strong case against the inclusion of new (Singapore) issues like investment and competition rules into the WTO work programme. The Singapore issues include trade facilitation and transparency in government procurements.

A new alliance of 16 developing countries, including India and Malaysia, formed on Thursday to oppose the Singapore issues met on the second day of the WTO conference to oppose the subjects' inclusion in the work programme and thwarted bids by EU and Japan to resume negotiations.

India's commerce minister Arun Jaitley and the Malaysian trade minister told a press conference that they would never agree to resume the talks on the four Singapore issues till a complete clarification from the rich nations came through.

Agencies

Casualty in Cancun—Tragedy and tirade at trade's talkshop



South Korean Lee Kyang Hae (left) stabs himself during an anti-globalisation protest against the World Trade Organization meeting in Cancun on Wednesday. A fellow-militant said that Lee's act was meant to "demonstrate opposition to the WTO which is killing our farmers and destroying Korea's agriculture". Lee later succumbed to his wounds.

Two-Point Licensing Process Okayed

WTO strikes deal on cheap drugs

Our Delhi Bureau
30 AUGUST

IN a deal described as "historic" by the WTO director general, Supachai Panitchpakdi, all members of the trade body on Saturday agreed on a mechanism to kick off Paragraph 6 of the Doha Declaration on TRIPS and public health. What this means is that poor countries will have access to cheap drugs to fight killer diseases. The deal was struck after all countries including India agreed to a two-point procedure on the issue of compulsory licensing by poor countries for accessing generic drugs at cheaper prices to fight killer diseases that become public health concerns. The resolution of the long-standing dispute came after developing countries, including India, decided to back it, a WTO spokesman said.

The issue that has remained contentious for long, has now been resolved, with the highest executive of the trade body, the General Council, ratifying an agreement reached by the US and a group of developing countries including India.

The original deadline for the TRIPS council to suggest the mechanism to the General Council was December 31, 2002.

The current decision allows for exercising the Para 6 option under the TRIPS council's monitoring, with notification of safeguards and anti-diversion measures. The decision also allows

countries producing generic copies of patented drugs to export them to the "eligible importing countries" until the WTO's intellectual property rights agreement is amended. Such exports would be allowed under the existing provisions of Article 31 (F) of the TRIPS agreement. The agreement provides for restricting even the quantity of production by an exporting country to meet the notified requirement of the importing country, and makes it incumbent upon the exporting country to pay "adequate remuneration" to the patent holder as per Article 31 (H) of TRIPS.

A WTO news release quoted director general, hailing the agreement. "It proves once and for all that the organisation can handle humanitarian as well as trade concerns... and gives WTO members a good momentum to take to the ministerial

conference in Cancun," he said. The government of India, party to the deal, too sees it as a victory.

However, terming the deal as a big disappointment, DG Shah, secretary-general, Indian Pharmaceutical Alliance said the final agreement is no different from the chairman's draft circulated earlier to which the IPA had objected for its various difficult clauses that would make exports difficult.

Harinder Sikka, senior president, Nicholas Piramal India, however, said that the deal is a major victor for poor countries and Indian drug companies would benefit.



W Africa
51-4
1918

Poverty and globalisation

While the decline in the number of people with less than a prescribed expenditure minimum is in itself a welcome development, it does not necessarily imply that the incidence of caloric hunger has declined, argues **Indira Rajaraman**

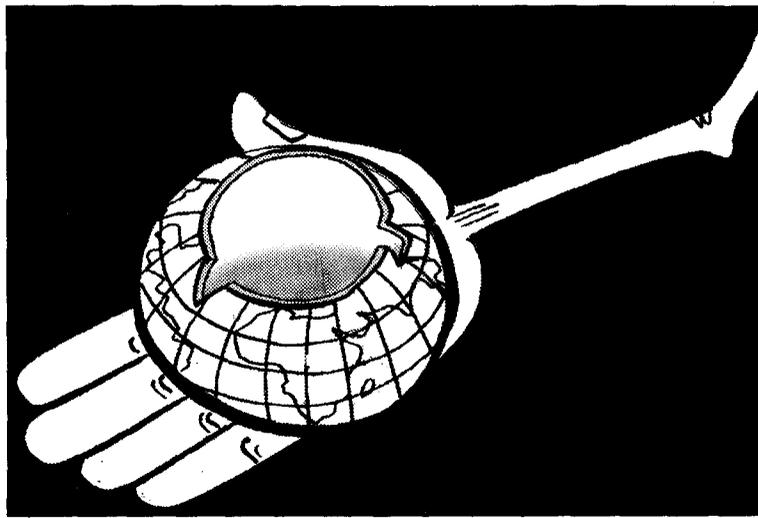
SOME things never change. A central issue in the debate raging today over whether globalisation in the nineties reduced world poverty, and by how much, is the underestimation of consumer expenditure in the Indian National Sample Survey (NSS) relative to the National Accounts. Since India houses a third of the world's poor, the numbers in India matter.

Thirty years ago this month, I defended my doctoral dissertation at Cornell, which did poverty estimates using NSS data. A central issue then as now was NSS underestimation of consumption relative to National Accounts, and the possible upward bias this imparted to poverty estimates. My defence then was that if the underestimation factor remained constant over time, as it did in the sixties, the NSS data could still yield satisfactory estimates of poverty trends over time.

The NSS underestimation factor did not remain constant in the nineties. According to Surjit Bhalla, total consumption as estimated from NSS surveys fell from 66.7% of the National Accounts figure in 1987, to as low as 48% in 1998. Despite a rise to 55.8% the next year, clearly growth in India over the nineties is underestimated by the household surveys. Could it be that the National Accounts are biased upwards? No way. I have argued at length elsewhere (*ET*, 13 June 2002) that the GDP figures themselves underestimate the true growth rate over the 90s.

In a book with a wonderfully evocative title, *Imagine There's No Country*, Bhalla adjusts the NSS figures for India, as well as 73 other countries which experienced similar increasing survey underestimation in the nineties, out of a data set covering 111 countries.

Even without such adjustment, poverty in the non-industrialised world goes down from 28% of the population in 1987 to 23.5% in 1998. With adjustment, poverty goes down to a mere 16% in 1998 and 13% by 2000. Bhalla therefore sees the Millennium Development Goal, of halving world poverty to 15% by 2015,



BONNY THOMAS

as having already been met.

NSS disparities vary by commodity. Even food, which carries a lower disparity than other items, was underestimated by 42% in 1987 (before worsening over the 90s). Bhalla's corrective is decile-specific rather than commodity-specific, but the procedure implicitly apportions the worsening underestimation over the nineties across poor and non-poor in proportion to their share in total consumption.

Why might food consumption by any household, poor or non-poor, responding to an NSS investigator be understated? Why might these reasons have gathered force over the nineties?

NSS consumption surveys in general fail to capture food consumption outside the household. Although the NSS questionnaire does cover purchase of cooked food, the relevant block is left unfilled in most cases. Meals purchased outside the home, and processed foods into which cereals and milk go as inputs, along with the higher wastage accompanying bulk preparation and processing of food, are the principal reasons underlying NSS underestimation of food relative to the national accounts. These accrue principally

to the non-poor, more especially the urban non-poor. Then there is unpurchased food consumed outside the household, at religious feasts or social occasions like weddings. These add to the discrepancy, and are likely to have gained more than in proportion to income over the nineties, for upper income households.

THESE exclusions would help explain the otherwise implausible NSS-based finding by J V Meenakshi and Brinda Vishwanathan (in the *EPW* poverty issue in January 2003), that aggregate calorie intake among the richest 20% in rural areas declined substantially in absolute terms in all states between 1983 and 1999.

There is, however, one reason why food consumption by the poor through household surveys may be undercounted, but that reason is very unlikely to have gained in importance over the nineties. In labour markets in many parts of the country, a cooked meal, sometimes two, are traditional components of the wage paid for a full-day contract to daily-hire rural labourers. These should enter NSS household expenditure as imputed consumption from imputed income, but are not so

entered in practice. But there is no reason why the kind component in wages should have increased over the nineties. If anything, it is likely to have fallen.

Considering all these factors, I am inclined to go with the unadjusted figure rather than the adjusted one. Even the unadjusted figure, as we have seen, shows a decline by 4.5 percentage points in world poverty over the nineties. While assigning the credit for this very welcome decline to globalisation, there are a few caveats to be borne in mind.

The poverty reduction observed is the net result of a process that has moved some people out of poverty, while others have gone under. A recently published study by Aniruddh Krishna, admittedly confined to 12 villages in Rajasthan, but insightful nevertheless, identifies health-care expenditure as a principal reason for movements of households into poverty.

The impact of globalisation on costs of healthcare in the non-industrialised world needs to be quantified for a fuller understanding of the dynamics of globalisation and poverty. Feasible health insurance or other correctives will then have to be worked into the system.

Finally, expenditure and income are indirect ways by which to capture food deprivation, which lies at the heart of the poverty issue. While the decline in the head count of those with less than a prescribed expenditure minimum is in itself a welcome development, it does not necessarily imply that the incidence of caloric hunger has declined in the non-industrialised world. The study by Meenakshi and Vishwanathan referred to earlier establishes that trends in caloric deprivation in India are sensitive to the calorie norms used. This might well be the case in other parts of the world as well.

Without detracting from the painstaking work that has gone into Bhalla's conclusion, an unqualified hurrah for globalisation may not be warranted by the data quite yet.

(The author is with NIPFP. Views are personal)

MONDAY, AUGUST 4, 2003

ROAD TO CANCUN

HO-10 4/8
WORLD
STRAIN

THE CONTOURS OF a possible breakthrough at the September ministerial meeting of the World Trade Organisation in Cancun, Mexico, in the Doha round of trade talks are now beginning to take shape. But even if such a deal, driven by a likely agreement between the European Union and the United States on the contentious issue of agriculture trade liberalisation, is struck, how far it will benefit India, and the developing countries as a whole, is open to question. The Doha round, which is to be reviewed during the Cancun conference, has been deadlocked mainly because of the wide differences between the E.U. and the U.S. on agriculture. The signals from the informal 'mini-ministerial' of the WTO at Montreal last week, in which India was a participant, are that the two trade majors are now intensively engaged in forging a mutually acceptable deal in agriculture. The positions remain divergent and time is running out before the ministerial meeting, but the E.U. and the U.S. are serious about not letting Cancun become, from their point of view, a disaster. A compromise on agriculture has become a possibility after the E.U., the biggest defender of farm subsidies, drew up an internal agreement on a moderate reduction of subsidies by its members.

A deal between the European Union and the U.S. on agriculture so close to the Cancun conference is both good and bad for the other members of the WTO. It will be a positive development because it will free energies, now locked up in the stalemate on agriculture, to focus on the many other issues on the Doha agenda — including subjects that are supposed to benefit the developing countries. The entire Doha round has so far been held hostage to the impasse in agriculture. An E.U.-U.S. pact on agriculture on the eve of the ministerial conference will be a negative development because all

countries, and especially those from the developing world, will then be pushed to agree to compromises on the other issues in the Doha agenda that have been deadlocked. The desire to make Cancun "a success" will generate pressures for compromise even in important areas where a meaningful agreement cannot be reached over the next few weeks. Special and differential treatment for developing countries, industrial tariffs, and perhaps most controversially, the expansion of the WTO's powers by negotiating treaties in new areas like foreign investment and competition policy are some of these sensitive issues. The advanced economies have been less than sensitive to the concerns of the developing countries on these questions. Cancun has acquired a high profile because of the lack of progress in the 18 months of negotiations since the Doha round was launched in 2001. A successful ministerial conference is therefore important; a failure to end the stalemate in all the important areas will challenge the very legitimacy of the Doha round of trade negotiations.

India's position on the need for a fair agreement on the trade issues in what is still claimed to be a "WTO Development Round" was reiterated in Montreal. But the task will be to maintain this position in the run-up to, and at, the Cancun conference. A positive feature has been the India-China alliance at the WTO, which was reaffirmed at last week's meeting. It will not be easy to ride roughshod over a joint position by the two countries. It is, however, important to remember that the focus of China's present effort will be on mitigating the onerous conditions of its accession, in 2001, to the WTO. This concern has persuaded China to take a somewhat cautious approach to the Doha round, compared with India's openness in articulating its positions.

THE HINDU

Handwritten notes: *MD-12*, *17/2*

FALLING BEHIND

HUMAN DEVELOPMENT IN the low-income countries of the world is not progressing at a satisfactory pace. This is the central message from the 2003 Human Development Report of the United Nations Development Programme. The economic transformation of China and, to a lesser extent, the pace of growth in India are not representative of trends in the developing world. In a number of countries in Africa and East Europe, human development actually deteriorated during the 1990s, which was the decade of globalisation. In many countries of Asia and South America, economic growth since 1990 has not been fast enough to result in higher per capita incomes and improved health and education standards. The Report, which this year focusses on an appraisal of progress in achieving the Millennium Development Goals (MDGs) in poverty, schooling, child mortality and in other select economic and social areas, concludes that the forces of globalisation will not by themselves take the world closer to the United Nations targets for 2015. A renewed commitment by national governments and the international community to promote broad-based and labour-intensive growth is necessary. Simultaneously, substantially more government revenues and global aid funds have to be invested in human development.

In the Report's assessment, progress since 2000, when the MDGs were drawn up, has been such that the world is on target in only two out of 10 quantifiable goals — a halving between 1990 and 2015 of the incidence of poverty and of the population without access to safe drinking water. India's report card in progressing towards the MDGs is a mixed one and reflects the Government's emphasis during the 1990s on economic growth and its relative disregard of the challenges in the social sector. There was considerable progress in reducing poverty. But the country was well behind the required pace of achievement in lowering infant, child and maternal mortality rates and eliminat-

ing gender biases in school education. The Report's suggestions for accelerated progress in human development reject the "Washington Consensus," which emphasises private enterprise, deregulation and an embrace of the global market. It advocates a blend of policies that foster private entrepreneurship in industry, promote the labour-intensive growth of agriculture, and give an important role to the State in infrastructure and the provision of social services such as education, health, water supply and sanitation. The Report also pays special attention to the current global thrust of private provisioning of social services and concludes that private enterprises do not deliver on most occasions. In the advanced economies, it was the State that first ensured universal availability of these services, before handing them over in part or full to the private sector. An engagement with the global market is important for generating the incomes required for human development. But notwithstanding their professed commitment to free trade, the advanced economies hurt developing country exports with their massive subsidies for agriculture and high tariffs on labour-intensive manufactured products. These curbs have to be removed during the current round of trade negotiations of the World Trade Organisation if developing countries, especially the least developed ones, are to derive some gain from the global market.

It is sometimes argued that human development, with its emphasis on the social sector, is the antithesis of economic growth. The whole point is that the two are interlinked and can be part of a virtuous circle in which, as the Report argues, an improvement of education and health standards facilitates faster economic growth and *vice versa*. A neglect of human development or economic growth can push countries into a vicious circle in which inadequate attention to human development pulls down economic growth and the other way round as well.

THE HINDU

12 JUL 2003

Pressure on Asia to allow currency rise

JASON SZEP

Bali, July 5 (Reuters): European finance ministers pressed Asian governments on Saturday to allow the region's tightly managed currencies to rise against the dollar, a move that may limit any damage to Europe's economy from further euro strength.

Some Asian governments have sought to limit the impact of the falling US dollar on their currencies by intervening in foreign exchange markets to maintain their export competitiveness at a time of weak global demand.

