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Editorial

Climate change is one of the most complex and intricate issues that the world has been grappling with for some time. Everyone knows that if the planet is to be protected from impending disasters, the quickest action that is needed is to end man-made climate change. The lives of billions of people are obviously at stake due to rising sea levels, unpredictable storms, droughts and the loss of harvests. Poor nations will have to bear between 75 and 80 per cent of the cost of floods, increased desertification and other disasters caused by global warming. Nations in Africa and South Asia are slated to lose as much as 5 per cent of their gross domestic product if temperatures rise just 2 degrees Celsius above pre-industrial levels. The crucial issues are, therefore, how drastically developed nations—the principal agents of pollution—are willing to scale back their heat-trapping carbon dioxide emissions and how much money wealthy countries will deliver to the developing world.

Notwithstanding the urgency of finding a solution to the impending crisis of global warming, the delegates of 193 nations who met at the World Climate Conference in Copenhagen in December 2009 could not agree on any effective steps to reduce global levels of greenhouse gases. Eventually, the Summit brought forth a text of hardly three pages that is non-binding. Many believe that it lacks anything substantial to deal with the danger of accelerating global warming. The developing countries of the South could not see any hope in the accord. Toward the end, the summit delegates themselves became uncommitted to accept the agreement.

The galaxy of world leaders, which included the United States President Barack Obama, could do nothing to break the impasse. However, it was Obama who set the framework for the final deal which, according to some agencies, reassured right-wing political circles in the US that America “will not be legally bound by anything that took place here today.” There is no denying the fact that it was the major economic powers that put a spoke in the wheel. The deliberations revealed that the major powers were more worried about their strategic and commercial interests than about saving the planet from catastrophe.

World energy statistics say that demand for energy worldwide will increase by more than 50 per cent over the next two decades. Obviously, the economic strength of nations will depend on their access to sources of energy.

Perhaps a major reason for the US investment of one trillion dollars in war industry could be to ensure its supremacy over the world's most productive oil and gas reserves. The development of alternative technologies would scale down the reliance on fossil fuels, which constitute nearly 80 per cent of world energy consumption. Hence, the US may not be keen on investing billions on pollution-free technologies that might help make its competitors more independent.

Meanwhile pressure is being exerted by the lobby of those energy groups and industries dependent on fossil fuels who consider any reduction of CO₂ emissions as a cost factor and an impediment to their competitiveness, undercutting profits. It is these lobbies that have been using their power to scuttle any effective emission-reduction measures. On the other side, the developed countries of the North, which account for half of the world's energy consumption today, are using the problem of climate change as a weapon against developing nations. At the Summit, the delegates from the North demanded that developing countries, in particular, China and India, commit themselves to concrete and verifiable reductions of their CO₂ emissions. Delegates of the G-77 countries opposed this as an attempt to blackmail them. It contended that the developed North is primarily responsible for global warming.

The US has offered a 17 per cent reduction in its CO₂ emissions by 2020 compared to 2005. Based on the levels put in place in the Kyoto Protocol of 1997, which the US did not ratify yet, this would mean a reduction of less than 4 per cent. This shows that there is hardly any difference in the climate policies of successive US administrations. Some European countries, particularly France and Germany, have showed their willingness to act as responsible and environmentally conscious, unlike the US and China. The European Union (EU) itself declared it was willing to lower the continent's CO₂ emissions by around 30 per cent by 2020, instead of its previous pledge of 20 per cent. Besides, the EU offered to provide 7.2 billion Euro to developing countries over the next three years. Yet, the EU member countries are equally concerned about their economic interests. In addition, the EU countries have made their promise conditional on a similar reduction by the US and China. In sum, the message from Copenhagen is that it is not all that easy to implement a scientifically guided and internationally coordinated policy to prevent a climatic disaster within the existing framework of international relations.

Obama, Bush, and Latin American Coups

Immanuel Wallerstein

Something strange is happening in Latin America. The Latin American right forces are poised to do better during the U.S. presidency of Barack Obama than they did during the eight years of George W. Bush. Bush led a far right regime that was totally out of sympathy with popular forces in Latin America. Obama, on the other hand, is leading a centrist regime that is trying to replicate the 'good neighbour policy' which Franklin Roosevelt proclaimed as a way of signalling the end of direct U.S. military intervention in Latin America.

During Bush's presidency, the only serious coup attempt supported by the United States was that against Hugo Chavez in Venezuela in 2002, and that one failed. It was followed by a series of elections throughout Latin America and the Caribbean in which left-of-centre candidates won in almost every instance. It culminated in a 2008 meeting in Brazil to which the United States was not invited and in which Cuba's president, Raúl Castro, was treated as a virtual hero.

Since Obama became president, there has been one successful coup, in Honduras. Despite Obama's condemnation of the coup, U.S. policy has been ambiguous, and the coup leaders are winning their bet of staying in power until the coming elections of a new president. In Paraguay, the left Catholic president, Fernando Lugo, has just averted a military coup. But his right-wing vice-president, Federico Franco, is manoeuvring to obtain from a Lugo-hostile national parliament a coup in the form of an impeachment. And military teeth are sharpening in an array of other countries.

To understand this apparent anomaly, we must look at U.S. internal politics, and how it affects U.S. foreign policy. Once upon a time, and not so long ago, the two major parties represented overlapping coalitions of social forces, in which the internal balance of each was somewhat right of centre for the Republican Party and somewhat left of centre for the Democratic Party. Since the two parties overlapped, elections tended to force presidential candidates of both parties more or less to the centre, in order to win over the relatively small fraction of voters who were 'independents' in the centre.

This is no longer the case. The Democratic Party is the same wide coalition that it always has been, but the Republican Party has moved far to the right. This means that the Republicans have a smaller base. They should logically be in a lot of electoral trouble. But, as we are seeing, it doesn't quite work that way.

The far right forces that dominate the Republican Party are highly motivated and quite aggressive. They seek to purge any and all Republican politicians whom they consider too 'moderate' and they seek to enforce on Republicans in Congress a uniformly negative attitude to anything and everything that the Democratic Party, and in particular President Obama, may propose. Political compromises are no longer seen as politically desirable. Quite the contrary. Republicans are pressed to march to a single drummer.

Meanwhile, the Democratic Party is operating the way it always has. Its wide coalition runs from the left to somewhat right of centre. Democrats in Congress spend most of their political energy negotiating with each other. This means that it is very hard to pass significant legislation, as we are currently seeing in the attempt to reform the health structures of the United States.

So, what does this mean for Latin America (and indeed for other parts of the world)? Bush could get almost anything he wanted from Republicans in Congress, in which he had a clear majority for the first six years of his regime. Real debates occurred in Bush's inner executive circle, which was basically dominated by Vice-President Cheney for the first six years. When Bush lost the Congressional elections in 2006, Cheney's influence declined and policy slightly changed.

The Bush era was marked by an obsession with Iraq and to a lesser extent with the rest of the Middle East. There was some energy left for dealing with China and Western Europe. Latin America faded into the background from the perspective of the Bush regime. To their frustration, the Latin American right did not get the usual kind of engagement in their favour from the U.S. government that they expected and wanted.

Obama is faced with an entirely different situation. He has a disparate base and an ambitious agenda. His public stance wobbles between a firm centrist position and moderate left-of-centre gestures. This makes his political position essentially weak. He is disillusioning the left voters he had aroused during the elections, who are in many cases retreating into political withdrawal. The reality of a world depression makes some of his centrist independent voters pull away from him out of fears of a growing national debt.

For Obama, as for Bush, Latin America is not at the top of his priorities. However, Obama (unlike Bush) is struggling hard to keep his head above political water. He is very worried about the 2010 and 2012 elections. And this is not unreasonable. His foreign policy is considerably influenced by its

potential impact on these elections. What the Latin American right is doing is taking advantage of Obama's internal political difficulties to force his hand. They see that he doesn't have the political energy available to thwart them. In addition, the world economic situation tends to redound against incumbent regimes. And in Latin America today, it is left-of-centre parties that are the incumbents. If Obama were to have some important political successes in the next two years (a decent health bill, a real withdrawal from Iraq, reduced unemployment), this would actually blunt the return of the Latin American right. But will he have such successes?

Immanuel Wallerstein

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The US War against Iraq: The Destruction of a Civilisation

James Petras

The US seven-year war and occupation of Iraq is driven by several major political forces and informed by a variety of imperial interests. However, these interests do not in themselves explain the depth and scope of the sustained, massive and continuing destruction of an entire society and its reduction to a permanent state of war. The range of political forces contributing to the making of the war and the subsequent US occupation include the following (in order of importance): The most important political force was also the least openly discussed. The Zionist Power Configuration (ZPC), which includes the prominent role of long-time, hard-line unconditional Jewish supporters of the State of Israel appointed to top positions in the Bush Pentagon (Douglas Feith and Paul Wolfowitz), key operative in the Office of the Vice President Irving [Scooter] Libby), the Treasury Department (Stuart Levey), the National Security Council (Elliot Abrams) and a phalanx of consultants, Presidential speechwriters (David Frum), secondary officials and policy advisers to the State Department. These committed Zionists 'insiders' were buttressed by thousands of full-time Israel-First functionaries in the 51 major American Jewish organisations, which form the President of the Major American Jewish Organisations (PMAJO). They openly stated that their top priority was to advance Israel's agenda, which, in this case, was a US war against Iraq to overthrow Saddam Hussein, occupy the country, physically divide Iraq, destroy its military and industrial capability and impose a pro-Israel/pro-US puppet regime. If Iraq were ethnically cleansed and divided, as advocated by the ultra-right, Israeli Prime Minister Benjamin Netanyahu and the 'Liberal' President Emeritus of the Council on Foreign Relations and militarist-Zionist, Leslie Gelb, there would be more than several 'client regimes.' Top Zionist policymakers who promoted the war did not initially directly pursue the policy of systematically destroying what, in effect, was the entire Iraqi civilisation. But their support and design of an occupation policy included the total dismemberment of the Iraqi state apparatus and recruitment of Israeli advisers

to provide their 'expertise' in interrogation techniques, repression of civilian resistance and counter-insurgency. Israeli expertise certainly played a role in fomenting the intra-Iraqi religious and ethnic strife, which Israel had mastered in Palestine. The Israeli 'model' of colonial war and occupation – the invasion of Lebanon in 1982 – and the practice of 'total destruction' using sectarian, ethno-religious division was evident in the notorious massacres at the Sabra and Shatila refugee camps in Beirut, which took place under Israeli military supervision. The second powerful political force behind the Iraq War were civilian militarists (like Donald Rumsfeld and Vice President Cheney) who sought to extend US imperial reach in the Persian Gulf and strengthen its geopolitical position by eliminating a strong, secular, nationalist backer of Arab anti-imperialist insurgency in the Middle East. The civilian militarists sought to extend the American military base encirclement of Russia and secure control over Iraqi oil reserves as a pressure point against China. The civilian militarists were less moved by Vice President Cheney's past ties with the oil industry and more interested in his role as CEO of Halliburton's giant military base contractor subsidiary Kellogg-Brown and Root, which was consolidating the US Empire through worldwide military base expansion. Major US oil companies, who feared losing out to European and Asian competitors, were already eager to deal with Saddam Hussein, and some of the Bush's supporters in the oil industry had already engaged in illegal trading with the embargoed Iraqi regime. The oil industry was not inclined to promote regional instability with a war. The militarist strategy of conquest and occupation was designed to establish a long-term colonial military presence in the form of strategic military bases with a significant and sustained contingent of colonial military advisors and combat units. The brutal colonial occupation of an independent secular state with a strong nationalist history and an advanced infrastructure with a sophisticated military and police apparatus, extensive public services and wide-spread literacy naturally led to the growth of a wide array of militant and armed anti-occupation movements. In response, US colonial officials, the CIA and the Defense Intelligence Agencies devised a 'divide and rule' strategy (the so-called 'El Salvador solution' associated with the former 'hot-spot' Ambassador and US Director of National Intelligence, John Negroponte) fomenting armed sectarian-based conflicts and promoting inter-religious assassinations to debilitate any effort at a united nationalist anti-imperialist movement. The dismantling of the secular civilian bureaucracy and military was designed by the Zionists in the Bush Administration to enhance Israel's power in the region and to encourage the rise of militant Islamic groups, which had been repressed by the deposed Baathist regime of Saddam Hussein. Israel had mastered this strategy earlier: it originally sponsored and financed sectarian Islamic militant

groups, like Hamas, as an alternative to the secular Palestine Liberation Organisation and set the stage for sectarian fighting among the Palestinians.

The result of US colonial policies were to fund and multiply a wide range of internal conflicts as mullahs, tribal leaders, political gangsters, warlords, expatriates and death squads proliferated. The 'war of all against all' served the interests of the US occupation forces. Iraq became a pool of armed, unemployed young men, from which to recruit a new mercenary army. The 'civil war' and 'ethnic conflict' provided a pretext for the US and its Iraqi puppets to discharge hundreds of thousands of soldiers, police and functionaries from the previous regime (especially if they were from Sunni, mixed or secular families) and to undermine the basis for civilian employment. Under the cover of generalised 'war against terror,' US Special Forces and CIA-directed death squads spread terror within Iraqi civil society, targeting anyone suspected of criticising the puppet government – especially among the educated and professional classes, precisely the Iraqis most capable of re-constructing an independent secular republic.

The Iraq war was driven by an influential group of neo-conservative and neo-liberal ideologues with strong ties to Israel. They viewed the success of the Iraq war (by success they meant the total dismemberment of the country) as the first 'domino' in a series of wars to 're-colonise' the Middle East (in their words: "to re-draw the map"). They disguised their imperial ideology with a thin veneer of rhetoric about 'promoting democracies' in the Middle East (excluding, of course, the un-democratic policies of their 'homeland' Israel over its subjugated Palestinians). Conflating Israeli regional hegemonic ambitions with the US imperial interests, the neo-conservatives and their neoliberal fellow travellers in the Democratic Party first backed President Bush and later President Obama in their escalation of the wars against Afghanistan and Pakistan. They unanimously supported Israel's savage bombing campaign against Lebanon, the land and air assault and massacre of thousands of civilians trapped in Gaza, the bombing of Syrian facilities and the big push (from Israel) for a pre-emptive, full-scale military attack against Iran.

The US advocates of sequential and multiple simultaneous wars in the Middle East and South Asia believed that they could only unleash the full strength of their mass destructive power after they had secured total control of their first victim, Iraq. They were confident that Iraqi resistance would collapse rapidly after 13 years of brutal starvation sanctions imposed on the republic by the US and United Nations. In order to consolidate imperial control, American policy-makers decided to permanently silence all independent Iraqi civilian dissidents. They turned to the financing of Shia clerics and Sunni tribal assassins, and contracting scores of thousands of private mercenaries among

the Kurdish Peshmerga warlords to carry out selective assassinations of leaders of civil society movements.

The US created and trained a 200,000 member Iraqi colonial puppet army composed almost entirely of Shia gunmen, and excluded experienced Iraqi military men from secular, Sunni or Christian backgrounds. A little known result of this build up of American trained and financed death squads and its puppet 'Iraqi' army, was the virtual destruction of the ancient Iraqi Christian population, which was displaced, its churches bombed and its leaders, bishops and intellectuals, academics and scientists assassinated or driven into exile. The US and its Israeli advisers were well aware that Iraqi Christians had played a key role in the historic development of the secular, nationalist, anti-British/anti-monarchist movements and their elimination as an influential force during the first years of US occupation was no accident. The result of the US policies were to eliminate most secular democratic anti-imperialist leaders and movements and to present their murderous network of 'ethno-religious' collaborators as their uncontested 'partners' in sustaining the long-term US colonial presence in Iraq. With their puppets in power, Iraq would serve as a launching platform for its strategic pursuit of the other 'dominoes' (Syria, Iran, Central Asian Republics...).

The sustained bloody purge of Iraq under US occupation resulted in the killing of 1.3 million Iraqi civilians during the first 7 years after Bush invaded in March 2003. Up to mid-2009, the invasion and occupation of Iraq has officially cost the American treasury over \$666 billion. This enormous expenditure attests to its centrality in the larger US imperial strategy for the entire Middle East/South and Central Asia region. Washington's policy of politicising and militarising ethno-religious differences, arming and encouraging rival tribal, religious and ethnic leaders to engage in mutual bloodletting served to destroy national unity and resistance. The 'divide and rule' tactics and reliance on retrograde social and religious organisations is the commonest and best-known practice in pursuing the conquest and subjugation of a unified, advanced nationalist state. Breaking up the national state, destroying nationalist consciousness and encouraging primitive ethno-religious, feudal and regional loyalties required the systematic destruction of the principal purveyors of nationalist consciousness, historical memory and secular, scientific thought. Provoking ethno-religious hatreds destroyed intermarriages, mixed communities and institutions with their long-standing personal friendships and professional ties among diverse backgrounds. The physical elimination of academics, writers, teachers, intellectuals, scientists and professionals, especially physicians, engineers, lawyers, jurists and journalists was decisive in imposing ethno-religious rule under a colonial occupation. To establish long-

term dominance and sustain ethno-religious client rulers, the entire pre-existing cultural edifice, which had sustained an independent secular nationalist state, was physically destroyed by the US and its Iraqi puppets. This included destroying the libraries, census bureaus, and repositories of all property and court records, health departments, laboratories, schools, cultural centres, medical facilities and above all the entire scientific-literary-humanistic social scientific class of professionals. Hundreds of thousands of Iraqi professionals and family members were driven by terror into internal and external exile. All funding for national, secular, scientific and educational institutions were cut off. Death squads engaged in the systematic murder of thousands of academics and professionals suspected of the least dissent, the least nationalist sentiment; anyone with the least capacity to re-construct the republic was marked.

The Destruction of a Modern Arab Civilisation

Independent, secular Iraq had the most advanced scientific-cultural order in the Arab world, despite the repressive nature of Saddam Hussein's police state. There was a system of national health care, universal public education and generous welfare services, combined with unprecedented levels of gender equality. This marked the advanced nature of Iraqi civilisation in the late twentieth century. Separation of church and state and strict protection of religious minorities (Christians, Assyrians and others) contrasts sharply with what has resulted from the US occupation and its destruction of the Iraqi civil and governmental structures. The harsh dictatorial rule of Saddam Hussein thus presided over a highly developed modern civilisation in which advanced scientific work went hand in hand with a strong nationalist and anti-imperialist identity. This resulted especially in the Iraqi people and regime's expressions of solidarity for the plight of the Palestinian people under Israeli rule and occupation.

A mere 'regime change' could not extirpate this deeply embedded and advanced secular republican culture in Iraq. The US war planners and their Israeli advisers were well aware that colonial occupation would increase Iraqi nationalist consciousness unless the secular nation was destroyed and hence, the imperial imperative to uproot and destroy the carriers of nationalist consciousness by physically eliminating the educated, the talented, the scientific, indeed the most secular elements of Iraqi society. Retrogression became the principal instrument for the US to impose its colonial puppets, with their primitive, 'pre-national' loyalties, in power in a culturally purged Baghdad stripped of its most sophisticated and nationalistic social strata. According to the Al-Ahram Studies Centre in Cairo, more than 310 Iraqi scientists were eliminated during the first 18 months of the US occupation – a figure that the

Iraqi education ministry did not dispute. Another report listed the killings of more than 340 intellectuals and scientists between 2005 and 2007. Bombings of institutes of higher education had pushed enrolment down to 30 per cent of the pre-invasion figures. In one bombing in January 2007, at Baghdad's Mustansiriyah University 70 students were killed with hundreds wounded. These figures compelled the UNESCO to warn that Iraq's university system was on the brink of collapse. The numbers of prominent Iraqi scientists and professionals who have fled the country have approached 20,000. Of the 6,700 Iraqi university professors who fled since 2003, the *Los Angeles Times* reported that only 150 had returned by October 2008. Despite the US claims of improved security, the situation in 2008 saw numerous assassinations, including the only practising neurosurgeon in Iraq's second largest city of Basra, whose body was dumped on the city streets.

The raw data on the Iraqi academics, scientists and professionals assassinated by the US and allied occupation forces and the militias and shadowy forces they control is drawn from a list published by the *Pakistan Daily News* (www.daily.pk) on 26 November 2008. This list makes for very uncomfortable reading into the reality of systematic elimination of intellectuals in Iraq under the meat-grinder of US occupation.

Assassinations

The physical elimination of an individual by assassination is an extreme form of terrorism, which has far-reaching effects rippling throughout the community from which the individual comes – in this case the world of Iraqi intellectuals, academics, professionals and creative leaders in the arts and sciences. For each Iraqi intellectual murdered, thousands of educated Iraqis fled the country or abandoned their work for safer, less vulnerable activity.

Baghdad was considered the 'Paris' of the Arab world, in terms of culture and art, science and education. In the 1970s and 80s, its universities were the envy of the Arab world. The US 'shock and awe' campaign that rained down on Baghdad evoked emotions akin to an aerial bombardment of the Louvre, the Sorbonne and the greatest libraries of Europe. Baghdad University was one of the most prestigious and productive universities in the Arab world. Many of its academics possessed doctoral degrees and engaged in post-doctoral studies abroad at prestigious institutions. It taught and graduated many of the top professionals and scientists in the Middle East.

Even under the deadly grip of the US/UN-imposed economic sanctions that starved Iraq during the 13 years before the March 2003 invasion, thousands of graduate students and young professionals came to Iraq for post-graduate training. Young physicians from throughout the Arab world received advanced

medical training in its institutions. Many of its academics presented scientific papers at major international conferences and published in prestigious journals. Most important, Baghdad University trained and maintained a highly respected scientific secular culture free of sectarian discrimination – with academics from all ethnic and religious backgrounds.

This world has been forever shattered: Under US occupation, up to November 2008, eighty three academics and researchers teaching at Baghdad University had been murdered and several thousand of their colleagues, students and family members were forced to flee.

The Selection of Assassinated Academics by Discipline

The November 2008 article published by the *Pakistan Daily News* lists the names of a total of 154 top Baghdad-based academics, renowned in their fields, who were murdered. Altogether, a total of 281 well-known intellectuals teaching at the top universities in Iraq fell victim to the ‘death squads’ under US occupation. Prior to the US occupation, Baghdad University possessed the premier research and teaching medical faculty in the entire Middle East attracting hundreds of young doctors for advanced training. That programme has been devastated during the rise of the US-death squad regime, with few prospects of recovery. Of those murdered, 25 per cent (21) were the most senior professors and lecturers in the medical faculty of Baghdad University, the highest percentage of any faculty. The second highest percentage of butchered faculty were the professors and researchers from Baghdad University’s renowned engineering faculty (12), followed by the top academics in the humanities (10), physical and social sciences (8 senior academics each), education (5). The remaining top academics murdered at Baghdad University spread out among the agronomy, business, physical education, communications and religious studies faculties. At three other Baghdad universities, 53 senior academics were slaughtered, including 10 in the social sciences, 7 in the faculty of law, 6 each in medicine and the humanities, 9 in the physical sciences and 5 in engineering. Secretary of Defense Rumsfeld’s August 20, 2002 pre-invasion joke, “...one has to assume they (scientists) have not been playing ‘tiddlywinks’(a child’s game)” (justifying the bloody purge of Iraq’s scientists in physics and chemistry. An ominous signal of the academic bloodletting that followed the invasion. Similar bloody purges of academics occurred in all the provincial universities: 127 senior academics and scientists were assassinated at the various well-regarded universities in Mosul, Kirkuk, Basra and elsewhere. The provincial universities with the highest number of murdered senior faculty members were in cities where the US and British military and their Kurdish mercenary allies were most active: Basra (35), Mosul (35), Diyala (15) and Al-Anbar (11).

The Iraqi military and allied death squads carried out most of the killing of academics in the cities under US or 'allied' control. The systematic murder of academics was a nation-wide, cross-disciplinary drive to destroy the cultural and educational foundations of a modern Arab civilisation. The death squads carrying out most of these assassinations were primitive, pre-modern, ethno-religious groups 'set loose' or instrumentalised by US military strategists to wipe out any politically conscious intellectuals and nationalist scientists who might pursue an agenda for re-building a modern, secular society and independent, unified republic.

In its panic to prevent the US invasion, the Iraqi National Monitoring Directorate provided a list, which identified over 500 key Iraqi scientists to the UN on 7 December 2002. There is little doubt that this list became a core element in the US military's hit list for eliminating Iraq's scientific elite. In his notorious pre-invasion speech to the United Nations, Secretary of State Colin Powell cited a list of over 3,500 Iraqi scientists and technicians who would have to be 'contained' to prevent their expertise from being used by other countries. The US had even created a 'budget' of hundreds of millions of dollars, drawn from the Iraqi 'Oil for Food' money held by the United Nations to set up 'civilian re-education' programmes to re-train Iraqi scientists and engineers. These highly touted programmes were never seriously implemented. Cheaper ways of containing what one American policy expert termed Iraq's 'excess scientists, engineers and technicians' in a Carnegie Endowment Paper (*RANSAC Policy Update* April 2004) became clear. The US had decided to adopt and expand the Israeli Mossad's covert operation of assassinating selected key Iraqi scientists on an industrial scale.

The US 'Surge' and 'Peak Assassination' Campaigns: 2006-2007

The high tide of terror against academics coincides with the renewal of the US military offensive in Baghdad and in the provinces. Of the total number of assassinations of Baghdad-based academics for which a date is recorded (110 known intellectuals slaughtered), almost 80 per cent (87) occurred in 2006 and 2007. A similar pattern is found in the provinces with 77 per cent of a total of 84 scholars murdered outside of capital during the same period. The pattern is clear: the murder rate of academics grows as the occupying US forces organise a mercenary Iraqi military and police force and provide money for the training and recruitment of rival Shia and Sunni tribesmen and militia as a means of decreasing American casualties and of purging potential dissident critics of the occupation.

The terror campaign against academics intensified in mid-2005 and reached its peak in 2006-2007, leading to the mass flight of tens of thousands of Iraqi

scholars, scientists, professionals and their families overseas. Entire university medical school faculties have become refugees in Syria and elsewhere. Those who could not afford to abandon elderly parents or relatives and remained in Iraq have taken extraordinary measures to hide their identities. Some have chosen to collaborate with the US occupation forces or the puppet regime in the hope of being protected or allowed to immigrate with their families to the US or Europe, although the Europeans, especially the British are disinclined to accept Iraqi scholars. After 2008, there has been a sharp decline in the murder of academics – with only 4 assassinated that year. This reflects the massive flight of Iraqi intellectuals living abroad or in hiding rather than any change of policy on the part of the US and its mercenary puppets. As a result, Iraq's research facilities have been decimated. The lives of those remaining support staff, including technicians, librarians and students have been devastated with few prospects for future employment.

The US war and occupation of Iraq, as Presidents Bush and Obama have declared, is a 'success' – an independent nation of 23 million citizens has been occupied by force, a puppet regime is ensconced, colonial mercenary troops obey American officers and the oil fields have been put up for sale. All of Iraq's nationalist laws protecting its patrimony, its cultural treasures and national resources, have been annulled. The occupiers have imposed a 'constitution' favouring the US Empire. Israel and its Zionist flunkies in the Administrations of both Bush and Obama celebrate the demise of a modern adversary...and the conversion of Iraq into a cultural-political desert. In line with an alleged agreement made by the US State Department and Pentagon officials to influential collectors from the American Council for Cultural Policy in January 2003, the looted treasures of ancient Mesopotamia have 'found' their way into the collections of the elite in London, New York and elsewhere. The collectors can now anticipate the pillage of Iran.

Warning to Iran

The US invasion, occupation and destruction of a modern, scientific-cultural civilisation, such as existed in Iraq, is a prelude of what the people of Iran can expect if and when a US-Israeli military attack occurs. The imperial threat to the cultural-scientific foundations of the Iranian nation has been totally absent from the narrative among the affluent Iranian student protesters and their US funded NGOs during their post-election 'Lipstick Revolution' protests. They should bear in mind that in 2004 educated, sophisticated Iraqis in Baghdad consoled themselves with a fatally misplaced optimism that 'at least we are not like Afghanistan.' The same elite are now in squalid refugee camps in Syria and Jordan and their country more closely resembles Afghanistan than

anywhere else in the Middle East. The chilling promise of President Bush in April 2003 to transform Iraq in the image of 'our newly liberated Afghanistan' has been fulfilled. And reports that the US Administration advisers had reviewed the Israeli Mossad policy of selective assassination of Iranian scientists should cause the pro-Western liberal intellectuals of Teheran to seriously ponder the lesson of the murderous campaign that has virtually eliminated Iraqi scientists and academics during 2006-2007.

Conclusion

What does the United States (and Britain and Israel) gain from establishing a retrograde client regime, based on medieval ethno-clerical socio-political structures in Iraq? First and foremost, Iraq has become an outpost for empire. Secondly, it is a weak and backward regime incapable of challenging Israeli economic and military dominance in the region and unwilling to question the ongoing ethnic cleansing of the native Palestinian Arabs from Jerusalem, the West Bank and Gaza. Thirdly, the destruction of the scientific, academic, cultural and legal foundations of an independent state means increasing reliance on the Western (and Chinese) multinational corporations and their technical infrastructure – facilitating imperial economic penetration and exploitation. In the mid-nineteenth century, after the revolutions of 1848, the conservative French sociologist Emil Durkheim recognised that the European bourgeoisie was confronted with rising class conflict and an increasing anti-capitalist working class. Durkheim noted that, whatever its philosophical misgivings about religion and clericalism, the bourgeoisie would have to use the myths of traditional religion to 'create' social cohesion and undercut class polarisation. He called on the educated and sophisticated Parisian capitalist class to forego its rejection of obscurantist religious dogma in favour of instrumentalising religion as a tool to maintain its political dominance. In the same way, US strategists, including the Pentagon-Zionists, have instrumentalised the tribal-mullah, ethno-religious forces to destroy the secular national political leadership and advanced culture of Iraq in order to consolidate imperial rule – even if this strategy called for the killing off of the scientific and professional classes. Contemporary US imperial rule is based on supporting the socially and politically most backward sectors of society and applying the most advanced technology of warfare.

Israeli advisers have played a major role in instructing US occupation forces in Iraq on the practices of urban counter-insurgency and repression of civilians, drawing on their 60 years of experience. The infamous massacre of hundreds of Palestinian families at Deir Yasin in 1948 was emblematic of Zionist elimination of hundreds of productive farming villages, which had been settled for centuries

by a native people with their endogenous civilisation and cultural ties to the soil, in order to impose a new colonial order. The policy of the total deracination of the Palestinians is central to Israel's advice to the US policymakers in Iraq. Their message has been carried out by their Zionist acolytes in the Bush and Obama Administrations, ordering the dismemberment of the entire modern Iraqi civil and state bureaucracy and using pre-modern tribal death squads made up of Kurds and Shia extremists to purge the modern universities and research institutions of that shattered nation. The US imperial conquest of Iraq is built on the destruction of a modern secular republic. The cultural desert that remains (a Biblical 'howling wilderness' soaked in the blood of Iraq's precious scholars) is controlled by mega-swindlers, mercenary thugs posing as 'Iraqi officers,' tribal and ethnic cultural illiterates and medieval religious figures. They operate under the guidance and direction of West Point graduates holding 'blue-prints for empire', formulated by graduates of Princeton, Harvard, Johns Hopkins, Yale and Chicago, eager to serve the interests of American and European multinational corporations.

This is called 'combined and uneven development': The marriage of fundamentalist mullahs with Ivy League Zionists at the service of the US.

Muscular Democracy

Jyotirmaya Tripathy

Hannah Arendt offers a dystopic vision of all forms of government when she calls bureaucracy the "rule by nobody," which according to her "is clearly the most tyrannical of all" (Arendt 1999: 4). The connection between bureaucracy and democracy is difficult to miss in Arendt. What is more ominous, yet reflective, is her locating democracy in the broad architecture of the political which derives its sustenance from violence. As she argues (courtesy C.W. Mills), all politics is about power and that the ultimate power is violence; and her warning that the disappearance of violence will mean the end of power has tremendous appeal in the contemporary times of conflict. However, there is a uniqueness in the theoretical justification of violence' delivery in democracy. If authoritarian regimes made unjustified use of force arbitrarily, today's champions of democracy do so for the sake of freedom. In the past, to have power was apparently to make others suffer; in the present, to have power is to make others free. Both suffering and freedom, thus, define power, and by a perverse logic, refer to the same human experience. Robert Wolff was not wrong when he demystified democratic rule of people over themselves saying "industrial democracy...is no different from a dictatorship" (Wolff 1999: 18).

The very idea of muscular democracy could be located in a geopolitical basket which forces democracy carry imperial and expansionist burdens. This brand of democracy as promoted and often externally imposed by the West – United States in particular - robs democracy of its representative and governance impulses. Thus democracy emerges - in its stripped image with muscles and sinews - as a companion of empire and global capitalism while camouflaging itself as a panacea of all evils, most particularly of underdevelopment, terrorism and violence. When democracy is promoted in this guise, it is done not as a celebration of pluralism and toleration, but as the very foundation on which civilisation is based. In this framework, democracy is neither a process nor a desired outcome, but simply an instrument to sustain conventional geopolitical supremacy. Regimes not following democracy (the so called 'rogue states'), the way it is promoted, appear not merely as political others, but as ones who are anthropologically deficient. Absence of democracy is cast as a visible sign of

savagery and a society's inability to be contemporary, which clears the path for humanitarian intervention by benevolent empires.