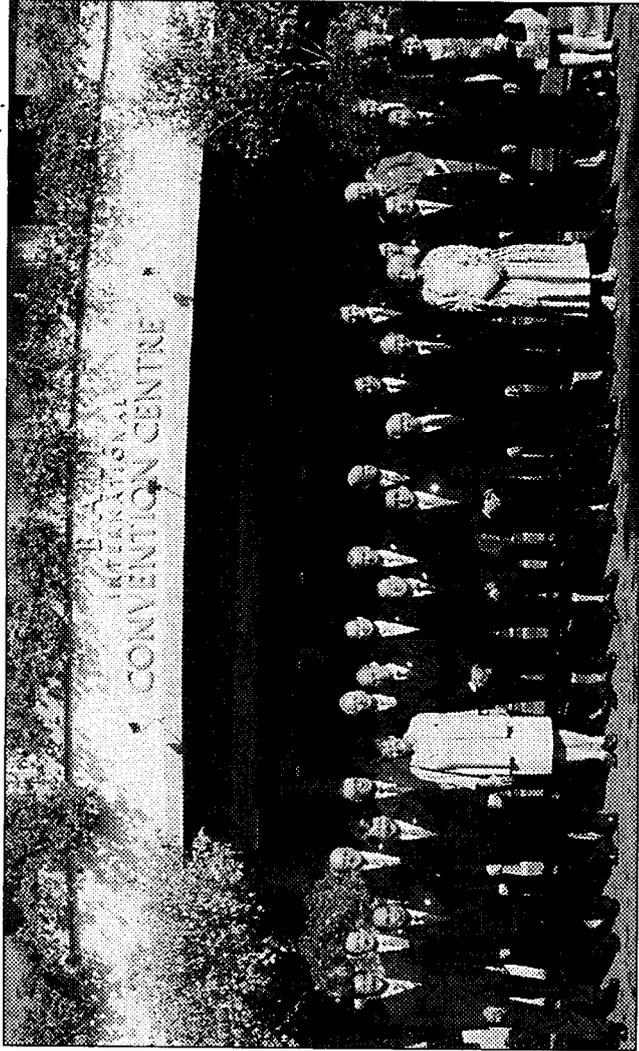
With Asia striving to keep dollar weakness at bay, much of the pressure on the dollar, caused by the huge US trade deficit, has so far come via a strengthening euro.

"There has been a discussion about that," said Karin Rudebeck, state secretary of international affairs in Sweden's finance ministry, referring to Asian currency policy.

Rudebeck spoke to Reuters after a closed door session at an annual meeting of European and Asian finance ministers (Asem) on the Indonesian resort island of Bali.

"The burden toward the euro has been too high in the restructuring of exchange rates globally. This has been discussed but I think there is no clear conclusion," she said.

Kim Jin-Pyo, South Korea's minister of finance and economy, said: "The European countries seem to be of the view that since the US has a huge trade



European and Asian finance ministers pose for a photograph at the opening ceremony of the ASEM meeting in Nusa Dua, Bali on Saturday. Reuters

deficit and many countries in East Asia and in particular China has a large share of that, there should be or there could be a cautious correction of that imbalance."

Gaping deficit

The issue of Asian currency policy has become an issue because of the massive US current account deficit, which is close to five per cent of gross domestic product. To finance this, the US must attract more than \$1 billion a day.

This was easy during the 1990s when a soaring stock market and high-tech boom lured

foreign investors. But a stock market tumble and economic stagnation has dulled returns, slowing the inflow of investment and pushing the dollar down.

But its fall against global currencies has been uneven.

In 2003, it has fallen 9.3 per cent against the euro, but just 0.6 per cent against the yen, 1.1 per cent against the Taiwan dollar and 0.5 per cent against the Korean won. Three other Asian currencies, the Chinese yuan, the Hong Kong dollar and the Malaysian ringgit are pegged to the dollar at fixed rates.

Last week the Bank for International Settlements criticised

unnamed Asian countries for opposing a rise in their currencies that would cut their current account surpluses and, by extension, help shrink the US deficit.

Speculation has swirled in financial markets that China will relax its yuan policy to allow it to rise against the dollar. Such a move may help ease inflationary pressure building up in China due to strong money supply growth. US treasury secretary John Snow and a South Korean foreign exchange official have stirred that speculation by saying that a yuan policy change may already be under consideration.

Closer ties in trade sought

Bali, July 5 (Reuters): European and Asian finance ministers met on the Indonesian resort island of Bali on Saturday to boost cooperation in trade, investment and finance as the world economy shows scattered signs of recovery.

The annual gathering of officials from the European Union, China, Japan and eight other Asian nations are expected to stress closer coordination in macro-economic policy between their regions, home to about a third of the world's population.

"European countries are entering into an integrated single market, while we have just started to strengthen our bond market. There will be talks on how to synergise these efforts," said Indonesia's chief economics minister, Doroedjatun Kuntjoro-Jakti.

But, as in previous ASEM ministerial forums, new policies of substance are unlikely by the end of the two days of talks, and much of the agenda centres on technical issues, such as pooling ideas on how to keep Asia's fledgling financial markets stable.

The Bali meeting comes less than two weeks after 11 Asia-Pacific nations launched a new \$1 billion ASEM Bond Fund, drawn

from their huge central bank reserves, to speed development of a regional bond market.

That Thai initiative is seen as a catalyst for Asia to woo back some of its assets invested outside the region, especially in US bonds. But delegates in Bali said the weekend meeting would only touch lightly on ways to develop the fund.

"The Asian Bond Fund is not central to the meetings," one European delegate said.

Asia has around two-thirds of global foreign exchange reserves but its bond markets are less developed. Many Asian companies still rely on short-term bank loans for funding, raising the risk of volatility if banks cut credit lines.

In Asia's financial crisis of 1997/98, the banks did just that, and Asian policy makers are now under pressure to find ways to funnel savings directly into Asian investments, bypassing Western financial institutions, to nourish future growth.

"The bond market in Asia is still weak. If we really want to have a stronger financial system in Asia after the crisis, the Asian bond market must be further developed," said Kuntjoro-Jakti.

The EU and Asian officials are also trying to find ways to avoid a stalemate at the World Trade Organization liberalisation talks launched at Doha in Qatar, in the run-up to a ministerial meeting in Cancun, Mexico, in September.

Some states, such as China, are concerned the round will founder on a lack of consensus.

G-8 warns Iran, N. Korea on n-weapons

in Africa

By Vaiju Naravane

EVIAN, JUNE 2. The Group of Eight industrialised countries, at their meeting in Evian today, warned Iran and North Korea against pursuing programmes mass destruction weapons.

In a statement to be made public on Tuesday, they called on both countries to comply with international nuclear safeguards.

"We strongly urge North Korea to visibly, verifiably and irreversibly dismantle any nuclear weapons programmes, a fundamental step to facilitate a comprehensive and peaceful solution," the statement said.

The declaration also described international terrorism as the "pre-eminent threat to international security."

The proliferation of weapons of mass destruction was described as "a growing threat to us all".

The G-8 reaffirmed their commitment to international agreements such as the Non-Proliferation Treaty, the Chemical Weapons Convention and the Biological and Toxin Weapons Convention and called upon the world community to become party to them.

The warnings to Iran and North Korea, sources said, were strengthened at the insistence of the United States.

North Korea's failure to abide by International Atomic Energy Agency safeguards was described by the statement as a

"clear breach of North Korea's international obligations."

The G-8 leaders said they would "not ignore the proliferation implications of Iran's advanced nuclear programme," and called on Teheran's "full compliance with its obligation" under the nuclear Non-Proliferation Treaty.

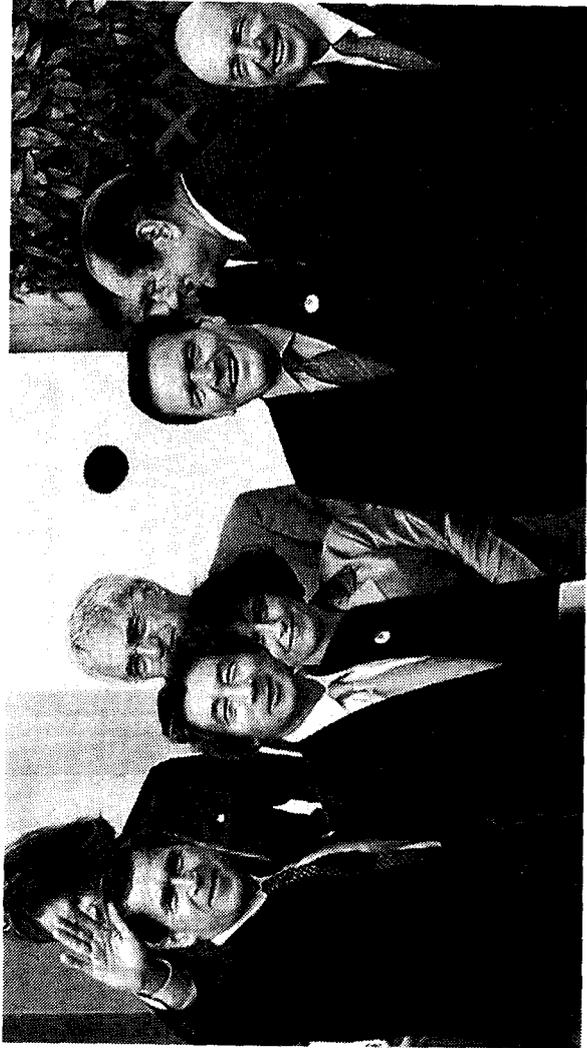
Bush, Chirac to work together

The United States President, George W. Bush, and his French counterpart, Jacques Chirac, on Monday acknowledged they had differences, but said they were determined to work together.

The long-awaited tete-a-tete between the two leaders after relations between Washington and Paris hit their lowest spot in decades, was "positive and constructive", sources said.

"We must be frank, we went through a difficult period," Mr. Bush said, referring to French opposition to the Iraq war that badly damaged trans-Atlantic ties, with Washington threatening "consequences" and punitive measures.

"There is no question where Jacques Chirac stood and I made it clear where I stood. That's why I can say we've got good relations, because we are able to be very honest with each other," Mr. Bush told reporters. Mr. Bush said all attention was focused on whether he and Mr. Chirac would ever be able to



The U.S. President, George Bush (left), the Japanese Prime Minister, Junichiro Koizumi, the German Chancellor, Gerhard Schroeder, the French President, Jacques Chirac, and the Greek Prime Minister, Costas Simitis, in Evian, France, on Monday. — AP

"actually sit down and have a comfortable conversation. And the answer is, absolutely."

Mr. Chirac has, however, refused to back down on his principled opposition to the war, which he considered illegal.

"A war which lacks legitimacy does not acquire legitimacy just because it has been won," he said in an interview last week.

Significant divergences
Although both leaders have stressed the need to work together in the interests of world peace and stability, they have

France and the U.S. could work together on the issue of Iraq's reconstruction.

Mr. Bush, however, is leaving Evian later today, giving the traditional celebratory G-8 dinner a miss.

His West Asia talks in Egypt and Jordan are likely to steal some of the thunder from the concluding day of the G-8 talks.

Mr. Bush expressed the hope that he could breathe life into the troubled process, saying: "I think we'll make some progress. I know we'll make some progress."

asked if

French riot police beat back anti-globalisation activists

Annemasse, (France): Threatening mayhem, tens of thousands of anti-globalisation activists prepared to disrupt the opening day of the G-8 summit of the world's richest nations in the French spa town of Evian.

There were brief clashes on Saturday, when French riot police used tear gas and batons to push back some 400 noisy protestors.

To counter the threat, some 25,000 police and military personnel have been deployed in Evian and just across the Swiss border in Geneva to try to ensure the high-profile summit passes off peacefully.

Security is so strict in Evian itself that the protestors have been forced to focus their campaign around Geneva and the French town of Annemasse.

Many shops and businesses in Geneva's chic downtown quarter have boarded up windows. Some are closed to avoid possible anti-capitalist rampages.

Activists have vowed to block bridges from dawn to try to prevent official delegations ar-

riving at the city's airport from passing into France to attend the summit.

Others have published advice on the internet on how to evade the security, including swimming in spread-out lines across Lake Geneva. Switzerland, which is not a G-8 country, is putting on its biggest security operation since World War II amid fears of a repeat of the violence that shook the Genoa G-8 meeting two years ago when a young demonstrator was shot dead by police.

Saturday's flare-up at Annemasse came when several hundred police officers pushed back about 400 protestors trying to block access to a meeting attended by a French socialist party delegation. No one was arrested.

Shouting slogans against the socialists, the demonstrators later moved into the town centre where a number of cars were damaged. About 50 "fires of protest" lit up the skies after dark later on Saturday, and bonfires were lit around the Swiss and French shores of the lake. AFP

- 2 JUN 2003

Least developed nations call for more market access

By Haroon Habib

*W. Afr
HD-12*

DHAKA, JUNE 1. Trade Ministers of least developed countries (LDCs) have decided to take a strong stance on the "Dhaka Declaration" to be adopted here tomorrow for negotiating in the fifth World Trade Organisation's ministerial meet in Mexico in September. Officials held two-day of parleys to draw up the declaration.

The second conference of the Trade Ministers of LDCs opened here on Saturday with a call to the developed countries to remove trade barriers and fulfil promises with respect to other trade facilitation measures. Thirty-nine countries are participating in the conference, of which 25 are represented at the ministerial level.

The consensus emerged when the Trade Ministers of Tanzania, Afghanistan, Burundi and Ma-

lawi separately called on the Bangladesh Commerce Minister, Amir Khosru Mahmud Chowdhury, leader of the LDCs. They agreed not to depend only on the developed and developing countries to increase the countries' trade, but stressed on boosting inter-trade among the LDCs as well as bilateral trade. They called for a concerted effort to get duty-free and quota-free market access to consolidate the economies of the LDCs along with the world economy.

They voiced concern over an "evil effort" to destabilise the unity of the LDCs by external forces such as the developed countries and multi-lateral agencies, and called for being alert against such designs.

A delegation from International Trade Center also met the Commerce Minister on the sidelines of the LDC officials meet.

- 2 JUN 2003

THE HINDU

149-1A
2/6
G-8 SUMMIT / LOOTING, ARSON BY PROTESTERS

Bush-Chirac 'bonhomie' in focus

H. Africa ✓

By Vaiju Naravane

EVIAN (FRANCE), JUNE 1. There were scenes of looting and arson with hooded youths breaking shop windows and hurling Molotov cocktails in downtown Geneva and the French city of Annemasse as the Group of Eight Summit got underway in the barricaded French resort town of Evian.

Despite the fact that Swiss authorities had erected huge yellow palisades to protect the facades of many of Geneva's elegant shorefront buildings, looters bent on mayhem inflicted considerable damage in the Painpalais district of Switzerland's only international city. Home to the World Trade Organisation, Geneva is being seen as a symbol of unbridled globalisation and brute capitalist interests.

The entire area between Geneva, Lausanne, Annemasse and Evian stretching in a swathe across parts of France and Switzerland looks like a war-zone, with kilometres of barbed wire, and an estimated 25,000 soldiers and policemen deployed in a massive security operation.

Leaders of the participating countries, France, Germany, America, Britain, Canada, Japan, Italy and Russia arrived here for the opening ceremony which saw a handshake, under intense media focus, between Presidents George W. Bush of

the U.S. and Jacques Chirac of France.

Weak dollar

The G-8 leaders will seek to shore up a fragile global economy bedevilled by a falling dollar and deflation fears, Mr. Bush insisting he remains committed to a strong currency. The leaders will also discuss Iraq and other burning topics such as the fight against terror, West Asia, weapons proliferation, the North Korea nuclear crisis, global economic woes and aid for developing countries. But it is over economic questions that disagreement is likely to be the sharpest.

Europeans feel that the U.S., despite protestations to the contrary, is happy with a weak dollar, since it boosts U.S. exports to Europe and elsewhere. The sliding dollar and soaring euro could pose a major threat to the long-awaited recovery in Europe and Japan.

The G-8 leaders are expected to issue an economic statement on Monday, asserting their confidence in chances for a global rebound.

However, many see this as a refusal to face reality. Germany is on the verge of registering negative growth, the Japanese economy is in the doldrums and prospects of a U.S. economic recovery remain dim.

Deflation has emerged as another menace to global momentum, as steadily falling prices

squeeze corporate earnings, threaten jobs and wages and unsettle stock markets.

The Chinese President, Hu Jintao and the Japanese Prime Minister, Junichiro Koizumi, were the first to arrive in Evian, followed by the Prime Ministers, Tony Blair of Britain, Silvio Berlusconi of Italy and Jean Chretien of Canada, while the Russian President, Vladimir Putin, touched down in Geneva.

Mbeki plea

The summit began with a working lunch for heads of state and Government as well as the United Nations chief, Kofi Annan, and the leaders of the World Bank, the World Trade Organisation and the International Monetary Fund. The talks were to focus on economic growth and international cooperation, and Africa, represented by the Presidents of Algeria, Egypt, Nigeria, Senegal and South Africa, was to take centre-stage later on Sunday.

Mr. Chirac wants the summit

to make Africa a priority, addressing problems such as debt relief, AIDS, drinking water, trade and promotion of democracy.

The South African President, Thabo Mbeki, said he would ask the G-8 to drop trade barriers on farm products from poor countries in order to lift millions out of poverty, while Mr. Bush is set to urge G-8 colleagues to match a \$15-billion plan to combat AIDS.

Mr. Bush made it clear on Saturday that while Europe and the U.S. should bury the hatchet, it should be on his terms.

He said it was time for everybody "to step up to the shared duties of free nations."

He will be leaving before the celebratory dinner on Monday, travelling to West Asia.

Through this gesture, the U.S. wishes to signal its continuing disinterest in multilaterals for a while administering a quiet snub to the host country, France.

UK, France word on Pak

ST PETERSBURG, May 31. → Prime Minister Mr Atal Behari Vajpayee ended a day of hectic diplomatic activity with talks with leaders of four of the five UNSC permanent members — Russian President Mr Vladimir Putin, French President Mr Jacques Chirac, and British PM Mr Tony Blair — and obtained an assurance from France and UK that they will impress on Pakistan on the need to curb fundamentalists operating from its soil.

He also shared the table with Mr George Bush at the state dinner hosted by President Putin. Seated right of Mr Bush, Mr

Vajpayee was seen engaged in an animated conversation with him.

Ahead of Mr Vajpayee's crucial China visit next month, Chinese President Mr Hu Jintao earlier today said his government placed great importance on developing a relationship with India and wanted both sides working "harder" for constructive cooperation.

Setting the stage for the first Prime Ministerial visit to China in a decade, both leaders expressed a keen desire to expand bilateral ties. The troubled border issue, however, did not come up in the 30-minute meeting between Mr Vajpayee and Mr Hu. — PTI

SFA
26/5

G-8 talks can bring Third World closer: PM

Statesman News Service

NEW DELHI, May 27. — The Prime Minister, Mr Atal Behari Vajpayee, said today that the Evian meeting between the G-8 countries and selected representatives of the developing world would promote “meaningful interaction” and reconcile “differing perceptions” between the first and the third world.

The issues about differing perceptions assume significance in view of the fact that India and some first world countries had not agreed with the American and British perceptions on Iraq. There have been differences on economic issues as well.

After his visit to Germany and Russia, Mr Vajpayee will visit Evian in France.

Prior to his visit, the Prime Minister said a number of political, eco-

Vajpayee in Berlin

BERLIN, May 27. — Mr Atal Behari Vajpayee arrived here today on the first leg of his three-nation tour. On reaching the Tegel Airport, Mr Vajpayee, who is accompanied by Mr Yashwant Sinha and Mr Arun Jaitely, among others, was accorded a warm welcome. A formal reception will be given tomorrow by the German Chancellor, Mr Gerhard Schroeder. Mr Vajpayee will meet Mr Schroeder tomorrow, when the latter will host a lunch for him. Bilateral, political and economic ties will come up for review during the meeting. Besides, he is also expected to brief the Chancellor on his latest peace initiative with Pakistan.

— PTI

onomic, social and environmental concerns were being discussed internationally.

He said he had already spoken about the need for a global dialogue on development which would enable both the developed and developing countries to discuss issues with an attitude of cooperation rather than confrontation. This would result in a “reconciliation of differing perceptions and harmonisation of approaches”.

The Prime Minister thanked the French President, Mr Jacques Chirac, for his initiative.

Speaking about his trip to St Petersburg on the 300th anniversary of the city, he said he had been invited by the Russian President, Mr Vladimir Putin, and hoped to hold important meetings with a number of top international leaders.

THE STATESMAN

28 MAY 2003

India included in G-8's 'enlarged dialogue'

119-12
975

By Amit Baruah

NEW DELHI, MAY 6. An "enlarged dialogue" between the G-8 and 12 developing countries on questions of globalisation and international governance will take place a day before the formal G-8 meeting scheduled for June 1-3 in Evian, France. The dialogue is a personal initiative of the French President, Jacques Chirac. Invitations have been sent to China, India, Malaysia, Saudi Arabia, Brazil, Mexico, South Africa, Algeria, Egypt, Nigeria, Senegal and Morocco. Other than the G-8 nations, Greece (which currently holds the EU Presidency) and Switzer-

land will be present.

This "enlarged dialogue" is being described as an informal and ad hoc meeting and does not constitute a precedent for consultation with the G-8 and will not be institutionalised. Nor will there be a "final statement" at the end of the deliberations. In order to maintain the informal nature, France has strictly restricted the number of countries that have been invited, based on the composition of international groups.

Since G-8 meetings have attracted massive protests from anti-globalisation groups, the tendency has been to take these meetings away from big cities,

in order to limit the protests. By inviting members of the developing world, an impression is being conveyed that the "exclusive club" does take into account the views of other, "less privileged" nations. As has been made clear, this is not going to be an annual event, but the nations invited are major players and is a sign that they count for something in the developing world at least. Also, the projection of dialogue with "others" could make the G-8, it may be hoped, less of a target this time round. In a sense, the leaders of the "developing 12" would convey a sense of wider consultation.

117
670- PARIS MEET / FRANCO-U.S. WORKING GROUP SET UP

G-8 leaders focus on biometrics

By Vaiju Naravane

PARIS, MAY 5. The U.S. Attorney-General, John Ashcroft, today became the first high-level American official to visit France since the U.S.-led invasion of Iraq got under way. Since Saddam Hussein's regime was overthrown, America has stepped up pressure on France, saying Paris will have to face the consequences of its opposition to the war against Iraq.

Mr. Ashcroft is in Paris for a meeting of the Justice and Interior Ministers from the world's most industrialised nations, a month before the G-8 summit takes place in Evian, France.

He will also address a special meeting in Lyon at the headquarters of the international police organisation — Interpol — on recovering artefacts stolen from Iraqi museums.

Today's preparatory meeting focused on the increasingly important field of biometrics, seen as vital in fighting identity fraud, often used by international criminal gangs and terrorist networks.

Research in biometrics is galloping ahead and security forces will soon be able to use iris scans and other unfalsifiable material to make tamper-proof passports and identity documents.

The French Interior Minister, Nicolas Sarkozy, said he was particularly happy to welcome Mr. Ashcroft to the meeting, another conciliatory gesture from Paris, which was desperately trying to mend fences with Washington.

Mr. Sarkozy also announced the establishment of a Franco-U.S. working group on biometrics. The French said they were seeking answers from the Americans on the fate of six French citizens captured in Af-



The U.S. Attorney-General, John Ashcroft (front row, left), and the Justice and Interior Ministers from the G-8 nations at a summit in Paris on Monday. — AFP

ghanistan in 2001, who are being held at Guantanamo Bay by the U.S. forces.

"We have no idea what the status of these people is — the Frenchmen or the others — and naturally I am going to question John Ashcroft about his intentions," said the French Justice Minister, Dominique Perben.

None of the 650 detainees had been given access to a lawyer or been presented before a judge. "This situation cannot go on," Mr. Perben said. Despite conciliatory

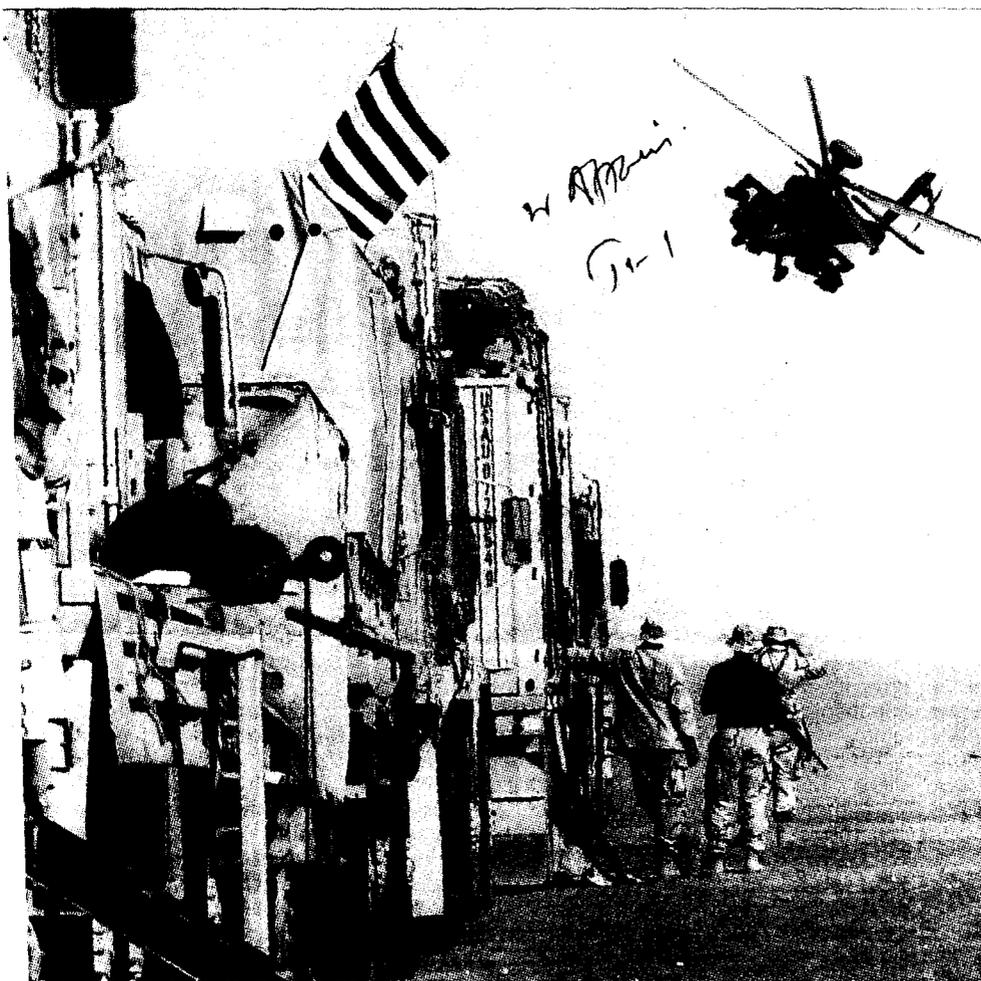
noises from Paris, there is still palpable hostility between France and America. U.S. officials have said the French could contribute to the reconstruction of Iraq but on "coalition terms".

Washington now plans to divide Iraq into four peacekeeping zones that will be controlled by Poland, Britain, the U.S. and a fourth as yet unnamed country.

France and Germany have both been kept out as punishment for their opposition to the war in Iraq.

diplomatic window

machine—High, dry and waiting for a push from a Bush



touch as an Apache attack helicopter makes a pass over a US military position in the northern Iraq border area on Monday.

Markets take cover from Bush fire

London: Stocks and the dollar fell while gold and oil prices jumped on Monday, as investors took cover from a looming Gulf war.

Stocks tumbled in Europe and Asia as dealers hunkered down for a likely war on Iraq after Washington gave the United Nations just 24 hours to break the diplomatic deadlock in the crisis.

The British FTSE 100 index lost 1.2 per cent to 3,560 points, the German DAX 30 index shed 2.8 per cent to 2,336.2 points, and the French CAC 40 index slumped 3.1 per cent to 2,655.7 points. Nerves also frayed in Asia, where stocks lost 1.6 per cent in Tokyo and 1.7 per cent in Hong Kong.

In India, the 30-issue BSE Sensex ended down 0.75 per cent at 3,084.91 points, after sliding as much as 1.9 per cent at one point. The broader NSE Nifty index closed down 0.67 per cent.

Elsewhere, the dollar dropped sharply and gold prices soared as dealers fled to safe havens.

In the Mumbai bullion market, standard gold (99.5 purity) started Rs 105 higher at Rs 5,455 on heavy stockists' buying, but reacted sharply on fresh profit-selling to close at Rs 5,420, still registering a gain of Rs 70 over the previous close of Rs 5,350.

War spooks business, Page 13

of Baghdad plans Stalingrad defence

and Tony Allen-Mills
Hussein has de-
his most reliable
defensive circles
in the hope of
advance.
graphs taken last
by "The Sunday
at Saddam is in
preparing his de-
y his aim appears
Baghdad into a
rsion of Stalin-
more than a mil-

siege during the second world war.
Fifty thousand elite Republican
Guards equipped with 700 tanks
have moved into Baghdad to fight
for the city alongside three units of
special forces totalling 45,000 men.
A further 20,000 Special Republi-
can Guards and several thousand
bodyguards have been assigned to
protect the regime's most sensitive
targets. Residents have spoken of
an underground "city beneath a
city" where heavy weaponry is be-
ing hidden in a vast network of

Large pools of oil are also being
prepared. Experts believe the Iraqi
forces will set them ablaze in an ef-
fort to conceal tank and troop move-
ments under a pall of dense smoke.
The Adnan Tulfah Mechanised
Republican Guards division
moved from the northern city of
Mosul to Baghdad earlier this
month. It was followed last week
by another division from Kut, 100
miles south-east of Baghdad. A Re-
publican Guard tank brigade also
arrived from Fallujah, west of the

photographed last Wednesday by
Israel's Ofek-5 spy satellite. One
close-up image clearly showed
tanks in position inside Baghdad.
Israeli and American military
sources believe that if Saddam de-
cides to fight rather than flee, he
will try to draw coalition troops
into a potentially punishing battle
for Baghdad. The longer he can
prolong messy urban street fight-
ing, the sources say, the greater the
chance of an international uproar
should the US and UK proceed

The new colours of imperialism

By Mushirul Hasan

✓ 10-10 19/A

WARS, CONQUEST, the overthrowing of others, and their exploitation have constituted one of the supreme ends pursued by the United States establishment. But the pillage, plunder and murder in Iraq, concluded under the benign aegis of the so-called coalition, introduce an altogether new dimension to American unilateralism and belligerence. What is fearful is that George W. Bush & Co. seeks to legitimise war as the universally just course of conduct. Physical force, overpowering, or war has become a fundamental element of America's foreign policy and one of the basic preludes for establishing its political and economic hegemony.

It was not so earlier. In the past, the great American thinkers and creative writers argued that the natural state of man is universal peace and not war, and peaceful coexistence is therefore the only just course of conduct. Today, peace is not one of the ends to be pursued but a means to other ends — political and economic dominance.

'Old' Europe matters little; it is the 'new' Europe that needs to be rallied round to bolster America's imperialist designs. With its revolutionary vitality totally dissipated, it can be bought over by throwing a few crumbs here and there. The United Nations, the sole guarantor of our independence and sovereignty, has lost its *raison d'être*. The U.S. has cleared its arrears to that body, so declared Colin Powell at a recent press conference, and it was time for its functionaries to press on with their humanitarian work and not meddle in American affairs. His arrogant and patronising tone must have added to Kofi Annan's sleepless nights.

What about the rest of the world? Islamists divide the world into *dar al-Islam* (land of Islam) and *dar al-harb* (land of war). This is an unacceptable distinction that springs from the imagination of dated theologians. The U.S. State Department has, on the other hand, discovered two types of regimes in West Asia: 'tyrannies' and 'peace-loving regimes'. Now that Saddam Hussein's regime has been brutally destroyed, the message to the Syrians and the Iraqis is that the

War has become a fundamental element of America's foreign policy and one of the basic preludes for establishing its political and economic hegemony.

method of persuasion or consent has run its full course. So the use of force and compulsion is necessary with those who, out of nature or habit, cannot be educated or persuaded to obey the Pentagon's or the State Department's norms. Consequently, the lazy, the wicked, and the incorrigible would be compelled to obey their laws.

This golden rule does not, of course, apply to Israel. The U.N. must prescribe general beliefs and practices for all the nations. No, says Mr. Bush. That is because the perpetrators of crimes against the Palestinians represent, in Washington's blurred vision, a virtuous regime.

The 'peace-loving regimes' in West Asia occupy the privileged position of supplying the most solid and the best starting point for bringing to an end the 'tyrannies' in the region. Look how virtuous their rulers are: the President of Egypt who seized power after a coup, and the innumerable kings and sultans who bear honorific titles that must embarrass the most diehard right Republican in Texas.

They are not corrupted by the love of money or honour, by indulgence in pleasures, or by the desire for glory. Moreover, they have, following Plato's description, set down the first principle of democracy (i.e., of pure democracy, or of extreme democracy, as Aristotle calls it). They rule only by the will of the citizens, who honour them, because they would some day lead them to freedom.

What is more, they are unmoved by the pan-Islamic claptrap. So, they let the U.N. sanctions run their course despite the plight of millions of innocent Iraqi women and children. That is because they, having come to power through a democratic process, are repelled by Saddam Hussein's authoritarian rule. Given their strong identification with America's democratic traditions, it is no surprise that they allow the American and the British troops to use their ter-

ritories to kill millions. The Iraqi army capitulated within three weeks. Otherwise, the Arab regimes would have aided the murder of more fellow-Muslims and the levelling down of more Iraqi cities.