Inherent in this paradigm of muscularity is the invention of rogues who are supposed to exist outside acceptable political behaviour, but in reality are created within power and the abuse of power. In fact, knowledge cannot exist outside power, and so all knowledge is a product of victors' world view. Other knowledges can only challenge the knowledge, but cannot replace it. It is this reason why the knowledge is a hoax, because it does not exist outside language. So rogues are those who are defined by power; they are also the power that defines rogues because defining - and by implication distorting - amounts to roguery. The rogue has no life beyond hegemony and is nourished by muscular democracy. If Derrida is to be believed, "the voyou (rogue) is always the other, always being pointed out by....the representative of moral or juridical order" (Derrida 2005: 64). Hegemony (here muscular democracy) reflects back a mirror image of itself onto others who become the object of the self's gaze as violators of world peace. Ascribing and planting roguery in others is hegemonic because muscularity has the power to demonise the other as muscular. Hegemony cannot exist without inventing hegemony in others which will call for the latter's disciplining. Rogues must appear as rogues violating peace and international laws; making them appear so can only be done by the powerful, more powerful than the rogues. The real rogue is thus the one who exercises discursive power over law and rules, and can decide who stands outside it. But while defining the other as outlaw, this power remains immune to all those laws that the rogue defies. If rogues challenge democratic order, democracy should be in a position to silence them. Muscles thus are both about language and military capabilities.

All forms of government use violence for their effectiveness. Theoretically, violence is the use of unlawful force to impose one's will over others. Thus violence is unlawful, but this is also effective. A state cannot corroborate violence as it will undermine its representative status; at the same time it cannot do away with violence as it may compromise the state's effectiveness. What distinguishes an ordinary crime from a state punishment is legitimacy. By legitimacy we refer here to both legal and moral justification, the latter drawing from the former's strength. Thus the difference between a murder and an execution lies in the book. In this normative sense, violence is anything which is proscribed by the state. As Robert Wolff tells us "descriptively speaking, the attack on Hitler's life during the Second World War was an act of violence, but one might perfectly well deny that it was violent in the strict sense, on the grounds that Hitler's regime was illegitimate" (Wolff 1999: 15). Violence to perpetrators of violence is no violence, but divine retribution. Thus Saddam

Hussein's capture, detention and assassination do not fall under juridical order, but outside the purview of political morality.

For governance within territory, both legitimate authority and capability for its implementation are required. In Afghanistan, the incumbent regime has the legitimate authority to quell terrorist violence, but does not have the capability, whereas the Al Qaeda has the capability but no legitimacy. For violence to appear punishment, de facto power should be converted into de jure power, and the trick is in legislating what is lawful and what is unlawful. However, these days we do not just see violence (legitimate or illegitimate) within territories in the name of maintaining peace and order. The problem is a bit queer; violence is perpetrated in other territories by powerful ones not in the name of controlling territory or capturing energy resources, but to liberate the invaded people. As we know, American invasion of Iraq was codenamed Operation Iraqi Freedom, which ironically locates freedom in invasion and violence. Ours is a time when de facto power justifies de jure authority and capability justifies propriety.

It is this reality which collapses the difference between a powerful state's homeland and international security, domestic and international problems. It is this reason why the American presidential election is watched by people across the globe with a kind of interest that cannot be matched by a state's own electoral process. The former president of the United States, Bill Clinton, had once said that there is no longer any difference between domestic and foreign policy of the United States. This makes the United States a synonym of the world, or the latter's custodian whose well being falls under the purview of American domestic policy. The National Security Strategy of the United States of 2002 (hereafter NSSUS) argues, "today, the distinction between domestic and foreign affairs is diminishing" (US 2002: 31). Since the rest of the world is America's backyard, it can simply be expected to follow America's lead in matters relating to democracy. Timothy Brennan and Keya Ganguly see in this project the "U.S. courts jurisdiction over the world's citizenry" (Brennan & Ganguly 2005: 25). What could be added here is that these other people of other states cannot be defended by US laws and so are not citizens, but subjects. So when the lesser humans of Iraq and Afghanistan can rot in Guantanamo, American citizens remain immune to international laws. The NSSUS claims that the state will protect Americans and ensure that this mission is "not impaired by the potential for investigations, inquiry, or prosecution by the International Criminal Court (ICC), whose jurisdiction does not extend to Americans and which we do not accept" (US 2002: 31). Human rights violations can take place with humans, not with sub-humans of inferior states.

If one is wondering why one should discuss the imposition of an alien system on another territory given that colonial era is dead and gone, one is to be reminded that universalism in culture and unilateralism in politics is the order of the day – now that the Cold War is over and we are living in an American century. Democracy as a political system of organisation which would have passed as an ideological apparatus under normal circumstances, has no need to hide its role as an agent of power in a unipolar world. Divested of its connotations of rational choice, informed public, educated mass, free press, civil society and independent judiciary, democracy has emerged as the most potent weapon of empire, the latter being manifest in the United States policies towards the rest of the globe. This policy of democracy promotion legitimates itself by means of the following myths (among many) masquerading as self evident truths - that democracy is civilisation and the highest stage of political evolution, and that it is a post-political and a post-conflictual given.

Democracy as Civilisation

In line with the principles of colonial expansion, there is a tacit message in democracy promotion agenda that political culture is evolutionary in nature in which democracy occupies the highest rung. Democracy thus interpreted is not only ideal, but also inevitable which no temporally moving society can ignore. Only a frozen and fossilised culture can remain outside democracy, and so ideally speaking, that culture's people have no right to live in contemporary times. Principles of democratisation are predicated on the assumption of the inherent depravity of savage/rogue territories, who can be redeemed only through democracy.

Democracy is thus characterised by an axiomatic civilised form of government. Like capitalism, as in Rostow's¹ ideas of development, democracy comes with the final stage of evolution. In this scheme of things, lesser forms of government and social organisations can be termed as the infancy of civilisation. What is ignored is that there is nothing evolutionary about it; rather it is the production of a particular historical moment. The democracy of earlier times was more a politics of exclusion rather than inclusion since it excluded people believed to be inferior, for example slaves. Even the prototype English parliament which was to become the model for other countries to follow was based on the exploitation of people who could not participate in the governance of their country. The founding fathers of the United States forgot to include blacks and women in the suffrage. To say that the United States stands for equality, freedom and democracy is thus a problematic.

The NSSUS of 2002 begins with George Bush's statement that "the great

struggles of the twentieth century between liberty and totalitarianism ended with a decisive victory for the forces of freedom - and a single sustainable model for national success: freedom, democracy, and free enterprise” (US 2002: i). It is significant to note the repetition of conventional wisdom (courtesy Fukuyama) that history has ended with the victory of capitalism. For Fukuyama, capitalism, allied with liberal democracy, is the culmination of historical development, and that there is a connection between economic freedom and democratic government. Bush goes beyond Fukuyama in the above statement. One, he equates capitalism with liberty, and communism with totalitarianism. Two, the assumption that liberty (read liberal democracy) has won, which begs the very idea of democracy promotion. If liberty has won, why spread it? Bush is doing something else here; he is inviting others to be with the victor - the victor of not a mere situation, but of time. By giving democracy victory, he is creating a utopian vision of a world without conflict which leads to the idea that anything that competes with capitalism and democracy has no legitimacy in the present time.

Like civilising mission, the outcome of democracy promotion is highly dubious, and is a matter of the analyst’s situatedness. Whether the civilising mission was successful in saving people from savagery or whether efforts in democracy promotion gave freedom to Iraqis depends on the location of the speaker. In 2003, Bush credited the United States for transforming Philippines into a democracy, the first in Asia, which he thought was possible only due to the American support. In so doing, he was actually rubbishing the claim that democracy cannot survive in places beyond the West. However, many Philippine commentators were surprised by this claim as they thought that the United States had actually colonised it. So when Bush declares that the United States’ march to Iraq was not as an imperial power but as a liberating force, very few people believe it. It cannot be denied that there is a Puritan mindset working behind this; the desire to liberate the savage places and their people; the desire to be a city on the hill. John Judis tells how inventing savages and eliminating them makes the inventor a savage: “when the United States goes out alone in search of monsters to destroy - venturing in terrain upon which imperial powers have already trod - it can itself become the monster” (Judis 2004: 59). In a way, the perceived savagery is a part of the American psyche that Bush did not recognise.

The idea of muscular democracy gains further consolidation from Senator John McCain (who in the meanwhile had lost the Presidential election to Barack Obama) and his neo-con advisor Robert Kagan who advocated a League of Democracies (LD), a development and departure from the earlier Community of

Democracies (CD). The CD was formed in 2000 by the United States and Poland, and has some 100 members. In CD, the United States played a marginal role though it exercises massive influence in terms of funding, policy and planning. There is no official definition of democracy in the CD, and instead we have a list of 19 democratic principles - the most important being election and human rights. Critics say that the United States should first do a course correction now after the experience of Guantanamo and Abu Gharib, and aggravated by America's refusal to join the International Criminal Court.

In another era and another historical period, any politically different system would have simply appeared different. In the time of muscular democracy, difference is seen as a kind of deficiency. In this deficiency is implicit the utter incomprehensibility of the other leading to a desire to exclude these others from civilised political behaviour, and then discipline them. This incomprehensibility does not speak about some lack in the definer, but some kind of abnormality in the other. The other here is pitted not just as a secondary identity against which the dominant identity is constructed, but the radical opposite which threatens the existence of the self. Before that a theoretical justification is made to posit them as threats to world peace, not because the dominant power need to satisfy others, but to appear morally justified. However, it is common sense that the laws of one warring principle cannot be applied to another warring principle. We are living in a different time when there is no notion of a difference worthy of acceptance if not in the sense of inferiority. In this state of affairs assigning a cause to an effect is a matter of convenience, and need not always follow the effect. At the time of Iraq invasion we were told that Saddam was directly associated with Al Qaeda; later the cause of invasion became the supposed possession of weapons of mass destruction (WMD) which was never found after which the demand for cause vanished, and the obligation of the superpower evaporated.

Now we come to the problem of the exercise of power and the internalisation of that power by the subjects. One of the major contributions of Marxist thinkers, particularly of Gramsci (1971) and Louis Althusser (1971)² is the problem of subject formation through ideologies. In other words, subjects are interpellated and completely determined by the state ideology while appearing to be independent. This illusion of autonomy is created and sustained by the internalization of ideologies by the subjects themselves while remaining thoroughly convinced about their free will. Gramsci (1971) has insightfully suggested that hegemony can be exercised through both force and consent, the latter being the driver of the state subject's illusion. Althusser (1971) elaborates this point when he says that force is achieved through repressive state apparatuses like army and police, and consent is achieved through ideological

state apparatuses such as school, church and media which remain faithful to the intentions of the former and reproduce state ideologies by creating acceptable and ideal subjects.

That ideological state apparatuses seek to create a homogeneous world order devoid of any difference, and that these apparatuses played an important role during colonialism and continue to play an important role in territories of modern nation-states are beyond doubt. What is not apparent, however, is the viability of such consenting practices beyond state territories while replicating the hegemonic system. Gramsci's ideas of force and consent become problematic when we try to address international relations. The state ideology may constitute its subjects, and unless the state is desperate, it does not exercise its force if the target could be achieved through consent. Within the state territory, the intention is always to minimise the one and maximise the other. Once we cross territorial boundaries to exercise power, the powerful state goes beyond the obligations of its representative character and becomes immune to its own laws. In such a scenario, it is more difficult to induce consent among other people and easier to use force. Other people can only be forced to consent to the external force.

During colonialism and the period of modern state expansion the attempt was not only to minimise force and maximise consent, but also to ensure that the colonised do not see consent as hegemonic. Now the attempt is to erase the difference between the two, and make sure that the target people see consent as the softer version of force. They are made to see both force and consent as parts of the same project, and told that if they do not consent, they will be forced. By consenting they can save their face and restrict the damage that force would accompany. If earlier, force and consent differed in kind, now they differ only in degrees -- it is force that precedes consent. The Bush regime's threat to Iran to suspend uranium enrichment or face dire consequences is one such example. Not that the present time is witnessing truth's muscles for the first time; it has always been like that. But the muscles were hidden under the cloak of international civility; now they provide teeth to democracy. Force is not simply used to discipline the other, nor does it end with the other's defeat. Even friends in the use of force can be forced to be a part of the coalition. Bush 'Coalition of the Willing' in the war against terror is another example. Hartnett and Stengrim mock at the very idea of this broad based coalition and call this 'a Coalition of the Coerced' (Hartnett & Stengrim 2005:179). The hollowness of this coalition can be seen if we take a look at the countries, among others, who were part of it: Marshall Islands, Micronesia, Solomon Islands, Honduras, etc.

Fundamental to democratic practice is the willingness of parties to admit defeat for the success of democratic process. If a particular group has the ability to win, it also must have the ability to concede defeat and play the game

according to rules. The people who lose the battle must accept the outcome of the battle even if their cause is defeated. This is something which does not happen with United States foreign policy. The American establishment which religiously pursues the aim of democratic elections has not yet accepted the outcome of the Palestinian election when people elected the candidates of the terrorist organisation Hamas. Democracy is seen as representative as long as it does not disturb the American hegemony or geopolitical ambitions. It is rather ironic to note that Fukuyama himself outlined a series of doubts over the ability of liberal democratic form of capitalism with different alternatives such as, among many, authoritarian capitalism.

In conventional international law, the way a particular state governs itself is beyond the purview of international laws, and so outside any other state's law. The International Court of Justice vindicated this traditional position in 1986 when it ruled that the court cannot sanction the intervention of one state against another, just because the target state has adopted a particular political system which the invading state does not approve of. As long as a state has efficacy and legitimacy, no other state is justified in changing the political organization of another state. Here is the rub: a state may be efficient, but it has also to be representative of people it governs. It is normally understood that democracy happens with the consent of the governed. But what is ignored is that the whole idea of legitimacy and consent of the governed can be manufactured. Saddam's regime was removed not because it did not have legitimacy, but because George Bush thought Saddam had no legitimacy. Reality and imagined reality have a very porous border, and in international relations only certain countries can think or invent reality. Walter Lippman³ has shown how media and other apparatuses create an illusion of reality in manufacturing a particular kind of consent. The way America convinced the world about the depravity of Saddam (through CNN and to a lesser extent BBC) speaks about the collusion of media in creating a desirable consciousness.

Francis Fukuyama, the single most popular theorist of liberal democracy's inevitability through his end of history theory grossly miscalculated the movement of history. Though he joined hands with neoconservatives like William Kristol and Robert Kagan along with the Christian Right in the formation of Project for a New American Century (PNAC), he had to change his mind after America's invasion of Iraq. He also realised that the assumption of authoritarian regimes being hollow inside, which can be replaced with democracy with a little outside push, was itself hollow. Now his neoconservative leanings have largely subsided with the beginning of a more realistic phase which is palpable in his book *America at the Crossroads*. He takes neo-cons to task for their belief that "democracy was a default condition

to which societies would revert once liberated from dictators” (Fukuyama 2006: 116). There is nothing natural about democracy, and so the assumption that democracy is the automatic default condition that the states can move to after the coercive regime’s time is done is naive.

The concept of the liberal which is about the individual’s freedom and privacy and which is outside the public domain limits the power of the state to regulate the individual. Democracy is concerned with the nature and function of this public power. If the former restricts the abuse of power, the latter sets the rules for decision making. The Greek word *demokratia* meant rule by the people, and by people we mean the people of a territory. The root of liberal democracy is to be found in the democratisation of liberal societies. The coming together of liberalism and democracy has a typical Western origin, and is quite recent. Its historicity is evident in the fact that there are liberal and undemocratic states, as there are democratic non-liberal states. Replication of liberal democracy may actually lead to the undemocratisation of existing societies. In such a scenario, moderate voices lose ground and the fundamentalists take over as the custodians of political morality.

Democracy as Post-political

The conventional wisdom following the end of history thesis leads to an unquestionable faith in liberal democracy as seen in the NSSUS. Though recent developments in the rise in terrorism point to the prematurity of the theory, policy makers in America and elsewhere seem to believe in the birth of a brave new world. This imagined world, according to its votaries will herald the end of all conflicts. Conflict after all emerges due to deficit of wealth or trust which liberal democracy seems to have solved for good. The champions thus create an impression of a post-political vision through the spread of democracy that will effectively turn the world into a family. This strand of thought is not just found among politicians, but also in development studies circles where democracy is seen as a precondition for development. There are many analysts who believe that democracy can guarantee peace among nations, and argue that no two democracies have fought against each other.

This post-political and post-conflictual vision not only flies in the face of reality, but is also theoretically unsound. We often hear that the solution to terrorism is democracy, and influential states like the US should take the initiative to spread democracy as a counter to terrorism. The understanding is that in authoritarian regimes, the excluded people do not find channels like people’s representatives, media or judiciary for venting their frustration and anger, and they succumb to subversive tactics. But inventing helplessness among

terrorists and representing them as subalterns is not supported by empirical data. Recent developments show that the introduction of democracy in one time autocracies or theocracies may produce very hostile and radical regimes resistant to co-operation with United States than previous authoritarian rulers. It is precisely this reason why United States continues to support many authoritarian rulers in the Arab world. The geopolitical interest of United States made it support the military regime of Pakistan and the latter got billions of dollars to fight terror. This shows that democracy promotion in principle can only be an instrument to further the United States interest.

One positive development is that democracy mellows and moderates the terrorist organisations once they come to power. The Maoist victory in Nepal is the most glaring example. But if they are neutralised, it's not because of democracy but due to the imperatives of governance. Quite contrary to the post-political idea of democracy as a medicine for terrorism, most of the terrorist incidents occur within democracies. The experience in India shows that both the victims and the perpetrators of terrorist violence are from democracies. The reason may be that democracy creates too many hurdles in the path of the delivery of power, which encourage terrorists think that they can get away through the loopholes in law. Gregory Gause (2004) has shown how India, a democracy, accounts for 75 per cent of total terrorist strikes in the world. Between 1976 and 2004, it has suffered four hundred strikes in contrast to eighteen strikes in China, an authoritarian state. The recent strike in Mumbai is a chilling reminder of the futility of democracy. Terrorist groups like Students Islamic Movement of India (SIMI) or Indian Mujahedeen often come from within democratic spaces. On the other hand, a centralised leadership is more effective in controlling such activities, and whose removal reverses the country's control over terrorist groups. The best example is Iraq which under Saddam was almost free from international terrorism, and which kept Al Qaeda in check. The latter must have been thankful to the United States for removing Saddam.

Positing a political concept like democracy in terms like global civil society, cosmopolitan democracy etc. beyond the political (which is adversarial in nature) amounts to the reduction of the true properties of a political concept. This reduction, deliberate or otherwise, according to political theorist Chantal Mouffe, is based on false premises and is bound to miss the nuances involved in democratic policies. The post-political simplification is grounded in the inherent goodness and virtue of democracy compared to other political systems. Quite predictably, those who have tried to demystify democracy by dissociating it from its moral/ethical architecture are seen as enemies of democracy and freedom, or dismissed as anti-modern forces. Mouffe questions this idealised and unreal view of humans as essentially sociable and reciprocal since this

view pushes the very idea of conflict into the background of modern political thinking. Mouffe tells us, which may not be palatable to many of us brought up with a foundational belief in democracy, that violence is not an archaic concept and that “reciprocity and hostility cannot be dissociated” (Mouffe 2006: 3). Needless to say, Mouffe borrows a lot of ideas from one of the most important anti-liberalism thinkers, Carl Schmitt.

The votaries of liberal democracy locate democracy in a moral framework, and by superimposing these moral features they make it appear infallible, universal and ahistorical. The claim of the NSSUS is a classic example of this post-political/moral tendency. In this rubric, difference is not just political difference, but moral depravity. Mouffe captures this tendency when she argues that this post-politics has not done away with the adversarial propositions; rather it has been taken to an ethical realm. The we/they political antagonism has shifted base to we/they moral judgment. The conflictual political positions are lost in moralising where politicians and policy makers appear as saints trying to save the morally inferior political subjects: “in place of struggle between ‘right and left’ we are faced with a struggle between ‘right and wrong’ ” (Mouffe 2006: 5). When conservative thinkers from the US visualise this political struggle with other countries, the struggle is cast in terms of good and evil where the adversary is mutated into an enemy. This enemy can only be destroyed because he poses a threat to the civilised order, and no negotiation is now possible because it is understood that by negotiating we can only abet evil. These evil states - Russia during the Cold War or the Axis of Evil (Iran, Iraq and North Korea) - not only exist outside civilisation, but also pose a threat to democracy. Today’s democracy, as practised by the United States, means the obliteration of alternatives. If Mouffe is to be believed, the conflict of political projects can actually create hope for democracy.

Political refers to “the dimension of antagonism” (Mouffe 2006: 6) which defines human societies though there is considerable disagreement as to what constitutes the political (Arendt sees it as a space of freedom). The main problem in liberalism from this perspective is its negation of antagonism which, according to Schmitt and Mouffe, is an ineradicable feature of any political principle. The reason why democracy has met with resistance in West Asia countries and elsewhere is not just because it is imposed from outside, but also because it is “characterized by a rationalist and individualist approach which forecloses acknowledging the nature of collective identities” (Mouffe 2006: 10). The homogenising and universalising assumptions of liberalism which takes for granted the inherent differences among different peoples not only demonises other organising principles conflicting with liberal trends, but also shows its lack of elasticity and accommodative nature. The most visible lack of toleration

in liberalism, quite ironically, is seen in its rejection of a competing principle and its negating the adversarial nature of the political. It is no wonder that liberal thought has not accepted conflict as intrinsic to the political for its assumption that in democracy there can be no conflict. But the fact of the matter is that even democratic consensus cannot take place without some kind of exclusion (which negates the very basis of consensus), and the political exposes the limits of rational consensus. Since there is no adversary in this thought, the politically different subject who does not believe in democracy is seen as an enemy.

As Mouffe argues, there is insurmountable contradiction between liberal pluralism and democracy in Schmitt, and the phrase liberal democracy is an oxymoron. In Schmitt's scheme of things, the possibility of pluralism invests in difference the notion of a constitutive outside, more or less the same way post-structuralist meanings are created. But in liberal thought what lies outside does not constitute, but poses a threat to its very being. Here we/they distinction degenerates into friend/enemy dichotomy where the other must be destroyed for the presence of the self. In the political space, at least in theory, we/they dichotomy may or may not be synonymous with friend/enemy dichotomy, and even if it becomes one then the enemy need not be necessarily destroyed. There is no guarantee that the destruction of one enemy will make the self free from other enemies. The political cannot happen without antagonism; it is the precondition upon which the political is founded.

If one school (Schmitt) believes in the permanence of antagonism, and the other (liberal democracy) in its elimination, Mouffe believes that there is a third way which she calls agonism. It refers to a we/they relation where the two parties acknowledge the impossibility of reaching a consensus while recognising the legitimacy of the opponent. In Mouffe they are adversaries, not enemies. The aim of democracy should be to convert all antagonisms into agonism. In this formulation the existence of an adversary is paramount to democracy, because this is the way antagonism could be transformed. Unfortunately, democracy promotion today is dependent on and inseparable from containing and eliminating an adversary who is seen as life threatening.

The problem with an agonistic model is that we are living in a time of unchallenged neoliberalism. The end of ideology/history approach has led people to be euphoric about the seamless progress of the present time under capitalism. It is said that in the time of reflexive modernity there is no reason why we should think of an adversary. When democracy is about creating solidarities and new alliances, thinking or inventing an enemy is archaic. Collective identities, so the thinking goes, which creates a we/they category has disappeared under the dynamics of individualisation which forms the

core of reflexive identity. In this theory, the only radical opponent is the one who tries to reestablish an old order. These aberrant traditionalists or fundamentalists seek to thwart the progress of reflexive modernity, thereby placing themselves against/outside history. However, the theory that under liberal democracy and capitalism, communal/collective identities will become outmoded has been proved futile as we see in the rise of terrorism.

The problem with liberal universalism is that it does not accept the legitimacy of any other political system. It is this universality which uses humanity and freedom as ideological weapons for the purpose of waging war and disciplining the undisciplined. The wars waged in the name of protecting freedom are the most shameless of all wars as they place the adversary outside humanity. This not only renders illegitimate the claim of the other to rule a state, but also equips the self to employ any inhuman means to silence the errant other. Control over concepts is thus a prerequisite for control of savage territories. Here is Schmitt:

One of the most important manifestations of humanity's legal and spiritual life is the fact that whoever has true power is able to determine the content of concepts and words. *Caesar dominus et supra grammaticam*. Caesar is also lord over grammar (Mouffe 2006: 87).

Nothing exists outside language, and so the United States, the definer of freedom and democracy, cannot be accused of human rights violation. In the war that follows, the enemy is nothing but a criminal or a rogue who is a threat to not just the self's peace but also to world peace. It is this reason why international community means the United States; it is this reason why the United States enemies are against civilisation. To make the other an absolute enemy, the United States must appear as the world, must define what the world wants so that its enemy remains outside this world. By pitting themselves against the United States, and placing themselves outside the world, these enemies cannot expect to be dealt with in a way that a just war demands.

The human rights violators, according to this theory, automatically forego their ontological identity and place themselves outside political interaction. Paul Virilio offers a caustic critique of this mindset saying "when you claim to prosecute a war in the name of "human rights" – a humanitarian war – you deprive yourself of the possibility of negotiating a cessation of hostilities with your enemy" (Virilio 1999: 8). The perceived violator of humanity can only be annihilated completely for which every possible weapon can be used, however disproportionate it may be in its destroying ability. Positing democracy as a universal value invests in the United States to act unilaterally against anti-universal regimes: "While the US will constantly strive to enlist the support of

the international community, we will not hesitate to act alone, if necessary, to exercise our right of self-defense by acting pre-emptively against such terrorists” (US 2002: 6). Somehow enemies are to be called terrorists which will lead to pre-emptive strikes.

The use of all possible weapons for a not-so-strong enemy shows the conviction of the US or the human rights protector in the utter depravity of the enemy and its people. It also exhibits, what Virilio calls, “congenital weaknesses and infantilism of the politicians” (Virilio 1999:10). This is a condition when the protector, having got the opportunity to display his skills, feels like being in a kind of wonderland, and like a child in play shows every single toy he possesses for the fear of appearing weak. With its control of the outer space by deployment of missiles, missile shields and other kinds of weapons of mass destruction, it territorialises space while deterritorialising its own territory. The US power is not to be seen in its territorial activities, but in space leading to what Virilio calls a flying nation or weightless nation. It is in these situations we come to realise the utter smallness of the planet in which we live, and which does not have enough distance in it to be covered by the United States. This unfortunate situation will be a travesty of this ‘humanitarian intervention’ in the sense that most of its victims will be civilians, and the military the most protected species.

Senator Henry Hyde once urged Condoleeza Rice not to over believe in the golden theory of democracy and warned that it is an “uncontrollable experiment with an outcome akin to that faced by the Sorcerer’s Apprentice” (Windsor 2006: 23). The best and worst manifestation of power is not just the one which sheds unnecessary blood, but the one which creates categories; not always the one which controls territories, but the one which controls ideas. Power, then, is not just outside which others can see and resist; it is painfully inside.

Notes

- 1 For Rostow (1960), the path to development goes through five stages: a) traditional society, b) pre-take-off society, c) take-off, d) road to maturity and e) mass-consumption society. The book today is criticised for its faith in progress as linear. No doubt, the book was intended to be a counter to some of the prevailing Marxist theories, which can be seen in the subtitle of the book which read ‘A Non-communist Manifesto’.
- 2 In Althusser (1971), we see the futility of resistance on part of subjects who cannot exist outside ideology. If Althusser is to be believed, subjectivity is constructed through the dominant ideology which somewhat complicates the very idea of revolution and social change.. Althusser was actually developing Gramsci’s (1971) idea that hegemony is achieved through a combination of force and consent.

- 3 It is normally understood that democracy is founded on the consent of the governed who are seen as being able in making rational choice. But Walter Lippman (1954) observed that this consent can actually be manufactured when politicians use the techniques of social psychology combined with the immense reach of mass media. Lippman points to a major flaw in democratic theory which sees the political space as a site of informed choice, thus rendering the working of the public sphere suspect.

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Socialism and Welfarism

Prabhat Patnaik

Socialism consists not just in building a humane society; it consists not just in the maintenance of full employment (or near full employment together with sufficient unemployment benefits); it consists not just in the creation of a Welfare State, even one that takes care of its citizens "from the cradle to the grave"; it consists not just in the enshrining of the egalitarian ideal. It is of course all this; but it is also something more. Its concern, as Engels had pointed out in *Anti-Duhring*, is with human freedom, with the change in the role of the people from being objects of history to being its subjects, for which all the above conditions of society, namely full employment, Welfare State measures, a reduction in social and economic inequalities, and the creation of a humane order, are necessary conditions; but they are, not even in their aggregation, synonymous with the notion of freedom. And, hence, they do not exhaust the content of socialism.

The conceptual distinction between a humane society and socialism comes through clearly if we look at the writings of the most outstanding bourgeois economist of the twentieth century, John Maynard Keynes. Keynes abhorred the suffering that unemployment brought to the working class. The objective of his theoretical endeavour was to end this suffering by clearing the theoretical ground for the intervention of the (bourgeois) State in demand management in capitalist economies. He was passionately committed to a humane society, and believed that the role of economists was to be committed in this manner. Indeed, he saw economists as the "conscience-keepers of society."

But at the same time Keynes was anti-socialist, not just in the sense that bourgeois intellectuals usually are, i.e. of seeing in socialism an apotheosis of the State and hence a denial of individual freedom, but in a more fundamental sense. He, too, would have seen in socialism a denial of individual freedom, but his objection to socialism was more basic, and expressed in the following words:

How can I adopt a creed which, preferring the mud to the fish, exalts the boorish proletariat above the bourgeoisie and the intelligentsia, who with all their faults, are the quality of life and surely carry the seeds of all human achievement?... It is hard for an educated, decent, intelligent son of Western

Europe to find his ideals here, unless he has first suffered some strange and horrid process of conversion which has changed all his values (Keynes 1932).

Keynes's objection in other words was precisely to the idea of the people becoming the subjects of history. He was full of humaneness; but he balked at this idea of freedom that would transform the people, led by the proletariat, from being objects to being subjects.

Even though welfarism and socialism are conceptually distinct, there is a dialectical connection between the two, which had, quite naturally, escaped Keynes, and which constitutes the real Achilles heel of his theory. It is this dialectics which explains why the bourgeoisie is so implacably opposed to the Welfare State and why Socialists must always vigorously fight for a Welfare State within a bourgeois society. And it is because of this dialectics that the Welfare State cannot become some sort of a 'half-way house' where the bourgeois system can get stabilised and stay forever: the bourgeoisie will always try to 'roll' it back, and the socialist effort must always be to defend it and to carry it forward.

The reasons for the bourgeoisie's opposition to the Welfare State, by which is meant here the entire panoply of measures including State intervention in demand management to maintain full employment (or near full employment), social security, free or near-free healthcare and education, and the use of taxation to restrict inequalities in income and wealth, are several. First, it militates against the basic ethics of the bourgeois system. Michael Kalecki (1989) had expressed this bourgeois ethics ironically as: "You shall earn your bread with the sweat of your brow, unless you happen to have private means!" But his irony was directed against the basic position, expressed in much bourgeois economic literature, that the distribution of rewards by the spontaneous working of the capitalist system is 'fair,' in the sense that each is rewarded according to his/her contribution, from which it followed that any interference with this distribution of rewards was 'unfair.' Hence, society's accepting the responsibility for providing a basic minimum to everyone was contrary to the ethics of the bourgeois system and 'unfair.'

Secondly, precisely for this reason, the acceptance of welfarism amounted to 'no confidence' in the bourgeois system. If it got generally accepted that the working of the bourgeois system yielded results that were inhumane, i.e. caused hardships that had nothing to do with any delinquency on the part of the victims, then the social legitimacy of the bourgeois system got *ipso facto* undermined.

It is the third reason, however, that is germane here. Welfare State measures improve the bargaining strength of the proletariat and other segments of the

working people. The maintenance of near-full employment conditions improves the bargaining strength of the trade unions; the provision of unemployment assistance likewise stiffens the resistance of the workers. The 'sack' which is the weapon dangled by the 'bosses' over the heads of the workers loses its effectiveness in an economy which is both close to full employment and has a system of reasonable unemployment allowances and other forms of social security.

In short, resistance by the workers and other sections of the working people gets stiffened by the existence of Welfare State measures. The famous Bengali writer Manik Bandyopadhyay in a short story *Chhiniye Khayni Kyano* (Why Didn't They Snatch Food to Eat?) asks the question: why did so many people die on the streets without food in the Bengal famine of 1943, when within a few yards of their places of death there were restaurants full of food and houses with plenty of food? Why did they not raid these well-stocked places and snatch food from them to save their lives? His answer, that the absence of nourishment itself lowers the will to resist, has a general validity. The will to resist gets stiffened the better placed the workers are materially; and Welfare State measures contribute towards this stiffening.

This stiffening of the will to resist is itself a part of the transition from being objects to subjects. Hence Welfarism and Socialism, though conceptually distinct, are dialectically linked. Socialists must support Welfare State measures, not just because such measures are humane, not just because such measures benefit the working people, but, above all, because such measures stiffen the will of the people to resist, help the process of changing them from objects to subjects, and hence contribute to the process of sharpening of class struggle. And since the bourgeoisie wants precisely to avoid this, since it wants the people enchained in their object role, since it wants them weakened, cowed down, divided, atomised, and transfixed into an empirical routine beyond which they cannot look, it carries out a continuous struggle for a 'rolling back' of all Welfare State measures. Even when under the pressure of circumstances it has had to accept in a certain context of the institutionalisation of such measures, its effort is always to undo them.

The fact that Keynes did not see it, and hence could not visualise the collapse of 'Keynesian' demand management under pressure from the bourgeoisie, especially the financial interests, constitutes a weakness of his social theory; conversely, the fact that this collapse occurred only underscores the strength of the socialist theory that he so derided. True, the collapse of Keynesian demand management did not occur in the same political economy regime within which it had been introduced. It had been introduced within a context where the nation-State was supreme, and the area under its jurisdiction cordoned off

from free flows of goods and finance; but it collapsed within a regime where there was globalisation of finance and hence far freer flows of goods and finance. But this changed context only provided the capacity to capital to 'roll back' Keynesianism; the fact that it wished to do so had to do with the insurmountable contradictions that the dialectics of welfarism generated within the bourgeois order.

The foregoing has a relevance to the current Indian context. Under pressure from the Left during the period of the Left-supported UPA regime, a number of measures like the National Rural Employment Guarantee Scheme (NREGS) had been adopted, against strong opposition from the leading exponents of neoliberalism within the government. The fact that the same exponents subsequently claimed credit for these measures is ironical; but let it pass. Not only do they claim credit for these measures, even while quietly whittling down many of them (restricting the people's access to food under the guise of a Right to Food Act is the latest, and most ironical, example of this), but they actually use these as the fig-leaf to cover the pursuit of blatantly pro-rich policies. The government stokes the stock market to produce overnight billionaires; it hands over further largesse to these billionaires in the name of 'development'; but if anyone objects, the response is: "Don't you know? We have an NREGS in place!" The welfare measures, even as they are being whittled down, provide an alibi for doling out largesse to the rich.

And these measures themselves are seen essentially as acts of generosity on the part of the government. Several of these measures, like the NREGS, are nominally rights-based, but in practice no different from the earlier programmes whose effectiveness depended basically upon the discretion of the implementing government. Hence, even as they provide some succour to the poor and working people, they confirm the people in their role as objects. And the entire self-congratulatory discourse that has developed among intellectuals loyal to the ruling class, especially after the elections where the Congress Party is supposed to have done well because of programmes like the NREGS, is one that is laden with this objectification of the people.

The stiffening of the will to resist among the people, which Welfare State measures can bring about, has to be made practically effective through the intervention of the Left, since the Left's agenda precisely is to overcome the objectification of the people. The left therefore must both act energetically for the implementation of these Welfare State measures like the NREGS, preventing all backsliding on them by the bourgeoisie, and at the same time use the context of the material succour provided by such schemes to help in strengthening the resistance of the people, in intensifying class struggle, and also in overcoming the objectification intrinsically attached to such schemes themselves. The Left

fighters not just for welfarism but for socialism, with which welfarism is dialectically linked, but whose content is qualitatively different.

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Contested Terrains of State and Civil Society: Between Philosophy and Praxis

K. M. Seethi

Exploring a transcendental framework for understanding justice and freedom, Amartya Sen (2009) observes that people with their various “plural identities, multiple affiliations, and diverse associations” are essentially “social creatures with different types of social interactions.” Hence, attempts to consider an individual “merely as a member of just one social group tend to be based on an inadequate understanding of the breadth and complexity of any society in the world.” Sen argues that this amounts to “a major denial of the freedom of each person to decide how exactly to see himself or herself” (Sen 2009: 246-47). Here he (mis)quotes Karl Marx (as many contemporary neoliberals do) to legitimise an argument that even revolutionaries go beyond narrow categories such as ‘class’ in analysing individual, state and society. Sen says that Marx had pointed to “the need to go beyond class analysis even as one appreciates its social relevance...” (Sen 2009: 247). This is a gross misrepresentation of what all that Marx wrote. In fact, Marx, in his *Critique of the Gotha Programme*, was pointing to the problematic of *equal right* of workers which he characterises as *bourgeois right*. Elaborating on his critique of the Workers Party of Germany, Marx said that “*equal right* is an unequal right for unequal labour.” Though it “recognises no class differences,” “it tacitly recognises unequal individual endowment and thus productive capacity as natural privileges.” Hence “one man is superior to another physically or mentally,” “one worker is married, another not; one has more children than another,” “one will be richer than another” (Marx [Vol.3] 1977: 18-19). Here Marx was just referring to the “inevitable inequality” of men, as also he takes into account the fact that the mere conversion of the means of production into the common property of the whole society (called ‘socialism’) need not necessarily remove the defects of distribution and the inequality of ‘bourgeois laws’ which continue to prevail so long as products are divided “according to the amount of labour performed.” Sen’s attempt in *The Idea of Justice* is apparently to make room for transcending rigid social identities and categories, thereby typically championing the cause of ‘social capital’ which he considers as important in the dynamics of

'community relationships' (Sen 2009: 255), a pet theme of civil society protagonists of the neoliberal tradition. Sen has been discussed here just to show how deceptive and misleading some of the contemporary discourses on state, civil society and rights are. This article mainly focuses on the philosophical and theoretical traditions that address the questions of rights under the state-civil society discourses.

The notion of civil society has been in use in a wide variety of contexts in the contemporary world.¹ It has become a catchphrase and an inevitable component in the development practices, human rights discourses and, most importantly, in explaining various social movements. As a critical realm of human rights, both at the national and global levels, civil society has also been seen as a site of 'struggle' and 'emancipation.' During the past three decades, persistent attempts have been made (by human rights organisations, intellectuals and governments) to revive civil society in the context of 'denial of democracy,' 'state authoritarianism' and 'infringement of human rights.' This has been reinforced by a whole lot of developments in the erstwhile Soviet Union and East Europe (Hankiss 1990), as well as with the ascendancy of neoliberalism and globalisation. There has also been a kind of uncritical glorification of the concept of civil society as if it is a realm of consensus. Ironically, several groups such as non-governmental organisations (NGOs), global funding agencies, institutions of state, trade unions, religious organisations, social movements and even left intellectuals share a common ground in their glorification of civil society, almost uncritically. This calls for a theoretical investigation of the concept of civil society and its socio-political implications.

Early Liberal Constructs

The proliferating array of studies on civil society suggests that the ambiguity of the concept persists even today. Theoretical works on the subject reveal a variety of historically specific elaborations, particularly in regard to the issues of state-civil society relations and the rights of people. Historically situated elaboration of this concept within philosophical traditions reveals a wide range of socio-political concerns. One of the early attempts, in Western political philosophy, was the engagement by social contract theorists who tried to "show how rational human beings exchange their insecure 'natural rights' for civil rights secured by a state" (Kaviraj 2003). Insofar as people tend to be fallible, according to Thomas Hobbes, a state must be created under the consent of the people to safeguard peace. In order to secure the rights of all citizens, the state must be impartial, so as not to unfairly promote the interests of one person or group over another. The state, which Hobbes termed *Leviathan* once created by popular

consent, would allow no threat to the general peace, including that of political dissent (Hobbes 1991). While Hobbes argues about the ‘indispensability’ of the state, John Locke cautions that this achievement may pose a danger to liberty if the power of the sovereign state is not put under some form of restriction. Each individual in the ‘state of nature’ has the right to enforce the natural law in defence of property interests, but, according to Locke, the formation of a civil society demands that all individuals voluntarily surrender this right to the community at large. He says that all legitimate political power derives solely from the ‘consent’ of the governed to entrust their “lives, liberties, and possessions” to the oversight of the community as a whole, as expressed in the majority of its legislative body. The most likely cause of a revolution, Locke supposed, would be abuse of power by the government itself: when the society excessively interferes with the property interests of the citizens, they are bound to protect themselves by withdrawing their ‘consent.’ When mistakes are committed in the governance of a commonwealth, rebellion alone holds any promise of the restoration of fundamental rights. Only people can decide whether or not this has actually occurred. Locke is very categorical that the very existence of the civil order depends on their ‘consent.’ Thus, the possibility of revolution is, according to him, a permanent feature of any properly-formed civil society (Locke 1988; Simmons 1992).

The Scottish Enlightenment tradition provides a modern intellectual setting of the term civil society. According to Adam Ferguson, civil society could well have been identical with ‘commercial society.’ He elucidates the concept as a distinct realm characterised by moral and cultural accomplishments, the subjection of the government to the rule of law, a sense of public spiritedness, and a complex division of labour (Ferguson 1966). In his analysis, the notion of civil society is intimately linked to the emergence of the market economy. For Ferguson, civil society emerges when production goes beyond the household and people become dependent on each other.² David Hume and Adam Smith saw civil society in a broader context of economic and social transactions (Hume 1975). Immanuel Kant’s engagement with the concept of civil society was not elaborate, but, he observed that it is “the greatest problem for mankind... to accomplish a civil society administering justice universally” (Salzberger 2003:81). Kant’s principal concern regarding civil society was that people should consider other people as ends in themselves rather than means to the ends of others. While Kant seemed to have been in agreement with Hume in his analysis of ethics and morals (at the level of private sphere), he was for sustaining a public arena of rational, critical discourse concerning the ‘ends’ posed by the state. Kant also suggested that a functional civil society should be seen as distinct from the state.

While Locke's conception of civil society emphasised its autonomy from the state and its function in the protection of individuals' autonomy and interests, Hegel gives emphasis to the limitations of liberal civil society and is in favour of a political role for the state:

The state is the actuality of concrete freedom. But concrete freedom consists in this, that personal individuality and its particular interests not only achieve their complete development and gain explicit recognition for their right (as they do in the sphere of the family and civil society) but, for one thing, they also pass over of their own accord into the interest of the universal... (Hegel 1952).³

Hegel, however, was not quite comfortable with the argument that members of civil society are 'free' and 'independent' agents. Instead, he writes of the "system of all-round interdependence," linking individual welfare to the welfare and rights of the collective. In his persuasive analysis, Hegel offers a definition of civil society as a set of social practices created by the capitalist economy that reflects the conditions of the market. Hegel's conceptualisation of civil society thus follows the classical economists' model of the free market:

Civil society - an association of members as self-subsistent individuals in a universality which, because of their self-subsistence, is only abstract. Their association is brought about by their needs, by the legal system - the means to security of person and property - and by an external organization for attaining their particular and common interests (Hegel 1952: 181-92).

Civil society is the mechanism within which not only felt needs are fulfilled but through which a new demand is also generated consciously by the producers. According to Hegel, civil society creates a universal dependence of man on man. No man is independent by himself; each finds himself involved in the process of production, exchange and consumption: "In the course of the actual attainment of selfish ends - an attainment conditioned in this way by universality - there is formed a system of complete interdependence, wherein the livelihood, happiness, and legal status of one man is interwoven with the livelihood, happiness and rights of all" (Hegel 1952: 181-92). Hegel also believed that civil society had an obligation to provide work for all its members. He wrote: "if a human being is to be a member of civil society, he has rights and claims in relation to it, just as he had in relation to his family" and conversely that "the individual owes a duty to the rights of civil society" (Jones 2003: 123).

Another strand of liberal thinking in Western philosophy is French sociologist Tocqueville's notion that civil society is an intermediate sphere of voluntary association sustained by an informal culture of self-organisation

and cooperation (Tocqueville 1990). His finding that Americans are distinctively inclined to associate in defense of local interests lies at the heart of the effort to reconcile liberty with equality for some time. For Tocqueville, civil society is the 'third sphere' of society. The state belongs to the first sphere, economy comes second and the civil society comprises the 'third sphere' wherein parties, churches, literary and scientific societies, professional groups etc. have considerable amount of 'force' and 'energy.' It is through these groups and associations that the excesses of the authoritarian state can be limited or contained. The liberal readings of state and civil society underwent further changes in the twentieth century when capitalism reached a certain stage of development (rise of imperialism, on the one hand, and nationalism and anti-colonialism, on the other), and socialism emerged as an alternative to capitalism. This needs to be comprehended against the backdrop of Marxian and neo-Marxian constructs of state and civil society.

Marxian and Neo-Marxian Constructs

Marxian and neo-Marxian perspectives on civil society are rich and varied. The influence of Hegel, here, cannot be underestimated. The concept of civil society was used by Karl Marx as a critique of Hegel and German idealism in his earlier writings. Though Marx did not refer to the concept of civil society in his later works, the impact of his earlier formulations on subsequent theoretical discussions has been far-reaching. Reflecting on the dissolution of the old (feudal) society, Marx said that the "political revolution is the revolution of civil society."

(The political revolution) shattered civil society into its simple constituents: on the one hand, individuals, on the other, the material and spiritual elements which constitute the life-content, the social situation, of these individuals. It released the political spirit, which had been broken up, fragmented, and lost in the various *culs-de-sac* of feudal society. It gathered it up where it lay scattered, liberated it from its entanglement with civil life and constituted it into the sphere of the common communal life [*Gemeinwesen*], the sphere of universal public affairs separated in idea, from the particular elements of civil life (Marx 1967: 238-39).

According to Marx, feudal society "was dissolved into its basic element, into man, but into man in the form in which he really was its basic element, into egoistic man." He elaborates:

This man, the member of civil society, is now the basis and presupposition of the political state. The political state recognizes him as such in the rights of man....The freedom of egoistic man and the recognition of this freedom is

rather the recognition of the unbridled movement of the spiritual and material elements which form the content of his life....Man was therefore not freed from religion; he received religious freedom. He was not freed from property. He received freedom of property. He was not freed from the egoism of trade, but received freedom to trade (Marx 1967).

Marx observed that the “political revolution dissolves civil life into its constituent elements without revolutionizing the elements and subjecting them to criticism. It treats civil society – the realm of needs, labor, private interests, and private right—as the foundation of its existence, as a presupposition needing no further justification, and therefore as its natural basis” (Marx 1967: 225-40). Elsewhere he said that legal relations as well as form of state “have their roots in the material conditions of life, the sum total of which Hegel... combines under the name of ‘civil society’ The anatomy of civil society is to be sought in political economy” (Marx and Engels 1962: 362). Marx wrote that the concept of civil society (*bürgerliche Gesellschaft*) emerged in the eighteenth century, “when property relationships had already extricated themselves from the ancient and medieval communal society.” According to him, civil society—the true source and theatre of all history—“embraces the whole material intercourse of individuals within a definite stage of the development of productive forces.” To him it “embraces the whole commercial and industrial life of a given stage and, insofar, transcends the State and the nation, though, on the other hand again, it must assert itself in its foreign relations as nationality, and inwardly must organise itself as State” (Marx 1967: 469). However, Marx has been vehemently criticised for inflating “the explanatory primacy of economic life into a universal historical truth” (Femia 2003:136). Furthermore, this “reductionism,” says a critique, “prevented him from grasping the *moral* foundations of modern capitalism” (Femia 2003: 138).

While classical Marxism sought to identify civil society with “commercial and industrial life,” Antonio Gramsci went beyond this and developed it in a much more insightful manner. Gramsci explained civil society in cultural and ideological terms, thereby highlighting ideological and cultural values as instruments for “directing, disrupting, and even redistributing power” (Gramsci 971). Gramsci’s analysis of hegemony should be understood alongside other concepts he developed such as state and civil society. For him, hegemony was a form of control exercised basically through a society’s superstructure, as opposed to its base or social relations of production of a predominately economic character. Gramsci divides superstructure into two major levels: the one that is civil society, that is the ensemble of organisms commonly called ‘private,’ and that of ‘political society,’ or ‘the State.’ Civil society includes organisations such as churches, trade unions, and schools, which Gramsci considered as

'private' or non-political. A major aspect of Gramsci's task is to show that civil society's ways of establishing and organising human relationships and consciousness are deeply political, and should in fact be considered integral to class domination (and to the possibility of overcoming it), particularly in Western Europe. To Gramsci, 'civil society' corresponds to hegemony, while 'political society' or 'State' corresponds to 'direct domination' or 'command' (Gramsci 1971: 235-38).

Having undertaken the analytical separation of civil society from the state, and economy, Gramsci brought into focus the cultural and social mechanisms whereby societal consensus evolves. Even as he saw that the organisations of civil society hinder the state's infringement on personal autonomy, Gramsci considered civil harmony to be a manifestation of the ideological compatibility between the state and civil society. He saw civil society as an essential leg of bourgeois rule in liberal states. Through it the ruling class established its political and ideological hegemony over society. Gramsci explained civil society as the domain for creating ideology, for building consensus and for legitimising power, that is, for creating and maintaining the cultural and social hegemony of the dominant group through consent rather than coercion. It is the domain where conflicting (class) interests are contested and, short of direct domination and coercion, the state and the market rely on gaining the consent of civil society for their legitimacy. Gramsci did not believe that economic forces and crises will in themselves suffice to bring about the overthrow of capitalist relations of production and the installation of the proletariat as controllers of the means of production. An important task here is to counter bourgeois hegemony, and thus Gramsci argued for class struggles in civil society (Gramsci 1971: 235-38). Political struggle for him, thus, necessarily involves a struggle for hegemony, a class's struggle to become a state and take up the role of state as educator.

The writings of Gramsci and Lukacs (1993) provided powerful stimulus for rethinking classical Marxist position on state, civil society and rights. The intellectuals in the Frankfurt School had drawn heavily from the perspectives of Lukacs (particularly his writings on Hegel) and Gramsci in regard to the relevance of civil society and culture. Max Horkheimer, Friedrich Pollock, Theodor Adorno, Erich Fromm, Herbert Marcuse, Jürgen Habermas et al. were critiques of both capitalism and Soviet socialism (Stirk 2000). They have been concerned with the way in which social relations are expressed/constituted in thought and how they are produced and reproduced in systems of domination. Many of them sought to analyse the ever-expanding role of the state, the growing interlocking of the base and superstructure, the spread of culture industry, the development of authoritarianism, human rights violations, social movements etc (Horkheimer 1972; Held 1980).

Analysing the basic difference between the Hegelian and fascist idea of the state, Herbert Marcuse said that Hegel's political philosophy was "grounded on the assumption that civil society could be kept functioning without renouncing the essential rights and liberties of the individual" (Marcuse 1941). Hegel's theory "idealized the Restoration state," but he saw it as "embodying the lasting achievements of the modern era, namely, the German Reformation, the French Revolution, and idealist culture." However, the totalitarian state "marks the historical stage at which these very achievements become dangerous to the maintenance of civil society." Marcuse observed that the development of productive forces in a Fascist state "requires a totalitarian control over all social and individual relations, the abolition of social and individual liberties, and the incorporation of the masses by means of terror." Society thus "becomes an armed camp in the service of those great interests that have survived the economic competitive struggle." Later on Marcuse extended this criticism to analyse the authoritarian character of the Soviet state and its 'bureaucracy' saying that this 'separate class' "represents the social interest in hypostatized form, in which the individual interests are separated from the individuals and arrogated by the state" (Marcuse 1958:99-100).

In the 1960s and 1970s, Herbert Marcuse was seen as the leading spokesman and theorist of the New Left. Many would call him the exponent of the emerging social struggles, protests of the ecological, civil rights, and feminist movements. Marcuse said that a political feminist movement means the negation of the existing values and goals of patriarchal society and hence also the negation of the values and goals of capitalism. The new groups need not necessarily be subjects of revolution, but Marcuse considered them as anticipating groups which could function as catalysts for revolution (Marcuse 1974; Marcuse 1970; Marcuse 1978).

Another major theoretical intervention from the Critical Theory tradition was the concept of 'public sphere'⁴ developed by Jürgen Habermas for whom the coffee clubs, salons and small discussion groups were instances of inclusive literary public spaces wherein equality, critique, accessibility and reflexivity prevailed. The public sphere, to be located in civil society, is a realm where people can discuss matters of mutual concern, and learn about facts, events, and the opinions, interests, and perspectives of others in an environment free of coercion or inequalities. This implies the autonomy of individuals and is a learning process. According to Habermas, these discussions can occur within various units of civil society. But there is also a larger public sphere that mediates among the various mini-publics that emerge within and across associations, movements, religious organisations, clubs, local organisations of concerned citizens, and informal social networks in the creation of public opinion. As

such one would see civil society as “a sphere of interaction between economy and state, composed above all of the intimate sphere (especially the family), the sphere of associations (especially voluntary organisations), social movements, and forms of public communication” (Cohen and Arato 1992).

To Habermas, the civil society comprises of “those more or less spontaneously emergent associations, organisations, and movements that, attuned to how societal problems resonate in the private life sphere, distill and transmit such reactions in amplified form to the public sphere.” Its core “comprises of a network of associations that institutionalizes problem-solving discourses on questions of general interest inside the framework of organized public spheres” (Habermas 1997: 367). Habermas elsewhere noted that alongside or in place of class conflicts (which he calls “institutionalized conflicts over material interests”) other conflicts animated by new social movements that centre upon the quality of life, human rights, ecological issues, gender equality and for participation in social decision making, have appeared (Habermas 1981:33-38). These new social formations and cultural actors, which cut across class boundaries, could be found within the civil society against the encroachment or “inner colonization” by the society’s technocratic sub structure represented by the state and bureaucracy (Habermas 1989: 82). Thus, Critical Theorists set in motion a wave of studies and perspectives that transcended the conventional paradigm of state and civil society. Obviously at the core of their intellectual enterprise was the concern for, and commitment to, the values of human rights.

Revisiting Liberal Traditions

A major liberal tradition in the twentieth century which triggered off a ‘resurgence’ of political theory bringing back the great traditions of ethical and political philosophy was that of John Rawls. His path-breaking work on justice (Rawls 1971) brought back many long-neglected questions in political theory. Rawls’s main contribution to the concept of civil society could be analysed from his theory of justice. To set a common standard viewpoint by which to judge the various means of allocating what Rawls calls ‘primary goods’ such as rights, powers, opportunities, income, wealth, and the bases for self-respect, he proposes a ‘veil of ignorance’ (Rawls 1971: 136-37) that assumes that one’s position and situation in life is not known. This makes it likely that decisions regarding distribution of ‘primary goods’ will be made on the basis of providing a decent life for those in the worst possible situations, since the rulers may find that, upon lifting the veil, that is the position they themselves are in. In addition to a principle of equal liberty, which includes the right of all people to vote and hold public office, freedom of speech, conscience, thought, association, the right

to private property, and due process of law, he adds a second principle of equal opportunity to compete for any position in society. These principles emphasise Rawls's idea of 'political liberalism,' in which he makes a distinction between a political realm (public institutions and social structures) and a non-public cultural realm, in which people interact with others in a variety of associations according to shared moral doctrines. No single morality emerging from a non-public setting should be allowed to become the basis of justice, lest the state become a repressive regime. To ensure the values of a constitutional democracy (Rawls 1971: 221: 24) which Rawls feels is the best kind of government since it allows for pluralism as well as stability, a constitutional consensus must be achieved through equal rights, a public discourse on political matters, and willingness to compromise.

The libertarians who argue for a 'minimal state,' however, rejected Rawls's theory of justice and his philosophical defence of neo-welfarism. For them, Rawls's theory gives room for "redistribution infringements of property rights." For instance, Robert Nozick argued that nothing more than the maintenance of peace and the security of individuals and property by the state can be justified (Nozick 1974: 149). Hayek had already reflected on this theme of 'minimum' dispensation (Hayek 1960). For libertarians, there is no rationale for public criterion of morality, nor any shared principle of right that would require the slightest redistribution of social resources in the name of redistributive justice. Against Rawls's concept of justice, Nozick advanced an 'entitlement' theory of justice under which 'minimal state' is justified (Nozick 1974: 160; Kukathas and Pettit 1990: 90-91). However, it may be noted, Nozick does not have a concept of universal right which acts as a principle of community, of sharing among individuals. Nozick's terrain is, notably, inhabited by absolutely autonomous individuals who do not share anything by nature or by right.

Modern communitarians like Michael Sandel, Charles Taylor and Michael Walzer, on the other side, questioned Rawls's theory that the principal task of government is to secure and distribute, fairly, the liberties and economic resources individuals need to lead freely chosen lives. While Rawls tried to offer his theory of justice as universally true, communitarians argued that the standards of justice must be found in forms of life and traditions of particular societies and, hence, can vary from context to context. Taylor objected to the liberal position that "men are self-sufficient outside of society" (Taylor 1985). He holds on to the Aristotelian perspective that "Man is a social animal, indeed a political animal, because he is not self-sufficient alone, and in an important sense is not self-sufficient outside a polis" (Taylor 1985: 190). This atomistic view of the self can weaken liberal society, because it fails to grasp the extent to which liberalism presumes a context where individuals are members of, and

committed to, a society that sustains particular values such as freedom and individual diversity.

This new conception of freedom over our individuality, he notes, has been at the basis of what he calls the ‘politics of universalism’ in which every individual is entitled to the same rights and opportunities as every other. However, Taylor argues, this ‘politics of universalism’ is all too often conducted at the exclusion of a ‘politics of difference.’ Liberalism’s emphasis on the sameness of all citizens, regardless of race, class, gender, etc., often comes into conflict with their need to be recognised in their uniqueness. Equal respect, he argues, is limited in liberal thought to the equal potential inherent in all human beings, but does not necessitate equal recognition of the accomplishments of human beings, as individuals or as groups (Taylor 1994: 41-43). Taylor here advances an alternate model of liberalism which would include the notion of “group rights” in balance with individual rights and would thereby actively seek to recognise the collective identity-related goals of cultural and social groups (Taylor 1989). Elsewhere Charles Taylor proposes a cross-cultural dialogue between representatives of different traditions. Though he argues for the universality of their views, Taylor suggests that participants should allow for the possibility that their own beliefs may be mistaken. This way, participants can learn from each others ‘moral universe.’ There will come a point, however, when differences cannot be reconciled. Taylor explicitly recognises that different groups, countries, religious communities, and civilisations hold incompatible fundamental views on theology, metaphysics, and human nature. Taylor argues that a “genuine, unforced consensus” on human rights norms is possible only if we allow for disagreement on the ultimate justifications of those norms. Instead of caring contested foundational values when we come across points of resistance, we should try to abstract from those beliefs for the purpose of working out an ‘overlapping consensus’ of human rights norms. Taylor observes, “we would agree on the norms while disagreeing on why they were the right norms, and we would be content to live in this consensus, undisturbed by the differences of profound underlying belief” (Taylor 1999: 124).

Over years, the debate over ‘universalism’ versus ‘particularism’ waned considerably, particularly in the academic realm, and the contestations now are around the theory and practice of universal human rights. This is mainly due to the increased political importance of human rights since the disintegration of the socialist states in the early 1990s. On the liberal side, the more political voices for liberal universalism have been represented by scholars who argued that liberal democracy’s triumph over its rivals signifies the ‘end of history’ (Fukuyama 1992).

Post-positivist, Neoliberal Constructs

The extensively debated categories such as civil society, state, human rights etc found new meanings and expressions in the post-positivist traditions of social theory, as expounded in the postmodern/poststructural lexicon, particularly since the 1970s. The writings of Michel Foucault, Derrida, Deleuze, Lyotard, Baudrillard, Fredric Jameson et al. have thrown open critical questions concerning the very foundation of modernity, liberalism and socialism (Jameson 1992; Harvey 1989; Lyotard 1984). Postmodernists argue that the claims and promises of both liberalism and socialism, with respect to 'emancipation,' 'liberation,' 'development,' human rights etc. are no longer sustainable. The significance of postmodernism in understanding the dynamics of civil society and human rights is to be seen in its critique of 'modernity' and all 'grand narratives' (Foucault 1988: 16-46) of the past. Within the postmodern traditions, categories such as 'state', 'nation', 'development', 'rights', 'global/universal' etc. have been contested from different angles. Revisiting the 'state' from a micro-perspective and rearticulating power as a 'discursive strategy,' Foucault talked about the complexity of social reality as well as the plural, fragmentary, dispersed and localised nature of power. He said that state power has ultimately been replaced by 'biopower' and disciplinary power (Foucault 1975). "Foucault," as Edward Said puts it, "turned his attention away from the oppositional forces in modern society and decided that since power was everywhere, it was probably better to concentrate on the local micro-physics of power that surround the individual" (Said 1994: 29).

However, this epistemological break (or intellectual enterprise) of postmodernism, today, coincides with the experiments underway across the capitalist world under the pet theme of "neoliberal reforms." Ironically, while 'late capitalism' (Mandel 1975) provides the structural and ideological settings for 'glocalisation' (think globally, act locally) and revitalisation of civil society, the postmodern articulation of 'rights,' 'struggles' and 'resistance' etc. is also envisaged to be realised/held in the realm of civil society where 'macropolitics' and 'metanarratives' are substituted by 'micropolitics' and 'mininarratives.' This postmodern paradox of a bewildering global environment is illustrated by Peet and Watts:

It is precisely the groundswell of anti-development thinking, oppositional discourses that have as their starting point the rejection of development, of rationality, and the Western modernist project, at the moment of a purported Washington consensus and free-market triumphalism, that represent one of the striking paradoxes of the 1990s. Ironically, however, both of these discourses – whether the World Bank line or its radical alternative – look to civil society,

participation, and ordinary people for their development vision for the next millennium (Peet and Watts 1966: 1-45).

Fredric Jameson admits the incapability of the 'metanarratives' like 'class conflict' or the proletariat to have a global alliance against capitalism. Because 'late capitalism' has become such an impersonal system with multiple centres of power, Jameson attempts to explore the possibility a 'rainbow coalition' combining local groups and social movements against the corporate capitalism. According to him, "the new small groups arise in the void left by the disappearance of social classes and in the rubble of the political movements organised around those" (Jameson 1992: 319). Characterising the new social movements (NSMs) as "an extraordinary historical phenomenon," Jameson argues that these movements and the newly emergent global proletariat both result from the prodigious expansion of capitalism in its third (or "multinational") stage...." For him, "the small groups are, in fact, the *substitute* for a disappearing working class" (Jameson 1992: 319-20).

The postmodern cultural discontent has generated a whole range of political and ideological struggles/movements such as anti-racism, feminism, the struggle for ethnic identity, religious movements, ecological movements, cultural decolonisation etc. These are seen as struggles organised against centralised authority and power, and associated with democratisation of voice within cultural mass (Thompson 1997:564-94). According to Rajni Kothari, these grassroot social movements "embody a new micro-macro dialectic, where the imperative is to think locally and transform globally" (Kothari 1987: 277-90). To him, the social movements are the reassertion of the political. It focuses on the "politics of collective action." The vision that informs the grassroots model of mass politics is one in which the people are more important than the state (Kothari 2002). Upendra Baxi says that these "movements are not just human rights *reinforcing*, in the sense that they revitalize through social action the texts of human rights norms and standards. They are also human rights *creating*. Many a development of new human rights is simply inconceivable outside the dynamic of NSMs" (Baxi 2000: 36). But Baxi has taken the position that "human rights performances"... occur in a variety of moments of history and future." He warns, "If the 'glocalization' is constructed hegemonically, the 'local' emerges, after all as the ghetto of the global." For Baxi, "the glocal is the nested space marketing the struggle for the innovation of the global by the local" (Baxi 2000: 36). However, the celebration of civil society and 'localism' has offered a comfortable space for the neoliberal experiments across the capitalist world. Like other postmodernists, Kothari argues for self-government and a decentralised order through which the masses are empowered and where

peoples are the centre. Here, the transformation of the state is to be achieved through the transformation of civil society. For the post-Marxist theorists like Laclau and Mouffe, society is at the “end of emancipation.” Here the focus of attention shifts from the class-based statist politics and action to the multitude of locally based and culturally constructed identities that cannot be represented by ‘old’ class movements such as trade unions. By presenting a notion of “pluralist democracy” which emphasises the plurality of social movements and struggles, Laclau and Mouffe argue that the field of social conflict is extended rather than being concentrated in a “privileged agent of social change.” Here Laclau and Mouffe seem to be remodelling the Gramscian concept of hegemony which describes the political process of acquiring political rule through interplay of ‘coercion’ and ‘consent’ into a postindustrial formulation (Laclau and Mouffe 1987: 106; Laclau and Mouffe 1985). Obviously, these ‘postmodern alternatives’ through civil society have contextual similarities with the neoliberal discourses on decentralisation, civic participation and social capital as this author has argued elsewhere (Seethi 2001: 307-320). The postmodern/neoliberal notions of politics and development have thus more or less similar functions in the evolving global setting. However, the transition to neoliberalism has been a very complex social process. According to Hall,

(this has been) related to the recomposition and fragmentation of the historic relations of representation between classes and parties; the shifting boundaries between state and civil society, public and private, the emergence of new arenas of contestation, new sites of social antagonism, new social movements, and new social subjects and political identities in contemporary society (Hall 1988:2).

Francis Fukuyama, a contemporary neoliberal social scientist who shares the non-statist view sees civil society broadly as “a complex welter of intermediate institutions,” including businesses, voluntary associations, educational institutions, clubs, unions, media, charities, and churches...a thriving civil society depends upon a people’s habits, customs, and ethics – attributes that can be shaped only indirectly through conscious political action and must otherwise be nourished through an increased awareness and respect for culture (Fukuyama 1995). For Fukuyama, civil society is the whole private sector (including business) outside government. He contends that the capitalist economy has been evolving toward a moral (civil) order. According to him, a civil society and a private economy belong together; the capitalist system advances civil society. Thus, the free market economy stabilises and develops civil society.⁵

Similar attempts can be seen in the contemporary writings on social capital, deliberative politics, radical democracy, local development etc. Many of them

try to bring in a new logic of ‘public reasoning’ and ‘social choice’ in the era of global crisis of capitalism. For instance, Amartya Sen discusses the potential of democracy “in terms of public reasoning” which “leads to an understanding of democracy as ‘government by discussion’.” According to him, “Democracy has to be judged not just by the institutions that formally exist but by the extent to which different voices from diverse sections of the people can actually be heard” (Sen 2009: xii-xiii). Sen makes this clear when he writes, “the basic connection between public reasoning, on the one hand, and the demands of participatory social decisions, on the other, is central not just to the practical challenges of making democracy more effective, but also to the conceptual problem of basing an adequately articulated idea of social justice on the demands of social choice and fairness” (Sen 2009: 112-13). It may be noted that Habermas’s notions of ‘deliberative politics’ and ‘procedural democracy’ (Habermas 1997) had already drawn the attention of many along these lines. His notion of the ‘public sphere’ in the post-Soviet era underlines the importance of the citizenry in the political process of democracy which apparently helps strengthen neoliberal strategies of social containment (Seethi 2009: 174-191). Sen’s logic of ‘public reasoning’ and ‘inclusive and interactive political processes’ also amounts to rationalising the policy imperatives of the contemporary capitalist state.