Do the custodians of Mecca and Medina know the location of Najaf? It is Sir, the site of Hazrat Ali shrine. Do they know his antecedents? No, they do not: he is the cousin and son-in-law of the Prophet of Islam. Do the Sultans know what is so sacred about Karbala? It is your Excellencies, the battleground on the Euphrates River where the grandson of the Prophet and his 72 companions sacrificed their lives to defend the Koranic precepts. They know all about the casinos in Europe, but do they know what Baghdad symbolises in human history?

Hulagu, the ferocious Mongol, ransacked Baghdad in the 13th century. The Arab countries and Turkey (with the exception of Syria and Iran) have allowed it to happen again. So what if the Americans bombed the city, killed thousands of recalcitrant Iraqis and destroyed their great heritage?

The city will recover with American assistance. The Americans will bring pizzas and hot-dogs to the starving population. They will quench their thirst with Coca-Cola.

Look at Afghanistan. They killed many people before flying in food and medicines to that country. They will do the same in Iraq. Destruction is followed with reconstruction. The Americans will build the bridges they have destroyed and rebuild homes and hospitals they have so recklessly wrecked. That is called the healing touch.

As for the lost civilisational heritage, rest assured the artefacts would pour into the crowded but 'safe' museums in Washington, New York and the British or the Victoria and Albert Museum in London. That is where the 'loot' will stay preserved, and

symbolise, as the American anthropologist, Bernard Cohn, wrote, the sense of triumph. Syria should learn its lesson and send its artefacts to the European capitals before the U.S. Marines ransack its museums. The 'Thieves of Baghdad' will soon reach Damascus, another cradle of civilisation.

Millions salute the Iraqi people for their courage and fortitude. They are victorious in 'defeat', as was Imam Husain, the 'Lord of Martyrs', who set an example at Karbala for all those who fight evil and tyranny. Even after years of suffering, the Iraqis have not capitulated. But let me, at the same time, sound a warning to all those who desire peace in our world.

Admittedly Mr. Bush and Tony Blair are the enemies of millions who have taken to the streets to register their protest against this naked aggression on a sovereign nation. But so are Turkey, a country prepared to sell itself for a billion dollars, and the Arab countries which back the U.S.

The roadmap is clear: the overthrow of the feudal and dictatorial regimes and their replacement with secular and democratic governments is the only antidote to American imperialism. This is what the Urdu poet, Faiz Ahmad Faiz, dreamt of in the lines: "When will the crown be removed; when will the thrones be destroyed?" Not now, but it must happen.

Pan-Islamism is nothing but quaint romanticism. Thanks to the clever and manipulative redrawing of boundaries by the colonial powers, it has no takers in today's world of nation-states.

Boundaries are defined and demarcated and cannot be redrawn in order to pool in the resources to face the military might of the U.S. But the ideas of freedom and sovereignty are alive and kicking the world over. Those ideas, rather than any form of terrorism, must inspire us to defend ourselves from the "liberators".

The Muslim communities must build bridges with the followers of other faiths, and not isolate themselves from those committed to defending freedom and democracy. Reform, regeneration and reconstruction are the weapons with which they can defend themselves.

THE HINDU

GWYNNE DYER

FIFTH COLUMN

12
19
3
THE
FOURTH
WORLD
WAR

A reader's letter published in the *Los Angeles Times* the week before last said it all: "We have learned two things from the war in Iraq. We have learned that the Tigris flows through Baghdad, and the Hubris flows through the White House." Hubris — the belief that you are so clever and so powerful that you can get away with anything — is certainly the prevailing state of mind in Washington this week as the Iraqi regime collapses before the US onslaught. So where is the next war?

There was never any doubt that the United States of America would win this war. Resistance was futile, and most of the Iraqi soldiers who fought and died did so knowing that they were throwing their lives away in a gesture of defiance.

But the next phase of the drama is already taking shape off stage, and is likely to be more painful and difficult for the US than simply smashing up a third world army. In the north of Iraq, the Kurds are eager to take the mainly Kurdish cities of Mosul and Kirkuk, whose surrounding oilfields would place an independent Kurdish state on a sound economic footing. But Turkey, anxious about the influence of Kurdistan on their own huge and restive Kurdish minority, have said that if the Kurds enter Mosul and Kirkuk, they invade.

A new rule of law

The situation down south is even more precarious, for the long-oppressed Shia Arabs of the south are about two-thirds of the entire Iraqi population. If Iraq really became a democracy, the Shias would dominate the government, and naturally turn to their fellow Shias in Iran for advice and support. Since Iran is allegedly part of the "axis of evil", the retired US generals who will shortly be ruling Iraq are unlikely to turn the country over to people with that sort of friends. If US troops stay in Iraq and the Shias feel cheated out of their fair share of power again, it won't be long before they start resisting US rule.

Above all, there is the fact that the US, abetted by Britain and Australia, has launched an unprovoked attack on a sovereign state. That is why most other governments are deeply worried: the American attack on Iraq could be used as a precedent, using exactly the same arguments as George W. Bush, to justify an Indian attack on Pakistan or a North Korean attack on South Korea. The US action in Iraq has fundamentally challenged the rule of law in the world, which is a problem no matter how happy most Iraqis are at the moment — and Washington clearly meant to do just that.

Wild ride

Consider the remarks of former Central Intelligence Agency James Woolsey, a Bush administration insider who was recently mentioned in a leaked Pentagon document as one of the possible administrators of post-war Iraq. Last week in Los Angeles, he described the war in Iraq as the start of the fourth world war (the Cold War being the third), and warned his audience that "this fourth world war, I think, will last considerably longer than either the first or second world wars did for us."

The real enemies this time, he explained, were the religious rulers of Iran, the "fascists" of Iraq and Syria, and the Islamic extremists of al-Qaida. He made no distinction between them (though in real life they have very little in common), and he promised a long crusade against them. There was no suggestion that the US would bother to get legal authority from the United Nations before attacking the sovereign states on his list.

"As we move towards a new Middle East over the years and the decades to come," he said, "we will make a lot of people very nervous. Our response should be, 'Good! We want you nervous. We want you to realize now, for the fourth time in a hundred years, this country and its allies are on the march!'"

Eventually, the American public is likely to rebel against the continual flow of casualties and the higher taxes that come with this new role of global vigilante, but in the meantime it is going to be a wild ride.

14 APR 2003

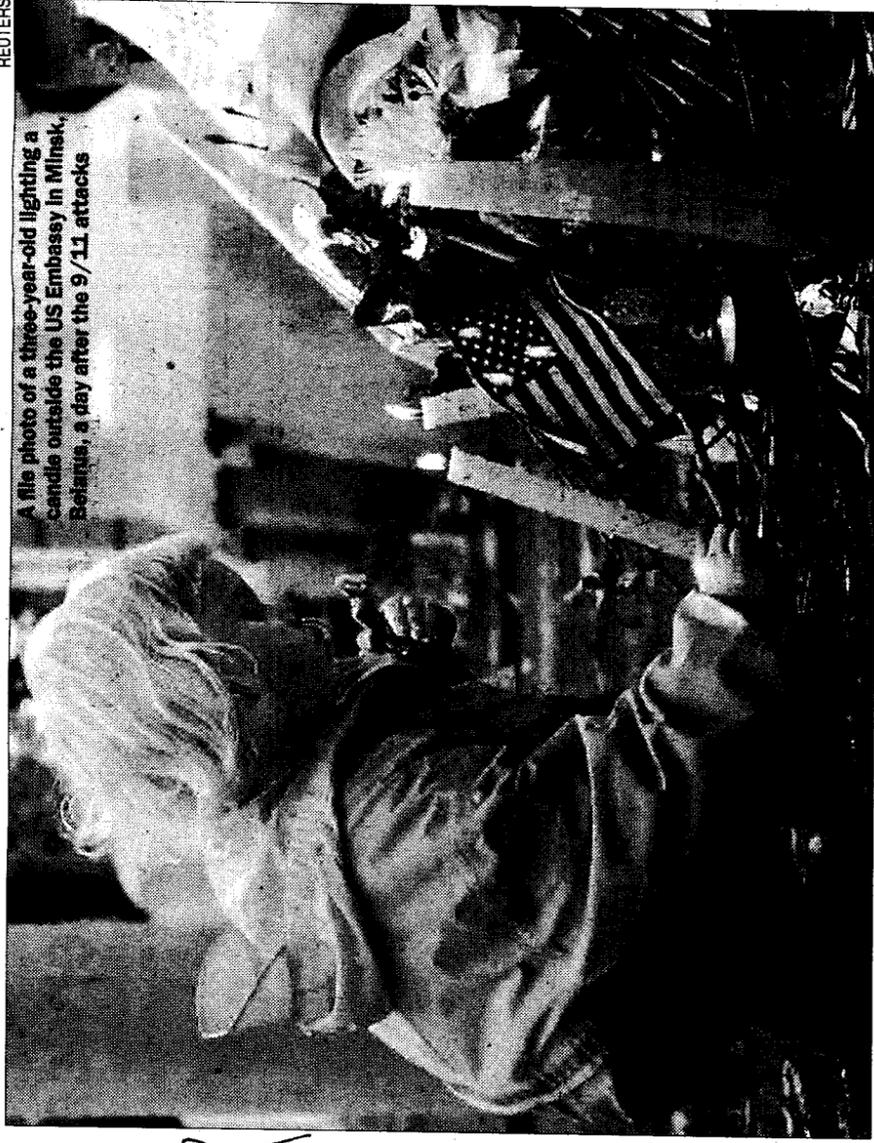
There lies a deep historical fallacy in the view that "they hate us because we are strong". After all, US supremacy is hardly a recent phenomenon. So how — until now — did America buck the biggest trend in international history?



FAREED ZAKARIA

MOST Americans have never felt more vulnerable. September 11 was not only the first attack on the American mainland in 150 years, but it was also sudden and unexpected. Three thousand civilians were brutally killed without any warning. In the months that followed, Americans worried about anthrax attacks, biological terror, dirty bombs and new suicide squads. Even now, the day-to-day rhythms of American life are frequently interrupted by terror alerts and warnings. The average American feels a threat to his physical security unknown since the early years of the republic.

Yet after 9/11, the rest of the world saw something quite different. They saw a country that was hit by terrorism, as some of them had been, but that was able to respond on a scale that was almost unimaginable. Suddenly terrorism was the world's chief priority, and every country had to reorient its foreign policy accordingly. Pakistan had actively supported the Taliban for years; within months it became that regime's sworn enemy. Washington announced that it would increase its defense budget by almost \$50 billion, a sum greater than the total annual defense budget of Britain or Germany. A few months later it toppled a regime 6,000 miles away — almost entirely from the air — in Afghanistan, a country where the British and Soviet empires were bogged down at the peak of their power. It is now clear that the current era can really have only one name, the unipolar world — an age with only one global power. America's position today is unprecedented. A hundred years ago, Britain was a superpower, ruling a quarter of the globe's population. But it was still only the second or third richest country in the world and one among many strong military powers. The crucial measure of military might in the early 20th century was naval power,



REUTERS
A file photo of a three-year-old lighting a candle outside the US Embassy in Minsk, Belarus, a day after the 9/11 attacks

ful, the world saw them differently. The English satirist John Dryden described this phenomenon in a poem set during the Biblical King David's reign. "When the chosen people grew too strong," he wrote, "the rightful cause at length became the wrong."

Has American power made its rightful cause turn into wrong? Will America simply have to learn to live in splendid isolation from the resentments of the world? This is certainly how some Americans see things. And it's true that some of the opposition to the United States is thinly veiled envy. "Scratch an anti-American in Europe, and very often all he wants is a guest professorship at Harvard or to have an article published in *The New York Times*," says Denis MacShane, Britain's minister for Europe.

But there lies a deep historical fallacy in the view that "they hate us because we are strong". After all, US supremacy is hardly a recent phenomenon. America has been the leading world power for almost a century now. By 1900 the United States was the richest country in the world. By 1919 it had decisively intervened to help win the largest war in history. By 1945 it had led the Allies to victory in World War II. For 10 years thereafter America accounted for 50 per cent of world GDP, a much larger share than it holds today.

Yet for five decades after World War II, there was no general rush to gang up against the United States. Instead countries joined with Washington to confront the Soviet Union, a much poorer country (at best comprising 12 per cent of world GDP, or a quarter the size of the American economy). What explains this? How — until now — did America buck the biggest trend in international history?

To answer this question, go back to 1945. When America had the world at its feet, Franklin Delano Roosevelt and Harry Truman chose not to create an American imperium, but to build a world of alliances and multilateral institutions. They formed the United Nations, the Bretton Woods system of economic cooperation and dozens of other international organizations. America helped get the

rest of the world back on its feet by pumping out vast amounts of aid and private investment. The centrepiece of this effort, the Marshall Plan, amounted to \$120 billion in today's dollars.

Not least of these efforts was the special attention given to diplomacy. Consider what it must have meant for Franklin Roosevelt — at the pinnacle of power — to go halfway across the world to Tehran and Yalta to meet with Churchill and Stalin in 1943 and 1945.

Roosevelt was a sick man, paralysed from the waist down, hauling 10 pounds of steel braces on his legs. Travelling for 40 hours by sea and air took the life out of him. He did not have to go. He had plenty of deputies — Marshall, Eisenhower — who could have done the job. And he certainly could have summoned the others closer to him. But FDR understood that American power had to be coupled with a generosity of spirit. He insisted that British commanders like Montgomery be given their fair share of glory in the war. He brought China into the United Nations Security Council, even though it was a poor peasant society, because he believed that it was important to have the largest Asian country properly represented within a world body.

The standard set by Roosevelt and his generation endured. When George Marshall devised the Marshall Plan, he insisted that America should not dictate how its money be spent, but rather that the initiatives and control should lie with Europeans. For decades thereafter, the United States has provided aid, technical know-how and assistance across the world. It has built dams, funded magazines and sent scholars and students abroad so that people got to know America and Americans. It has paid great deference to its allies who were in no sense equals. It has conducted joint military exercises,

and Britain ruled the waves with a fleet as large as the next two navies put together. By contrast, the United States will spend as much next year on defense as the rest of the world put together (yes, all 191 countries). And it will do so devoting 4 per cent of its GDP, a low level by post-war standards.

American dominance is not simply military. The US economy is as large as the next three — Japan, Germany and Britain — put together. With 5 per cent of the world's population, this one country accounts for 43 per cent of the world's economic production, 40 per cent of its high-technology production and 50 per cent of its research and development. If you look at the indicators of future growth, all are favourable for America. It is more dynamic economically, more youthful demographically and more flexible culturally than any other part of the world. It is conceivable that America's lead, especially over an aging and sclerotic Europe, will actually increase over the next two decades.

Given this situation, perhaps what is most surprising is that the world has not ganged up on America already. Since the beginnings of the state system in the 16th century, international politics has seen one clear pattern — the formation of balances of power against the strong. Countries with immense military and economic might arouse fear and suspicion, and soon others coalesce against them. It happened to the Hapsburg Empire in the 17th century, France in the late 18th and early 19th century, Germany twice in the early



In 1945, when the US had the world at its feet, Roosevelt and Truman chose not to create an American imperium but to build a world of alliances and multilateral institutions... FDR understood that American power had to be coupled with a generosity of spirit

20th century, and the Soviet Union in the latter half of the 20th century. At this point, most Americans will surely protest: "But we're different! Americans — this writer included — think of themselves as a nation that has never sought to occupy others, and that through the years has been a progressive and liberating force. But historians tell us that all dominant powers thought they were special. Their very success confirmed for them that they were blessed. But as they became ever more power-

To be continued.
Tomorrow: Where Bush went wrong.
Courtesy: Newsweek, Inc.

nuclear proliferation — will be solved with not less US involvement but with more. The lessons of the 1990s — of Bosnia, Kosovo, East Timor, Rwanda — is surely that American action, with all its flaws, is better than inaction. Around the world, people understand this... The real question is how America should wield its power

IN 1992, Paul Wolfowitz, then a senior official in the first Bush administration, authored a Pentagon document that argued that in an era of overwhelming American dominance, US foreign policy should be geared toward maintaining our advantage and discouraging the rise of other great powers. The premise behind this strategy is perfectly sensible. The United States should attempt to lengthen its era of supremacy for as long as it can. Any country would try to do the same (though a wise one would not be foolish enough to announce it). For that reason, the elder Bush ordered the Pentagon to water down the document so that it was not quite so arrogant.

In principle, American power is not simply good for America; it is good for the world. Most of the problems the world faces today — from terrorism to AIDS to nuclear proliferation — will be solved not



FAREED ZAKARIA

per cent of Mexicans, 63 per cent of Jordanians felt this way. (Ironically, old Europe was more pro-American on this issue than new Europe. Only 27 per cent of Bulgarians agreed.)

The real question is how America should wield its power. For the past half century it has done so through alliances and global institutions and in a consensual manner. Now it faces new challenges — and not simply because of what the Bush administration has done. The old order is changing. The alliances forged during the Cold War are weakening. Institutions built to reflect the realities of 1945 — such as the UN Security Council — risk becoming anachronistic. But if the administration wishes to further weaken and indeed destroy these institutions and traditions — by dismissing or neglecting them — it must ask itself: What will take their place? By what means will America

increasingly American power legitimate not by America really which it gets its constant public. ing arms, offering with dictators?

There are in for the United States relations with the match its military diplomatic efforts its interest and the world's problems. subsidising American farmers and text and open its borders poorer countries.

But above all, it world comfortable with leading through the USA's special role in the ability to buck history not simply on its great on a global faith that legitimate. If America that, the loss will be gains in domestic security next American century. to be lonely, brutish and

Courtesy: Ne

the most part, it is succeeding. The European Union and Japan pay most of these bills. Were Washington to move to an entirely ad hoc approach, why would the rest of the world agree to clean up its messes?

Fighting terror also requires constant cooperation with countries across the globe. America could not have captured Qaeda strategist Khalid Shaikh Mohammed without the active partnership of Pakistan. And yet if you ask Pakistanis what they have gotten for this, they will point out that American tariffs continue to strangle their textile industry and US aid remains meagre. Having asked for help in de-Islamizing their education system — a matter of crucial concern to America — they have received little. Meanwhile the overall tone of Bush administration foreign policy has made General Musharraf embarrassed to be pro-American.

The last point is perhaps the most crucial one. Being pro-American should not be a political liability for our allies. The diplomatic fiasco over Turkey is an excellent example. For well over a year now it has been obvious to anyone watching that the Turkish people were deeply opposed to a war in Iraq. Yet the ad-

A stab in the back

Ali, has described the Shahi



REUTERS

Formed in 1919, it ple party, AK, is more open debate than Turkey's off It allowed its member freely on the motion to all-ica basing rights, only to h feated. Since more than 90 of the Turks oppose giving basing rights, this should

World condemns US attack

Paul MacInnes
New York, March 20

THE DECLARATION of war brought fierce criticism from world leaders on Thursday, as Russia accused the US of committing "a big political mistake" and France expressed its "regret" over the strikes.

French President Jacques Chirac said he hoped for a quick end to the fighting.

In a brief televised speech, he said: "France regrets this action taken without approval of the UN. We hope these operations will be as rapid and least deadly as possible, and that they don't lead to a humanitarian catastrophe."

Chirac said his country would continue to support the UN as the forum to solve "crises which bloody and threaten the world". He said: "It is the only legitimate framework to build peace in Iraq as elsewhere."

However, Chirac was muted in comparison with other statesmen, such as Russian President Vladimir Putin, who demanded a quick end to the war.

Putin told senior minis-



NEUTERS
Filipino protesters hold up burning posters of US President George Bush and Philippine President Gloria Arroyo during a protest outside the American embassy in Manila on Thursday.

ters in the Kremlin on Thursday morning: "Military action can in no way be justified. Military action is a big political error."

If the world submitted to the right of might then no

country would be safe, he said. "It is for these reasons that Russia insists on an end as quickly as possible to military action."

It was unusually sharp language from Putin, who

has fought hard to preserve a new partnership with the US President, while at the same time opposing plans to topple Saddam Hussein.

China was even more outspoken, accusing the US of

starting an illegitimate conflict and "violating the norms of international behaviour".

Chinese foreign ministry spokesman Kong Quan said the attack had been "carried out in disregard for the opposition of the international community".

Islamic countries lined up to attack the legitimacy of the war. Iranian Foreign Minister Kamal Kharrazi was quoted by the Islamic Republic News Agency as saying: "American military operations on Iraq are unjustifiable and illegitimate."

Asian Islamic leaders said the US would pay a heavy price for the conflict.

"This is not an attack on Islam but an attack on humanity," said Syafiq Maarif, head of the 30 million-strong moderate Muhammadiyah Muslim group in Indonesia, the world's most populous Muslim country.

The sole voice of support for American action so far has come from Australian Premier John Howard, who announced that his country's troops were entering into combat in the Gulf.

The New York Times

Killer disease mounts, hunt for cure on

TAN EELYN
HONG KONG, MARCH 17

THE number of Hong Kong people infected with a severe and contagious strain of pneumonia had nearly doubled, officials said on Monday as airports and hospitals around the world went on high alert for carriers. "We are not hiding anything. The numbers are very alarming," Health Minister Yeoh Eng-kiang said at a news conference where he announced nearly 100 people, most of them medical staff, had fallen ill.

"We are too early in the epidemic. It will be foolhardy for me to say what the trends are," Yeoh said when asked if patients were recovering or getting worse. Airports and airlines from Italy to New Zealand are on alert and have orders them not to check in passengers showing symptoms of the disease.

South Korea became the latest country to warn its citizens against travel to China, Hong Kong and Vietnam, where most infections have oc-

Pneumonia Scare



A girl wears a protective mask as she waits at the Hong Kong airport on Monday. Reuters

curred. Singapore and Taiwan issued travel warnings last week.

The illness is an atypical pneumonia that begins with high fever, chills,

Disease kills 27 in Nepal

KATHMANDU: Amid fears of a mysterious form of atypical pneumonia spreading across Asia and beyond, at least 27 people in Nepal's western mountains have died of an unknown disease affecting respiratory system in the last two weeks, media reports said on Monday.

LONDON: The first suspected case of contagious pneumonia, thought to have killed nine people in Asia and Canada and infected 170 others, was reported by Britain on Monday.

BEIJING: The number of people admitted to hospitals in Hong Kong in connection with the recent outbreak of pneumonia has risen to 95 with more cases in the offing, media reports said on Monday. Of them, 83 have signs of pneumonia. — Agencies

cough and breathing difficulty and can deteriorate rapidly into pneumonia.

Some experts believe it is caused by a new virus. In Hong Kong, where one

person has died, government officials said the number of people infected had nearly doubled to 95, of which 83 had developed severe pneumonia.

Some passengers arriving at Hong Kong airport were seen wearing surgical masks and bus companies told drivers to cover their noses and mouths as a precaution.

In Vietnam, where a nurse died on Saturday, the number of infections rose to 50 from 46. Some travellers have cancelled tours to Vietnam and Hong Kong, where tourism has been a bright spot for the economy.

In Canada, seven people have been infected and two have died. Scientists around the world are working to identify the disease. Some health experts suspect it may be linked to an outbreak of severe atypical pneumonia that infected 305 people in China's southern Guangxi province in February, five of whom later died.

But WHO officials in Beijing said on Monday there was no proof that the outbreak in Guangdong was linked to the ones in Hong Kong and elsewhere. In Italy, four people who

arrived on a Singapore Airlines flight were put under observation and airports in the country are on high alert, Italy's Health Minister Girolamo Sirchia said.

The ability of the disease to spread quickly across the world was highlighted at the weekend when a Singapore doctor displayed symptoms and was taken off a plane in Frankfurt.

The doctor had earlier treated patients with the disease in Singapore, where 21 people are now infected. Most of the victims are doctors, nurses or close relatives of infected people.

The infections in Vietnam appear to have begun with an American-Chinese businessman who was hospitalised in Hanoi after arriving from Shanghai and Hong Kong with respiratory problems. He was later flown back to Hong Kong where he died.

The outbreak follows a bird-flu virus that killed a Hong Kong man and infected his son in February. The father's illness deteriorated into pneumonia before he died. But the government says the new disease is not bird flu. — Reuters

slams shut diplomatic window

1 Nations: The US, said. "The next move will be up to Saddam Hussein," he said.

Meanwhile, Washington advised the arms inspectors in Iraq to pull out. UN observers left the demilitarised zone along the Iraq-Kuwait border and many countries asked their citizens to leave the region.

But President Saddam Hussein remained defiant threatening "a wider war if attacked". In Baghdad, he told senior military officials, "if God wanted, by God, we will fight them with daggers, swords and sticks if other arms were scarce. If the enemy opens the battle on a wide scale, we will open wherever there is sky, land and water on the entire earth."

He also made his own preparations, shuffling the military chain of command to place one of his sons and three other trusted aides in charge of the defence of the nation. The decree placed Iraq on a war footing.

Meanwhile, the US, UK, Russia, Germany, Australia, China and several other countries asked their nationals and non-essential diplomats and their families to leave the war-risk zone.

India also moved out its embassy staff from Baghdad to Jordan. Indian ambassador B.B. Tyagi reached Amman by road late Sunday night. "There are no Indian staff now in the embassy," he said. But 12 Indian businessmen were still there along with a student studying in Amman at Saddam University, who was undecided about

White House

2 and Spain on Monday diplomatic efforts UN approval for an ultimatum to Iraq, clearing the way for them to launch a war if the Security Council authority.

ain's UN ambassador Jeremy Greenstock saying the French had to clear they would veto a resolution.

co-sponsors will not a vote on the draft resolution. Sir Jeremy said, co-sponsors reserve the right to take their own to secure the disarmament of Iraq."

analysts said that since could be no vote, the likelihood of a war would fall away.

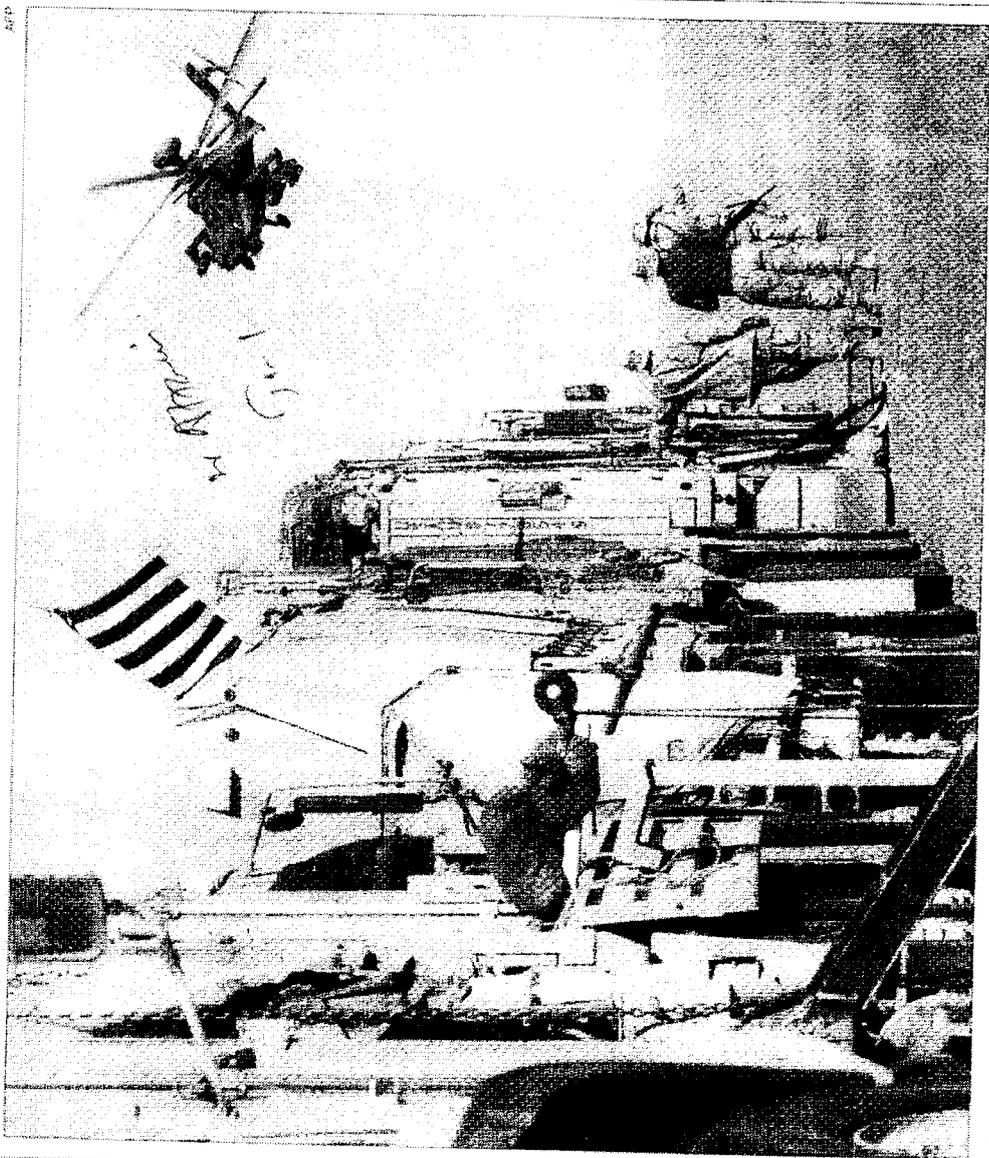
Britain would likely they already had the to attack under as UN resolutions their council nations argue that they don't, to war without a UN resolution would have meant of international law.

frican ambassador to John D. Negroponte the US fully backed the statement.

the same time, the House announced that at George W. Bush issue an ultimatum to resident Saddam Hussein Monday night that he would face war.

United Nations has to enforce its own decision that Iraq immediately withdraw its army from Kuwait has been White House

The war machine—High, dry and waiting for a push from a Bush



US soldiers watch as an Apache attack helicopter makes a pass over a US military position in the northern Kuwait desert near the Iraq border on Monday.

Markets take cover from Bush fire

London: Stocks and the dollar fell while gold and oil prices jumped on Monday, as investors took cover from a looming Gulf war.

Stocks tumbled in Europe and Asia as dealers hunkered down for a likely war on Iraq after Washington gave the United Nations just 24 hours to break the diplomatic deadlock in the crisis.

The British FTSE 100 index lost 1.2 per cent to 3,560 points, the German DAX 30 index shed 2.8 per cent to 2,336.2 points, and the French CAC 40 index slumped 3.1 per cent to 2,555.7 points. Nerves also frayed in Asia, where stocks lost 1.6 per cent in Tokyo and 1.7 per cent in Hong Kong.

In India, the 30-issue BSE Sensex ended down 0.75 per cent at 3,084.91 points, after sliding as much as 1.9 per cent at one point. The broader NSE Nifty index closed down 0.67 per cent.

Elsewhere, the dollar dropped sharply and gold prices soared as dealers fled to safe havens.

In the Mumbai bullion market, standard gold (99.5 purity) started Rs 105 higher at Rs 5,455 on heavy stockists' buying, but reacted sharply on fresh profit-selling to close at Rs 5,420, still registering a gain of Rs 70 over the previous close of Rs 5,350.

War spooks business, Page 13

Chief of Baghdad plans Stalingrad defence

110-10
22/2
W. A. A. A.

Cultural globalisation

By Kancha Ilaiah

IN THE realm of economic life, globalisation has offered an expanded and varied life for the rich and made the poor poorer. In India, where caste occupations remain the survival source of the lower caste communities, globalisation killed many such trades and displaced traditional labour from the fields. Labour displacement created nightmarish conditions for the poor. Dalit-Bahujan movements have to grapple with this situation and resist economic globalisation.

In the cultural realm, globalisation seems to have opened up a new channel of hope for the historically suppressed masses. Modern sociological studies have shown that the Brahminic notion of purity and pollution in relation to ritual-culture, food habits and dress code kept a majority of India's masses as cultural slaves. Productive culture was defined as impure and the ritual-consumerist culture constructed as pure and great. Even the concept of knowledge was defined in relation to a consumerist culture; while the productive knowledge was no knowledge.

Knowledge was essentially seen as the ability to read the classical Sanskrit texts. The day-to-day activities of producing food, domesticating animals, constructing irrigation systems, building technological systems were considered unworthy in the realm of religion. The semi-scientific experiments of people were not even allowed to become part of textual knowledge.

Even Muslim rule and the cultural hegemony that Islamic thought established in the late medieval and early modern periods did not change the Brahminic notions of culture. Though Islamic thought did not see religion and productive activity as antagonistic, Muslim scholars never thought of changing the cultural relations of people as they too became Brahminised in many ways. Muslim scholarship did not try to study the productive culture of the Dalit-Bahujans.

The real change came after the Christian missionaries began interacting with India's productive masses.