The importance currently given to non-governmental organisations (NGOs) by neoliberal agencies (such as World Bank, International Monetary Fund, UN Development agencies etc) (World Bank 2000) is to be seen in relation to the dismantling of state institutions, including those with public welfare/social security responsibilities which became privatised as charges of internationally financed NGOs (Baviskar 2005: 137-49). At the local level, the preference given to NGOs is to be understood in view of their relative freedom from institutional constraints, the framework of relations within which representatives of foreign governments engage with individual directors of NGOs, or even the limited number of individuals who constitute the boards of these organisations. In short, matters of ‘accountability’ are much more convenient than is the case for state institutions, or even other forms of association such as unions or political parties where there is likely to exist an institutionalised system of checks and balances. Thus, the withdrawal of the state from the realm of social security and social service creates a flexible environment for corporates to penetrate deep into the socio-economic structures of various societies, thereby generating a complex set of contradictions and social conflicts having a direct impact on human rights. These social conflicts have the potential to assume ethnic, religious, communal, caste or racial characteristics which would disrupt the protective regime of human rights. The state may reenter here with the agenda of restoring ‘law and order.’ Thus the social security state is being replaced by

the 'police state,' on the one hand, and a 'secure' civil society, on the other. The civil society as such would be subjected to the pulls and pressures of both the state as well as the forces which draw upon ethnicity, religion, caste, fundamentalism, communalism etc. Examining the reasons as to why 'class consciousness' is giving way to 'self-identification' by race, ethnic groups or religion, Samir Amin writes:

The crisis of the state is the product of the growing contradiction between the trans-nationalization of capital (and behind it the globalization of the capitalist countries of the world generally) on the one side, and on the other the persistence of the idea that the state is the only political system that exists in the world (Amin 1997: 55-92).

Questioning the basic premises of postmodernist notions of civil society, Amin argues that it is a "superficial discourse," "an ideology of crisis, of the capitulation of reason, and of reactionary abandonment of the indispensable perspective of liberation" (Amin 1999: 99). Amin pointed out that there are "theoretical dangers involved in the prevalent state of mind by virtue of its fragmented concerns and its timorous avoidance of confrontation with the holistic functioning of the real system." He is quite right in saying that it reinforces "the neoliberal utopianism" holding sway over the political economy of the contemporary phase of the crisis (Amin 1999: 99). Thus, the new 'micropolitics' (the 'project of emancipation' and 'liberation' at the realm of civil society) from diverse positions tends to serve the neoliberal regimes both at the global and national levels.

Globalisation and its accompanying economic 'reforms' have had a huge impact on people's lives all over the globe. The implications of the neoliberal globalisation for human rights are much more visible today if we broaden our understanding of human rights beyond civil and political rights to include economic and cultural rights. The developments over the past two decades have revealed that globalisation and neoliberal reforms constitute a direct threat to human rights in several countries. Neoliberal policies have undermined social welfare systems, increased poverty and deprived the majority of the world's people from their basic economic right to a decent living. The neoliberal agencies and the states that sustain such policies have placed 'rights' of global capital above people's rights to make a living. Obviously, the present tempo of proliferation of civil society groups and organisations is linked with the purposeful retreat of the welfare state, resulting in the compromise of basic human rights enshrined in international conventions. The civil society-state dichotomous constructs resulting from certain philosophical and academic studies, and made relevant in the formulation of projects of 'democratization,'

'human rights' and 'development,' in reality, masquerade the political economy of underdevelopment and the obvious worthlessness, and irrationality, of the neoliberal remedies ordained by the global aid industry and increasingly administered by NGOs (World Bank 1999). The upshot of the argument is that civil society has now become a comfortable referent to a variety of complex formations, associations, movements and voluntary groups which serve as buffers between the state and citizen, not just a surrogate for the social functions/responsibilities of the former.

Notes

1. For a comprehensive discussion on the subject see National Humanities Centre (1992); Cohen and Arato (1992); Seligman (1992); Kaviraj & Khilnani (eds.) (2003); Chandhoke (1995); and Diaz (1993).
2. Neera Chandhoke, "What the hell is "civil society"?" available at http://www.opendemocracy.net/author/Neera_chandhoke.jsp
3. For his elaboration of the concept see Hegel (1952); for commentaries on his treatment of the subject see <http://www.marxists.org/reference/archive/hegel/index.htm>
4. The bourgeois public sphere was conceived by Habermas as the sphere of private where people come together as a public; they soon claimed the public sphere regulated from above against the public authorities themselves, to engage them in a debate over the general rules governing relations in the basically privatised but publicly relevant sphere of commodity exchange and social labour. The medium of this political confrontation was peculiar and without historical precedent: people's public use of their reason. See Habermas (1989).
5. The right-wing version is about how civic groups are antidotes to big government. See Fukuyama (1999); Fukuyama (2000).

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Contradictions of Globalisation: Explaining India's Economic Resilience amidst the Global Financial Meltdown of 2008

Shalendra D. Sharma

When the subprime-induced financial crisis broke out in the United States (the country with the world's most sophisticated financial system), it was widely believed that the economic fallout would be mainly limited to the United States and that American authorities would eventually contain the crisis. After all, the subprime crisis was related to factors specific to the U.S. economy, especially problems associated with expansionary monetary policy that had kept U.S. interest rates low for some years and led to a real estate bubble, rather than to more systemic factors such as an oil shock or adverse trade relations (Taylor 2009). Perhaps nowhere was this view more pervasive than in Asia. In fact, the Asian region considered itself quite immune given it was home of the "global savings glut." ¹

Japan, the world's second largest economy, and China, the fourth largest, were widely seen as a source of much needed global liquidity in a capital scarce world, and the popular "decoupling" hypothesis claimed that since growth in emerging markets like China and India was becoming more independent of the United States and Western Europe, and given their substantial foreign exchange reserves (China) and relatively healthy corporate and banking sector balance sheets (India), neither country was as vulnerable to an economic slowdown in the U.S. and Europe (Kose, Otroke and Prasad 2008; Jayaram, Patnaik and Shah 2009: 109-116). Some proponents of the decoupling theory even asserted that the stable Japanese economy and the booming Chinese and Indian economies would serve as both 'shock absorbers' and as the world's 'locomotive' helping pull the American and the global economy out of its deep recession.

However, these predictions have proven to be unduly optimistic. The major Asian economies after showing initial buoyancy and resilience have succumbed to the crisis – albeit, some more severely than others (see Table 1). What explains this? This article attempts to provide some answers to this complex question.

Specifically, the following sections argue that given the deep and complex global economic integration, the Asian economies were never really immune from the financial contagion. The paper highlights the nature and patterns of the 'transmission channels' via which the Asian economies were impacted by the crisis. But, what explains why India has been more immune than the other large Asian economies? The answer, India's rather unique approach to economic globalisation has helped it better weather the financial contagion. Yet, this does not mean that India can remain complacent. To the contrary, the Indian government must continue to take proactive steps to insulate the economy from the vagaries of financial globalization, in particular, assist the vulnerable sectors of society from the impact of the financial meltdown they had no role in creating.

Table1: GDP Growth: 2007-2009

	2007	2008	2009a
China	13.0	9.0	7.5
India	9.0	7.1	6.0
Japan	2.4	-0.7	-2.5
South Korea	5.0	2.5	-1.5

(a) Forecast (as of 27 February 2009).

Source: IMF (2008): *International Financial Statistics* (CD-ROM), Washington, D.C.: the IMF; and the World Bank (2009); *Global Development Finance 2009*, Washington, D. C.: The World Bank.

Broad Transmission Channels: Asia

The rapid global spread of the crisis has unambiguously underscored that in today's deeply interconnected world no country is an island. The volume of international capital flows surged from just under an estimated US\$2 trillion in 2000 to US\$6.4 trillion in 2006. These funds now cross national borders, often at will, despite attempts by governments to control and regulate its movement. Such financially integrated markets also mean more rapid and powerful spillover across economies through both traditional and newer types of channels. For example, although spillovers through the traditional trade channel remain a central transmission mechanism (even though global trade patterns have become more diversified), financial spillovers have become more pronounced as the rising correlation of global equity prices and the potential for sudden capital flow reversals mean that shocks at the core can be transmitted rapidly throughout the entire global financial system(Allen and Gale 2009; Bordo and Eichengreen 1999; Kindleberger and Aliber 2005). The Asian region

has been impacted via both these channels. Thus, contrary to assumptions, Asia is far less insulated from the global financial markets than earlier believed (Lee and Park 2009: 9-40). Although Asian banks were not exposed directly to subprime loans, the strong indirect effects of the global financial turmoil on the region underscore Asia's growing global integration. Indeed, Asia has not only experienced a "sudden stop" of capital flows into the region, including net outflows from the equity markets, given the region's tightly integrated supply chain, the contagion has spread with rapid speed and with a dramatic impact on intra-regional trade.

Because the Asian region is heavily export dependent and is more closely integrated into the global economy (especially the American economy), the impact of the global economic crisis on the region has been swifter and deeper—despite the region's relatively strong macroeconomic fundamentals. In other words, Asia's growing financial linkages with the rest of the world have exposed it to the forces of global deleveraging. This explains why Asia has suffered a double-whammy: loss of export markets and tightening credit due to the global credit crunch. In addition, the collapse of external demand from the advanced economies has severely impacted Asia's tightly integrated supply chain – with negative effects on intraregional trade. For example, between September 2008 and February 2009, merchandise exports fell at an annualised rate of about 70 per cent in the region — about one and a half times more than during the information technology (IT) sector bust in the early 2000s and almost three times more than during the Asian crisis in the late 1990s (World Bank 2009). Heavily export dependent economies, including Japan, South Korea, China and Asia's newly industrialised economies (Thailand, Malaysia, Vietnam and the Philippines) have been impacted particularly hard. On the other hand, India's relatively low dependence on exports has helped it contain the transmission of the global demand shock better—albeit India has been affected by the financial shock because the country's strong investment growth in recent years relied much to the favourable international credit conditions. As external financing tightened, it has negatively impacted investment growth – with resultant slowdown in overall GDP growth. The next section elaborates on the sources of India's economic resilience amidst a sharp global downturn.

India's Economic Resilience

Since 2004 India has enjoyed a 9 per cent per annum growth rates — the fastest in its history and almost on par with the world's star performer: China. Even in the midst of the global financial meltdown, India's GDP grew by 5.8 percent in the fourth quarter of 2008-09 (IMF 2009). While some official reports predict a growth rate of between 5.5 and 6.5 per cent for 2009-10, others such as those by

the Central Statistical Organisation are more optimistic. Such sustained growth rates have enabled the country to weather the global recession better than most. However, growth rates are only part of the explanation. According to Arvind Subramanian, India's approach to globalisation—which he colourfully terms “Goldilocks globalization”—a strategy that “relies neither too much on foreign finance nor too much on exports” is what explains India's remarkable economic resilience in these hard economic times (Subramanian 2009). Subramanian notes that because “India has not been a gung-ho globalizer,” the two channels via which a financial crisis is transmitted: finance and trade, has only modestly impacted India. Indeed, a recent IMF country report underscores the limited spill-overs through trade by noting that “a 1 per cent downturn in global growth is estimated to trim only 0.3 percentage points from India's growth” (IMF 2009). On the other hand, countries that depend heavily on capital inflows or recklessly borrowed large amounts of foreign capital have experienced major disruptions to their exchange rates, asset prices and financial systems as capital inflows stopped or ‘fled to safety.’ Similarly, countries that rely heavily on exports have suffered as a result of the collapse in external demand.

However, at the heart of India's resilience or the main reason why it was able to better withstand the crisis' contagion effects is because India's financial sector was not exposed to the U.S. subprime mortgage securities (RBI 2009; RBI 2009; RBI 2008; Pat 2009: 21-22). Clearly, the ‘conservative approach’ coupled with active policy interventions in both the monetary and financial sectors adopted by the Reserve Bank of India (RBI) kept the banking sector ‘protected’ from the global financial markets.² Specifically, the Indian financial sector is relatively insulated as none of the major Indian banks have much exposure to U.S. subprime mortgage debt, including, limited off-balance sheet activities or securitised assets.³ Indian banks do not have toxic assets because credit default swaps were not permitted in the country. The State Bank of India, the ICICI Bank (the country's largest private bank), the Bank of Baroda and Bank of India have exposure to international securitised debt in the form of collateralised debt obligations (CDOs) for only around US\$3 billion (Bubna and Lele 2008). This is tiny in comparison to ICICI's US\$100 billion balance sheet. Overall, India's banks (both public and private) are financially sound with strong balance sheets, well capitalised with low nonperforming assets and reasonably well-regulated. The capital-to-risk weighted assets ratio of Indian banks, at 12.5 per cent is above the regulatory norm of 9 per cent and well above the Basel Accord norm of 8 per cent (IMF 2009). Moreover, India's banking sector has been protected from the worst of the global banking crises because India's state-owned banks still hold about 70 per cent of the nation's banking assets (Table 2). Therefore, rather ironically, India's financial

protectionism has inadvertently translated into foreign banks not only controlling a small share (8.4 percent) of the country's banking assets, but also they cannot flee with their assets — as they have done elsewhere during this crisis.

Table 2: India's Banking System as of 31 March 2008

	Foreign	Public Sector	New private Sector*	Old-private Sector
Number of banks	28	8	15	28
Number of offices	53,338	3,623	4,642	280
Share of Assets (%)	69.8	17.2	4.5	8.4

* Banks created since 1993
Source: RBI (2009).

Implicit in Subramanian's notion of 'goldilocks globalization' is the paradox that some parts of India are fully integrated into the global economy, and that some parts are not integrated. This is because India is still a minor player in the *global financial system*. Indian banks, some of which are large by global standards based on market capitalisation and the size of their balance sheets, have only modest international presence. The rupee is not fully convertible (and hardly used outside India), and its capital markets are small relative to the size of the domestic economy. Furthermore, India relies heavily on FDI (foreign direct investment) rather than securities investment and other forms of capital flows to access international capital markets. In other words, there has been only gradual liberalisation as India still subjects portfolio capital flow to various restrictions.⁴ Complementing these, India's recent growth has been driven predominantly by domestic consumption and domestic investment. External demand, as measured by merchandise exports accounts for less than 15 per cent of country's GDP – giving India relative insulation from the vagaries of global trade. Finally, unlike the 1991 economic crisis, India now has healthy reserves. Although India's total reserve assets declined about 7 per cent from August 2008 to US\$274 billion in the second week of October 2008, its foreign currency reserves were still more than adequate to cover its debt obligations. Cumulatively, these strengths served to calm markets and mitigate a potentially destructive financial panic.

India's Vulnerabilities

Given these buffers, what explains India's vulnerabilities and the fact that it is now increasingly feeling the impact of the crisis? The answer: in this era of

globalisation it is almost impossible for any country to remain completely immune, especially if the contagion is coming from the world's largest economy. Furthermore, economic globalisation not only creates deep and entwining linkages between economies, but also 'convergence' amongst them. As such, troubles in one part, especially the largest part (the United States) will inevitably send waves which may become ripples in some places (India and China) and a tsunami in other places (Iceland).

However, in the case of India, what was a minor ripple when the subprime crisis broke in mid-2007 have now become more heavy waves. There are two major reasons for this. First, the country's stock market is particularly vulnerable to swings in investor sentiment. In India (and elsewhere) banks and foreign institutional investors (FIIs) have sold billions of their investment in Indian companies to cover losses accrued in their home markets, including limiting their exposure—thereby undermining investment activity in India. According to the IMF country report, it is estimated that about US\$9 billion have been withdrawn from the Indian market by foreign portfolio investors between April and December 2008 – with some US\$4 billion in outflows in October alone (IMF 2009:8). As a result, not only the Indian Stock Exchanges have taken a beating (IMF 2009), there has also been an intense liquidity crisis (a consequence of the global liquidity squeeze), especially in the Indian economy due to the tightening of global credit markets and the withdrawal of FIIs. India's financial markets, including equity markets, money markets, forex markets and credit markets have come under intense pressure, as have FDI inflows which “fell from 4.6 per cent of gross domestic investment in the third quarter of 2008 to only 0.7 per cent during the fourth quarter” (World Bank 2009: 133).

The credit squeeze has forced Indian banks to shift their credit demand to the domestic banking sector, and as the forex markets have come under pressure (because of reversal of capital flows as part of global deleveraging), businesses have been forced to convert domestic funds into foreign currency to meet their external obligations. In turn, this has placed downward pressure on the rupee and further tightened liquidity – a problem further compounded by the Reserve Bank's intervention in the forex market to manage the volatility in the rupee. To help fill the gap left by a sharp decline in foreign investment, the Reserve Bank of India has made more funds available by reducing its benchmark interest rates. Yet, the interest rates Indian banks charge are still higher than once charged by foreign institutions, not to mention that domestic lenders are more reluctant to extend credit in an uncertain market. The implications have been severe: as commercial credit from foreign banks has literally stopped, it has been replaced with credit lines from domestic banks. However, as noted,

domestic banks charge a higher interest. In turn, this has caused the rupee to depreciate raising the cost of businesses existing on foreign loans.

Second, as the Indian economy opened up to the world in recent years, the structure of the economy has undergone significant changes. In particular, the importance of external trade and external capital flows in the overall economy has sharply increased. For example, India's two-way trade (merchandise exports plus imports) as a proportion of GDP grew from 21.2 per cent in 1997-98 to 40.6 per cent in 2008-09 (RBI 2009). Since India's external trade in merchandise and services accounts for a significant portion of its economy, a global slowdown in demand will inevitably have a negatively impact. The World Bank's *Global Economic Prospects 2009* projects that world GDP growth will be 2.5 per cent in 2008 and 0.9 percent for 2009. Developing countries will likely grow by 4.5 per cent next year, down from 7.9 per cent in 2007, while growth in high-income countries will turn negative. With world trade volumes projected to contract 2.1 per cent in 2009, developing countries will see a big drop in their exports. Coupled with this, tighter credit conditions and uncertainty has slowed investment growth in both developing and high-income countries in 2008 and 2009. Moreover, with continuing declines in consumer spending and the rise of unemployment in the United States, exporters around the world are feeling the impact. As the United States, the European Union and the Middle East account for some three-quarters of India's goods and services trade, a slowdown in these economies have impacted India's exports. Yet, the problem is more pronounced in China because it is more export-dependent than India, and because India's economic performance is also driven by domestic consumption.⁵ Unlike China, the main drivers of aggregate demand in the Indian economy remain domestic consumption and domestic investment. That is not to say that exports are not important, but rather in terms of the macro aggregate demand, India is a home market-driven economy.

Nevertheless, in recent years, India's services sector has become a major part of the economy with GDP share of over 50 per cent and the country is now an important hub for exporting IT services. Not surprisingly, India's outsourcing industry and export-dependent IT sector has been feeling the pain of declining revenues – not only due to a slowdown in global demand, but also to the rise in the value of the rupee against the U.S. dollar. In fact, tightening credit and the declining value of dollar has impacted India's IT companies rather severely as the industry derives over 60 per cent of its revenues from the United States. Furthermore, as some 30 per cent of business coming to Indian outsourcers include projects from American banking, insurance, and the financial services sector, a sharp slowdown has already impacted these businesses. Infosys and Wipro, two well-known outsourcing companies have

already laid-off workers and expect weaker earnings as their customers in the United States and Europe cut back to reduce costs. Over the long-term, service export growth is likely to slow-down considerably as financial services firms – the major users of outsourcing services – are restructured and consolidated.⁶

Equally worrisome for India is the impact on the export-oriented labour-intensive textile and garment sectors. This sector which employs thousands of poor people has already been negatively affected by slowing exports and the rising costs of capital. The small and medium-sized enterprises (SMEs) which employ the bulk of workers in the labour-intensive manufacturing sector have been particularly affected as they face greater difficulty in attracting funding due to their modest profitability and limited collateral base. For many SMEs, the credit crunch has meant either sharp scaling back or bankruptcy. As companies cut-back production, millions of workers have been laid off or placed on furloughs by accepting shorter working hours and lower wages. Of course, job losses' in this sector also have a negative multiplier effect by adversely impacting domestic suppliers and the vast informal services sector it supports. The absence of a social safety net in India has put millions of people at risk of falling back into poverty. If the unemployment situation continues to worsen and impact the affluent middle classes, it could pose a serious political and economic problem. Another channel via which the job market and the broader economy have come under pressure is due to the return of thousands of migrant workers. In 2008, migrant remittance flows to developing countries totalled US\$338 billion – with India as the top receiver at US\$52 billion (Ratha, Mohapatra and Silwal 2009). However, the sharp decline in remittances some six million Indians working abroad sent home each year has already placed undue hardship on many households. The bad news is that remittances from migrant workers is expected to further decline as the oil-producing Middle East countries adjust to a much lower crude price and the advanced economies suffer from a prolonged recession.

Since foreign portfolio investment added buoyancy to the Indian capital markets, Indian corporations were engaged in aggressive acquisition overseas (resulting in the high volume of outbound direct investment flows). That is, during good times Indian firms went on a shopping spree buying between 2000 and 2008 over 1,000 international mergers or acquisitions, worth over \$72 billion. Among the high-profile, Tata Steel borrowed extensively to buy Corus in 2007, while Hindalco, India's biggest aluminum company, borrowed \$3 billion to buy Novelis, a Canadian manufacturer of aluminum products. However, much of this purchase was financed by foreign borrowing. Today, many of these firms are saddled with huge debts – in large part, because some of the purchases turned out to be dubious – such as Tata's purchase of Jaguar

Land Rover in 2008 which “saddled Tata Motors with a prestigious brand, prodigious losses and a \$3 billion loan, the last \$1 billion of which it managed to refinance on 27 May, days before it fell due. It has had to call on the help of the Tata Group’s holding company, which underwrote its faltering rights issue last year, and the indulgence of India’s biggest state bank, which guaranteed an \$840m bond it floated in May” (*Economist* 2009). Not surprisingly, “corporate profit growth fell to 9 per cent in April-June quarter from about 25 per cent in 2007(IMF 2009: 12).

Finally, the depreciation of the rupee has not had a favourable impact on export growth because of weak external demand, and because “some importers and firms with large foreign exchange liabilities, incurred partly to finance overseas acquisitions are also suffering from the rupee depreciation” (IMF 2009: 12). Suffice it to note that continued depreciation can negatively affect those businesses that have borrowed in foreign exchange without hedging. Moreover, the depreciation of the U.S. dollar has not only increased uncertainties associated with capital movement, the weakening dollar by driving up commodities prices in dollar terms has exerted the pressure of imported inflation. Indeed, this poses a real threat as global external shocks can generate runaway inflation. For example, a sharp hike in food prices can quickly erode the gains made in economic development, especially poverty-reduction. As noted earlier, the subprime-induced general tightening of the global credit markets and the resultant “credit crunch” has reduced capital flows. This is reflected in the capital account. Between March–September 2008 central bank data showed heavy portfolio investment net outflows of \$5.5 billion compared to net inflows of \$18.4 billion from the same period in the previous year. Over the short term, this may not be a serious problem as India still has a fair amount of liquidity in the domestic economy. However, if the problem persists over time, the credit crunch could have a negative impact. For example, an impact on the business sector’s ability to raise funds from international sources can impede investment growth as these businesses would have to rely more on costlier domestic sources of financing, including bank credit. This could, in turn, put upward pressure on domestic interest rates.

Policy Responses and Challenges

Like many other governments, the Indian authorities have responded to the crisis with fiscal stimulus and monetary policies to contain the contagion and stimulate the domestic economy. Among other things, policymakers have adopted measures to provide liquidity, strengthen the capital of financial institutions, protect savings and deposits, address the regulatory deficiencies and unfreeze credit markets, including measures to keep the domestic money

and credit markets functioning normally and limit insolvency due to liquidity stresses (IMF 2009; Mohan 2008: 107-14). Specifically, on 6 December 2008, the Reserve Bank of India cut key interest rates by 1 percentage point amid signs of slowing economic growth and damaged investor confidence following the attacks in Mumbai. The cut brought the benchmark repo rate (at which the central bank makes short-term loans to commercial banks) from 7.5 per cent to 6.5 per cent. The reverse repurchase rate (the rate at which it borrows from commercial banks) was lowered from 6 per cent to 5 per cent to increase the access to credit and encourage banks to lend more to consumers, especially to large firms and the state governments. Moreover, the Reserve Bank also announced measures to ease credit to small businesses, exporters, the real estate sector and others hit hard by the global economic downturn. Access to credit from foreign sources was also eased by lifting some of the constraints on external commercial borrowing. For example, the ceiling on FII investment in rupee-denominated corporate bonds was doubled. These were in addition to the fact that since mid-September, the Reserve Bank has plowed an estimated 3 trillion rupees (\$60.2 billion) into the financial system (Kinetz 2008).⁷

Overall, these measures have helped to unfreeze liquidity albeit only modestly. This was (and is) because of the prevailing uncertainties and concerns about further economic slowdown and because banks (both Indian and foreign) have become more risk-averse. In such an environment, interest rate reduction, by itself, cannot overcome the basic problem of tightened access to credit. Yet, a Keynesian-style strong fiscal stimulus to jump-start the economy (a strategy adopted by China, the United States and other western governments) is not a viable option for India. This is because there is not much more the authorities can do as India already has a very large fiscal deficit (the combined fiscal deficit of the central and state governments in the fiscal year 2009–10 is likely to increase to around 12 per cent of GDP) on top of a debt-to-GDP ratio of more than 80 per cent. Indeed, India's high fiscal deficit has led Standard and Poor to downgrade India's "long-term sovereign debt outlook" from 'stable' to 'negative.' While few will dispute that fiscal stimulus is necessary to prop-up economic activity in face of an unprecedented crisis, in the case of India, more government spending has the potential to only make this problem even worse as any further increase in fiscal deficit to GDP ratio could result in a further downgrading of India's credit rating and a loss of business confidence. Suffice it to note, it is an imperative for the Indian government to reduce the nation's deficit. It seems that policymakers recognise this as the Indian government has put in a relatively small fiscal package of less than 0.5 per cent of GDP for public spending in 2009. Equally important, critical to India's long-term growth is making the country's financial system efficient at intermediating capital and

directing them to the most productive investments. The authorities can begin the process right-away by improving the investment climate both for domestic and foreign investors, and by deepening economic reforms.⁸

As Subramanian (2009) aptly notes, India's 'goldilocks globalisation' has also come with high costs. In particular, "India never enjoyed the kind of benefits—such as greater efficiency and productivity leading to even higher growth that comes with deeper reforms." There was much expectation that with the election victory behind him, Indian Prime Minister Manmohan Singh, the quintessential reformer would now push forward with the long-delayed reforms. Indeed, there was broad consensus that Singh would use the 'honeymoon' period of the first hundred days to fast-track the reform measures. When the new government presented its budget on 6 July 2009, the markets expected bold reforms, including labour market reforms, disinvestment (which in India means partial privatization) via selling stakes in government enterprises, and sharp cuts in subsidies, among other things. Yet, none of these found its way in the budget. Instead, the government explained its caution by noting its concern that the central government's deficit would widen to 6.8 per cent of GDP in the year to March 2010 – albeit, the IMF projects a government deficit of almost 10 per cent of GDP (IMF 2009).⁹ However, the widespread view is that both the Congress Party president Sonia Gandhi and her son, Rahul (who hold a virtual veto over the future direction of government policies) have a clear preference for populist policies such as the National Rural Employment Guarantee Scheme rather than over deeper economic reforms. It remains to be seen if Manmohan Singh can convince both the Gandhis that while schemes such as the National Rural Employment Guarantee and debt relief to farmers are important policy tools, they can only provide short-term relief to the poor. Jumpstarting and sustaining economic growth is essential – not only to fund the government's pro-poor policies, but for long-term economic growth and poverty alleviation. Until meaningful second-generation reforms are implemented it will only underscore the old cliché that "in Indian politics, there is only a strong consensus for weak reforms."

Challenges and Opportunities for India and the Asian Region

During the Asian financial crisis, robust growth and demand in the advanced economies helped support Asia's recovery. However, this time, the U.S., Japan, and Western Europe are facing severe economic challenges. Business confidence and consumption in these countries on which Asia (indeed, the world) depends are still reeling from massive deleveraging, crashing equity prices, and frozen credit markets. The precipitous fall in asset prices (equity, bond, and housing markets) has dramatically eroded the net worth of households in the advanced

economies. According to a recent IMF report: “during the first three quarters of 2008 alone, the value of household financial assets decreased by about 8 per cent in the United States and the United Kingdom, by close to 6 per cent in the euro area and by 5 per cent in Japan. As global equity markets plunged in the last quarter of 2008, household financial wealth declined further - for example, by an additional 10 per cent in the United States. At the same time, the value of housing assets also deteriorated in line with falling house prices, especially in the United States and the United Kingdom.” More precisely, “the losses in household wealth during 2008 were about \$11 trillion in the United States (\$8.5 trillion in financial assets and \$2.5 trillion in housing assets) and were estimated at \$1.5 trillion in the United Kingdom (\$0.6 trillion in financial assets and \$0.9 trillion in housing assets)” (Brooks 2009). This massive loss of household wealth coupled with growing financial liabilities in the advanced countries will inevitably force more precautionary household savings and depress consumption. As consumers in the advanced economies abruptly cut back on spending, demand for Asia’s exports have fallen sharply (IMF 2009). Both sales of labour-intensive manufacturing products as well as higher value-added goods such as computers and related equipment and automobiles have all fallen since September 2008 in all Asian countries for which data are available (Table 3).

Table 3: Collapse of Exports (Value, % Change)

Country	2007	2008				2009a Q1
		Q1	Q2	Q3	Q4	
World	15.1	22.1	25.2	21.0	-9.5	-29.1
China	25.7	21.4	22.4	23.0	4.3	-19.7
India	21.5	37.6	37.1	25.5	-12.8	-24.1
Malaysia	2.7	9.9	20.8	16.8	-7.5	-22.2
Thailand	7.4	13.5	16.5	23.7	-9.7	-16.2
Philippines	6.4	2.8	5.5	4.1	-22.3	-39.9
Viet Nam	23.8	28.7	31.8	37.6	5.7	3.4
Cambodia	14.1	97.2	45.8	5.3	-3.3	—
Lao PDR	12.1	36.2	15.7	42.7	4.9	—
Bangladesh	11.1	17.5	8.6	19.3	12.5	10.6
Pakistan	2.9	20.9	25.9	19.0	1.7	-17.9
Sri Lanka	18.0	9.3	6.8	5.4	-3.5	-10.7

a. First quarter figures are estimates using latest available data. Data for PRC are actual values. b. “—” indicates data not available.

Source: ADB (2009): *Report to the Second Global Review on Aid for Trade: Aid for Trade in the Asia and the Pacific: An Update*, June, Manila: Asian Development Bank.

If the current trends are any indication of the potential long term trends, the Asian economies, including India, are at risk of a structural decline in demand from the advanced economies. Not only the era of easy credit to finance consumer durables may be over, the over-leveraged households in the United States and elsewhere in the rich economies are becoming more prudent by saving or by consuming less (Feldstein 2008: 113-126). If this trend holds, the growth of Asian manufacturing, especially exports could be structurally lower and Asia's export-led growth strategy may no longer be as critical as in the past (Table 3). As it is likely that global demand for Asian produced goods will remain suppressed for the foreseeable future, the region's longer-term recovery will mean that its traditional reliance on export-promotion as the driver for growth will have to diminish. This means that the region will need to rebalance growth away from exports and toward domestic demand in order to generate sustainable growth rates (IMF 2009). In almost every Asian country this could be partly achieved by building stronger social protection systems that will reduce the need for precautionary savings to meet needs related to health, education, and retirement. Similarly, domestic exchange rate appreciation can also help as it will provide price incentives to shift resources toward production for domestic use and by raising real household income. This in turn will spur domestic consumption.

Externally, greater regional-level coordination to help recovery and generate growth is essential. On 23 February 2009, the Finance Ministers from Japan, China, South Korea and 10 Southeast Asian nations (India was not at the table) agreed to create a \$120 billion pool of foreign-exchange reserves to be used by countries to defend their currencies from speculative attacks against the backdrop of the global financial crisis. The plan broadens the current arrangement called the "Chiang Mai Initiative" – which only allows bilateral currency swaps. Moreover, in a joint statement, Japanese Prime Minister Taro Aso, Chinese Premier Wen Jiabao and South Korean President Lee Myung-Bak also vowed to boost regional trade and investment. Their communiqué reaffirmed the importance of national measures to boost domestic demand and the three countries agreed to implement measures outlined in the G-20 action plan adopted in November 2008 to address the global financial malaise. Yet, the Chiang Mai Initiative stated plan to create an Asian Monetary Fund (a regional alternative to the International Monetary Fund), to date has not amounted to much. For example, its credits and swaps have never been activated and the Bank of Korea was forced to negotiate a \$30 billion foreign-currency swap with the United States Federal Reserve, not with its ASEAN+3 partners. It remains to be seen if this crisis provides an opportunity for the regional governments to really cooperate. For starters, India must be included in this group.

Finally, on the eve of the annual G-8 summit in July 2009, China, Russia and India all called for an end to the U.S. dollar's dominance in the international monetary system. Russian President Dmitry Medvedev boldly declared that the dollar system is "flawed" and called for the creation of a supranational currency. Similarly, a senior economic adviser to Prime Minister Manmohan Singh has urged the government to diversify its \$264.6 billion foreign-exchange reserves and hold fewer dollars. Both have claimed that world currencies need to adjust to help unwind trade imbalances that have contributed to the global financial crisis. India is correct to align itself with Russia and China to push for a new international currency. This is because betting on the U.S. dollar is becoming more and more problematic given the United States profligacy of rampant borrowing and running huge budget deficits. It is estimated that under the U.S. bailout and stimulus packages some \$10 trillion have already been committed. Not surprisingly, the holders of U.S. dollar holdings (China being the biggest) have reasons to be concerned about the value of their holdings, and work together to mitigate the fallout. Prudence dictates that India should gradually diversify its massive dollar holdings – and not get caught like the Chinese have.