The missionaries, instead of condemning the food habits, dress code, ritual practices of these masses, began seeing them as part of the divine process. They lived with them, ate their food and adopted their dress code in order to give them cultural confidence. The practices of William Carrey and de Nobili are good examples. Scholars such as Verrier Elwin and Hermandoff built integrative values among the Adivasis as well. A major blow to the pro-

In the cultural realm, globalisation seems to have opened up a new channel of hope for the historically suppressed masses.

cess of the productive masses being denied the right to read and write, as these were considered divine, was the opening up of schools for all.

The missionaries opened schools for the children of what Jyotirao Phule called Sudras and Ati-Sudras. Some educated Dalit-Bahujan youth began to understand the commonness between Western culture and their own. For the first time, the productive masses began to feel that their culture had globally respectable aspects.

During the nationalist campaign and more so in the post-Independence reconstruction of the cultural realm, Brahminism regained the ground it lost during the colonial period. The productive masses again felt insecure in the cultural sphere. The recent globalisation process has re-opened channels of cultural integration of the productive mass culture with the global culture. This gave enormous confidence to the intellectuals who began organising anti-Brahminic campaigns. It is well known that education is the major instrument of upgrading people's culture. This very education was denied to the productive masses before the colonial administration opened that channel for them. Phule, among the first to be educated in an English medium school, revolted against the inward-looking Hindu culture.

Language and religion are two es-

sential channels of culturally assimilating diversified social groups. The globalisation of Indian education has been done with the expansion of English medium schools. Regional language education to the poor and English to the rich had stalled the process of cultural exchange between the Indian masses' un-Hindu culture and the Western cultures. Yet, English is more available to the masses now than Sanskrit in the ancient period, and Urdu and Persian

foods and those of the Dalit-Bahujans.

A vegetarian Brahmin/Baniya has to make an extra effort to get Westernised and that too at the cost of being socially ostracised. For Dalit-Bahujans there is no such need. The question of ostracism also does not arise because there is no ban on foods such as pork. When B. R. Ambedkar went to New York for education he did not have to make promises to his parents or relatives of preserving his food culture like Gandhi did. He could eat whatever was on his table with ease. Which culture is Indian? Ambedkar's or Gandhi's?

Unlike Gandhi and Nehru, Ambedkar wore a suit throughout his life without facing any problems from his community. Gandhi had to struggle a lot to de-westernise himself. Nehru, for all his socialist ideas and rational thinking, wore a thread on his body under his sherwani. Yet, Ambedkar was not an accepted Hindu.

Many Brahminic writers who criticised Ambedkar for getting Westernised so quickly and praised Gandhi for adopting Indian simplicity are now competing to adopt the Western culture. Many such critics of Ambedkar wear suits on many occasions. They are not dressed in Gandhian attire at all. Some BJP Ministers are good cases in point. One is sure the suit will become a formal dress for all Indian men in the future. Those who keep struggling to become Westernised want to preserve Indian culture only with regard to women's dress and make-up code. Who is afraid of cultural globalisation then? There is a Brahminic patriarchal morality in opposing cultural globalisation.

Cultural globalisation negates the Brahminic myth of purity and pollution and liberates the Dalit-Bahujans in several ways. The first and foremost liberation takes place with the simple fact that what is condemned at home becomes, in a globalised culture, a positive commodity for sale. Their condemned self becomes respectable. The danger lies in economic globalisation itself.

World gets together for peace

GLENN FRANKEL

LONDON, FEBRUARY 16

SEVERAL million demonstrators took to the streets of Europe and the rest of the world on Saturday in a vast wave of protest against the prospect of a US-led war against Iraq. The largest rallies were in London, Rome, Berlin and Paris — the heart of Western Europe — where the generally peaceful demonstrations illustrated the breadth of opposition to US policies among traditional allies.

But there were also protests in dozens of other cities on five continents, from Canberra to Oslo and from Cape Town to Damascus, in an extraordinary display of global coordination.

In London, a sea of protesters estimated by police at more than 750,000 flooded into Hyde Park and clogged streets for several miles on a crisp, clear day in what observers and organizers said was probably the largest political demonstration in British history. It was aimed not just at President Bush but also at Britain's PM, Tony Blair, who has been Bush's staunchest ally in the campaign against Iraq but who is besieged by opposition at home from virtually every part of the political spectrum.

Nearly 1 million people turned out in Rome, where



Thousands of anti-war protesters make their way through the streets of Hollywood to join another demonstration on Sunset Boulevard in Los Angeles on Saturday. Reuters

Prime Minister Silvio Berlusconi has also supported the US position. Between 300,000 and 500,000 people demonstrated in Berlin, at the largest rally since the fall of the Berlin Wall in 1989.

About 100,000 demonstrators poured through the streets of Paris. Germany and France have emerged as the most vocal opponents of military action against Iraq. Demonstrators in London sang, chanted and shouted slogans while carrying flags, banners and posters with slogans ranging from "Bush and Blair Wanted for Murder" to "Make Tea, Not War."

"Tony, Listen to the Peo-

ple," pleaded one poster, while another read, "I'm American and I Care — Please don't think that we are all like Bush."

Posters calling for "Free Palestine" were also widespread.

The demonstrators seemed to represent a cross-section of modern British society. There were entire families — fathers and mothers with small children in tow — and elderly people moving slowly but deliberately.

Some wore costumes and others jeans. There were veteran activists and people who said they had never been on a march before. "We explained to them what this was about

and they wanted to come," said Julie Isherwood, whose 4-year-old twins, Jack and Robert, walked alongside her with hand-lettered signs reading, "Boys Against War."

Lisa Rosen, a lawyer from New York who has lived here for five years, said she felt a strong sense of anti-Americanism from many in the crowd. "Some of my American friends decided not to come, but I thought it was important to show that you can be pro-American and antiwar at the same time," she said. Radicals and moderates shared the speaker's platform.

In Rome, the protesters massed in the city center in an

atmosphere that was half-demonstration, half-carnival. Young and old marched arm in arm, some wrapped in rainbow peace flags, while marching bands played and whistles blew. In Brussels, tens of thousands of protesters braved freezing temperatures and fierce winds.

Many residents placed white handkerchiefs in the windows of homes, stores and pubs as an expression of support. Patricia Tarabetsi, 23, an American student, said she couldn't help but feel uneasy as anti-American sentiment has intensified in Europe. "It makes you feel like your country's a target," she said, "and I don't really think Americans back home realize just how angry the world is at us right now."

There were also demonstrations in Ukraine, Bosnia, Cyprus, Ireland, the Netherlands, Austria, Spain, Greece, Bulgaria, the Czech Republic, Japan, India, Bangladesh, Hungary, South Korea, Australia, Malaysia, Hong Kong and Thailand. Many of the rallies were organized by peace groups around the world, with the Internet playing a key role in the coordination. —LATWP

Worldwide protests against war

LONDON, FEB. 15. Anti-war protests today drew hundreds of thousands of people in cities around the world — from London to Canberra — united in their opposition to a threatened United States-led strike against Iraq.

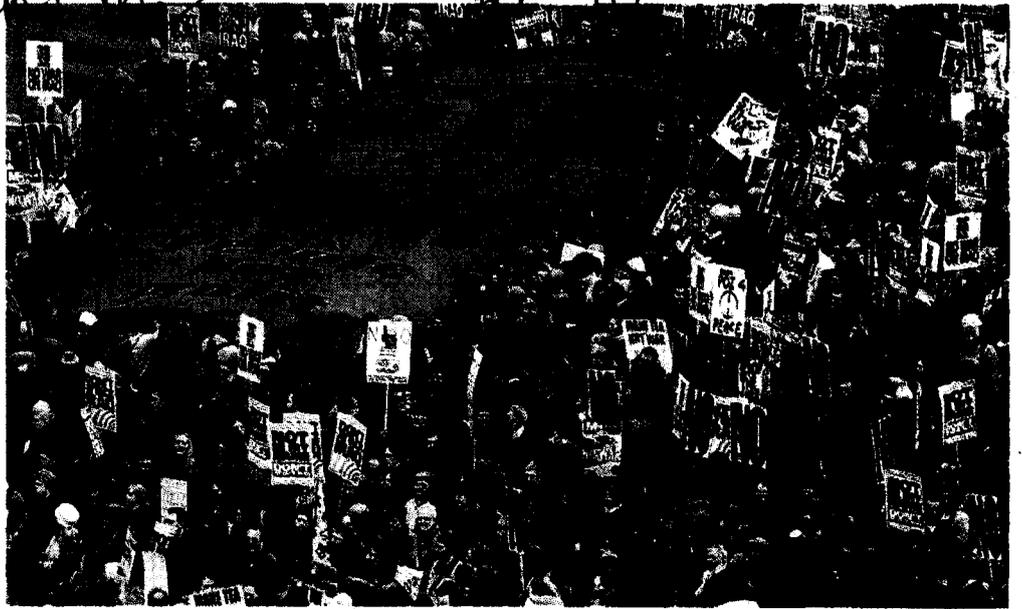
One of the largest marches for peace — in which at least a million people participated — took place here. The organisers of the rally hoped to turn out half-a-million people and bring pressure on the British Prime Minister, Tony Blair, who has been Europe's biggest supporter of the U.S. policy.

Hundreds of thousands marched through Berlin, backing the strong anti-war stance spearheaded by the German Chancellor, Gerhard Schroeder. In Syria, a nation on the front-line in the event of a war, some two lakh protesters marched through Damascus. In Bulgaria, Romania, Hungary, Brussels, South Korea, Australia, Malaysia and Thailand, demonstrations attracted thousands, while the crowds were in the hundreds or less in Bosnia, Hong Kong and Moscow.

Crowds were estimated at 10,000 in Amsterdam and Copenhagen, 5,000 in Cape Town and 4,000 in Johannesburg in South Africa, 5,000 in Tokyo, and 2,000 in Dhaka.

In Baghdad, tens of thousands of Iraqis, many carrying Kalashnikovs, demonstrated to support Saddam Hussein and denounce the U.S. "Our swords are out of their sheaths, ready for battle," read one of the hundreds of banners.

Many Iraqis hoisted giant pictures of Mr. Hussein and some burnt the American and Israeli flags, while in neighbouring Damascus, protesters chanted anti-U.S. and anti-Is-



Carrying a huge banner, anti-war demonstrators pack London's Piccadilly, on Saturday, on their way to a rally in Hyde Park, to protest against a possible war with Iraq.-AP Photo

raeli slogans as they marched to the People's Assembly. In Moscow, 300 people marched to the U.S. Embassy, with one placard urging the Russian President, Vladimir Putin, to "be firmer with America."

Six hundred people rallied in downtown Hong Kong, as did 50 or so in Almaty, Kazakhstan.

Demonstrators clogged a downtown park in Seoul, South Korea, to chant and listen to anti-war speeches. Between 3,000

and 5,000 people marched in Canberra, the Australian capital, to protest the Government support for the U.S. policy. — AP

More reports on protests on Page 13

THE HINDU

16 FEB 2003

American free trade zone opposed

PORTO ALEGRE (BRAZIL), JAN. 28. A week-long gathering of social activists ended with a boisterous street protest against possible military action in Iraq and a proposal to create a hemispheric free trade zone that would stretch from Canada to Argentina.

With bands playing on a large truck like those that lead Brazil's famed Carnival parades, an estimated 30,000 anti-globalisation activists held a street march as a symbolic finish to the third World Social Forum, an annual event that serves as a counterpoint to the gathering of business and political leaders at the World Economic Forum in Davos, Switzerland.

The Social Forum officially ended on Tuesday with a meeting of its organisers.

Many waved red communist

49-15 H. Africa 23/11
flags and chanted slogans against the proposed Free Trade Area of the Americas, an effort to unite the economies of 34 nations in the Western hemisphere similar to the European Union.

Backers of the Free Trade Area of the Americas claim the agreement would boost the economies of all the members, but opponents at the World Social Forum fear it will allow large corporations to bypass labour and environmental laws and will hurt farmers and the poor.

"The Free Trade Area of the Americas will strangle Latin America, which is why we cannot let it be born," said Patricio Robles, a civil engineer from Uruguay, who attended the forum held in the southern city of Porto Alegre.

Throughout the six-day forum, activists condemned what they call neo-liberalism — or the perceived control by the United States and other wealthy nations of the world through free-market economics, liberal trade and the breakdown of national borders.

"The few rich dominate the poor, and it's a concept that has been killing Indians for 500 years," said Sergio Muxi Tenbe, a native Indian from Brazil who wore a headdress made of parrot feathers.

The Japanese activist, Koshin Fukushima, said his country's workers and farmers have been severely hurt by Asian trade agreements — and he predicted the Free Trade Area of the Americas would be a benefit only for the U.S. at the expense of Latin American nations.

"It's just another way for the United States to impose itself on Latin America," Mr. Fukushima said.

Also attending the forum was Tom Hayden, a long-time left-wing activist and former member of the California State legislature, who said the proposed free trade zone could also weaken U.S. environmental and labour laws.

"Once they establish an international order where labour protections and environmental protections are weaker, then they can argue that American laws are too strong," Mr. Hayden said.

"At that point, it could be too late for the American people to do anything about it." — AP



Anti-globalisation activists taking part in the closing march of the III World Social Forum in Porto Alegre, southern-Brazil, on Monday. — AFP

2007 JAN 29 10
THE HINDU

2007 JAN 29 10

Debate splits world into two

Agence France Presse

UNHQ, Feb. 13. — With Friday's crucial UN Security Council debate looming, key world powers today lined up on opposing sides of the debate over war with Iraq.

As the UK iterated its unqualified support for the US-led initiative to launch an attack on Baghdad to eliminate weapons of mass destruction, France, Germany and Russia made it clear that their opposition held firm.

While British Prime Minister Mr Tony Blair was quick to endorse suggestions that Iraq could be in breach of a key UN resolution, German foreign minister Mr Joschka Fischer and Russian deputy foreign minister Mr Yuri Fedotov dismissed the claims, and France actively sought Arab League support for its opposition to war.

Mr Blair gave US war plans for Iraq a boost, saying Baghdad would be in

breach of the UN in a new report about Iraqi missiles were confirmed.

UN inspectors were told yesterday that Iraq's Al-Samou missile had a range that exceeds the 150 km limit imposed on Baghdad by the UN Security Council after the 1991 Gulf War.

As UK reiterated its unqualified support for an attack on Baghdad, France, Germany and Russia made it clear that their opposition held firm

The latest development comes as UN weapons inspectors prepare to brief the Security Council tomorrow with a report that the USA and UK may use as justification for launching military strikes on Baghdad.

But Mr Fischer, who will chair the meeting, took a distinctly opposite view, saying he did not believe Baghdad had violated the UN resolu-

tion on disarmament and that there was still room for a peaceful solution.

"Iraq is not in material breach of UN Resolution 1441, Mr Fischer said. "There is no reason to wage a war." Russian deputy foreign minister Mr Yuri Fedotov said the missiles were not in breach of UN resolutions as they had been declared by Baghdad. "The systems in question are not prohibited. They were permitted by previous decisions of the Security Council."

Mr Fedotov said the tests, which were carried out by Iraq with the inspectors, showed that the range of the Al-Samoud and Al-Fatah missiles "exceeded by only 10-12 km."

Nato meet put off: Nato today cancelled an emergency meeting to discuss its split over Iraq after Germany insisted any breakthrough would have to wait till tomorrow's Security Council meeting, AP adds from Brussels.

14 FEB 2003

THE STATESMAN

Globalisation: concept & concerns — II

By C. Rangarajan

WHAT SHOULD India's attitude be in the environment of growing globalisation? At the outset, it must be mentioned that opting out of globalisation is not a viable choice. There are at present 142 members in the World Trade Organisation (WTO). Some 30 countries are waiting to join the WTO. What is needed is to evolve an appropriate framework to wrest maximum benefits out of international trade and investment. This framework should include (a) making explicit the list of demands that India would like to make on the multilateral trade system, (b) measures that rich countries should be required to undertake to enable developing countries to gain more from international trade, and (c) steps that India should take to realise the full potential from globalisation.

Before elaborating each of these elements, it must be pointed out that India's balance of payments position has been considerably strengthened in recent years. The current account deficit which peaked to 3.2 per cent of GDP in 1990 has been declining and is remaining around only one per cent of GDP in the last few years. The import growth rate has not shown any alarming rise. In fact, this has been the most comfortable period as far as the external sector is concerned.

There is considerable concern about the next round of negotiations in the WTO. Developing countries including India should project strongly their viewpoint. Without being exhaustive, the demands on the multilateral trading system should include: (1) establishing symmetry as between the movement of capital and natural persons, (2) delinking environmental standards and labour related considerations from trade negotiations, (3) zero tariffs in industrialised countries on labour intensive exports of developing countries, (4) adequate protection to genetic or biological material and traditional knowledge of developing countries, (5) prohibition of unilateral trade action and extraterritorial application of national laws and regulations, and (6) effective restraint on industrial-

ised countries in initiating anti-dumping and countervailing action against exports from developing countries.

Negotiations are not that easy. We have to yield in some areas to gain in others. But what is important is the approach. We must stay and fight whether they be intellectual property rights or public policy considerations. Doha showed some success in this direction.

The purpose of the new trading

rich countries want a trading system that is truly fair, they should on their own lift the trade barriers and subsidies that prevent the products of developing countries from reaching their markets.

The third set of measures that should form part of the action plan must relate to strengthening India's position in international trade. India has many strengths, which several developing countries lack. In that sense, India is different and is in a

India is in a position to wrest significant gains from globalisation. However, we must voice our concerns and in cooperation with other developing countries modify the international trading arrangements.

system must be to ensure "free and fair" trade among countries. The emphasis so far has been on "free" rather than "fair" trade. It is in this context that the rich industrially advanced countries have a role to play. While requiring developing countries to dismantle barriers and join the mainstream of international trade, they have been raising significant tariff and non-tariff barriers on trade from developing countries. Although average tariffs in the United States, Canada, the European Union and Japan — the so called Quad countries — range from only 4.3 per cent in Japan to 8.3 per cent in Canada, their tariff and trade barriers remain much higher on many products exported by developing countries. Major agricultural food products such as meat, sugar and dairy products attract tariff rates exceeding 100 per cent. Fruits and vegetables such as bananas are hit with a 180 per cent tariff by the European Union, once they exceed quotas. Even in the case of dismantling the Multi-Fibre Agreement (MFA), it is stretched up to 2005 and has been back-loaded so that much of the benefits will accrue to countries like India only towards the end. In fact, these trade barriers impose a serious burden on the developing countries. It is important that if the

stronger position to gain from international trade and investment. India's rise to the top of the information technology industry in the world is a reflection of the abundance of skilled manpower in our country. It is, therefore, in India's interest to ensure that there is a greater freedom of movement of skilled manpower. At the same time, we should attempt to take all efforts to ensure that we continue to remain a frontline country in the area of skilled manpower. We must maintain a competitive environment domestically so that we can take full advantage of wider market access. We must make good use of the extended time given to developing countries to dismantle trade barriers. Wherever legislation is required to protect sectors such as agriculture, they need to be enacted quickly. In fact, we had taken a long time to pass the Protection of Plant Varieties and Farmers' Rights Bill. We must also be active in ensuring that our firms make effective use of the new patent rights. South Korea has been able to file in recent years as many as 5,000 patent applications in the U.S. whereas in 1986, the country filed only 162. We need a truly active agency in India to encourage Indian firms to file patent applications. In effect, we must build the complementary insti-

tutions necessary for maximising the benefits from international trade and investment.

Globalisation, in a fundamental sense, is not a new phenomenon. It is as old as history, starting with the large migrations of people across the great landmasses. Only, recent developments in computer and communication technologies have accelerated the process of integration, with geographic distances becoming less of a factor. Is this 'end of geography' a boon or a bane? Borders have become porous and the sky is open. With modern technologies which do not recognise geography, it is not possible to hold back ideas either in the political, economic or cultural spheres. Each country must prepare itself to meet the new challenges so that it is not bypassed by this huge wave of technological and institutional changes.

Nothing is an unmixed blessing. Globalisation in its present form though spurred by far reaching technological changes is not a pure technological phenomenon. It has many dimensions including ideological. To deal with this phenomenon, we must understand the gains and the losses, the benefits as well as the dangers. To be forewarned, as the saying goes, is to be forearmed. But we should not throw the baby out with bath water. We should also resist the temptation to blame globalisation for all our failures. Most often, as the poet said, the fault is in ourselves.

Risks of an open economy are well known. We must not, nevertheless, miss the opportunities that the global system can offer. More than many other developing countries, India is in a position to wrest significant gains from globalisation. However, we must voice our concerns and in cooperation with other developing countries modify the international trading arrangements to take care of the special needs of such countries. At the same time, we must identify and strengthen our comparative advantages. It is this two-fold approach which will enable India to meet the challenges of globalisation which may be the defining characteristic of the new millennium.

(Concluded)

THE HINDU

7 JAN 2003

Globalisation: concept & concerns — I

By C. Rangarajan

GLOBALISATION HAS become an expression of common usage. Unfortunately, it connotes different things to different people. To some, it represents a brave new world with no barriers. For some others, it spells doom and destruction.

Broadly speaking, the term 'globalisation' means integration of economies and societies through cross country flows of information, ideas, technologies, goods, services, capital, finance and people. The essence of globalisation is connectivity. Cross border integration can have several dimensions - cultural, social, political and economic. In fact, some people fear cultural and social integration even more than economic integration. However, the term globalisation is used here in the limited sense of economic integration which can happen through the three channels of (a) trade in goods and services, (b) movement of capital and (c) flow of finance. Besides, there is also the channel through movement of people.

Globalisation has been a historical process with ebbs and flows. During the Pre-World War I period of 1870 to 1914, there was rapid integration of the economies in terms of trade flows, movement of capital and migration of people. The inter-war period witnessed the erection of various barriers to restrict free movement of goods and services. Although after 1945 there was a drive to increased integration, studies point out that trade and capital markets are no more globalised today than they were at the end of the 19th Century. However, there are more concerns about globalisation now than before because of the nature and speed of transformation. What is striking in the current episode is not only the rapid pace but also the enormous impact of globalisation on market integration, efficiency and industrial organisation.

The gains and losses from globalisation can be analysed in the context of the three types of channels of economic globalisation identified

earlier. According to the standard theory, international trade leads to allocation of resources that is consistent with comparative advantage. This results in specialisation which enhances productivity. It is accepted that international trade, in general, is beneficial and that restrictive trade practices impede growth. However, even in relation to trade in goods and

sudden withdrawals. However, even in the recent East Asian crisis, it was found that foreign direct investment was a stable element. While to some extent fresh capital inflow was moderated, there was no outflow of foreign direct investment. The possibility of sharp outflows through the withdrawal of portfolio investment, as it happened in the Mexican

It is very difficult to trace the changes in the distribution of income within countries directly to globalisation. Trade liberalisation need not necessarily come in the way of adopting poverty reduction policies.

services, there is one concern. Emerging economies will reap the benefits of international trade only if they reach the full potential of their resource availability. This requires time. That is why international trade agreements make exceptions by allowing longer time to developing economies in terms of reduction in tariff and non-tariff barriers. "Special and differentiated treatment," as it is described, has become an accepted principle. It is this aspect which needs to be stressed, while arguing the case of developing countries.

Capital flows across countries have played an important role in enhancing the production base. This was very much true in the 19th and 20th Centuries. Capital mobility enables the total savings of the world to be distributed among countries which have the highest investment potential. Under these circumstances, one country's growth is not constrained by its own domestic savings. The inflow of foreign capital has played a significant role in the recent period in the development of the East Asian countries. In fact, at the peak, the foreign capital inflow into Malaysia in 1993 was 17.4 per cent of its GDP, while in Thailand in 1995 it was 12.7 per cent of the GDP. A major concern with respect to foreign capital is the potential for its

case, is a danger to guard against.

The rapid development of the capital market has been one of the important features of the current process of globalisation. The expansion in foreign exchange markets and capital markets is a necessary pre-requisite for international transfer of capital. However, the volatility in the foreign exchange market and the ease with which funds can be withdrawn from countries have created often times panic situations. The most recent example of this was the East Asian crisis. While there is, no doubt, that countries benefit by capital flows, the need to keep a watchful eye on foreign exchange markets becomes essential. What applies to trade may not necessarily apply to finance in a full measure.

On the impact of globalisation, there are several concerns. These may be described as even fears. Under each concern there are many related anxieties. A major concern is that globalisation leads to a more inequitable distribution of income among countries and within countries.

Empirical evidence on the impact of globalisation on inequality is not very clear. The share in aggregate world exports and in world output of the developing countries has been increasing. In aggregate world exports, the share of developing coun-

tries increased from 20.6 per cent in 1988-90 to 29.9 per cent in 2000. In fact, in comparing the share of the developing countries over time, care has to be taken to compare the share of the same set of countries over the entire time frame. In fact, four of the countries which were developing countries are now classified as newly industrialised Asian economies. Similarly the share in aggregate world output of developing countries has increased from 17.9 per cent in 1988-90 to 40.4 per cent in 2000. The growth rates of the developing countries both in terms of GDP and per capita GDP have been higher than those of the industrial countries. These growth rates have been even higher in the 1990s than in the 1980s. All these data do not indicate that the developing countries as a group have suffered in the process of globalisation. In fact, there have been substantial gains. But within developing countries, Africa has not done well and some of the South Asian countries have done better only in the 1990s. While the growth rate in per capita income of the developing countries in the 1990s is nearly two times higher than that of industrialised countries, in absolute terms the gap in per capita income has widened because of the wide difference in the base year.

As for income distribution within the countries, it is difficult to judge whether globalisation is the primary factor responsible for any deterioration in the distribution of income. We have had considerable controversies in our country on what happened to the poverty ratio in the second half of 1990s. Most analysts for India would agree that the poverty ratio has declined in the 1990s. Differences may exist as to the rate at which this has fallen. Nevertheless, whether it is India or any other country, it is very difficult to trace the changes in the distribution of income within countries directly to globalisation. Trade liberalisation need not necessarily come in the way of adopting poverty reduction policies.

THE HINDU

JAN 2003

The ballast provided by the UN is essential in a unipolar world

Coalition of interest

SUNANDA K. DATTA-RAY

Kofi Annan's gravelly voice announcing that he did not "see an argument for military action" against Iraq was the best news that the television broke on New Year's day. It offered welcome assurance that the United Nations has not quite degenerated into a subcommittee of the congress of the United States of America, and that its secretary general, who has sometimes unkindly been called the Uncle Tom of international diplomacy, does not only echo the White House spokesman.

It may have been no accident that within hours, George W. Bush expressed the pious hope that "this Iraq situation will be resolved peacefully". True, he reverted to breathing fire and brimstone almost immediately afterwards. Even if he had not, it would not have done to invest the secretary general with more influence than even he might claim. But his symbolic authority is undeniable, and even if he does not exactly lead the world, his pronouncements give a good idea of which way the global wind is blowing.

Gerhard Schroeder's Germany, critical of Bush's reckless militarism, joined the UN security council this week. And two leading Saudis denied US claims that the kingdom had promised the military use of its airspace, airbases and an operational command centre. Prince Saud al-Faisal, the foreign minister, and Prince Abdul-Rahman bin Abdul-Aziz, the deputy defence minister, reiterated their opposition to attacking Iraq.

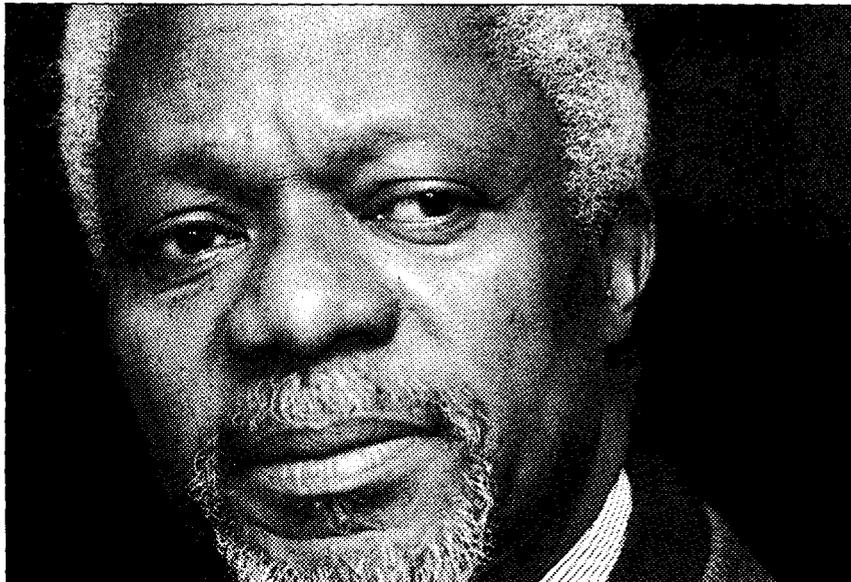
Given American leverage (of which we suffered a ruthless demonstration during the Bangladesh war), Germany and Saudi Arabia might yet succumb to pressure. But triumph alone will not make might right. Annan's view that no military action should be considered until the inspectors report to the security council on January 27 drew attention to the inherent conflict between an imperial power's determination to treat the UN as the instrument of national statecraft and the UN's own respect for due process. The UN chief executive's tactfully muted tone was also a reminder that the UN is only as strong as UN members dare to be.

They are under intense pressure like the weapons inspectors whose American mandate — a wholly illegal one, it must be stressed — is quite explicit: produce evidence of chemical, biological, nuclear and ballistic weapons admit that Saddam Hussein has hoodwinked you. As one of them confessed helplessly, "Even if they open all the doors in Iraq for us and keep them open hours a day, we won't be able to find a tick cat in a dark room, especially if it is not there."

The orders seem to be that if the cat doesn't exist, concoct "proof" that it does. There is no question of investigating whether or not Iraq is "in material breach" of disarmament agreements. Bush pronounced Saddam "guilty" long before anyone had heard the evidence and announced that the "burden" of proving his innocence is on the accused. This perversion of justice recalls Henry VIII's tax extortionist, Richard Empson. If a nobleman spent too much, he was ob-

America has also done much to undermine. Annan's statement is a reminder that the measure of UN legitimacy is not the degree of its compliance with the hawks in Washington. Its relevance depends on carrying out the collective will of UN members, even at the cost of offending the most powerful of them whose actions are clearly dictated by its domestic electoral agenda, economic concerns and political interests.

That alone explains why Bush threat-



Arguments against military action

viously rich and could afford to cough up. If he did not spend, it meant he was salting away his wealth and had to cough up. The strategy became notorious as Empson's Fork. Commonly, it's called heads I win, tails you lose.

It would be a laugh if, after all this, it turns out that Saddam really is making weapons of mass destruction and has pulled the wool over the inspectors' eyes. Undoubtedly, that would be material breach of various international treaties that Iraq has signed, but the US has no god-given mission unilaterally to uphold their sanctity. For that matter, the no-fly zones arbitrarily imposed on northern and southern Iraq are of dubious legality and merit UN scrutiny.

Some feel that only the International Criminal Court can decide whether Saddam is a serial aggressor who encourages world terrorism while stockpiling mass-murder weapons. But since the US (like India) has wriggled out of that forum, the responsibility devolves on the UN, the "theatre of the absurd" that

ens to annihilate Iraq while waffling about diplomacy in North Korea. According to US intelligence, it will take Iraq five years to make the bomb while North Korea already has two and could build five or six more in the next six months. The difference lies in oil. When Bush's father rushed to Kuwait's rescue, Admiral William J. Crowe, former chairman of the joint chiefs of staff, chuckled that the sheikhdom would not have been worth defending if it had exported bananas. Barren North Korea is not worth attacking.

With oil reserves that rival those of Russia, Saudi Arabia and Mexico, Iraq is a different kettle of fish altogether. We owe a debt of gratitude to the *New York Times* columnist William Safire for setting us clear about America's real objective in seeking a "regime change" in Baghdad. If the UN is disobliging, he says, Bush will take on the task himself "with an *ad hoc* coalition of genuine allies." No humbug about removing threats to world peace in this assessment

of the expected outcome. Instead, the Anglo-American alliance is licking its chops over the prospective booty.

First, loyal Britain will oust truculent France as the chief European dealer in Iraqi oil and equipment. Second, Syria, suspected of selling Iraqi oil on the quiet, "would be frozen out". Third, a grateful successor regime in Baghdad "under the tutelage and initial control of the victorious coalition" — read a Western puppet like the former Hashemite monarchy — would reward the US and Britain with guaranteed fuel and lucrative oil contracts. The new rulers will also have to concede Turkey's demand for a cut of the royalties from the Kirkuk oilfields (the original reason why Britain prised Iraq out of the Ottoman empire) and repudiate Saddam's \$8 billion debt to Russia.