Notes

1. Before the crisis broke, Ben Bernanke, the Federal Reserve chairman, in an important speech, titled "The Global Saving Glut and the U.S. Current Account Deficit," offered a novel explanation for the rapid rise of the U.S. trade deficit in recent years. To Bernanke, the source of the problem was not America, but rather Asia – especially China and East Asia. He argued that if in the mid-1990s, the emerging economies of Asia were significant importers of capital by borrowing abroad to finance their ambitious development, in the aftermath of the Asian financial crisis of 1997-98, they made a sharp volte-face. Cognizant of the fact that absence of foreign hard currency reserves had made their economies vulnerable, policy makers began to protect their economies (taking the IMF's advice) against future crisis by amassing huge war chests of foreign assets. Amidst a global economic downturn, these savings provide a source of stability. For details see Bernanke (2005) <http://www.federalreserve.gov/boarddocs/speeches/2005/20050414/default.htm>
2. Reddy(2009: 13-15), in particular, notes that it was not only the RBI's conservative approach, but also the active policy interventions in both the monetary and financial sectors that have helped India weather the storm.
3. The IMF country study citing the RBI notes that "India has virtually no exposure to U.S. subprime mortgage assets or to other structured credit products. The total exposure to five troubled global institutions is reported at US\$1 billion (0.1 percent of system's assets). While these exposures are small compared to earnings and capital, they are fairly concentrated" (IMF 2009).

4. Mohan (2008) notes that "... India, while encouraging foreign investment flows, especially direct investment inflows, a more cautious, nuanced approach has been adopted in regard to debt flows. Debt flows in the form of external commercial borrowings are subject to ceilings and some end-use restrictions... Similarly, portfolio investment in government securities and corporate bonds are also subject to macro ceilings..."
5. China's investment-driven and export-oriented development model, with exports accounting for 40 percent of GDP, is becoming increasingly difficult to sustain. Thus, even before the crisis China was looking to transform its growth model into one driven more by domestic consumption. See Morrison and Labonte (2008).
6. 4 May 2009, President Obama unveiled plans to reform the rules on taxing the foreign earnings of American firms by fixing a "broken tax system that rewarded firms for creating jobs in Bangalore rather than Buffalo, New York." To this effect, Obama promised tighter rules on the taxation of businesses' foreign earnings and a crackdown on the use of tax havens. He argued that this will make it much more difficult for U.S. firms to shift income to subsidiaries in low-tax countries and limit how much these firms can defer tax payments on their foreign earnings. These measures, if enacted, would take effect in 2011. No doubt, these measures will directly impact many U.S. companies (in particular, those in pharmaceutical, technology, financial and consumer goods companies) as these companies have millions of employees in India in wholly owned subsidiaries (for example, India's information technology and outsourcing companies employ about 2.5 million workers and American companies account for about 60 percent of their business). Of course, the full extent of the impact remains to be seen. Some argue that a tax disincentive to discourage outsourcing to countries like India will not be very effective because companies move jobs to India not because the lower tax rate, but because of the availability of highly skilled labour at low cost.
7. It is important to note that India's exchange rate policy has been more flexible and variable (in both nominal and real terms) than China's. While this variability may not be huge (and the Reserve Bank of India does indeed intervene), India's exchange rate policy and outcomes have greater flexibility than China's. As a result, India does not face the challenges China does. Kinetz (2008).
8. D. Subbarao. 2009. "Emerging Market Concerns: An Indian Perspective," Remarks by Dr. D. Subbarao, Governor, Reserve Bank of India at G-30 International Banking Seminar in Istanbul on October 5. http://rbi.org.in/scripts/BS_SpeechesView.aspx?Id=441
9. IMF (2009): "India: Staff Report for the 2008 Article IV Consultation" *Country Report, No. 09/18, June*. It is important to note that in spite of the high growth period, India's budget deficit in 2009-10 is expected to reach pre-FRBM (Fiscal Responsibility and Budget Management Act) levels passed in 2003 of over 10 percent of GDP. The Reserve Bank of India (RBI) has little space left to finance government deficits beyond 2009-10.

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India- ASEAN Free Trade Agreement: Implications for Primary Commodities of South India

K.N. Harilal

Free trade agreements across nations and regions gather momentum even as the world is still grappling with the impact of the global financial crisis and the consequent slow down of the economies of many countries. There are signals that the developed 'North' would now be cautious in undertaking hard options in international finance and trade. Many would even argue that the State is, eventually, coming back and protectionism would, at least, be resurrected to save the tottering regimes of market. However, this does not seem to have any consequence for the developing 'South' which is still on its march towards an uncertain future of free trade. India's 'Look East' policy is a case in point and, therefore, the pact that India and the Association of Southeast Asian nations (ASEAN) signed in August 2009 bodes ill for several reasons.

India-ASEAN Trade in Goods Agreement (TIGA) is proclaimed to be a major step in the ongoing process of establishing a full-fledged free trade area between ASEAN and India (AIFTA). The TIGA would enter into force on 1 January 2010 (ASEAN 2009; India, MCI 2009). The AIFTA accounts for about 1.7 billion people and a combined gross domestic product of approximately US \$ 2.75 trillion as of 2008. For India, this is the biggest Preferential Trading Agreement (PTA) initiative in its post-independence history. Though its implications are far-reaching for the region, especially for the Indian economy, the event of signing the TIGA did not receive much media attention it deserved in the country. It could very well be interpreted as a sign of approval and consensus at the national level. Notwithstanding minor differences over details, all major national parties except the left appear to have welcomed the AIFTA package including the TIGA. It is more or less the case of major industry and trade associations as well. But the apparent consensus eludes TIGA when it comes to the South Indian states, particularly Kerala that shares similar geographical and agro-climatic conditions as the Southeast Asian nations. Almost every political party in Kerala, except the Indian National Congress has expressed concerns and differences. The regional media have been much more sensitive to the issues involved than their national counterpart. Industry

and trade associations in the region are quite apprehensive about the possible outcome. The peasant organisations in the state are preparing for a major struggle against the agreement demanding ameliorative measures. This article is an attempt to decipher the voices of dissent from the South.

The southern dissent against AIFTA, however, cannot be seen in isolation. What the AIFTA represents for India is a larger movement towards 'barrier free borders'! In this background, the southern dissent can be broadly classified into two types. The first type of dissent is related to the transition arrangements. It contests the official claim that the TIGA has sufficient provisions for ensuring smooth transition to free trade between India and the ASEAN-10 nations. According to them, the transition arrangements are particularly inadequate in the case of many products originating in south India, especially the tropical commodities. The second type of dissent is more fundamental in nature in so far as it questions the very philosophy of unregulated trade among nations that runs the present wave of reforms. The protestors of the second type will not join the official position that portrays free trade as the best policy option for all products, sectors, and seasons. They demand state intervention and regulation of trade.

Though the main focus of the article is South India, the issues discussed are quite relevant in the larger context of the Global South. In fact, the problems taken up here in the context of South India, such as short-run fluctuations and long-term movements in relative prices of primary commodities, are among the core trade and development issues of the South in general. PTAs formed/getting formed among all kinds of groupings of developing countries, notwithstanding their other possible beneficial effects, are likely to worsen the well-known primary commodity problems. Resolution of the primary commodity problems certainly calls for regulation both within and across nations. But the PTAs, among developing countries, tend to undo regulation and heighten competition among primary commodity producers (Harilal and Joseph 1999; Joseph 2009; Pal 2009).

The Trade in Goods Agreement

The TIGA is a typical WTO compliant free trade area agreement. Even though non-discrimination is the founding principle of the WTO regime it allows for discriminatory arrangements such as free trade areas and customs unions under Article XXIV of the GATT 1994. Article XXIV provision for the FTAs, however, is subject to stringent conditions set to discourage misuse of the provision for perpetrating discriminatory trade policies (GATT 1994). It insists on well-laid out road maps and early completion of the process of formation of the FTA. A

perusal of the TIGA suggests that it is likely to fulfill the requirements of the global regime well ahead of the stipulated time limits. By all means, it is the most ambitious preferential trading arrangements that India has hitherto entered into.

The schedule of tariff reduction commitments undertaken by the AIFTA members varies significantly among them. For instance, India's commitments to the Philippines are quite different from its commitments to the rest of the ASEAN countries. Similarly, each ASEAN member has a separate tariff reduction schedule vis-à-vis India. In spite of the variability among the tariff schedules they share certain common features as outlined in Article 4 and Annex 1 of the TIGA. The tariff lines are divided into various categories, viz., Normal Track, Sensitive Track, Special Products, Highly Sensitive Lists and Exclusion List according to the intensity of tariff reduction or elimination commitments.

In the case of tariff lines included in the Exclusion List, AIFTA members are allowed to retain their base rates, i.e., the MFN applied rates as of 1 July 2007. In other words, there is no commitment regarding tariff reduction. However, there is a general commitment, keeping in line with Article XXIV of GATT 1994, to review the exclusion list every year with a view to improving market access (WTO 1994/1999). Obviously, there will be pressure to reduce the number of tariff lines kept in the exclusion list, and of course, it would be extremely difficult to push in any new product line into this privileged list, which gets maximum transition benefits. Interestingly, as Table 1 indicates, the proportion of tariff lines kept in the exclusion list varies considerably among countries. While India keeps around 10.7 per cent of its tariff lines in the exclusion list, Vietnam, which ranks first among the AIFTA members in this respect, keeps nearly 18.3 per cent of the tariff lines under this category. On the whole, i.e., when all the AIFTA schedules of commitments are put together, around 10 per cent of the tariff lines would be there in the exclusion list. It follows from the above that nearly 90 per cent of the tariff lines are subject to reduction commitments (ASEAN 2009; India, MCI 2009).

Before considering reduction commitments under different Tracks and Lists it is important to make some observations regarding the base rates from which the tariff cuts are to be effected. The base rates of the TIGA are the applied rates as of 1 July 2007, except for products identified as Special Products. It is a major difference from the WTO negotiations because as is well known in the WTO system the reference rates for tariff negotiations have always been the bound rates. Implications of taking applied rates as base rates are quite far-reaching for product lines and countries where there is considerable difference

Table 1 Proportion of Tariff Lines under Different Categories

Country	Categories								
	EL	NT-1	NT-2	SP	ST	HSL - A	HSL - B	HSL - C	Total
India	10.7	63.9	10.3	0.3	14.8	Nil	Nil	Nil	100.0
Brunei	12.8	68.6	11.3	Nil	7.4	Nil	Nil	Nil	100.0
Cambodia	2.0	80.4	4.1	Nil	13.2	0.2	Nil	Nil	100.0
Indonesia	7.6	41.8	4.7	Nil	39.5	Nil	0.1	6.3	100.0
Lao PDR	2.8	69.5	8.6	Nil	19.2	Nil	Nil	Nil	100.0
Malaysia	9.9	59.2	14.6	Nil	15.1	Nil	0.3	0.9	100.0
Myanmar	14.1	64.4	7.5	Nil	14.0	Nil	Nil	Nil	100.0
Philippines	13.0	58.9	17.0	Nil	6.8	Nil	Nil	4.4	100.0
Vietnam	18.3	60.3	8.9	Nil	7.0	0.4	1.2	4.0	100.0
Thailand	12.2	67.0	8.9	Nil	11.7	0.2	Nil	Nil	100.0

Note: EL refers to Exclusion List; NT-1 and 2 to Normal Track 1 and 2; SP to Special Products; and HSL - A, B and C to Highly Sensitive Lists A, B and C.

Source: Schedule of Tariff Commitments, Association of Southeast Asian Nations, 2009; ASEAN 2009; India, MCI 2009).

between bound and applied rates. Notably, India is one country where the two rates differ quite widely, especially in the case of agricultural products. In WTO negotiations, because of high bound rates, even drastic commitments for reduction did not have much direct impact on the applied rates of agricultural products and, hence, on trade flows. Whereas in the AIFTA negotiations, since the base rates are the applied rates, the resultant reduction commitments would have immediate direct impact on the applied rates. Consequently, there will be immediate and steep reduction in the applied rates right from the very launch of the FTA on 1 January 2010 (Joseph 2009; Pal 2009).

Further, even though tariff reduction under the AIFTA is effected on the applied rates and not on the bound ones, the resultant reduced rates would turn out as the upper limits of the relevant lines! In effect they will be the 'bound rates' in the new FTA. Obviously, what it entails is drastic cuts in the upper limits to which tariffs can be raised in the case of most products. It is true that the AIFTA members including India are free to raise their MFN rates (applicable to goods originating outside the AIFTA) to the WTO bound levels. But it will not be of much consequence in the case of products in which AIFTA producers are significant suppliers in the international market. Viewed in this sense, there is a major element of implicit tariff reduction even in the case of the Exclusion List. Admittedly, in the case of tariff lines included in the Exclusion

List, there is no reduction commitment vis-à-vis the base rates, i.e., applied rates as on 1 July 2007. But, conspicuously, these base rates, which are going to be the upper limits to which tariffs can be raised in the AIFTA regime, are much lower than their corresponding WTO bound rates. Therefore, the Exclusion List also represents an implicit tariff cut as far as their upper limits are concerned. The implications of the scaling down of upper limits of import duties are examined later in this article.

Next in the order, according to the degree of protection granted during the transition period, is the Highly Sensitive Lists. Here the member countries are bound to reduce tariffs but not as steeply as in the cases of Normal or Sensitive Tracks. Annex 1 of the TIGA specifies three different Highly Sensitive Lists. Category A requires members to reduce applied MFN rates to 50 per cent. In Category B reduction of applied MFN rates should be by 50 per cent. In Category C what is stipulated is reduction of MFN rates by 25 per cent. Obviously category C is the most attractive one among the Highly Sensitive Lists in terms of protection given during the transition period. The proportion of tariff lines kept under the Highly Sensitive Lists also varies significantly among members. Surprisingly, India does not keep any tariff line under these Lists! Indonesia has nearly 6.4 per cent of the tariff lines kept under the HSL. Interestingly out of this 6.4 per cent 6.3 per cent belongs to the HSL Category C. Malaysia (1.2 per cent), Philippines (4.4 per cent), Vietnam (5.6 per cent) and Cambodia (0.2 per cent) are the other members using the HSL facility.

There is an element of mystery around the category of Special Products, which comes next in the order of protection allowable during transition. Surprisingly, the Special Products appear only in India's schedule of commitments. Tariff schedules of other AIFTA members do not mention of any Special Product. Even in India's case Special Products constitute only around 0.3 per cent of the tariff lines. It appears as if an exclusive group specially designed for the five product groups declared as Special Products, viz., crude and refined palm oil, coffee, black tea and pepper. None of the AIFTA members except India designate them as Special Products. Further, there is hardly any uniformity in the reduction commitments among these five product groups. Therefore, instead of specifying a common pattern, the Annex 1 of the TIGA gives separate schedules of reduction for each Special Product, which are applicable paradoxically only for India (Table 2). Given the base rates in Table 2, the reduction commitments specified for the Special Products are much steeper as compared to different categories included under the Highly Sensitive Lists.

Table 2 Tariff Reduction Schedule for Special Products

Tariff Line	Base Rate	- not later than 1 January				31.12.2019
		2010	2013	2016	2019	
Crude Palm Oil	80	76	64	52	40	37.5
Refined Palm Oil	90	86	74	62	50	45
Coffee	100	95	80	65	50	45
Black Tea	100	95	80	65	50	45
Pepper	70	68	62	56	51	50

Note: The original table given rates for all the years between 2010 and 2019.

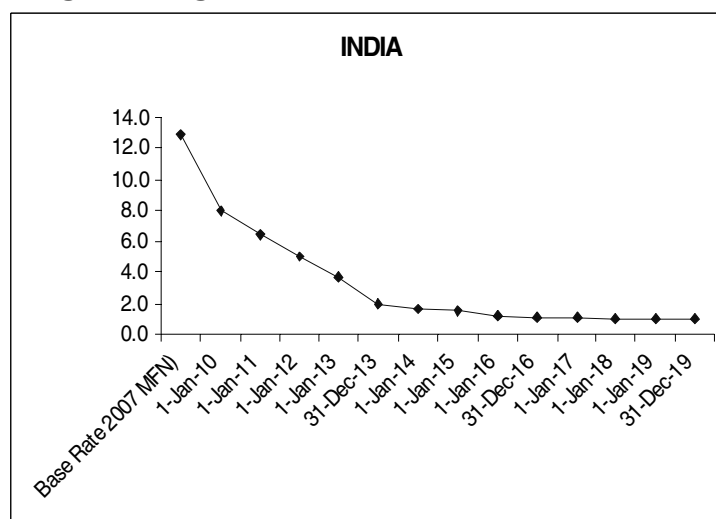
Source: Agreement on Trade in Goods under the Framework Agreement on Comprehensive Economic Cooperation between the Republic of India and the Association of Southeast Asian Nations (2009).

The categories left, viz., the Sensitive Track and the Normal Track represent tariff lines earmarked for drastic cuts. As Table 1 shows, in India's case they together constitute around 89 per cent of the tariff lines. In most AFTA members they together account for more than 85 per cent of the tariff lines. In the case of the Sensitive Track the base rates will have to be brought down to 5 per cent by 31 December 2016. Notably, Cambodia, Lao PDR, Myanmar, and Vietnam are granted five more years to achieve the target of 5 per cent. Given the logic of the AFTA system for the Sensitive Track products the stipulated 5 per cent will be the limit to which tariff can be raised in the future.

The real drama of steep reduction in tariffs is to be seen in the case of the Normal Track, which is divided into Normal Track 1 and 2. In Normal Track 1 for India, Brunei, Indonesia, Malaysia, Singapore, and Thailand the reduction process will commence on 1 January 2010 and complete elimination would be achieved by 31 December 2013. Philippines, Cambodia, Lao PDR, Myanmar, and Vietnam would be given a grace period up to 31 December 2018 for completely eliminating the tariffs. As Table 1 reveals, about 64 per cent of India's tariff lines are under Normal Track 1. In about four years tariffs would be completely eliminated against these product lines. Further, given the logic of the AFTA system, zero will be India's upper limit or 'bound rate' in all these tariff lines! In Normal Track 2 the elimination process is little more drawn out. Complete elimination would be achieved before 31 December 2016 for Brunei, Indonesia, Malaysia, Singapore, Thailand and India. But, Cambodia, Lao PDR, Myanmar, and Vietnam can wait till 31 December 2021 for achieving complete elimination. Around 10.3 per cent of India's tariff lines belong to the Normal Track 2.

Is India offering too much for getting too little in return? Let us explain as to why we think India has given more if not too much for what it has been offered by the rest of the AIFTA membership. The impact of the TIGA on India's tariff structure can be graphically depicted as shown in Figure 1. What the Graph plots is India's average tariffs vis-à-vis ASEAN countries except the Philippines. The tariff worm takes a noose dive on the day of inception and reaches near ground level in the initial three to four years itself. From the average base rate of around 12.9 per cent it gets reduced to just 1.7 per cent by 1 January 2014 and further to 1 per cent by 1 January 2017.

Fig 1 Average Rate of Tariff of India in AIFTA



Graphs plotting average tariffs of AIFTA countries against India give a more flat appearance. Obviously, India is ahead of other AIFTA members in pace as well as depth of tariff cuts. The relatively steeper cuts in India's tariffs may be justified by giving the reason that its base rates were higher. But, notably within four years, India's average rates against ASEAN countries would be lower than the average rates charged against India by the ASEAN nations, except Brunei and Singapore!

Transition Arrangements and Kerala

Opening up of trade invariably necessitates adjustment. Many a line of economic activity would find the going tough. Availability of cheap imports might put pressure on their prices besides threatening to snatch a share of the domestic market. The fall in product prices might immediately get transferred to rates of

profit, dividend, rent, wages, etc., adding pressure on the factors of production to move out to relatively more attractive areas, if any. On the other side of the coin, there would be many lines of activities finding themselves to be more fortunate. All on a sudden they might find their relative prices improving besides getting new and promising orders from across the borders. Improvement in relative prices and opening up of new markets might also push up factor prices tempting capital, labour and other resources to move in. Such pressure of adjustment in the context of an FTA is likely to be less if the production structures of the member countries are more complementary in nature. On the contrary the pressure of adjustment would be severe if the members have competitive economies specialising in the same set of products and sectors. In the case of AIFTA the South Indian states, especially Kerala, are more worried because their production structures are quite similar to those of the ASEAN countries. This is particularly true in the case of agriculture and allied sectors and agro-based industries.

South India and Southeast Asia share very similar tropical agro-climatic conditions. Almost all crops grown in South India are cultivated in Southeast Asia as well. They share almost the same kind of marine fisheries resources too. Naturally, such similarities translate into industrial activities also, especially to those that draw their raw materials from agriculture and allied activities. Similarities become too close when Kerala economy is taken separately for a comparative analysis. Natural rubber, coconut, tea, coffee, Malabar spices, cashew, and tropical fish varieties such as shrimp, crustaceans, tuna, cuttle fish, mackerel, sardines, etc., are leading areas of Kerala's specialisation in national and international division of labour. They are produced in the state for domestic consumption in India as well as for export. Notably, the very same goods are among the main areas of specialisation of the Southeast Asian economies as well. In fact, South Asia and Southeast Asia were main contestants in the international markets for these products over many decades if not centuries. Interestingly, competition in these product lines between South Asia and Southeast Asia have been predominantly in the upstream nodes of the respective global value chains and not so much in value added products seen at the down stream end. It is now well established in the case of many commodity chains that on account of intense competition in upstream nodes as against tough entry barriers and increasing concentration in the downstream nodes an increasing share of the total value generated in the chain accrue to the western downstream nodes, which are more close to the consumers. Unfortunately, the new FTAs among South and Southeast Asia might further aggravate competition in the upstream nodes of the tropical commodity chains and thus run down value realised in these countries, especially by the farming communities.

Given the competitive nature of the production structure of Kerala vis-à-vis the ASEAN nations, and considering the fact that adjustment problems would be more severe in such overlapping areas of production, the state, particularly its farming community should have been given adequate protection during the transition period. But an analysis of the Indian tariff schedules does not reveal any such consideration shown to the crops and products in question. On the contrary, what it reveals is clear discrimination against the crops and products of South India. Let us take the tariff treatment contemplated for the transition period with respect to some of the important crops and products for illustrating the point. In the AIFTA framework, the Exclusion List, which is subjected to no reduction commitment whatsoever, is the most rigorous arrangement for protection during the transition period. As can be seen from Table 1, India keeps around 10.7 per cent of its tariff lines under the Exclusion List. India's Exclusion List is fairly exhaustive covering a wide range of sensitive agricultural and manufactured products. It is in this context that the exclusion of some of the key South Indian products from the highly privileged Exclusion List becomes conspicuous and also somewhat scandalous. If the burden of adjustment were a criterion they would have easily qualified for a place in the exclusion list. But, instead of placing them in the Exclusion List, black tea, coffee, pepper, crude palm oil and refined palm oil are kept in a separate category referred to as the Special Products. Unlike the products in the Exclusion List the Special Products are subject to tariff reduction commitments, the details of which are presented in Table 2. It is not as yet clear why the category 'Special Products' was innovated exclusively for these five product groups. As has been noted in India's tariff schedules, they account for only about 0.03 per cent of the tariff lines. Moreover, the category 'Special Products' appears in the tariff schedules of no AIFTA member other than India. It is also unclear as to why these products were not included under the Highly Sensitive Lists.

The introduction of palm oil varieties as Special Products deserves special mention here. Palm oil is a close substitute of coconut oil. As such, reduction in tariffs facing import of palm oil would have direct implications for the coconut economy of India. The coconut economy of the country is now facing one of the worst crises in its recent history on account of very low applied rates of import duties on palm oil (7 per cent for refined oil and nil for the raw variety) and its subsidised provision through the public distribution system. Even though coconut products are placed in the Exclusion List, the advantage of it is completely lost on account of the special treatment given to the palm oil.

Another major tropical product, which has been gaining in importance over time in terms of area under cultivation, growth in production as well as

productivity, is natural rubber. Fortunately, important items under the natural rubber group such as smoked sheets (HS 4001.21) and technically specified natural rubber (HS 4001.22) are in the Exclusion List. But, the base rates quoted for them are as low as 20 per cent. Import duty cannot be raised beyond the upper limit of 20 per cent even when the prices fall drastically on account of real or potential threat of import surges. It is to be noted that the upper limit for import taxation suggested in the case of natural rubber and Special Products are grossly inadequate to meet the challenge of frequently shifting fortunes of such tropical products in the international markets. The question of low upper cap of import duties will be discussed in some detail later.

The policy position on rubber related tariff lines leaves much to be desired and would raise many questions regarding the quality of homework that had gone into the negotiating process. Out of 174 eight-digit tariff lines related to rubber only 12 lines are put under the Exclusive List. While 78 lines are under Normal Track-1, 14 lines belong to Normal Track-2 and 70 to the Sensitive Track. Synthetic rubber and reclaimed rubber are seen under the Normal Track. What is surprising, however, is the treatment meted out to the rubber based industries. Majority of the rubber based industrial products are under the Normal Track where the tariffs will be witnessing deep cuts in the initial years itself. The situation, as has already been seen, will not be significantly different even in the case of products put under the Sensitive Track. The poverty of thought behind the Indian strategy becomes vivid in comparison with Malaysia. As is clear from Table 3 the Malaysian strategy is to boost rubber based industries by granting very high effective rate of protection to value addition in the rubber chain. Notably, the nominal rates could be quite deceptive as far as the effective rate of protection is concerned. The very low rates charged at the raw material level and the relatively higher rates for the final products would mean disproportionately high effective rates of protection at the level of final products in Malaysia. Malaysia has a well thought out strategy to use the provision of Exclusive List (EL) and Highly Sensitive List (HSL) to protect rubber based industries in that country. In contrast the Indian strategy as column 7 of Table 3 shows is one of granting negative protection to the processing activities. It should be underlined here that it was the presence of a sizable and growing domestic market for natural rubber, derived from the growth of the rubber based industries in the country, that helped the rubber economy of the nation achieve all its past gains. The present policy, which tends to expose the rubber based industries to unfair international competition, especially from countries like Malaysia, which give higher effective protection for domestic value addition, would reverse the policy advantage that the sector in India used to enjoy.

Table 3 Tariffs on rubber India and Malaysia

HS CODE	DESCRIPTION	Tariff rates in Malaysia						Tariff rates in India
		BASE RATE (2007 MFN)	CATEGORY	1-Jan-10	1-Jan-14	1-Jan-17	31-Dec-19	31-Dec-19
011.20.000	- Of kind used on buses or lorries	40	HSL C	39	35	32	30	5
40.12	RETREADED OR USED PNEUMATIC TYRES OF RUBBER							
4012.11.000	-- Of a kind used on motor cars (including station wagons and	30	EL	30	30	30	30	5
4012.12.000	-- Of a kind used on buses or lorries	30	EL	30	30	30	30	5
4012.2								
4012.20.100	Of a kind used on motor cars	30	EL	30	30	30	30	5
4012.20.200	Of a kind used on buses or lorries	30	EL	30	30	30	30	5
4012.20.300	Of a kind used on aircraft	5	EL	5	5	5	5	5
4012.20.400	Of a kind used on motor cycles including motor scooters	30	EL	30	30	30	30	5
4012.20.500	Of a kind used on bicycles	30	EL	30	30	30	30	5
4012.20.610	of a kind used on tractor, implement and earthmover	30	EL	30	30	30	30	5
4012.20.690	Other	5	EL	5	5	5	5	5
4012.20.710	of a kind used on tractor, implement and earthmover	30	EL	30	30	30	30	5
4012.20.720	of a kind used on forklifts and industrial equipment	30	EL	30	30	30	30	5
4012.20.790	Other	5	EL	5	5	5	5	5
4012.20.810	of a kind used on tractor, implement and earthmover	30	EL	30	30	30	30	5
4012.20.820	of a kind used on forklifts and industrial equipment	30	EL	30	30	30	30	5
4012.20.890	Other	5	EL	5	5	5	5	5
4012.20.910	buffed tyres	30	EL	30	30	30	30	5
4012.20.990	Other	5	EL	5	5	5	5	5

A very similar scenario emerges in the case of the fisheries sector as well. Common varieties of fish in the unprocessed form are given protection during the transition period by placing them in the Exclusion List. This is true of sardines (HS 0302.61, 0303.71), mackerel (HS 0302.64, 0303.74), tuna (HS 0304.29.40), cuttle fish (HS 0304.29.50), shrimps and prawns (HS 0306.13, 0306.23), crabs (HS 0306.14, 0306.24), etc. But, in different processed forms the very same varieties of fish are offered a more liberal import policy. Products of fish or crustaceans (HS 0511.91), prepared or preserved sardines (HS 1604.13), mackerel (1604.15), crabs (1605.10) shrimps and prawns (1605.20), etc., are put in the Normal Track. Indonesian policy, which is another important producer of marine products appear to be quite different. As opposed to India's liberal policy, Indonesia is more restrictive and protectionist when it comes to prepared or preserved fish. Indonesia appears to be using the category Highly Sensitive List (HSL.C) very effectively to protect the marine products.

The Case for Regulating Trade

What the second type of dissent does is to reiterate an old and established case for regulation of trade. As we have already seen, what the AIFTA represents for India is a larger movement towards making the national borders free of trade restrictions. But for political compulsions and the roadblocks created by those who oppose unrestricted trade, the current batch of leaders would have taken the nation much nearer to the goal of seamless trade across borders. But, is free trade the best policy choice for all products and under all circumstances? Is there a case for regulation of trade beyond the transition period? Obviously, as

various shades of dissent show, there is no consensus in favour of free trade at the level of policy making in the country. The message emanating from the world of economic theory is more unequivocal. It does not give an unqualified affirmative answer in favour of free trade policies. This is true even when radical and heterodox traditions are left out of reckoning and only the mainstream strands are considered.

In fact, the tropical commodities suffer more from free trade than protectionism. Even before the signing of the original GATT, tropical commodities were traded much more freely and with far less state intervention than the agricultural products of the temperate zone or even the manufactures. The tropical commodities are produced primarily for trade: They are produced mostly in the Southern countries and consumed mainly in the developed North. To use the WTO jargon, the tropical commodities are relatively free of the interventionist measures classified under 'domestic support,' 'market access,' and 'export competition.' On account of their development deficit, and particularly due to their fiscal fragility, the tropical commodity producing countries of the Third World are not in a position to heavily subsidise domestic production or exports. As a result, hardly any country from among them crosses the compliancy limits imposed by the Agreement on Agriculture of the WTO either in 'domestic support' or 'export competition.' In the case of 'market access' too the tropical commodities fare much better than other traded goods. Since the developed countries are completely dependent on southern production they welcome imports from the south and do not place many trade barriers, especially if the imports are in the raw material form. Of course, trade barriers tend to escalate across processing chains and as the developing countries try to move up the value chains. Notwithstanding tariff escalation, it can be safely stated that unlike in the case of other agricultural products or even the manufactures like 'textiles and clothing' the problems faced by the tropical commodities were not that of excessive state intervention or too much regulation of trade. Viewed in this sense the conceptual trio 'domestic support,' 'market access,' and 'export competition' does not adequately capture the problems faced by the tropical commodities. Neither were they the key problems raised in various international forums by the developing or developed country partners of trade in tropical commodities. Instead, tropical commodity negotiators were concerned mainly about the commodity specific problems such as instability of the market and prices and the long-term decline in the terms of trade. These problems arise not because of too much regulation but on account of freer trade and absence of regulation. The ways out suggested invariably required state intervention in trade both within individual countries and at the multilateral level.

The need to intervene in trade for correcting the tropical commodity markets were recognised long back and formally acknowledged at the multilateral level even as early as in 1948 when the Havana Charter was formulated. Even though the International Trade Organisation, which was supposed to oversee the implementation of the Havana Charter did not come into existence, the GATT, which filled the void, also approved of the need to regulate tropical commodity markets. It is significant that such multilateral treaties and organisations, founded on the principle of free trade, non-discrimination and non-intervention, had approved of the need to regulate trade in tropical commodities. This was because of the realisation that the tropical commodity markets left to their own need not necessarily lead to sustainable and socially acceptable outcomes. This is explained primarily in terms of relatively low price elasticity of demand as well as supply, which characterise many tropical commodities. As a result of low elasticities, the market forces of supply and demand do not respond adequately to changes in prices. Therefore, even small initial changes in prices, which might occur on account of one reason or other, tend to get magnified into sharp upturns or downswings in prices. It is to this we should add the impact of speculation in commodity prices. Consequent vicissitudes in prices and associated uncertainties can lead to inefficient and unsustainable allocation of resources besides producing socially undesirable outcomes. It is in this context that the international community, particularly the multilateral organisations with the responsibility of strengthening the international division of labour, and promoting trade among nations, had decided right from the beginning to treat the tropical commodities on a separate track. It is this global consensus that the AIFTA is now beginning to break. In fact, the AIFTA might even endanger the global consensus in this regard and extend its model to the Doha negotiations.

The history of price movements, especially of the instability indices, is ample proof for the widely acknowledged vulnerability of the tropical commodities to vicious price fluctuations. The experience of the recent East Asian currency crisis will serve as a useful instance for illustrating the point. During the East Asian crisis almost all currencies of the region experienced sharp fall in their exchange rates. The fall in the exchange rates of national currencies were soon transmitted to the prices of tropical commodities, particularly to those in which East Asia has a significant share in world production and trade. Given the normal logic of the market both supply and demand should respond to the price signals and move the market to a new equilibrium and regain stability in prices. But, that the copybook does not work in the case of the tropical commodities was once again proved during the East Asian crisis. Given the nature of tropical commodities demand did not quite

respond to the fall in prices. The supply side was equally obstinate to move. Normally it is difficult for the farmers to shift the cropping pattern in short notice and without long drawn out preparation. This is more so in the case of perennial crops, which are planted with a long-term view of various factors. Incidentally, tea, coffee, pepper, coconut, rubber and many other crops of the South Indian region are not particularly suitable for switching area under cultivation or production according to short run fluctuations in prices. In fact, instead of producing and supplying less, the small and marginal farmers, who engage in farming primarily for their livelihood, tended to produce and supply more so that their income levels are not affected by the price fall. Needless to say that speculators too had a field day, supported as they were by liberalisation and de-control of commodity futures and related markets. In short, what should have ended up as minor and temporary disturbances in prices had got amplified into a deep as well as long drawn out depression in the prices.