Thus, America's friends would be rewarded and foes punished. Vladimir Putin's nose will be put further out of joint when the US and Britain manipulate to push down oil prices by investing heavily to improve Iraq's drilling and refining capacity. Increased production from an Iraq that is outside the Organization of Petroleum Exporting Countries will force panicky Saudi princes to cut prices in a desperate bid to hold market share. The industrialized (and, incidentally, developing) nations will benefit, Japan will be rejuvenated, and Russia, now wholly dependent on oil revenues, will be forced to its knees.

Hence the formidable mobilization in Kuwait, Bahrain, Qatar, Turkey, Israel, Diego Garcia, the Mediterranean and the Persian Gulf. Some 60,000 American troops, 400 aircraft, at least four battle groups of warships and a fleet of B-2 stealth bombers are poised for action. Saddam Hussein's disobligingness is the only obstacle to the success of this grand strategy. He just will not hand over the evidence that would confirm his death warrant.

There is "zilch" evidence according to one of the inspectors. "We haven't found an iota of concealed material yet," he confessed. Baghdad has followed up its open-door policy, its 12,000-page report and list of more than 500 scientists by inviting Hans Blix for further discussions. Annan suggests an interim report before January 27.

He also thinks Iraq is cooperative. Bush clearly doesn't. The difference between the two positions may not save Saddam. But, at least, it assures the rest of us that the UN is alive and well. The ballast it provides is all the more essential in a unipolar world. Any military action against its wishes would be the real crime against humanity.

Defending wars

By Arpita Anant

W
49-10 2/1

THE BACKDROP of an impending U.S. attack on Iraq presents yet another occasion to rethink the limits to use of force in the international arena. It reinforces the point that what is needed is an objective and enforceable, normative yet realist criterion allowing marginal scope for legitimate use of force. The doctrine of just war consists of two main dicta, *jus ad bellum* and *jus in bello*. The first is a justification for going to war and the second, for justifying acts committed in wartime. Thus *jus ad bellum* takes into account the elements of proper authority, just cause, right intent and peaceful end; *jus in bello* stands for proportionality and discrimination in the means used for waging a war. The existence of preemptory and legal norms regarding adherence to these principles of use of force in the international arena beckon the question: can there indeed be any such thing as a just war?

The classical origins of the doctrine of just war can be attributed to the idea of "pan Hellenism" in the Greek world, which advocated restraint upon war among Hellenes. Stoicism, a century before Christ, provided a philosophical basis for a cosmopolitanism embracing all mankind. A Hebrew parallel to this was found in the extension of the concern of Yahweh's covenant to include non-Israelis. Thus, "among people who looked upon themselves as akin, war was considered a hideous extremity". In the first century AD, Cicero gave a new interpretation of just war based on the legitimacy of the authority waging wars. To be just, war had to be waged by a state according to an ultimatum issued by a college of priests called Fetialis, and concluded by them through truce and treaties. He also raised a concern for the proper treatment of the vanquished since he believed that only a just war followed by a generous peace could help strengthen the empire.

Until the accession of Constantinian on the seat of Rome in 180 AD, Christianity was pacifist. Then a Christian ethic of war came to be formulated by St. Ambrose and St. Augustine, the culmination of which can be seen in Summa Theologiae of St. Thomas Aquinas, who put forward three re-

quirements for a war to be just — first, that it must be waged by a legitimate authority, the sovereign, whose job is to protect people from external threats; second, that there be a just cause in the form of correcting an injustice that had been committed; and finally, a right intention of promoting good and avoiding evil. Aquinas may also be credited for the introduction of the principle of discrimination in treatment of non-combatants, especially innocent persons, in wars. Francisco de Vittoria proposed another major principle of just war, that of proportionality i.e. proportionate and controlled use of force with the purpose of limiting damages. The

ante (Locarno Pact) of 1925 which made pacific settlements of disputes mandatory for its signatories) came the historic Kellogg Briand pact which prohibited every kind of war. However this pact failed to provide any alternate measures through which changes could be effected in the international system.

The rude shock of the Second World War led to the formation of the United Nations, which was created with the purpose of maintaining international peace and security. Article 2 (4) of the UN Charter outlaws war in very clear terms. The Charter also prohibits use of force with two exceptions: Article 42 of the Charter

es is likely to be dubious, we can surely conclude that unilateral action in Iraq cannot be termed as intervention nor as an act of self-defence. Further lacking the endorsement of the UN, it will not qualify as an act of collective security, rather it will qualify as aggression.

As an act of aggression, such an invasion would then be subject to the laws of *jus in bello*. On most counts, it would be found defying these laws of proportionality and discrimination. First, this invasion will violate the four basic principles underlying the concept of limited war. The principle of political primacy which states that the war shall not become an end in itself with its own independent logic compelling events in pursuit of military victory and related to this, that there be a proportion between the ends and the means of war; the principle of restraint in the use of psychological instruments of policy, the Government's public relations and propaganda operations; the principle of fight and negotiate policies and finally that of a flexible response. Ironically, since in all likelihood this will be a unilateral invasion, the only maxim of limited war that it will adhere to is that of geographical confinement. Second, it will violate the idea of non-combatant and civilian immunity in war-zones (as in Afghanistan) in deference to argument of urgent/extreme military necessity and cause widespread casualties. The situation is complicated then by the ensuing tension between *jus ad bellum* and *jus in bello* as evidenced in the terror bombing of the German cities of Dresden and Hamburg and the atomic bombing of Hiroshima and Nagasaki.

The U.S.-led multilateral invasion of Iraq in 1990 may be justified on the grounds of liberation of Kuwait. However, in the present context, an invasion would not be justified. The presence of large stockpiles of weapons of mass destruction in Iraq is certainly a cause of worry. However, the politics of targeting select states will only result in more flagrant violation of the norm of limited use of force.

(The writer is a senior research scholar, Centre for International Politics, Organisation and Disarmament, School of International Studies, JNU.)

The politics of targeting select states will only result in more flagrant violation of the norm of limited use of force.

horrors of World War I and II prompted the Church to move away from just war to pacifism. The 1963 Encyclical of Pope John XXIII entitled *Pacem in Terris* declared that "(I) n this age which boasts of atomic power it no longer makes sense to maintain that war is a fit instrument with which to repair violation of justice".

Supplementing this religious evolution of the just war doctrine was its secular/legal growth. During the age of Enlightenment in the late 17th and 18th centuries, numerous peace plans were elaborated that revived the just war theory in secular manner. Hugo Grotius in his *Law of Peace and War* made war subservient to law: an instrument of justice and a tool of peace. Immanuel Kant opined that war could be just only if force was used collectively. After many attempts at limiting war in the international system (in the form of the Hague Conventions of 1899 and 1907 which limited the use of force for the recovery of contract debts; the Bryan treaties which required provision of a cooling off period during which a conciliation commission could try to resolve the dispute; the League of Nations which laid obligations not to resort to war; the Geneva protocol of 1924 which labelled aggression as a crime and the Treaty of Mutual Guar-

ante provisions for collective security operations authorised by the Security Council. While the politics of the cold war prevented any collective security operations, (a compromise was achieved in the form of the doctrine of peacekeeping which has a mixed record in preserving peace ; the second permissible condition for use of force is in cases requiring individual and collective self-defence vide Article 51.

As regards *jus ad bellum*, there exist very careful expositions of the validity of preventive wars, pre-emptive strikes and use of force in self-defence. In the context of the probability of an invasion of Iraq, the issue for consideration may be the justice of intervention. According to specialists, intervention may be justified if there is a clear evidence of an attempt at self-determination on the part of the peoples of the state; intervention on behalf of secessionists is considered legitimate if there is proof of the resultant political community willing to survive independently; intervention in civil war is justified if the weaker group has organised enough for self-help; and humanitarian intervention is lawful if it is on behalf of the weaker groups and for achieving their ends. While it is true that establishing facts and justifying claims in these instanc-

1 3 JAN 2003

Asian Social Forum calls for fight against globalisation

Our Special Correspondent

HYDERABAD, JAN. 2. The first six-day Asian Social Forum (ASF) began at the Nizam College grounds here today with a call to fight the 'neo-liberal and imperialist agenda of globalisation, besides communalism and war and to work for building an Asia that is genuinely democratic, just and sustainable'.

The ASF attracted 300 organisations, including some from abroad, involved in fighting for the rights of Dalits and women and also NGOs, research institutions, trade unions, film-makers and cultural activists.

Nora de Cortinas, one of the co-founders of Mothers of the May Plaza, Argentina (an organisation formed by women to protest the disappearance of their children under the military dictatorship), set the ASF's opening plenary rolling.

She said she was presenting not just the voices of those who lost their sons in the struggle in Argentina but those fighting the 'neo-colonial capitalists and State oppression'. "We have to continue to fight, so that our children do not have to suffer from hunger and roam the streets. We have to say no to war, neo-liberalism and racism". G. Haragopal of the University of Hyderabad and human rights activist said Hyderabad was chosen as the venue "because Andhra Pradesh is passing through the whole process of globalisation. In a way, it has become a laboratory for World Bank-directed reforms. And we have to show that there are people who want to fight such exploitative situations and for establishing an egalitarian order".

Analysing globalisation, Prabhat Patnaik of the Centre for Economic Studies and Planning, Jawaharlal Nehru University, said it was not the



Leading Asian human rights activists (from left) Walden Bello, director of Focus on Global South, Abdel Jawad Saleh of the Palestine Legislative Council, Medha Patkar of the Narmada Bachao Andolan, economist D. Narasimha Reddy, Amarjeet Kaur, Gandhian Nirmala Deshpande, playwright G. Haragopal, Habib Tanvir, Nora de Cortinas of Argentina, hold hands in solidarity at the opening of the Asian Social Forum in Hyderabad on Thursday. — Photo: P. V. Sivakumar

much-expected productive industrial investments that flowed from the developed North to the under developed South, but one-way finances that thrived on speculative trade in stocks. "No labour was allowed from South to North. It was a massive extraction of resources, leaving the vast population pauperised, dismantling the productive status of the State".

"The implications of such policies were disastrous. It led to a rise in unemployment, for the first time in rural areas and poverty and declining living standards. This at a time when 60 million tonnes of foodgrains were rotting in godowns and the industrial capital remained untapped. The growth in unemployment meant rise in communal violence, lumpenisation of people and fascism".

A strange phenomenon was the way States were vying with each other in getting "pushed into the lap of imperialism", negotiating directly with the foreign funding agencies, with Andhra Pradesh being in the forefront. "Alternatives were necessary in such a scenario, not only to improve the living conditions but for the survival of society".

Medha Patkar of the Narmada Bachao Andolan spoke of the need to broadbase the struggle to fight not just globalisation but casteism and communalism. "We know religion as something that is tolerant and accommodative and not violent as depicted by forces of communalism. We have to target not just the MNCs but the World Bank and the Asian Development Bank and other multilateral agencies and if the

WTO agreement continues to be discriminatory, pressure the National Government to withdraw from it". Abdel Jawad Saleh, a former Minister in the Palestinian Authority, said he looked forward to revival of the golden days of 1950s when India, China and Egypt led the world. Narrating the agony of the Palestinians, who were denied the right to drinking water, shelter and farming on their own land, he hoped that a new movement would take shape from the ASF, to oppose the imperialist forces.

Others who spoke were Nirmala Deshpande, Gandhian, Samir Amin, political economists from Egypt, Amarjeet Kaur, secretary general of the All India Trade Union Council, Habib Tanvir, theatre personality and Narasimha Reddy of the University of Hyderabad.

Half-hearted globalisation

The problem is not with knowing what's to be done...but to do it. Until we *do* sensible economic policies, half-hearted globalisation will continue to yield half-baked results, warns **Shankar Acharya**

AS WITH many other topics, we Indians have done a lot more talking on globalisation than action. You wouldn't think so from the fuss that's made of "WTO diktats" and "IMF policies". But the facts are pretty clear. Let's take a look at them and compare to the growing economic superpower to our north, China. Picking China as a comparator is obvious for many reasons. These are the only two countries which will have a billion plus population throughout the 21st century (nobody else will be close). A growing number of analysts have linked the fate of globalisation to its impact on these two populous giants. Most importantly, China has (for the last quarter century) decisively embraced global economic integration as a crucial plank of her dash to super power status, while we have hummed and hawed. Yes, there was a brief interlude, 1991-97, when we also seemed to clearly signal a similar desire to engage the world economy. But subsequent events suggest that we soon relapsed to dithering and 'chalta hai'.

Three decades ago, in 1970, both China and India were rather closed economies, with the share of exports (goods and services) accounting for less than 4% of GDP, compared to 12% for developing countries as a whole. Interestingly, India's share at 3.5% was almost double that of China's at 1.8%. But that was back then. When China opened up her economy in the late seventies, she did so with remarkable strategic decisiveness and determination. By 1982 her merchandise exports at \$21 billion were already more than double India's at about \$9 billion. By 1990 the gap had widened as China's goods exports almost tripled to \$62 billion, while India's increased sedately to \$18 billion. But China's truly astonishing export surge has come in the nineties with merchandise exports touching \$250 billion in 2000, compared to India's \$43 billion. As players in international trade, the two countries are now in different leagues.

Through her hugely successful domes-



INDICATORS OF GLOBALISATION

	1982	1990	2000
Merchandise Exports (\$ Billion)			
India	9.1	18.0	43.0
China	21.1	62.1	249.1
Foreign Direct Investment (\$ Billion)			
India	negligible	0.2	2.3
China	negligible	3.5	38.4
Share In EEC Selected Imports* (%)			
India	-	0.8	0.7
China	-	3.4	9.2
Share In North American Selected Imports* (%)			
India	-	1.0	1.0
China	-	11.8	25.3

* For SITC Product Categories 764, 778, 842, 843, 847, 851, 893, 894

Source: World Development Indicators, 2002 (World Bank) and UN Comtrade Data Base as compiled by Professor TN Srinivasan (Yale University)

tic and international policies China won growing import shares in the major markets of the world. Professor T N Srinivasan of Yale University has compiled data for eight 3-digit SITC product categories, including toys, sporting goods, textiles, garments, footwear, telecom equipment and accessories, plastic articles and certain categories of electrical machinery. By his estimate these eight product categories account for about half of India's manufactured exports and almost 40% of her total merchandise exports. The difference in evolving market shares of China and India in these selected product imports into EEC and North America is striking (Table). Between 1990 and 2000 India's share in EEC imports actually declined from a meagre 0.8% to 0.7%, at a time when China expanded her share

from 3.4% to 9.2%! It was the same story in the North American market: India's share stagnated at a low 1.0% over the decade, while China grew her share from 11.8 to 25.3%. No wonder western shopping malls are full of 'Made in China' products, while you have to search quite hard to find goods of Indian provenance!

I HAVE dwelt on foreign trade indicators for two reasons. First, I do believe that international trade is the single best index of a country's globalisation. Second, trade data are subject to the discipline of partner country data systems (China's exports are other countries' imports) and thus largely immune to the deficiencies of national data systems. Another obvious indicator of globalisation is, of course, foreign investment, especially foreign direct investment

(FDI). Here too the contrast between China and India is striking and hugely in China's favour (see Table). As I have noted elsewhere (*ET*, October 4, 2001) in the five years 1996-2000 China received over \$200 billion of FDI while India managed a somewhat pitiful \$13 billion. China's nineties surge in exports and FDI were mutually reinforcing. Much of FDI went into expanding export-driven firms and the huge export success, in turn, attracted increasing flows of FDI. And both these surges were a large part of China's enviable success in sustaining fast growth of national output and employment.

Of late, it has become fashionable in some Indian quarters to argue that India's FDI estimates are underestimated by narrowness of concept, while China's is exaggerated by 'round-tripping' of domestic funds. May be (though if this is so obvious, why doesn't the government's recent Mid-Year Review correct the data for India at least?). But to doubters I can only recommend a quick trip to Shanghai or Guangzhou to see the difference with their eyes (by now lots of our politicians have done this!).

Alright, you say, so what should India do to get greater gains from globalisation? Well, the list of policies has been listed many times by many people, including, most recently, in the Tenth Plan. They include lower government borrowing, much less restrictive labour laws, phasing out of SSI reservations, lowering of our unusually high customs duties, quick reform of the power sector, reduction in 'transaction costs' in taxation, finance and infrastructure provision, decisive privatisations and so on. To even repeat such lists is becoming embarrassing! The problem is not with knowing what's to be done...but to do it. Until we DO sensible economic policies, half-hearted globalisation will continue to yield half-baked results!

(The author is a professor at ICRIER. He served as Chief Economic Adviser to the Government of India for eight years until the end of 2000. The views expressed are strictly personal.)