The agrarian crisis that ensued has had many painful consequences in the South Asian region including occurrence of peasant suicides. The peasant suicides were symptoms of a deep and painful adjustment process necessitated by the fall in prices. In fact, the agrarian crisis had indebted, pauperised and displaced many peasants as well as agricultural labourers from their traditional livelihood opportunities. It has also resulted in changes in the distribution of ownership of land, and also the land use pattern, in terms of the mix of crops as well as the division between agricultural and non-agricultural uses. Notably, on many occasions such as the East Asian crisis such fall in prices might be due to transient reasons and need not be reflecting sustained shifts in demand or supply that require lasting changes in the allocation of land, labour or capital. The temporary reasons for transient upward or downward movement in prices might disappear as fast as they appear. But, meanwhile, such agrarian crises might result in irreversible changes in the land use pattern besides causing irreparable damages to the farming community.

The tropical commodity producers of the South Asian region are yet to fully come out of the damage caused by the East Asian crisis. Ironically, for that reason they are failing once again to respond adequately to the market signals! After the long drawn out East Asian crisis the commodity prices have started firming up and increasing. But the cultivators are responding with a lot of reluctance and doubt. After the harrowing experience of the debt crisis they do not possess internal funds to make new investment, neither are they forthcoming to contract new loans. Banks and other lending institutions on their part are not too happy lending to the sector because of the high risk factor. It is hard and costly to recover land already converted for other purposes including non-agricultural use. Harder perhaps is the task of bringing back skilled agricultural

labourers who had migrated into construction and various other non-agricultural activities.

It follows from the foregoing discussion that it would be unsustainable as well as uneconomic to allow the fluctuations in the tropical commodity markets to have unmediated impact on allocation of scarce resources not to speak of the impact on the livelihood of the dependent population. It is for the same reason that international organisations such as the GATT and the UNCTAD provided for international commodity agreements and regulation of trade. The process of liberalisation and globalisation and the advent of the WTO have almost wound up the commodity agreements and the corresponding national arrangements for regulation. The only arrangement left to check the adverse consequences of transient fluctuations in the international market perhaps has been the wall of high bound tariffs, which could be switched to service when emergencies appeared on the horizon. Under normal conditions the applied rates can be much lower as they have generally been compared to the bound rates. But, the higher upper limits in the form of bound rates served as a guarantee of protection against the vagaries of the market as well as the possible speculative attacks.

Is not the demand for protection a lame excuse for not improving productivity and enhancing competitiveness? There cannot be any doubt that sectors that lag behind the race to improve productivity, minimize costs as well as prices and hence fail to improve competitiveness are likely to clamor for protection. But, what about those who strive and succeed in the race for improving productivity and competitiveness? Will they ever require protection from external competition? The foregoing discussion makes it more or less clear that keeping abreast of the race of productivity alone cannot guarantee success or even survival in an activity exposed to unmediated global competition. The disastrous impact that the East Asian currency crisis has had on the plantation crops is a useful lesson from recent history to expose the limitation of the productivity argument. The currency crisis has hit even those who were leading the productivity race. The best example is that of natural rubber. In spite of its advantage in productivity the East Asian crisis did hit the rubber economy of the country, that too very viciously and causing irreparable damages. In a way the rubber growers in India were being forced to pay for no fault of theirs but for the mismanagement of the economies of the East Asian region.

The Value Chain Framework

In sum, the TIGA would tend to worsen the problem of short run price fluctuations for the tropical commodity producers of India. Looking at the

commodity problem from the value chain perspective one fears that the TIGA would have adverse effect on the terms of trade as well. The literature on the theme explains the long-term decline in the terms of trade of primary commodities in terms various factors. Among them the nature of demand, reflected in the low income elasticity, play a very important role. The demand for primary commodities, especially in the raw form, does not grow as fast as the income does. Therefore, if the supply fails to adjust, the prices would tend to decline vis-à-vis other commodities. The way out suggested is diversification of the production structure into value added products and manufactures. But, such upward mobility in the international division of labour is easily said than achieved. There are umpteen barriers to be overcome before such a feat is accomplished. Availability of capital, information, trade contacts, technology, skill, entry barriers erected by the competitors such as intellectual property rights, trade barriers, etc can prove to be difficult hurdles. Therefore the primary commodity producers find it difficult to move out into new areas of specialisation or even to move on to more advantageous nodes of the same value chains(Wood 2001; Harilal, Kanji, Jeyaranjan, Eapen and Swaminathan 2006).

Typically the Southern segment of the value chain ends with primary processing and export of the raw material to the western markets. Imports of the raw material, advanced processing, packing and branding, retailing, etc, are the typical Northern nodes. The tropical commodity value chains have undergone tremendous transformation over the last 15 to 20 years. An important feature of this process of transformation has been the growing market power of large retailers and other dominant actors belonging to the downstream nodes of the global value chains. In the place of independent retailing shops in typical city high streets, large retail chains (integrated distributor-retailers: the supermarkets) have come to dominate most of western developed markets. The trend is now fast spreading into the rest of the world as well. The retail revolution in the North is not restricted to the displacement of individual retailers and specialty shops by supermarket chains. An equally important development has been consolidation and concentration within the supermarket sector. Takeovers, mergers, and acquisitions have led to the domination of the sector by a small number of retail giants. In response to the increasing concentration at the retail level, the penultimate node (for instance food processing and distribution) has also been trying to consolidate and establish countervailing power by way of takeovers, mergers, and acquisitions. A similar process of consolidation and concentration is reported at the level of importers as well. The number of importers of leading commodities has come down drastically in most western markets.

The transformation of the chains and the consequent domination by retailers and other downstream operators have had far reaching implications for different nodes in the chain and their interrelationship. One generally observed feature of this change has been the increasing role of lead firms, most often retailers, in the governance of the chains. The retailers and other downstream operators now govern the chains by setting and implementing new practices and rules for transactions between nodes and among actors in the chain. In fact, without the favour of the lead firms it would be difficult for the upstream actors to have access to the consumers. Therefore, the lead firms virtually dictate terms to the upstream nodes and the associated actors (Wood 2001; Harilal, Kanji, Jeyaranjan, Eapen and Swaminathan 2006).

While downstream nodes have witnessed a consolidation of market power, the trend in the upstream nodes has been in the reverse direction. The neoliberal policies have removed entry barriers and helped heighten competition among workers, farmers, local traders, primary processors, and exporters. Winding up of international commodity agreements, national commodity boards, state trading agencies, buffer stocks, procurement operations, etc., on the one hand and introduction of future trading, foreign investors, flexible labour laws, etc., on the other have all contributed to the observed heightening of competition in the Southern nodes. As a result, workers, cultivators, traders, processors and other actors from the South are now pitted against corporate concentration and retailer market power in the North, which have clear oligopsonic advantage over transactions in the chain. Such unequal distribution of power cannot but get reflected in the distribution of value among different nodes and actors. According to Talbot, from around a third of the total income until the late 1980s the share of coffee growers and producing states had come down to nearly 15-20 per cent in the aftermath of the breakdown of the quota system in 1989. Many studies in the area of coffee and various other tropical commodities bring out similar pattern of change in the distribution of total income (Fitter and Kaplinsky 2001). It is also well documented that such siphoning of income from the upstream to the downstream nodes results in further degeneration of already deplorable working and living conditions in farming and primary processing in the underdeveloped world, not to speak of environmental standards. Primary processors compete among themselves by cutting down wages, refusing to pay wage and tax arrears, reducing expenditure on working conditions, getting exemption from local taxes and labour welfare legislations, seeking exemption from land ownership and land use legislation, compromising environmental standards, leaving the responsibility of managing the fluctuations and the crisis to the workers or the State and various other survival

strategies. Farmers, especially small holders also employ such strategies besides super exploiting themselves not to get thrown off the division of labour.

What the TIGA is going to do in such a scenario is more or less clear. It is going to heighten competition in the Southern nodes of the tropical commodity chains. Until recently, the main theatre of competition among Southern countries and actors were the western markets. They used to engage in fierce competition among themselves, often to their own peril, to sell maximum to the western buyers. Therefore, the criticism against producers of tropical commodities, including those in South India, that they are reluctant globalisers is unfounded. Production of these commodities over many centuries has been for the global market. The contribution of the present era of globalisation is the introduction of competition among Southern producers for each other's home market. This happens because of indiscriminate reduction in the tariffs of developing countries on account of various reasons such as unilateral tariff cut undertaken individually by the Southern countries, liberalisation on account of the WTO process, and elimination of tariffs necessitated by the FTAs formed among developing countries. AIFTA is one such FTA among tropical commodity producers that is committed to eliminate tariff on intra-community trade.

Till recently, the main producers of the tropical commodities used to protect their domestic market with high tariffs and even non-tariff barriers especially when prices collapsed or threatened to collapse in the international market. And for that reason they used to keep bound tariffs at a relatively high level. This is particularly true of countries like India with a sizable domestic market for most commodities, which worked as a cushion during price falls. Generally the domestic prices ruled lower than the world prices and ensured relative profitability of selling abroad. But, the domestic prices served as some sort of minimum supply price below which the exporters refused to ship. Obviously, the high bound tariffs were not meant to deal with the non-existent threat of imports from the western countries. Neither were they required to restrict imports from other Southern countries when the going was good in the international market and everybody tried to sell in the attractive western markets. Why should Malaysia try to sell in India when international prices are higher than Indian domestic prices? And why should Indians import from abroad when domestic prices rule lower? Evidently, the leading exporters of the tropical commodities did not normally have any domestic supply gap to be filled in by imports. Imports became feasible and attractive only when international prices collapsed. They are bad weather imports that happen mainly when crisis hits the sector, which would invariably trigger further spiraling down of prices. Therefore, high tariffs are absolutely unavoidable when the prices collapse in

the international market and the commodity suppliers compete to drive down prices everywhere including in each other's market. It is important here to take note of a possible reason for occurrence of trade in tropical commodities among the major producers that happen even when the prices rule high in the international market.

Conclusion

Only naïve would believe that the State will look after the welfare of all citizens equally well. Its primary commitment is to those who constitute and run it. India's commitment to the 'Look East' policy and the AIFTA could be seen in this light. It only shows that the 'Look East' policy and the AIFTA serve the purpose of those who wield power. It is no guarantee that the AIFTA would be beneficial to the majority or for all sections of people, sectors or regions. It is shown here that the TIGA would be detrimental to the interests of tropical commodity producers. Hence the protests of commodity producers in south India, especially of Kerala. But the findings on tropical commodities are applicable to producers from other countries and regions as well. The tropical commodities chosen purposely to represent certain critical trade and development issues of the Global South. Primary commodities produced predominantly by the Southern countries suffer from the problem of severe price instability. They also encounter the problem of long-term decline in relative prices. Making trade more free cannot resolve these commodity problems. The strategy of decontrol and deregulation would only aggravate the commodity problems. Even though the need for regulation of tropical commodity markets was clearly recognised by multilateral organisations such as ITO, UNCTAD and GATT, not to speak of economic literature, the advent of the WTO has introduced a U-turn in policy. The global regime does not any more recognise the need to treat trade in tropical products on a separate track. Instead the universal solution of free trade is recommended for the tropical commodities as well. The Uruguay Round agreement has initiated a process of deregulation of trade in tropical commodities, especially among the producing countries. The FTAs among the developing countries such as the AIFTA would deregulate trade further and heighten competition among tropical commodity producers. The major contention here is that the TIGA would only worsen the primary commodity problems. It will make tropical commodities more vulnerable to price fluctuations, besides pushing down the share of producers in the value chain.

The primary commodity problems are of critical importance to South India, especially Kerala. South India's role in the international division of labour has for long been that of a producer of tropical commodities. Kerala particularly

had been, and continues to be, a leading supplier of tropical commodities such as pepper, cardamom, cinnamon, nutmeg, tea, coffee, cashew, coconuts, rubber, and various other minor tropical products to the rest of the world. The problems of tropical commodities assume special importance in the context of Kerala's role in the national division of labour too. Even within the national division of labour, Kerala's role has been primarily that of a region specialising in the production of certain tropical commodities. The regional economy has got further oriented towards production of such cash crops since independence. Notably, such orientation of the regional production structures has come about within a policy regime that on purpose encouraged such specialisation. It was made possible by ensuring food security, on the one hand, and fair prices for the tropical commodities, on the other. The neoliberal policy environment is forcing the central government to go back on both these policy commitments. The TIGA and the consequent liberalisation of trade will only add to the uncertainty in prices, besides worsening of the relative prices that the producers receive. Added to this is the problem of growing uncertainty regarding the availability as well as of the price of food products.

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Contextual/Liberation Theology in Israel-Palestine

Samuel J. Kuruvilla

Liberation theology has complex origins which include the tradition of the Church's thinking on politics and economics, going all the way back to the Church Fathers; more immediately Catholic Social Teaching and Catholic Action, which followed from that, with its motto of "See, Judge, Act"; Vatican II and the ferment which followed from that; European political theology; the educational philosophy of Paulo Freire; and the 'Christian-Marxist dialogue' of the 1960s (Dawson 1998).

Catholic Social Teaching and the long tradition on which it draws such as Leo XIII's *Rerum Novarum*, promulgated in 1891, condemned the bad living conditions of the urban poor of Europe. Since then, successive Popes have taken it upon themselves to condemn European liberal capitalism while taking a stand in favour of the poor and the down-trodden. Pius XI in 1931 issued *Quadragesimo Anno* which affirmed certain Christian attributes in Socialism such as the sharing of property for the common good, something long advocated by Christian reformers over the ages. All Popes since Leo XIII, while staunchly conservative and fiercely anti-communist, were still sympathetic to moderate versions of socialist endeavour.

Vatican II, called by Pope John XXIII in 1962, took the concern with peace and justice further. Paul VI's Encyclical *Populorum Progressio* was concerned with the question of worldwide poverty and development, particularly in the two-thirds world. It traced 'Third World' poverty to the impact and continuing end-results of colonialism, neo-colonialism, unfair trade practices and the great inequality in power among the nations. It was critical of *laissez-faire* Capitalism that was responsible for ensuring the wealth and prosperity of Western elite societies at the expense of deprivation and poverty in much of the rest of the world. However, it spoke of 'development,' which still entailed capitalism, as a 'new name for peace' (Dawson 1998:126).

When the Vatican II Conference was over, two conferences in Latin America, one in Medellin in Colombia and the other in Puebla, Mexico, took these ideas further and first came up with the phrase, 'theology of liberation.' For theologians like Gustavo Gutiérrez, the term 'development' could not fully embrace the

needs of the people and especially the poor of Latin America, who were being sidelined in the lop-sided development that takes place in most third world countries. On the Protestant side, an organisation known as 'Church and Society in Latin America' (popularly known by its Spanish acronym of ISAL- *Iglesia y Sociedad en America Latina*-Church and Society in Latin America), had been founded by Richard Shaull and supported by the World Council of Churches-WCC (Smith 1991:17). This organisation was involved in developing what they termed a 'theology of revolution,' as opposed to a 'theology of development.' As a protestant theological cum social action movement, ISAL, in its early days, was convinced that a gradualist approach to social transformation in Latin America was quite inadequate, given the entrenched and exploitative nature of the rule of dominant groups in these countries.

Shaull and his organisation were interested in trying to develop a Christian basis for revolutionary socio-political transformation, one that would not necessarily involve the need for violence. The 'theology of revolution,' certainly made its mark on Latin American Catholic theologians who were already becoming more and more ecumenically-oriented as a result of the post-World War II changes and the Second Vatican Council. In the late 1960s, ISAL itself began to feel that the terminology of a so-called 'theology of revolution' was not particularly appropriate to the Latin American situation and then the term 'liberation' began to be spoken of.

The works of European political theologians, in particular Jürgen Moltmann and Johann Baptist Metz, were also important. They regarded Christianity as a 'critical witness in society' (Gutierrez 2001: 208). European political theology is very evident in the writings of all the main liberation theologians, especially those trained in Europe in the 1950s and 1960s. Both Moltmann and Metz sought to make theology responsive to its socio-political situation.

The Main Emphases of Liberation Theology

Liberation theologians have always insisted that their interpretation of theology is not just a "re-interpretation of what is generally known as Western theology," but an 'irruption' of God active and living among the poor (Chopp & Regan 2005: 469). Liberation theology, at least in the way it was practised in Latin America, claimed to be a new method of developing a theology that would seek to address the 'seemingly hopeless' situation of the poor people of Latin America. I shall seek to highlight four key themes of liberation theology in this article. The first is the priority of praxis. For Gutiérrez, theology was a 'second step', reflection on action. Assman argues that, "...the Bible, tradition, the magisterium or teaching authority of the Church, history of dogma, and so on ...even though

they need to be worked out in contemporary practise, do not constitute a primary source of 'truth-in-itself'" (Assman 1975:104-105).

Assman has also been critical of the hermeneutical approach of many so-called liberation theologians, critiquing the relevance and necessity of a biblical hermeneutics, without taking into consideration the masses of new techniques and data offered by secular and social sciences as well as the need to think practically about the situation at hand. He is equally critical of the 'biblicists' as well as Marxist historians and analysts who seek in his view to impose a 'fundamentalism of the Left' by attempting to transplant biblical paradigms and situations into this world without understanding their historical context and situation. He sees the theology of liberation as a critical reflection on the present historical situation "in all its intensity and complexity." Instead of the Bible, the 'text' of current reality should be the situational précis point that requires analysis and theologising. As a result, the main issue for Assman is one of hermeneutical criteria. He has little use for those who claim that the best sets of hermeneutics available to Christians are located in the 'sacred text,' arguing instead for an analysis of reality based on the circumstances of 'today' (Assman 1975:104-105).

Rather, it is liberative action which is the indispensable basis for reflection. Early on, the Exodus paradigm was normative: the poor were seen as engaged on a journey from slavery to freedom, escaping the bondage of class and debt. The theme of the kingdom of God was also prominent. All liberation theologians make a link between liberation and God's justice as the primal theme in Christian theology. Gutiérrez denied wanting to fashion a theology from which political action is 'deduced' (Gutiérrez 1974: intro-ix). What he wanted, rather, was

to let ourselves be judged by the word of the Lord, to think through our faith, to strengthen our love, and to give reason for our hope from within a commitment which seeks to become more radical, total, and efficacious. It is to reconsider the great themes of the Christian life within this radically changed perspective and with regard to the new questions posed by this commitment. This is the goal of the so-called theology of liberation (Gutiérrez 1974: ix).

The insistence on beginning with praxis led to a new hermeneutic. Juan Luis Segundo defined the hermeneutical circle as "the continuing change in our interpretation of the Bible which is dictated by the continuing changes in our present-day reality, both individual and societal" (Hennelly 1979: 109). Segundo's method is made up of four steps that correspond to a kind of theological circle. The first step requires recognition of reality on our part that automatically leads to ideological suspicion of that reality. Secondly, the application of 'ideological suspicion' entails its application to the whole

theological superstructure in general. Thirdly Segundo calls for a new way of experiencing and living theological reality, which would in turn lead us to a kind of exegetical suspicion (that would mean a suspicion that current biblical interpretation did not take into account important data). Fourthly he recommends the development of a new hermeneutic that would provide a new way of interpreting 'our faith,' based on Scripture, with many of the new academic as well as critical-analytic techniques at our disposal (Hennelly 1979: 109). Bible reading began with the experience of oppression, which led to suspicion of current Biblical interpretation, which led to new readings of Scripture, which led to new views of society.

Second, liberation theology sought to establish itself not in relation to the institutional church or the academy, but in relation to the *comunidades di base* (in Spanish, the base communities) of peasants and workers who constituted the church. These communities form the root from which pastoral workers, priests and theologians sought to develop their theologies of liberation (Witvliet 1985: 138-139). Base communities have been described as 'grassroots' communities where Christians seek to form and live out their Christian witness in their historical situation (Chopp & Regan 2005: 471). While present in all Latin American states, base communities became most popular in Brazil, where they at one time numbered in the hundreds of thousands. It was in recognition of this fact that the EATWOT Congress in Sao Paulo, Brazil in 1980 was focused on the ecclesiology of Basic Christian Communities (BCC's). BCC's provide the basis for a historical praxis of liberation that comes before theological manifestation. They also act as a source of ecclesiology as well as a place where the 'poor and the oppressed' manage to get a place of their own in the historical process. The BCC's were always firmly located within the entrenched feudal and semi-feudal forces of bourgeois control in the Latin American nations.

The BCC's owe their origin to a wide nature of factors, including the great shortage of priests in Latin America, the desire of the laity to be an active part of the church in the region and the natural desire on the part of the masses for a Latin American church that is responsive to their wishes and aspirations. In short, BCC's are a manifestation of the contextualisation of Latin America's hitherto heavily Euro-centric church and religio-cultural sphere. As stated earlier, the necessity for social resistance could also give rise to a group of people meeting to coordinate various policies of community action in the light of Gospel teachings. There have been frequent periods and places in the modern history of Latin American states when and where it was extremely dangerous for anybody to be part of a BCC, inviting almost certain incarceration and death, if detected (Witvliet 1985: 138-139).

Thirdly, Liberation theology espoused the 'option for the poor.' Liberation theologians took as their starting point, the reality of social oppression and misery around them and as their end-goal, the elimination of this kind of misery and 'the liberation of the oppressed' (Smith 1991: 27). Christian Smith (1991) summarises liberation theology as an attempt to "reconceptualise the Christian faith from the perspective of the poor and the oppressed." For Jon Sobrino the poor are a privileged channel of God's grace (Chopp & Regan 2005: 475). According to Phillip Berryman, liberation theology was, "an interpretation of Christian faith through the poor's suffering, their struggle and hope, and a critique of society and the Catholic faith and Christianity through the eyes of the poor" (Berryman 1987: 4).

Fourth, awareness of the failure of development programmes led to the use of Marxist analysis to try and understand what was going on in society. Chopp and Regan describe this process thus:

Liberation theology is a critique of the structures and institutions that create the poor, including the primary identification of modern Christianity with the rich. In order to do this, liberation theology engages in dialogue not only with philosophy but also with the social sciences. As a theological discourse of critique and transformation in solidarity with the poor, liberation theology offers a theological anthropology that is political, an interpretation of Christianity that may be characterised through the term 'liberation,' and a vision of Christianity as praxis of love and solidarity with the oppressed (Chopp & Regan 2005: 471).

Again it has been postulated that it might be best to think of liberation theology as an entirely new genre of theology based on a specific faith-praxis. Liberation theology is specifically focussed on Christian praxis amidst the poor, the oppressed and the deprived of this world (Chopp and Regan 2005: 473). In its emphasis on analysis, liberation theology was a 'contextual' theology, albeit mainly in relation to the social, political and economic context. Eventually, the option for the poor led to an awareness of the importance of native forms of spirituality in liberation theology (Hawley 1995). This kind of analysis meant a different understanding of sin. No longer primarily moralistic, it looked first at sinful structures, the ways in which society was organised, which more or less forced individuals into sinful action. What was called for, therefore, was not just personal change, but a change in social, political and economic structures.

Liberation theology was often criticised for being overly political, but for Gutiérrez, liberation in its full form denoted salvation in Jesus Christ. In Gutiérrez's view, liberation in Jesus can be denoted as a single salvation process, which concerns the very identity of Christianity and the mission of the Church

(Gutierrez 1974: 11). Gutiérrez constantly reminds First World Christians that the subject and ultimate goal of liberation theology was not 'theology,' but 'liberation.' The ultimate call of every "servant of Christ" is to the task of liberation, and not to the task of theology, "unless that theology is a servant of liberation" (Ruether 1992: 27). This was a point frequently emphasised by Gustavo Gutierrez in the discussions leading up to the Third Latin American Bishops Conference (CELAM-III), as well as in his talk during the press conference after the Conference at Puebla, Mexico, February 1979 (Gutierrez 1974: 11).

The American feminist Catholic theologian Rosemary R. Ruether emphasises that there can be no neutral theology, anymore than there can be neutral sociology or psychology. 'Theology' can be used either as a good and positive tool on the side of all of humanity, by being on the side of the oppressed, or else it can be used "as a tool of alienation and oppression," by being on the side of the oppressors (Ruether 1992: 27).

Liberation Theology in Palestine

Most Palestinian theologians own their debt to the Latin American liberation theologians (Lende 2003: 51).¹ The Palestinian Anglican theologian Naim Ateek (1989) always uses the term 'Palestinian Liberation Theology' to refer to his work (Ateek 1989:51). The Sabeel (river or stream of life in Arabic) Centre that he helped to found in East Jerusalem has modelled itself in its activities as an interdenominational ecumenical centre/institute for the development of a Palestinian Christian theology of liberation in the 'Holy Land.' At the same time, there are crucial differences between the Latin American and the Palestinian context. In the first place, Latin America is a continent where the vast majority of the poor are Christians. In Palestine, Christians are only a tiny minority. This means liberation theology cannot simply be transposed from one situation to another.

Secondly, the option for the poor in Latin America is about class. In Palestine, all Palestinians are oppressed. Class in Palestine is largely focused on the difference between town and village dwellers in the Palestinian territories and socio-religious differences between Arab Muslims, Muslim Bedouins, Druze, Arab Christians and other non-Arab Muslim groups dwelling in the territory of Palestine-Israel. What is being dealt with here is a perverse form of racism where Semites are discriminating against Semites.

Thirdly, it can be argued that the exodus paradigm does not play out in Palestine. Palestinians find themselves in the role of the dispossessed people. This has raised acute difficulties for biblical study. Palestinian theologians have been much exercised by how to read the Hebrew bible. Finally, Palestinian

theologians do not have the background in Marxism which many Latin American theologians had. To them, it is an alien form of analysis and they turn elsewhere for understanding society. All Palestinian liberation/contextual theology practitioners tend to interact and relate (intellectually, culturally, and politically) more with the (formerly colonial) West, from an Eastern or Oriental standpoint, than with their fellow (formerly colonised and oppressed) global Easterners or Southerners (Christians of South Asia, the Far East, and Western or sub-Saharan Africa, for instance).

This is partly about where wealth, power and global political control is centred in today's world, but it may also reflect a kind of 'elitist' or 'superior' Arab understanding of the so-called 'two-thirds' world. The Arab psyche, and in this context, the Arab Christian psyche demands recognition from Western Christians as one of the most western-oriented of Christian minority groups in the Eastern Mediterranean region. They see this as a reflection of the historic ties that Arab Christians have had with Christians in the European West during the long centuries of Islamic rule in this region. Ties between Western and Eastern Christians were particularly cemented during the period of the Crusades, which saw a sustained Western intrusion into the region, both from a military, colonial and religio-cultural point of view.

The Ottoman territories of the 'Near East' or 'Middle East' were also one of the first regions penetrated and influenced by Western Christian missionaries and administrators, thereby considerably culturally impacting the life and prospects of Arabic-speaking Christians in the area. Arab Christians, in general, do not seek close political, theological, cultural or 'financial' solidarity from the politically and economically 'un-empowered' Christians of the non-Western World, particularly Christians of the global South, the so-called 'developing' world of Asia, Africa, and Latin America. This was made abundantly clear to this researcher, as a non-White, non-Western origin male of Indian nationality, in the course of his frequent trips to the region for the sake of his research. Many Arab Christians migrated and settled in parts of Latin America, North America, parts of Europe and Australasia, thereby fuelling ties between these largely 'developed' regions of the world and the Arab Christian homeland of Syria, Palestine, Lebanon and Egypt-Jordan.

Contextualisation of Theology in Palestine: Al-Liqa in Bethlehem

The Bethlehem-based organisation known as Al-Liqa (in Arabic, encounter) was set up in 1982 with the aim of creating dialogue and understanding between Christians and Muslims. Initially, the organisation formed part of the Tantur Ecumenical Institute for Theological Studies, Jerusalem, and was actually part of one of their ecumenical outreach programmes. Tantur was set up in 1971

after the Vatican bought and, then, subsequently leased the hill-top land between Bethlehem and Jerusalem on the old Jerusalem-Hebron road to the University of Notre Dame (USA) for 50 years to build and operate an ecumenical research institute in an internationalist, albeit Catholic ambience. The inspiration to form Tantur evolved from the Second Vatican Council where some of the Catholic, Orthodox and Protestant participants from the Holy Land asked Pope Paul VI to start an ecumenical research institute in Jerusalem.²

Tantur's mainly international focus, in keeping with its use as an overseas research institute of the University of Notre Dame in the United States, meant that local Palestinians felt increasingly ill-at-ease there. Tantur's programmes were mainly focussed on Jewish-Christian dialogue, emphasising the priorities of the American sponsors of this organisation. Palestinians were looking for a centre that would address specifically the issue of Muslim-Christian dialogue and Al-Liqa separated from Tantur and established itself as a separate centre in 1987.

Al-Liqa was first set up in the mid-1980s in Beit Sahour, a suburban town close to Jerusalem and one of the Christian triangles in the West Bank comprising of Beit Laham-Bethlehem, Beit Sahour and Beit Jala. Al-Liqa's striking success at that time (a tradition that it continues even now), is that it was able to bring together Christian and Muslim leaders and theologians in the land to explore issues of contention as well as agreement between them. This itself was crucial as it occurred during a period when there was a general tendency among people of all faiths in Palestine-Israel to look abroad for help towards other foreigners of similar faith, rather than spend time dialoguing with their own brothers and sisters of different religions at home. It was not expected that major issues (political and theological) of difference between the two faiths approaches could be solved easily, but the dialogue set up helped to ease built up misunderstandings as well as even certain theological misapprehensions and tensions, thereby creating channels for further communication and vital personal networks of communication that could always be activated at will and when there was a crisis in inter-faith and inter-communal relations. Al-Liqa, in this sense, would always have a niche in the Palestinian faith landscape (Dumper 2002: 132-133).

Al-Liqa has developed a contextualised theology that took into consideration the existence, needs and cultural aspirations of the Muslim and Christian communities of Israel-Palestine-Jordan.³ While Sabeel's main focus was on advocacy work in the West, seeking to make Western Christians understand the situation of Palestinian Christians, Al-Liqa focused on developing a sense of unity and purpose among Palestinians of all religious persuasions and inculcates in them a sense of purpose about their shared

culture and socio-religious heritage. A document published by the Al-Liqa centre stated:

Our contextualised Palestinian theology does not mean isolating ourselves, withdrawing within ourselves or writing a new theology developed outside the general trend of Christian thought or in contradiction to it. What we mean is a theology which can live and interact with events so as to interpret them and assist the Palestinian church in discovering her identity and real mission at this stage of her earthly life.⁴

Geries Sa'ed Khoury was the founding director of the Al-Liqa Centre for Religious and Heritage Studies in the Holy Land. For him, Palestinian contextual theology should inculcate a spirit of national awareness among Palestinian Christians. It should be a means by which the Palestinian national struggle becomes a common struggle of all Palestinian people for a free, secular and democratic homeland. A common understanding and request of Palestinian Contextual Theology (PCT) in this context has been the demand for achieving a secularised and nationally responsible education system in the Palestinian territories that reflects the sensitivities and aspirations of the Christian community within Palestine. In short, PCT, as propagated by the Al-Liqa centre in Bethlehem has sought to develop a sense of awareness about the Christian Arab heritage of the Holy Land and its myriad facets, including theological, philosophical, historical and political factors that have contributed to the development of the unique identity and psyche of the Christian Arabs since the early Middle Ages of the European era.

The centre also sought to make dialogue between Christians and Muslims in Palestine, the centre-piece of their efforts in favour of developing an all-encompassing national consensus on the Palestine problem (Khoury 2006:95). Palestinian Christian Theology must be concerned with a dialogue with Islam as well as with Judaism. Khoury relates how Palestinians are a victim of an 'ideologised' reading of scripture that is used to argue that the land of Palestine is actually the 'Promised Land' of the Jewish people. He refers to Leviticus 25:47 with its theology of the 'resident aliens,' and states that it would be impossible from a theological as well as political perspective, for the Palestinian people to accept such a claim to their land. Khoury makes the specific claim that the Palestinian Christian claim to interpreting the Old Testament and the whole question of the 'holy' land must be done in a way that goes much deeper than contemporary Zionist Jewish political interpretations and definitions (Khoury 2006: 99).

A Palestinian contextualised theology is "a meeting place for East and West, for Christian and Muslim, for Christian and Jew, for Palestinian and

non-Palestinian. It is the promise of a nation in the Holy Land. It is a theology of communication between peoples, cultures and religion.” Geries Khoury’s preferred term for any nascent endeavour to develop a Palestinian theology of liberation is simply just ‘Palestinian theology.’ He is not against the term ‘liberation theology’ but would prefer to call any theology that sought to root the local Palestinian church within its own local context and setting, by the seemingly nationalist term of a Palestinian theology.

For Khoury, liberation theology or Palestinian theology did not start yesterday or today. Christianity was born in Palestine and Jesus Christ himself, born under the Roman occupation of the region, was in many respects the first preacher to speak and teach a Palestinian theology of liberation. This again is a point repeatedly made by Naim Ateek and other Palestinian theologians and clerics interested in contextualising theological practice in Palestine-Israel. Geries Khoury emphasises that PCT is not a theology in any way against or in opposition to Islam. He quotes the historic experience of the Orthodox Patriarch of Jerusalem, Sophronius, who sought the middle path of coexistence and collaboration between the historic Christian community of Jerusalem and the Holy Land and the new Islamic conquerors of the region. The contextualisation of the Christian faith in the new Islamic settings in the Holy Land involved a theology of dialogue with Islam, through which Sophronius managed to save the mother church of Jerusalem, by a mixture of compromise, collaboration and astute diplomacy (Khoury 2006: 102).

For Khoury, the indigenous Christian church in Palestine would not be able to survive unless it can consider itself an integral part of the Palestinian people in the Israel-Palestine region in general. Khoury, as a member of the old Palestinian fraternity within the state of Israel that was born within the British Mandate of Palestine (similar to Naim Ateek, Michel Sabbah, and others, with the possible exception of Mitri Raheb), gives a call in the context of the Israeli-Palestinian conflict for the Israelis to leave the occupied territories. He exhorts Palestinian Christians to consider the Israeli occupation of their territory as a real ‘sin,’ the only solution which would be for the Israelis to vacate the ‘occupation’ (Khoury 1992: 75).

A difference from Latin America is the emphasis on ecumenism. Geries Khoury emphasises the necessity of developing an ecumenical community theology that would reflect the richness and historical diversity of the different Christian faith traditions in the Holy Land. As he puts it,

There is not a separate Orthodox, Catholic, Lutheran, or Anglican need for justice, or work, or land or identity. Different traditions should bring their riches not their arguments or anything which undermines the strength of our

unity. For the contextualised theology is in the message of all the church together.....It is in an ecumenical theology through which we seek to encourage church unity of word and action (Khoury 2006: 96).

Khoury is insistent that PCT should seriously consider more cooperation between the nations of the south, especially in the field of ecumenical exchange. He is certain that PCT is and has to be a theology of the Third World. In this context, he sees many similarities between the situation of the Palestinian people and that of the black South Africans during the Apartheid regime. For Khoury, the need of the hour is for the Palestinian Christians, whatever their denominational affiliation, to develop an 'ecclesiology of the local church' that would serve to overcome the historic fragmentation and divisions that the church had been exposed to over the ages, thereby enabling the Christian inhabitants of Palestine to speak with one voice. He felt that only in this context could the survival of the Palestinian Christian community as coherent, sustainable and self-reliant Arab group in the region be ensured.

Conceptualising Contextual Theology

Naim Ateek uses the term 'liberation theology' to describe what he is doing. The Lutheran Mitri Raheb as well as the Latin Patriarchate's Fr. Rafiq Khoury prefer the term 'contextual theology.' What lies behind this difference in terminology is essentially the need to engage with both Judaism and Islam. 'Contextual theology' can be said to have three meanings. In the first place it can simply be a synonym for liberation theology. Thus the Indian theologian K.C. Abraham writes: "The aim of contextual theology is not only to understand and interpret God's act, or to give reason for their faith, but to help suffering people in their struggle to change their situation in accordance with the vision of the gospel. Liberative praxis is the methodology for contextual theologies" (Abraham 1992: 8).⁵ Occasionally, Raheb uses the phrase like this. Secondly, the term is used to signify the recognition, originating in the sociology of knowledge, that all discourse is placed. There is 'no view from nowhere.' As Abraham, again, puts it,

Creative moments in theology have arisen out of the church's response to new challenges in a given historical context. They bear the cultural and social imprints of the time.....Theologians of every age are committed to interpreting the Gospel of Jesus in a way (that is) relevant and meaningful to the realities around them (Abraham 1992: 5).

Thirdly, it originates in the attempt, first of missionary theologians, and then of indigenous theologians, to express theology in terms of the symbols

and values of a particular culture. Stephen B. Bevans (1992) speaks of contextual theology as,

a way of doing theology in which one takes into account the spirit and message of the gospel; the tradition of the church; the culture in which one is theologising; and social change within that culture, whether brought about by western technological process or the grass-roots struggle for equality, justice and liberation (Bevans 1992: 1).

The Christian faith can be understood and interpreted, according to Bevans, not only on the basis of 'scripture and tradition,' but also on the basis of "concrete culturally conditioned human experience" (Bevans 1992: 1). Contextual theology reflects on the 'raw experience' of the people. It represents an amalgamation of Christian concepts, stories and symbols on the one hand, with the particular indigenous culture of the people on the other (Bevans 1992: 1). There has been a growing realisation worldwide that contextualised or local theologies are the key to the future appeal of the Christian faith. As Jose M. de Mesa (2003) puts it,

Contextuality in the field of theology denotes attentiveness, the determination to listen to the voice of the poor; and conscious and intentional rootedness in the culture, in religion, in the historical currents, in the social locations and situations of people as well as in gender. It aims to alter conditions in the Church and in society that are counter to the deep intent of the Gospel and seeks to include voices which have been excluded in the participative process of theologising (Mesa 2003).

K. C. Abraham likewise argues: "Theologians of every age are committed to interpreting the Gospel of Jesus in a way (that is) relevant and meaningful to the realities around them" (Abraham 1992: 5). Mitri Raheb (1995) seeks to make the Christian faith relevant or contextual to the Palestinian faithful as part and parcel of their own culture. He has written of the necessity for the Palestinian Church to be totally 'Arabised,' starting from the top of the ecclesiastical hierarchy, through the clergy and right down to the base-laity. This 'Arabisation' of the leadership of the church should spread to include theology as well as education. In his view, only this kind of essential 'Arabisation' would bind the native Arab Christian people of Palestine to 'their church, their society, and their country' (Raheb 1995: 25). Naim Ateek (1989) too has written of the need for the (very Europeanised and Euro-centric) church in Palestine-Israel to 'contextualise its faith and theology,' thereby seeking to address and answer the important issues facing native Arab Christians and society in the region (Ateek 1989: 71). He writes:

... the contextual concerns of the Church, although predominantly political in appearance, are deeply and ultimately theological in nature. These needs are perpetually frustrated by the increasing complexity of the political conflict.... The duty of the Church in Israel-Palestine today is to take its own concrete and local context seriously. It (the Church) needs to incarnate itself in its context so that it can be the voice of the oppressed and the dehumanised (Ateek 1989: 72).

Writing in 1989, Ateek acknowledged that the church in Israel-Palestine had hardly begun to contextualise. He has since sought to do this, with an emphasis on the political context. Palestinian Christianity has long roots dating right back to the time of Christ. Even during the Byzantine era, Palestinian Christians did not have any experience being part of the ruling party as the Byzantine Church in Palestine was ruled and controlled by Greeks and Cypriots (Ruether in Raheb 1995: 7). During the Islamic era, the majority of the Palestinian people slowly converted to the ruling faith and by the eve of the Turkish conquest of Palestine in 1519, the land had become majority Muslim (Ibid.: 8). Coupled with this was the almost continually disturbed nature of Palestinian society that resulted in large-scale emigration over the last 100 years or more (Raheb 1995: 15-16). Today, native Christians in Palestine worry more about whether they can ensure adequate quorum in their churches to make them practically viable as part of the 'living stones' of the Holy Land (Ibid.: 8; 24-25). Palestinian Christians are small in number, but their contributions to society vastly outnumber their actual population. Their institutions, schools and hospitals dot the Holy Land and they are actively involved in rendering valuable social services to the Palestinian population at large.

In sum, the analysis of some of the main practitioners of theology in Palestine reveals the overlaps, but even more the differences with liberation theology. These theologians begin from the same place, oppression, but the different situation means they develop in a quite different way. Uniquely, in Palestine, Christians and Muslims are both part of oppressed people. Palestinian theologians must understand Islam not as a precondition for mission, but for survival. All of these theologians take the gospel seriously and, in this situation of conflict, their emphasis is on peace and reconciliation, although they recognise the importance of the struggle to be free. For them, non violence and dialogue are the way to liberation.

Notes

1. This was one of the first works in English from a European University that focused on Palestinian Arab Christian issues and their politics and theology.
2. The history and aims of Tantur can be accessed from the website <http://come.to/tantur> (accessed on 21 February 2008).

3. Al-Liqa Centre holds regular conferences on two major topics: 'Theology and the Church in the Holy Land,' and 'Arab-Christian and Muslim Heritage in the Holy Land.' Both Muslims as well as Christians participate in the activities of this centre.
4. 'Theology and the Local Church in the Holy Land: Palestinian Contextualised Theology,' Bethlehem, *Al-Liqa Journal*, (summer 1987), http://www.al-liqacenter.org.ps/p_materials/eng/theology.php.
5. The Rev. K. C Abraham is one of the leading theologians of India (particularly after the death of M. M. Thomas) and indeed, the Third World. He is a member of the Church of South India (the South Indian wing of the global Anglican Communion). He has served as a vice-president of the Ecumenical Association of Third World Theologians (EATWOT), as well as a Professor of Theology and Ethics at United Theological College (UTC), Bangalore, one of India's leading liberal Protestant theological seminaries. He has also served as the director of the Bangalore-based 'South Asia Theological Research Institute (SATHRI),' and as director of the board of theological education of the Senate of Serampore University. He is the author of many books and articles including *Third World Theologies: Commonalities and Divergences*, Eugene-Oregon: Wipf and Stock Publishers, October 2004, and *Liberative Solidarity: Contemporary Perspectives on Mission*, Tiruvalla-India: Christava Sahitya Samithi, April 1996.

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Indo-Iranian Relations: The Israeli Dimension

Sujata Ashwarya Cheema

The current substantive thrust in India's relations with Iran and Israel is as old as the demise of the Cold War. The disintegration of the Soviet bloc heralded fundamental changes in international politics. With the fall of socialist states, the Cold War vision of a bipolar contest between the first and the second world became redundant. The related notion of a non-aligned Third World was also emptied of all meaning. The states, unshackled from the rigidity of ideological divisions, moved on to maximise their gains by forming varied and amorphous coalitions. Diversity and pluralism of the post-Cold War world rendered multilateralism, interdependence, and economic cooperation the basic principles around which state-actors congregated to forge multi-dimensional engagements. In the context, India's foreign policy witnessed an inevitable reorientation: ideology-based engagements gave way to interest-based relations. This is not to say that self-interest and national interest took a back seat in the days of ideological influence. The difference was that self-interest became more pronounced in the conduct of international relations in the post-Cold War era. In West Asia, India became more clear-eyed and aggressive in pursuing its interests. Consequently, countries that had received insufficient attention during the years of the Cold War – Iran, Israel and Saudi Arabia – became the centres around which India's new West Asia policy took shape. India established robust relations with both Iran and Israel, independent of one another, identifying distinct areas for engagement and cooperation. India sought to balance its ties with the two regional actors by indicating its intent to pursue bilateral relations consistent with its interests and requirements, irrespective of the conflict they have with each other. This 'strategic independence' in its dealing with countries locked in outstanding disputes has been the hallmark of India's foreign policy behaviour in the post-Cold War period and also accounts for its sophisticated and complex set of bilateral and multilateral relations.

Contours of Indo-Iranian Relations

During the Cold War India and Iran could not develop a robust bilateral

relationship despite strong historic and traditional links between the two countries. While Iran aligned itself to the West, a newly-independent India adopted a policy of non-alignment i.e. a relationship of equidistance from the superpowers. Iran's preference for Pakistan as an ally and its support for the latter during the Indo-Pakistan wars strained Indo-Iran relations. Iranian support for Kashmiri aspirations and Tehran's efforts to 'export' the revolution in the wake of the Islamic Revolution further inhibited the chances for growth in bilateral ties. Although economic cooperation between them continued throughout this period, it was generally low-keyed and confined primarily to trade in petroleum products. However, the end of the Cold war presented both India and Iran with new challenges and opportunities. A perceptible change in relations followed as both the countries tried to reformulate their foreign policy concerns in the light of the changed global environment. There emerged a parallelism of political and economic interests and a shared perception of emerging geo-strategic reality between the two countries. Since then their relationship has advanced from a modest engagement to become more broad-based, registering significant upturns in all areas, including military and intelligence.

Indo-Iranian interests since the early 1990s converged around a number of issues, such as the emergent unipolar nature of the international system and Iran's need of a partner to break out of its isolation perpetuated by the United States, Sunni extremism emanating from Afghanistan and Pakistan, problems and opportunities in Central Asia, India's need to counter Pakistan's influence in the Muslim world, the prospect of mutual benefit from economic and commercial ties, and the possibility of strategic ties in defence and intelligence areas. The gaze towards India also reflected a shift in Iranian foreign policy – towards an emphasis on national interest as opposed to Islamic ideology – which became manifest in the 1990s. The Tehran Declaration (2001) signed by Prime Minister Atal Bihari Vajpayee and Iran's President Muhammad Khatami laid the foundation for Indian and Iranian cooperation on a wide range of issues. Two years later, in January 2003, both leaders signed the New Delhi Agreement, which further committed them to even deeper engagements, including strategic partnership and defence cooperation (Fair 2004: 10; Pant 2003: 371; India, MEA 2003).

With the disintegration of the Soviet Union, the balance of power was disrupted in favour of the United States, which emerged as the sole superpower. In view of America's long history of intervention in weak states, power concentration at its end generated distrust among the second-tier states. Faced with an unbalanced power and becoming apprehensive of its future behaviour, India and Iran sought to increase their strength by forging close relations with

each another. In the aftermath of the Gulf War of 1991, a triumphant US turned its attention to the Persian Gulf. A policy of isolating the Islamic Republic through tougher economic sanctions,¹ continuous pressure on the nuclear issue, and allegations of harbouring terrorists ensued with little respite. Iran's woes were compounded when major regional powers started toeing the US line.

Although India's ties with the United States have been on an upward swing in the post-Cold war period, this, however, has not shrouded New Delhi's assessment of Washington's controversial role in West Asia and the Indian subcontinent. India has viewed with concern US engagement in Iraq without global consensus or UN cover. India shares Iran's concern over United States' unilateral behaviour in Iraq and insensitiveness towards vital interests of other states. In the New Delhi Declaration, India and Iran rejected the US stand on Iraq and asserted that its sovereignty and territorial integrity should not be violated. The fact that India invited Khatami at a time when Washington was engaged in a military build up in the Persian Gulf in preparation for the invasion of Iraq demonstrated India's subtle attempt to distance itself from the US foreign policy in West Asia. While aspects of war on terrorism and US involvement in the subcontinent have been positive for India, other aspects, such as designating Islamabad as a central partner in this endeavour, have troubled New Delhi. India has repeatedly called attention to the covert support of Pakistan's military and intelligence establishment to militant Muslim outfits in the subcontinent. While Washington had largely ignored this linkage, the Mumbai blast of November 2008 brought it into full light. Even then, it is only recently that the United States has changed track, spurred by the failure to curb the militancy of the Taliban in Pakistan and Afghanistan. Its demand that Pakistan turn on the militant groups (especially the Taliban) operating within its territory, has been promptly rebuffed by the Pakistani military; they view these militant groups as counterweights to India's influence in the region (Parlez 2009). While Iran does not have to contend with an adversarial regime in Iraq, it too has much to be worried about in the emerging situation in its neighbourhood. Iran is feeling the heat from twin developments: first, the increasing strength of Sunni militants in Pakistan and Afghanistan, and, second, the robust military presence of the United States in its neighbourhood. Iran clearly feels that these factors will compromise its equities in the region.

As far back as the early 1990s, the consolidation of power by the Taliban in Afghanistan emerged as a major source of anxiety for both India and Iran. Against the strategic interest of either state with large Shia Muslim populations to have an extremist Sunni-Wahhabi extremist group in their proximate neighbourhood, India and Iran sought to cooperate on mitigating this threat. Both India and Iran were worried of Taliban's harsh treatment of Afghan Shia

population; Iran was particularly concerned over the hostility it would face from a militant Islamic group which considers Shiism as apostasy. In addition to concerns about Shias, India was chary of Taliban's 'jihadist' ideology and its potential for fomenting trouble in Kashmir and other parts of the country. As opposed to Pakistan that quickly recognised the Taliban regime, India and Iran – faced with serious challenges from the extremism of the Taliban – instead backed Afghanistan's anti-Taliban Northern Alliance. When, the Northern Alliance routed the Taliban with the help of the United States in November 2001, post 9/11, India and Iran welcomed its demise and made Afghanistan's reconstruction and development a common critical goal.²

In the New Delhi Declaration, Tehran and New Delhi resolved to 'broaden their strategic collaboration in third countries' (India, MEA 2003), with a clear reference to Afghanistan. In recent years, India and Iran have been targets of suicide bombings by Sunni militants of the Taliban, al-Qaeda and other militant groups based in Pakistan.³ The Teheran Declaration castigates terrorism 'in all its forms' condemning 'states that aid, abet and directly support international terrorism' (India, MEA 2001) in a barely veiled allusion to Pakistan. Afghanistan and Pakistan are, then, the principal frontiers in combating terrorism targeted against India and Iran. Through joint working groups, India and Iran have been working out ways and means to combat terrorism and narcotics trade – the main source of revenue for the insurgents in war-torn Islamabad and Kabul. Moreover, they have expressed a mutual preference for a comprehensive convention against international terrorism at the United Nations.

The concurrence between India's desire to pursue a foreign policy autonomous of conflicting pulls and pressures and Iran's desire to end its international isolation has deepened relations between the two countries in recent years. Tehran perceives New Delhi as a possible channel to end its isolation by the US. The United States' containment of Iran came to a head in 2002, when in a speech former American President George Bush, designated the Islamic Republic as a member of the 'axis of evil'.⁴ Iran's isolation has increased with the election of the hardliner president Mahmoud Ahmedinejad in 2005 and consequent intransigence on the nuclear issue. The European countries, which differed from the US on engaging Iran, began to espouse a stance similar to their trans-Atlantic ally. After months of negotiations led by Britain and France, the UNSC voted in December 2006, to impose sanctions for Iran's refusal to halt uranium enrichment. Nevertheless, Iran understands the importance of rapprochement with the West, especially the US, a country involved in decisively shaping the key states in its strategic neighbourhood, namely Afghanistan, Iraq and Pakistan. India, whose relations with the US, has considerably improved over the last few years, can provide Iran with a

platform where common concerns overlap. Containing militancy of the Taliban in Afghanistan and Pakistan and the uninterrupted flow of oil from the Gulf are ready issues on which India, Iran and the US can find a shared ground (Ayooob 2002: 10-15).

As the Soviet Union disintegrated, the southern tier of this former 'empire' fell into chaos. External Conflict and internal strife marked the emergence of Central Asian republics at the end of the Cold War. The newly emergent states with ill-defined borders were politically unstable and fearful of their neighbours. Sharing the northern border with at least three such states, Iran, was mindful of the dangers of becoming entangled in their disputes and the possibility of any ethnic conflict in those states spilling over into its territory, fuelling irredentism among its diverse ethnic minorities. India was equally eager to have stability in Central Asia; India's interest lay in preventing the region from going the Afghan way. Any likelihood of such a situation emerging in the Central Asian countries would seriously jeopardise India's major economic and strategic interests in the region.

The region of Central Asia had been a captive market for Indian goods exported to the Soviet Union. With the collapse of the Soviet Union, Iran became the only viable gateway through which India could reach this region. Moreover, the region with its 2.7 per cent of the world's confirmed oil deposits and 7 percent (Kundu 2008) of the natural gas deposits has attracted many countries like the US and China into the region. India did not want to be left behind in the 'great game' of having access to Central Asian oil, given its substantial energy needs. Iran provides India geographical access to this region, given New Delhi's adversarial relations with Islamabad. The North-South Transportation Corridor agreement signed in September 2000 by India, Iran, and Russia, envisages the transport of Indian goods to Central Asia and northern Europe via Iranian southern and Caspian Sea ports. Since the corridor is meant to facilitate the movement of good across Central Asia as well as Russia, both India and Iran, entered into an earlier agreement with Turkmenistan in 1997. As part of the agreement, India agreed to help expand the Iranian port of Chahbahar and lay railway tracks that would connect Chahbahar to Afghan city of Zaranj. These agreements have become key milestones in boosting India's trade with Iran and other Central Asian countries as well as Afghanistan (Pant 2004: 377).⁵ With Chahbahar open to Indian goods, India has been able to sidestep Pakistan's dominance of the mainland trade routes to these areas.

The policy of economic reforms, since the early 1990s, has accelerated India's quest for energy to keep its growth humming. The government hopes to maintain an annual GDP growth rate of about 8 per cent over the next quarter

century to meet its goals for poverty eradication. That level of growth will require India to at least triple its primary energy supply. Some observers believe that by 2020, India may become the fourth largest consumer of crude oil following only the United States, China and Japan. Already India imports more than two-third of its hydrocarbon requirements and any further escalation would adversely affect its energy security. Placing current import dependency at 72 per cent, the Planning Commission Report (2006: 9) of 2006 warns that the country faces formidable challenges in meeting its energy needs and our 'import dependence is growing rapidly.' In such a scenario, Iran, endowed with world second-largest natural gas and third-largest crude oil deposits (Amuzegar 2007) emerges as a critical partner for fulfilling India's mounting energy needs. At present, Iran accounts for 17 per cent of India's crude oil imports, making it the second-largest source of oil after Saudi Arabia (US, EIA, Energy Information Administration 2009). Therefore, energy supplies will remain a major economic and strategic issue in India's engagement with Iran.

Talks have been underway between Iran and India to build a pipeline either under the sea or via Pakistan to transport Iran's abundant natural gas to India, one of the largest consumers of natural gas in the world. The overland route through Pakistan appears less feasible now given the volatile situation there but under the sea option continues to be explored and feasibility studies are currently underway. India-Iran gas pipeline built in the near future could ship Iranian gas, currently delivered through tankers in the form of LNG, to India more economically and efficiently. In terms of trade, Iran accounts for around one per cent of India's exports and about 3 per cent of its imports.⁶ This figure is likely to witness rapid growth, given keen interest of the parties to pursue enhanced cooperation in areas of science and technology including information technology, food technology, pharmaceutical development and production, and space.

The New Delhi Declaration also sought to significantly upgrade defence cooperation between the two countries. Control and security of sea-lanes as well as discomfiture with the emerging presence of the United States in the Persian Gulf, were possible reasons for joint Indo-Iranian naval exercises in March 2003 and again in 2006. Defence cooperation beyond this, however, has been sporadic and low-level. Reports suggest that India has trained Iranian naval engineers in Mumbai and at Vishakhapatnam. Iran is also seeking combat training for missile boat crews and hopes to purchase simulators for ships and submarines from India. Expectations that India would assist Iran in upgrading its Russian-made weapons system have not yet materialised.⁷ Several reports also suggest of a bilateral accord that would allow India to have access to

Iranian military bases in the event of a war with Pakistan. If true, this would be a major turning point in regional relations, one that will place Iran in direct opposition to Pakistan.

Many analysts speak of close security ties between New Delhi and Tehran, inferring from the presence of an unusually large number of consulates at strategic locations. The Indian consulate in Zahedan (bordering both Pakistan and Afghanistan) indicates a possible intelligence presence there. India's consulate in Iranian port city of Bandar Abbas, established in 2002 amidst protests from Pakistan, permits it to monitor ship movements in the Persian Gulf and the straits of Hormuz. Pakistani observers note that the Indian engineers working to upgrade and develop the Iranian port of Chabahar can easily monitor their country's activities at the Gwadar port, currently being developed as a naval base with Chinese help (Berlin 2004). Cooperation in this area, however, appears to indicate a reinforcement of 'strong Indo-Iranian political relations rather than a broader defence alliance.'⁸ India's significant access to Iran confers it the ability to project power vis-à-vis Pakistan in Central Asia and Afghanistan. Besides, Tehran is an important ally of New Delhi in the Islamic world, especially in countering Islamabad's anti-India rhetoric on Kashmir. India's growing relations with Israel and its concomitant diminishing support for the Palestinian cause have compelled India to cultivate its relations with Iran, as a step towards fortifying its relations with other Muslim countries.

While Indo-Iranian relations were strained by India's vote at the IAEA in September 2005 and February 2006, India was eventually able to demonstrate its ability to finely balance the pulls and pressures from conflicting parties. India's success in securing its ties with the United States did not deter it from vociferously defending its relationship with Iran. The February 2007 visit of India's then-Foreign Minister Pranab Mukherjee to Iran and Iranian President Mahmoud Ahmedinejad's visit to India in April 2008 – both amidst heightened US-Iranian tension on the nuclear issue and clandestine Iranian involvement in Iraq – are notable events in this regard.⁹ India has repeatedly urged for a peaceful and diplomatic solution to Iran's nuclear programme and has largely resisted American pressure to reduce its ties with Tehran.¹⁰ On the vote against Iran in the IAEA, India has pointed out to its detractors in domestic and international arena alike, that it worked assiduously to help Iran during stand-offs in the negotiation process and ensured that the US and European powers did not 'ride roughshod over Iranian interests.' Indian interlocutors have suggested that the resolution would have been much stronger and situation much more dismal without India's intervention (Fair 2007: 46).

Indo-Israeli Normalisation

In pursuance of a non-ideological approach to foreign policy in the post-Cold War period, India normalised relations with Israel in January 1992. With the establishment of diplomatic ties, bilateral relations witnessed rapid expansion, particularly in fields of trade and economic cooperation, defence, science and technology, and culture. From being described as the 'most controversial aspect' (Kumaraswamy 1991) of India's foreign policy and subject to criticism from some quarters, Indo-Israeli bilateral relationship has come to enjoy widespread acceptance and support. There has also been a fundamental understanding of long-term convergence of security interests in the Indo-Israeli ties. One of the major issues on which the interests of both the countries seem to converge is terrorism, although they have differing perceptions on it. Both states, albeit in dissimilar contexts, face the scourge of terrorism perpetrated by militant Muslim groups. India and Israel have established joint working groups, which provide a framework for security officials from both countries, to meet and discuss issues of strategic importance. Consultations on security between the two countries have increased, with counterterrorism emerging as the fulcrum of their strategic dialogue. Jane's Terrorism and Security Monitor reported in August 2001 that Israel was 'heavily involved' in helping Indian counterinsurgency forces in Kashmir (Ramachandran 2002).

India-Israel defence cooperation has broadened over the years to include the supply of defence equipment, intelligence sharing, collaboration on counterterrorism strategy, and joint defence-related research. In recent years, India has obtained a host of sophisticated military equipments from Israel. Some of these include Barak ship-borne anti-missile system for the navy, upgrades for MiG and Jaguar aircrafts, fast attack boats and aircrafts, reconnaissance and observation system, battlefield surveillance radars, and Phalcon Airborne Warning and Control Systems (AWACS) developed for the Indian Air Force. During the Kargil War, Israel provided India with military hardware including, artillery and rifle ammunitions, laser-guided bombs and unmanned aerial vehicle. India has also negotiated a deal to buy the advanced Arrow anti-missile systems from Israel, built to intercept and destroy ballistic missiles on a national level.

Security of India's border with Pakistan has emerged as a new avenue for cooperation between the two countries. India seeks to contain cross border infiltration from Pakistan with Israeli surveillance equipments and border fencing systems. In April 2009, India launched an Israeli-made spy satellite (RISAT-2) in a bid to keep a round-the-clock surveillance on its international borders. The satellite will help India track movements of militants on its borders

with Pakistan and inside the country itself. It could capture the images even under clouds and transmit them immediately. The Indian Navy is also in the process of purchasing two Israeli-made aerial balloon radar systems, which will enable India to improve the defence of its coastlines. The purchase is being implemented in the shadow of the terror attacks in Mumbai, which was carried out by Pakistani extremists arriving by sea.¹¹ Both sides are also cooperating in areas of missile defence technology. There is an agreement between India and Israel on joint development and production of a long-range version of the Barak air defence system. India-Israel commercial ties, too, are expanding fast. Bilateral trade has crossed US\$ 3.3 billion at the end of 2007, primarily in the high-technology sector, rising from just \$200 million in 1992-93 when India accorded full diplomatic relations. India's traditional exports to Israel (almost 70 per cent) include rough diamonds, gems, jewels and gold ornaments.¹²

Contrary to India's initial apprehensions, the West Asian countries have been rather indifferent to Indo-Israeli normalisation. India's Israel policy in the post-1947 period was guided by primarily two factors: the sentiments of Indian Muslims and deference to Arab sensitivities. Earlier, India, as an incipient state under the Indian National Congress, had opposed the Zionist goal of establishing an ethnic-religious state based on Jewish exclusivism in Palestine. The Indian nationalists argued that the consent of the Arab inhabitants was essential for the creation of a Jewish national home in Palestine. As a member of the United Nations' Special Committee on Palestine (UNSCOP), India proposed a minority plan which called for the establishment of a federal Palestine with internal autonomy for the Jewish population. When the UN General Assembly voted for the majority plan for partition of Palestine, India joined the Arab and Islamic countries in opposing it.

The imperatives of leading a unified national movement in terms of Hindu-Muslim unity led the Indian National Congress to adopt a pro-Arab policy in the Arab-Israeli conflict. This policy not only established a crucial link between Indian policy towards its Muslims and the trans-Muslim issues in the Arab world, but also caused Indian leaders to view their Israel policy through the prism of Arab-Israeli conflict. Though India granted *de jure* recognition to Israel, New Delhi refrained from establishing full diplomatic relations with Tel Aviv. Several reasons impeded the establishment of India-Israel relations. While she recognised Israel as a state in the comity of nations, India also recognised the rights of Palestinian self-determination and to live in Palestine. Such a position was a reflection of anti-colonial, anti-imperialist vision of Nehru's foreign policy, wherein India supported all people struggling against domination and for freedom. India's policy towards Israel was also guided by the sentiments of the large indigenous Muslim population, which identified very closely with

the Palestinian ‘catastrophe’ of 1948. The post-partition traumatised Muslim minority in India caused New Delhi to view any positive gesture towards Israel as harmful to internal peace and harmony (Kumar 2001).

When India decided to normalise relations with Israel in light of the changing international events and realities in the 1990s, the important countries of the region such as Saudi Arabia and Iran, far from taking an exception to it, responded to the new Israel policy, by actively engaging with New Delhi. Indo-Iran ties have acquired a multi-faceted character and both countries consider each other’s cooperation as vital to contain extremism emanating from Afghanistan and Pakistan. In the same way, reports of growing Indo-Israeli military ties in the Arab media, have not deterred Saudi Arabia from building close business ties with India. Moreover, India’s ties with almost all major countries of the Gulf have seen an upswing since the last decade. India’s ‘Look West Asia’ policy is a step to place the relations with Israel and Arab world on an even keel in order to safeguard its vital national interest associated with the respective parties.

The Israeli Dimension in Indo-Iranian Relations

It is difficult to overstate the importance India attaches to military cooperation with Israel. Israel is India’s second largest arms supplier and, according to some accounts, has become the largest supplier. The possibility of Israeli technology reaching its adversaries in the Middle East via New Delhi has drawn the attention of the Israeli political establishment from time to time. In the backdrop of growing Indo-Iranian ties, and its own adversarial relations with Iran, Israel is fearful of its military equipment or technology reaching Tehran. Therefore, during his visit to India in September 2003, Prime Minister Ariel Sharon sought explicit guarantees from the Indian side on secrecy of technology transferred by Israel. Assuring that there was no possibility of ‘leakage’ of Israeli technology, India spelt out clearly that the deepening strategic ties with Israel would by no means dilute New Delhi’s relations with Iran.¹³ Israel again raised this question at a meeting of an Indo-Israeli joint working group on Counterterrorism in November 2004.

In view of widespread defence cooperation between India and Israel including sale of large weapons’ system and extensive military training, Tel Aviv’s concerns will remain salient for New Delhi. Analysts point out that “both India and Israel have considerable expertise in providing maintenance and upgrades for Russian weapons platforms. As such there is an explicit symmetry between the kinds of defence-related services that Israel has furnished to India and the kinds of services India seeks to provide to Iran and other

Central Asian states. Israel has helped India with avionics upgrades with its MiGs and, in turn, India hopes to provide similar services to countries throughout the region." Therefore, it is argued that "Israel has good cause for unease, and India is not insensitive to this discomfiture" (Fair 2007: 52-3). Conversely, others draw attention to the fact that "in 1980s, the Middle East being the prime customer for Chinese weapons did not inhibit Israel from actively exporting military hardware to China. Until the Phalcon deal was throttled by the US in 2000, Israel pursued its military ties with China without worrying about the boomerang effect." Hence, "Indo-Israeli military ties should not be any different from Sino-Israeli regarding 'illegal' transfer of Israeli technology. Moreover, despite its long political and economic ties, India, unlike China has never supplied arms to the Middle East" (Kumaraswamy 2004: 29). Notwithstanding India's impressive track record in containing illegal transfer of technology received from a third country, Israeli concerns will remain a part of New Delhi's strategic evaluation with regard to its future military engagement with Iran.

On the other hand, India-Israel strategic relations have on some occasions strained New Delhi's relations with Iran. The launch of the Israeli Tecsar satellite in January 2008 stirred a political controversy following media reports which suggested that Tecsar was meant to help Israel monitor developments in its neighbourhood. *The Jerusalem Post* wrote, "the launch will dramatically increase Israel's intelligence gathering capabilities regarding the Islamic Republic's nuclear program since the satellite can submit images in all weather conditions, a capability that Israel's existing satellites lacked," whereas the *News Middle East* reported Israeli officials confirming that "Tecsar is of particular interest to their country because it can be used to keep tab on Iran's nuclear program" (Koshi 2008). A fortnight after the launch, Iran voiced its displeasure over the launch of an Israeli spy satellite by India. Iranian Ambassador Seyed Mehdi Nabihzadeh expressed his regret and said that New Delhi should have considered the 'political' dimensions of the deal."¹⁴ Despite the fact that Iran reacted with extreme restraint, such events have the potential to drag India into a crossfire between Tehran and Tel Aviv and derail its vital interests and concerns in the region.

Further, an Indo-Israeli joint approach toward terrorism clearly has its limits, when Iran is factored in the equation. During his deliberations in New Delhi, Sharon called Iran the 'epicentre of terrorism' – a depiction that carried little resonance on the Indian side. Israel's perception of Iran is rooted in the latter's long-standing support for the virulently anti-Israeli Hizbollah in Lebanon and Hamas in the Palestinian territories. Both groups are products of Israeli occupation and operate in a localised context. No such fears exist in

India with regard to the motives of these groups or of their backers. Iran's antipathy towards extremism and militancy of the Taliban and their ideological brethren in Pakistan makes the Islamic Republic, in effect, a political ally for India in West Asia. In the Delhi Statement issued at the end of Sharon's visit, India and Israel concurred to be 'partners' against terrorism and condemned 'states and individuals who aid and abet terrorism across border, harbour and provide sanctuary to terrorists and provide them with financial means, training or patronage (India, MEA, Delhi Statement 2003). "Given their vastly different perceptions," it is argued that, "India could interpret this to mean Pakistan, for Israel this would be Iran" (Kumaraswamy 2004: 27). Moreover, in presenting mutual political and strategic interests in dealing with Islamic fundamentalism and terrorism, India has been careful not to appear as aligning with anti-Islam forces, which given its substantial Muslim population, would lead to domestic infelicities.

In recent years, Iran's belligerent rhetoric against Israel has put India in a bind. Ahmedinejad's repeated calls for destruction of Israel and constant denials of the historicity of the Holocaust have made Israel very apprehensive. In the context of Iran's intransigence on the nuclear issue, Israeli threat to attack Iran's nuclear facilities has introduced a new factor into the equation: the future stability of West Asian region. As a country that seeks closer ties with both Iran and Israel and yearns for stability in its proximate neighbourhood, India is clearly uneasy over such developments. While Ahmedinejad may be driven by domestic and regional compulsions to become more radical on Israel and may not have anything to do with destroying the Jewish state much less to use military force against it, India is clearly wary of such utterances on the part of the Iranian president. India could accept a strong criticism of Israel but the call for the destruction of a sovereign state can cast its shadow over a constructive Indo-Iranian engagement.

On the other hand, Israeli perception of Iranian nuclear programme creates an uncomfortable situation for India. Israel's position is underscored by security concerns and question of survival of the state in a hostile regional environment (Kam 2008). With Iran openly calling for its elimination, Israel clearly sees a nuclear-armed Iran as an existential threat. Israeli leaders have been unequivocal in their opposition to Tehran's nuclear programme and have also expressed their willingness to engage in unilateral military action to destroy it. Israel would like India to acknowledge the threat posed by a nuclear-armed Iran. However, in the absence of a credible report that establishes Iran's nuclear weapon's capability, India is hesitant to accept the Israeli line. New Delhi has always taken the position that Tehran has the sovereign right to develop a peaceful nuclear programme. India would like Iran to fulfil its obligations under

the NPT which would not only allay Israel's fears but also contribute to its own security in the region.

Conclusion

While Iran has been indifferent about India's relations with its adversary, Israel has frequently expressed its misgivings over India-Iran ties. Given India's propensity to forge independent bilateral relations, Israel does not figure significantly in Indo-Iranian relations. Iran, regardless of its anti-Israel rhetoric, has not allowed the Israeli factor to come in the way of its relations with India. In the context of the projected and possibly prolonged instability in Pakistan and Afghanistan, both India and Iran share a common strategic objective of regional stability in south-west Asia, which makes them a long-term strategic partner. Tehran is pivotal to New Delhi's access to Afghanistan and Central Asia. India's growing energy needs and Iran's vast energy sources conjure a scenario for a long-term complementary relation between the two countries. Besides, Tehran is an important ally of New Delhi in the Islamic world, especially in countering Islamabad's anti-India rhetoric on Kashmir. Iran is also essential to India's security strategy. India has consciously made an effort to dispel Pakistan-centrism from its foreign policy decisions and emerge as an important power beyond the perimeters of South Asia. With its growing economy, India aspires to emerge as a supra-regional power, and for this, a presence in the proximate neighbourhood is imperative. If China's great power ambition and its considerable relations with Pakistan are factored in, Iran again, is strategically placed to leverage India's power projection in West- and Central Asia. Israel, on the other hand, is crucial to the strengthening of India's defence infrastructure and has been providing crucial inputs in counter-terrorism measures, both vital to shaping India's image as an emergent power. In developing non-parallel engagements, India has been able to walk the thin line by carefully balancing the myriad aspects of its relationship with Iran and Israel. In doing so, India has demonstrated its non-partisan approach in dealing with the countries of West Asia, a position that continues to underscore New Delhi's foreign policy in the post-Cold War era.

Notes

1. In April 1995 a total embargo on dealings with Iran by U.S. companies was imposed by U.S. president Clinton. Trade with the U.S., which had been growing following the end of the Iran-Iraq war, ended abruptly. The next year the American Congress passed the Iran-Libya Sanctions act which threatened even non-U.S. countries making large investments in energy. The act was denounced

- by the European Union as null and void, but blocked some investment for Iran nonetheless abruptly (Nikkie Keddie 2003: 265).
2. Iran pledged US\$ 560 million at the Tokyo Conference on the Reconstruction of Afghanistan in 2002, and an additional US\$ 100 million at the 2006 London Conference. Much of the Iranian aid to Afghanistan has been spent on infrastructure project – mainly transportation links between Iran, Afghanistan, and the Central Asian Republics – something which is clearly in the national interest of Iran. The present level of India’s assistance to Afghanistan is US\$ 750 million, making it the 5th largest bilateral donor after the US, UK, Japan and Germany. According to the Indian Embassy at Kabul, of the total pledge of US\$ 750 million between 2002 and 2009, the fully committed amount is US\$ 758.21 million and cumulative disbursement up to 2006-07 has been US\$ 278.94 million (Lakshman 2008). For comments on the perils of India’s reconstruction work in Afghanistan, see (Bhadrakumar 2009; Pant 2009; and Bhadrakumar 2008).
 3. A spate of suicide bombings has rocked the Iranian city of Zahedan in recent years. Zahedan is a predominantly Sunni city and is the capital of Sistan-Baluchestan province, which shares a border with Pakistan. The bombings have been attributed to a Sunni Muslim group, Jundallah, with possible links to element sin Pakistan (Taliban or al-Qaida) or elements possibly even within the Pakistani government. See “Bombing Kills Iran’s Revolutionary Guard Commanders,” 18 October 2009 <http://www.npr.org/templates/story/story.php?storyId=113911959> and (Michael Slackman 2009). In addition to the bombings on the Indian Embassy in Kabul in July 2008 and October 2009 and the killing of Indian workers stationed in Afghanistan by the Taliban, India was subject to the worst ever terrorist attack from militant group, Lashkar-e Tayyiba based in Pakistan on its financial hub, Mumbai. See the final form of the report on the attack, 25 February 2009, <http://www.hindu.com/nic/mumbai-terror-attack-final-form.pdf>
 4. This designation came in the State of the Union Address delivered by the President of the United States, George W. Bush on 29 January 2002, <http://georgewbush-whitehouse.archives.gov/news/releases/2002/01/20020129-11.html>
 5. Unfazed by the attacks of a recrudescing Taliban (and supporters by its backers in Pakistan), India has recently built a strategic highway linking Delaram in southern Afghanistan to Zaranj on the Iranian border, which connects the Afghan province of Nimroz to Chahbahar. It opens up an alternate route into Afghanistan, which now relies mostly on goods transported overland from ports in Pakistan and provides a supplementary access of Afghanistan to the sea
 6. Percentage calculated from figures, <http://indiabudget.nic.in/es2008-09/chapt2009/tab71b.pdf> and <http://www.indianembassy-tehran.ir/indoiranrelations-indiairanrelations-en.html>
 7. Iran anticipates that India can provide service and upgrades for its MiG 29 fighters and refurbish its warships and submarines in Indian dockyards. There are also reports that Iran hope that Indian side would be able to refit and maintain

- T-27 tanks, BMP infantry fighting vehicles, and 105mm and 130mm towed artillery guns (Zeb 2003; and Ahrari 2003).
8. Project on India and the Subcontinent, Robert and Renée Belfer Center for Science and International Affairs, Harvard Kennedy School (2008).
 9. Around the time Iranian President Mahmoud Ahmadinejad was holding talks with the Indian leadership, United States then-Defence Secretary Robert Gates in a statement, accused Iran of "killing American servicemen inside Iraq." The US suggestion that India ask Iran to suspend its uranium enrichment programme and become a more responsible player on the world stage went unheeded. New Delhi refused to comply and instead issued a strong statement emphasising that India and Iran were both 'ancient civilisations' and "are perfectly capable of managing all aspects of their relationships with the appropriate degree of care and attention" (Cherian 2008).
 10. For example, India conducted its second naval exercise with Iran in 2006 at a time when the US Congress was considering a civilian nuclear deal, which invited the ire of the Chairman of the House Foreign Relations Committee, Tom Lantos, who opined that relationship with "the current terrorist regime in Tehran is unacceptable behaviour by any country seeking to be our strategic ally." (Haniffa 2006). Further, then-Foreign Minister Pranab Mukherjee made a visit to Iran in 2007, in the background of an astounding statement by US national security adviser Zbigniew Brzezinski in a testimony to the US Senate Foreign Relations Committee accusing the Bush administration of plotting situations to justify war against Iran (Bhadrakumar 2007).
 11. "India to Implement Israel Elta Airborne RADARs for Coastal Security," 20 January 2009 <http://www.india-defence.com/reports-4172>
 12. "Country Brief on Israel," <http://meaindia.nic.in/>
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India and China in Contemporary Africa

Shaji S.

The end of Cold War and the apparent victory of capitalism as a dominant mode of development brought about rapid changes in the economies China and India which, in turn, remoulded certain fundamental premises of their foreign policies. In a world characterised by the ascendancy of neoliberalism, the search for market and natural resources such as oil became a prime concern in the policy formulations. Such a process prompted countries to look for new avenues, such as Africa, for natural resources and emerging markets, which is in the process of makeover from the previous avatar of 'backyards' to 'contested territories.' This has led to a form of 'scramble for African resources.' Nonetheless, the involvement of countries such as India and China in Africa raises certain political, ethical and economic questions.

India and China have earnestly begun to look for the natural resources such as oil in the era of globalisation, in order to sustain their economic growth. Consequently, such a search for energy sources to attain energy security constitutes one of the main concerns of India and China in the contemporary period. Indeed, the search for energy and market for their commodities has steered these two Asian giants towards the continent of Africa, a new hotspot of natural resources and an ever-increasing market. At the same time, the search for energy and the market in Africa raises certain pertinent questions, especially those relating to political and economic persuasions, as the focus on the continent of Africa turns it into a realm of 'contested territories' from the previous categorisation of 'backyards.'

The article discusses the intervention of India and China in Africa for the pursuit of natural resources, especially for oil and market for their commodities. It begins with outlining the general trajectories of the foreign policies of China and India, wherein the pursuit for natural resources and oil play an important role. This is followed by an analysis of the energy imperatives of India and China, the significance of Africa in energy sector and the impact of their involvement on Africa as well as on their own economies.

General Setting of Foreign Policies of India and China

In the current architecture of global power politics, shaped by the new emerging geopolitical/economic landscape, both countries strive to locate themselves to ensure a position of advantage. There are several international and national factors which influenced the shaping of foreign policies of India and China which help them attain a position of advantage. At the international level, by the turn of the last decade, the process of globalisation of markets and marketisation of economies under the leadership of the United States gained vigour all around the world. Owing to supranational integration of production through multinational and transnational corporations, knowledge had moved farthest in the economic arena. The operation of capital markets, money and foreign private investment has rendered the entire globe virtually borderless. Furthermore, the collapse of the socialist bloc at the international level and the apparent victory of capitalism following the demise of the Cold War has redefined and reshaped foreign policies of nation states across the world. In a way, marketisation of economies and globalisation of markets have become the new mantras in the period of the ascendancy of neoliberal globalisation (Babu 1998).¹

At the domestic level, in India, shortcomings of planned economy, non-performance of public sector units, corruption, and lack of sufficient foreign reserves had shaken the very foundation of planned economy in the beginning of nineties. The inward-looking economic policy and the strategy did not bring desired results in terms of power in international arena. Innumerable problems started weakening the state of the economy in India. Primarily, the problem of resource mobilisation from outside became more pressing by the late 1980s. Despite better sophistication in debt management, the Government of India found it increasingly difficult to raise money in the late 1980s on favourable terms. The state of the economy worsened and became more chaotic in the 1990s. Postponement of 1991-92 budget presentations, balance of payment crisis and an alarming fiscal deficit were some indicators of the worsening economic situation in the country.

These international and domestic factors became a major catalyst to launch New Economic policy (NEP). The policy envisaged vast scope for markets in the economic activities of the nation, along with the public sector. The new economic policy launched during the Narasimha Rao government(1991-1996) began to reshape the foreign policy of the country in an implicit fashion, though certain terminologies such as 'non-alignment', 'third world solidarity' continued to be in use in official parlance. India was ushered into market economy by opening up its economy in a big way in the early in 1990s which, in turn, has made the state to recede from the commanding heights of the economy.

Thus, India plunged into the phase of globalisation by opening its door to Foreign Direct Investment (FDI), relaxing licensing etc. In addition, these steps were accompanied by disinvestment of public sector units which brought in substantial privatisation in service delivery. Regulatory reforms initiated by the government brought in large number of private entities in hitherto government controlled sectors such as telecom, power, port, petroleum and so on. In sum, India's foreign policy discourse began to focus on certain strategies to attract technology and FDI in the period of economic reforms, unleashed by the forces of globalisation.

Concurrently, since the end of Cold War, at the international level, there is an increasing power struggle between the developed and developing countries vis-à-vis FDI including technology, both explicitly and implicitly. Its reflections can be seen in the formation of a hegemonic alliance/order of transnational capitalist classes, concentrated in the developed states. In general, hegemonic order is the one where consent rather than coercion primarily characterises the relations between the state and the civil society. In this context, India has reformed its foreign policy premises such as non-alignment by shedding political emphasis to give thrust to economic aspects. Besides, India has forged new alliances, reinvigorated traditional relations and gave new dynamism to regional groupings while breaking new pathways (Mohan 2002). As stated earlier, economic reforms initiated by India have subsumed forms of trade and investment liberalisation, which could gradually facilitate India's integration with the world economy. According to some scholars, the link between India's domestic policy and external relations has to be constantly reworked, with the reforms underway. Consequently, India had to engage with several states to survive in the changing international order. This process was warranted because of India's need for technology, finance and capital to meet domestic demands. Against this setting, a dominant regional and middle level power such as India has to play a more proactive role in persuading other like-minded developing states through diverse networks of development cooperation, which include transfer of technology. In this context, the continent of Africa with its immense mineral wealth, market-and geo-strategic location is incontestably an important area where India could effectively launch projects of development cooperation, including technology transfer through multifarious cooperation (Harshe 2005).

On the other end, in the realm of economic reforms, China had a head start of a decade over India. China liberalised its economy much earlier by opening its door for FDI, which has been labelled as 'market socialism.' China, a leading socialist state, introduced economic restructuring as a package called 'Post-Mao Reforms' in the 1980s and embraced market economy in a big way in the 1990s. Interestingly, the manufacturing sector achieved substantial momentum

in China. Pragmatism became the catchword in China's economic policy which necessitated changes in its foreign policy, so as to reach out new territories and nations for acquiring natural resources such as oil and minerals and new markets for its finished products. In fact, China is in the process of seeking new markets for its export driven-economy-now the world's fourth largest. In addition, China wants unimpeded, even exclusive access to Africa's abundant natural resources, especially in the sphere of oil.²

Therefore, the search for resources and market became prime focus of Chinese foreign policy in the 1980s, as evident from their focus on developing countries as the sources of natural resources such as oil for attaining energy security. Meanwhile, the end of the Cold War reduced the clout of western countries such as the United States and European powers on resource-rich countries especially in Africa. Taking into consideration these factors, China began to expand its influence on Africa in the pretext of 'non-interference' in the domestic affairs of individual states and also against the plank of promoting South-South solidarity.

India and China: Energy Imperatives

The dominant assumption is that energy propels the economy and provides nations with the annual growth rates essential for their economic development. This makes countries attach the greatest significance to energy security. The Lion's share of the world's energy requirement is met through hydrocarbons (oil and gas) which account for sixty five per cent of world's energy consumption (oil accounts for 43 per cent and natural gas 23 per cent). In fact, world energy demand increased by 95 per cent over the last 30 years and is expected to rise by 60 per cent over the next 20 years. It is assumed that in the next 20 years, the demand for oil will increase by 42 per cent while the demand for gas will increase 97 per cent. In recent years, the most significant development in the consumption of hydrocarbon fuels is the increase in Asian demand. Over the last few decades, between 1970 and 1994, Asian energy demand increased four folds.

Against this backdrop, it is imperative to examine the energy scenario in India and China. India has been engaged in working out an elaborate energy procurement plan through energy diplomacy owing to the growing pressures of domestic demand on the energy sector. India is unable to meet such demands within the limits of its internal resources. A quick glance at data on India's energy consumption and production is necessary to enable us to realise the looming crisis in the energy sector. Data reveal that India's crude oil consumption stands at 127.42 metric tonnes in the year 2004-05, of which India's

internal production stands at 33.98 metric tonnes in the corresponding year.³

It clearly indicates a wide gap between domestic demand and the internal production. Internal production actually accounts for around only a quarter of the energy requirements of the country. In fact, India's internal production of oil has stagnated over a period of time. India is the sixth largest consumer and imports 70 per cent of its crude oil of which more than 65 per cent comes from the West Asian States. India accounts for 12.5 per cent of the total primary energy consumption in the Asia-Pacific region and 3 per cent of the world primary energy consumption in 2000-01 (Banerjee 2002). Increase in oil and coal imports in recent years is an area of concern for the Indian energy sector, with the net imports rising from 8 per cent in 1980 to 13 per cent in 1998 (Bhaduri 2002).

According to the Planning Commission, India needs to triple its energy generation over the next two decades to feed its fast-growing technology and manufacturing industries. Besides, India also requires huge amounts of oil and gas for its transport and household cooking needs. At the moment, India is deficient on energy resources than neighbouring China. The value of the imports of oil from West Asia is worth about \$21 billion a year, or, in other words, accounts for 4 per cent of Gross Domestic Product (GDP). Research by Mumbai's Strategic Foresight Group predicts that by 2030, 90 per cent of India's oil and gas will have to be imported. In this context, India has already aggressively begun to pursue for oil and gas from different countries, notably from developing countries.⁴ This objective is embedded in the policy document titled *India Hydrocarbon Vision 2025*. In 1999, Government of India constituted a Special Group of Ministers to work out a specific framework for recommending the Report on *India Hydrocarbon Vision 2025*. Subsequently, six sub-groups were constituted in June 1999 to work out a strategy for exploration and infrastructure requirements based on demand and supply projection, development and utilisation of natural gas, including Liquefied Natural Gas (LNG). The terms of reference of the sub-groups also included restructuring of oil industry including disinvestment, role of the government and regulatory structure, pricing and tariff reforms and long-term external policy of the Hydrocarbon sector including oil security.⁵ In short, the *India Hydrocarbon Vision 2025* has laid emphasis on augmenting national oil security through overseas participation in oil and gas ventures.

Thus, India has sought new avenues to meet its energy requirements. In the short run, Nigeria, the Persian Gulf states and the Southeast Asian states, particularly Indonesia, are likely to be energy suppliers to India, while in the long run, Bangladesh, Qatar and Turkmenistan are also likely to emerge as

India's future partners for the supply of energy, especially natural gas (Harshe 2005). Hence, attaining energy security has become the prime motive of India's foreign and domestic policies in the era of globalisation. India has already entered into alliance with several countries from Asia, Africa and Latin America in the realm of energy cooperation. India's entry in African oil market such as Sudan, South Africa and Nigeria has to be viewed in this context. Consequently, on the economic front, India's strategy for exploring ways and means to strengthen its energy inflow from various sources would reduce its dependence on the West Asian states. Most of the West Asian States are prone to tensions and conflicts which have a cascading effect on the prices of crude oil. Oil policies adopted by these states also make the prices fluctuate occasionally. In short, the general consensus which emerged emphasised that India cannot afford the unpredictability in oil supply at this juncture as it passes through the phase of dynamic economic growth. The official version that the energy deal with Sudan, South Africa and Nigeria does not involve any volatility or conditionality which is usually associated with West Asian states, highlights the significance of the deal, according to some policy makers.⁶

Similarly, China requires a huge amount of hydrocarbon in order to sustain its domestic economy. The Asian requirement of oil is expected to increase from 30 million barrels per day currently to 130 million barrels per day in 2020. The bulk of this projected increase is expected to be consumed by China and India together accounting for 35 per cent of the world's incremental consumption of energy. At present, China's consumption has been increasing at the rate of 5 per cent per annum. China, which was self sufficient in hydrocarbons till 1993, will be importing 40 per cent of its requirements by 2010. In the year 2020, the consumption of oil in China will be 9.5 million barrels per day with import dependency being well over 60 per cent. Today, China is the world's second largest energy consumer, while India ranks sixth.

Significance of Africa in Energy Sector

The increasing ties of Asian giants such as China and India with African nations for acquiring new sources of energy have to be studied in the context of economic and political changes underway in most of the African countries. There are discernible political and economic transformations across the continent of Africa since the end of bipolarity. The process of globalisation has had its impact on African countries. On the political front, after the end of bipolarity in the global politics, the demand for democracy, human rights and respect for constitutional principles articulated by the New Partnership for Africa's Development blueprint as a prerequisite for sustainable socio-economic development might have been a contributing factor to the new phenomenon of

an increasing number of African heads of state more or less voluntarily (and peacefully) vacating their offices (Southall & Melber 2006). This process accelerated democratisation of African societies. At present, there are 27 countries with democracy (in varying degrees) as a governance culture.

Similarly, on the economic front, there is remarkable growth in the GDP of several African countries. For instance, according to an IMF study, the real GDP growth of Sub-Saharan African countries was calculated to be around 5.9 per cent in the middle of this decade. As many as 20 countries from Africa averaged a growth rate of over 5 per cent during the past decade, and a handful have been growing at double digit rates on the back of major oil discoveries and high international prices of oil (Suri 2006 : 509). Interestingly, 6 out of the 12 fastest growing emerging market economies of the world are in Sub-Saharan Africa. The recent discovery of oil and the hike in crude oil prices have helped several Africa countries to attain remarkable economic growth (Equatorial Guinea - 23 per cent, Angola - 28 per cent, Sudan - 14 per cent and so on).

In this context, the continent of Africa, which has enormous natural resources and a fledging market, along with its geo-strategic locations provides huge opportunity to countries such as India and China to launch development cooperation including transfer of technology. However, scholars are of the view that such cooperative ventures need to be carved out imaginatively, in the long run, by being sensitive to changing political and economic circumstances in Africa and the world. It is only through such a policy, pursued on a durable basis, that India can eventually succeed in building coalitions of developing states to encounter the challenges of the globalising world more effectively (Harshe 2005). Thus, it can be contended that India and China began forming alliances and linkages with developing states such as South Africa, Sudan from Africa and Brazil from Latin America, to name a few, in order to meet the challenges posed by globalisation.

India and China in Africa

India and China launched efforts in an aggressive fashion, to link with African countries in the post-Cold War era. India's involvement in African energy sector began by striking a deal with Sudan, a nation from North Africa. This particular deal needs to be explained in detail. This discussion assumes significance, especially because of the involvement of China in the energy sector in Sudan along with other countries such as Malaysia. Sudan offered immense opportunity for India's public sector oil firm, Oil and Natural Gas Company-Videsh Limited (ONGC-VL) as it was trying to tie up with Asian powers such as Malaysia and China, due to certain political and strategic reasons such as

its troubled relations with the West. Indeed, Sudan has become an oil exporting state from the late 1990s. Sudan earned \$3.7 billion from oil exports in 2005, and in 2007 it stood at \$4.49 billion.⁷ One estimate suggests that the oil reserves beneath Sudan's desert sands vary from 3 billion barrels to 10 billion barrels. Figures for proven oil reserves are around 635-million barrel mark. The 1998 Chevron report estimated that Sudan had more oil than Iran and Saudi Arabia put together. Most of the oil fields in Sudan are located in the southern part of the state. The high producing Hagleig and Unity fields are part of the Al Muglad Basin, one of the three major basins running from the northwest to the southwest of the country. The other two, the Mulut Basin and Blue Nile Basin are yet to be tapped for oil. Chevron was the major player in the Sudanese oil markets in 1970s and 1980s, but abandoned its operation in 1985. Interestingly, Sudan had political differences with the Western states, which, in a way resulted in deteriorating economic and business relations.

Nevertheless, by the late 1990s, China, India and Malaysia became major players in the oil trade in Sudan. The civil war in Sudan, between the people of the north (predominantly Arab and Muslim) and the south (mostly Christian and black) which lasted for over forty years has left millions displaced. Owing to pressure from human rights organisations, the US oil company, Chevron, withdrew from Sudan in 1984. However, the Sudanese government renewed its operations in the petroleum sector by striking partnerships between the Sudanese company, Sudapet Ltd, China National Petroleum Corporation and Malaysian National Oil Company (Harshe 2005). Furthermore, Talisman Energy Inc of Canada aided Sudan with technical expertise to build a 1,450-metre pipeline from the Heglig Oil field to Port Sudan on the Red Sea. Talisman had moved into Sudan in 1998 through its purchase of Arakis Energy, one of the largest players in the state's oil industry. Eventually, the European and Canadian firms involved in oil exploration in Sudan came under severe criticism from church groups and human rights organisations including Amnesty International. The demand for withdrawal of these Canadian and European companies from Sudan which emerged from various human rights groups in the West has been comparable with the withdrawal campaigns against apartheid in South Africa in the 1980s. In the aftermath of resistance from indigenous groups, Talisman Energy Inc, a Canadian Firm sold its 25 per cent stake in the Greater Nile Oil Project (GNOP) in 2003 which, in turn, sold it to ONGC Videsh Ltd (OVL) for \$1.1 Billion.⁸ Talisman Energy Inc came under fire following the allegations that it was extending assistance to various groups involved in the Civil War. Hence, Talisman had decided to sell its stake in the aftermath of widespread protest that it willingly aided the Sudanese government in a campaign of genocide and human right abuses against the civilians.

After protracted negotiations, OVL Ltd and Talisman Energy of Canada had signed on 30 October 2002 in London an agreement on transfer of the latter's 25 per cent share of Greater Nile Oil project (GNOP) in South Central Sudan to the OVL. The deal was worth approximately US\$ 758 million (Rs. 3680.02 crores approximately). The risk factor of the Oil Project under the deal was covered under the World Bank's unit MIGA (Multilateral Investment Guarantee Agency). Following formal intimation of OVL deal with M/S Talisman Energy on 25 per cent stake in greater Nile Oil Project (GNOP) on South Sudan, the 30 days period of intimation of pre-emption began on 6 November 2002. India's ONGC was also awarded the contract to build a new refinery in Port Sudan with a capacity to process 100,000 bpd costing \$1.2 billion. In fact, OVL has already completed \$200 million 460-mile pipeline to Port Sudan from the Khartoum refinery.

The Greater Nile Oil Project (GNOP) in Sudan is located in the Muglad Basin, around 435 miles southwest of the Capital Khartoum. The GNOP is divided into two segments—Upstream and Downstream. The Upstream segment is covered under Exploration and Productions Sharing Agreement (EPSA), while the Downstream part is covered under a transportation agreement named Crude Oil Pipe line Agreement (COPA). The members of the consortium are: China National Petroleum Corporation (CNPC) with 40 per cent stake, Petronas Carigali Overseas (Petronas) of Malaysia with a stake of 30 per cent, India's OVL with 25 per cent and Sudan National Oil Company (SUDAPET) with 5 per cent.⁹

After taking over Greater Nile Oil Petroleum (GNOP), ONGC Videsh Ltd (OVL) acquired 24.125 per cent and 23.5 per cent Participating Interests (PI) in Sudan exploration Blocks 5A and 5B respectively from Austrian Company OMV AG and the deal was closed on 12 May 2004. White Nile Petroleum Operating (WNPOC), which is the Operator of the Block, is a joint company operating for Petronas of Malaysia and Sudapet, the Sudanese national oil company.

In future, more areas are expected to come up for development in Block 5A in addition to Thar Jath. Considerable exploration activity, along with the development of Thar Jath and Mala, is also going on in the Block to discover more fields and delineate more prospects. In this consortium, OVL has a share of 23.5 per cent; Malaysian Company Petronas has a share of 39 per cent, along with the Swedish company, Lundin with 24.5 per cent.¹⁰ Other than equity participation in three exploration blocks in Sudan, the ONGC has completed a 741 km oil products pipeline project in the state. In fact, the decision to invest \$750 million in a Sudanese oil field was the first attempt on the part of ONGC to acquire stake in an oil field abroad.

Along with Sudan, the countries around the Gulf of Guinea such as Nigeria and Angola too emerged as the major producers of hydrocarbons. India has developed a successful collaboration with Sudan wherein they also contributed to the development of local infrastructure and educational and medical facilities in the areas of its cooperation. This model has been replicated by India in other African States such as South Africa, Nigeria, Angola and so on.

Similarly, the aggressive foreign policy of China resulted in forging diplomatic ties with 56 countries in the continent of Africa (whereas India has only 22 diplomatic missions). Most of these diplomatic ties are built in order to have access to Africa's mineral wealth and oil sources as well as to find market for its finished products. China has succeeded in striking deals with African countries such as Sudan, Angola and Uganda, especially for the oil. China employs various tactics to reach out to African countries. In fact, high level visits and engagements are being employed by China to reach out to leaders of African countries while India gives less priority to this aspect. China has also come out with attractive aid packages to African countries by way of China-African Co-operation (FOCAC) wherein China would extend a development fund to the tune of US\$ 5 million (Naidu 2007). In terms of trade, the trade volume between China and Africa has increased from mere US\$ 10 million in the mid-fifties to US\$ 40 Billion in 2005.¹¹ According to another statistics, the two-way trade between China and African continent went up from US\$ 40 billion in 2005 to US\$ 50 billion in 2006 (Naidu 2007).

In general, over the last decade, China has used a combination of top-level visits, huge concessional credits and high-visibility projects in an unabashed bid to secure preferential access to Africa's hydrocarbon resources, mineral wealth and timber, as also to Africa's growing markets (Suri 2007). In the process, China has got lucrative contracts and business deals for its fledging economy in countries across Africa such as Angola, Gabon, Sudan, Zambia, Zimbabwe and so on.

Involvement of India and China in Africa: Political Implications

There are notable criticisms to the rising engagement of India and China in Africa. Critics and commentators have labelled this new thrust by China and India as the "second scramble for Africa's resources" (Naidu 2007). According to this school of thought, the impetus for the concerns relates to these new political and economic actors plundering Africa's resources along the same lines described as the *raison d'être* of the nineteenth century scramble. Similarly, the new offensive pursued by China, which is expanding aggressively into African markets to seek access to the fossil fuel energy resources and other minerals (which it urgently needs to fuel its own further rapid industrialisation

process), adds to the rivalry and conflicting interests (Melber 2007). There is apprehension that in a matter of time the countries from the developing worlds such as India, Brazil, and Russia and so on are likely to add further pressure on the scramble for limited markets and resources.

Transparency and accountability are certainly not among the core values cultivated in Africa's relations with Asian powers. In case of China, its foreign policy gospel of non-interference is an attractive tune for the autocratic leaders and oligarchies still in power, be it in Angola, the People's Republic of Congo, Sudan, Zimbabwe or similar countries which still run to a large extent like private property of cliques (Melber 2007). In a way, it indicates the overt emphasis on economic aspects in China's policy on Africa in the contemporary times, oblivious to certain normative issues.

As far as India's relations with African countries are concerned, the decision to invest \$750 million in a Sudanese oil field was the first attempt on the part of ONGC to acquire stake in an oil field abroad. Consequently, the rebel groups in Sudan have dragged India into the protracted Sudanese civil war. They allege that companies like OVL are financing armed groups in civil war and forcefully displacing indigenous people from their natural habitats in order to further oil fields.¹² Nonetheless, over a period of time, resistance has become stagnant. However, there are serious observations from human rights organisations around the world on the linkage between oil trade and civil war. For instance, organisations like Human Rights Watch has pointed out that 60 per cent of the income accrued out of oil trade are invested on purchasing arms from abroad. According to Human Rights Watch, these weapons are being used against common people in the South. Moreover, there is criticism that most of the oil companies are purposefully oblivious to these human rights violation lest they antagonise the government in Khartoum. In certain cases, government forces are found to be evicting common people and pastoralists from their agricultural lands and habitats in order to develop the oil fields.¹³

Despite these criticisms, on the economic front, certain broad trends can be observed. There emerged a cooperative mechanism among the three major Asian states - China, India and Malaysia to partake in oil exploration and production which, in turn, helped these states to tackle internal disturbances in Sudan. According to Abdul Mahmood A. Mohammed, the Sudanese Ambassador to India in 2006, this cooperative mechanism among India, Malaysia and China could go beyond the boundaries of Sudan and could also be repeated elsewhere. In fact, this is an instance where two middle level powers align with any other power in sharing economic resources peacefully, which has far-reaching consequences in political arena.¹⁴

Besides, it is quite relevant to see how China has played a proactive role in Sudan's development efforts. In the 45-odd years of Sudan's post-independence era, China has expanded its political and economic presence irrespective of the nature of the regime in Khartoum, be it autocratic or democratic. Interestingly, Sudan, which has had a high-profile relationship with India in the 1950s and 1960s, no longer receives the attention it deserves. In fact, the present phase is an attempt on the part of India to regain its past glory in and around Sudan, which shares its borders with as many as nine states: Libya, Egypt, Eritrea, Ethiopia, Kenya, Uganda, Zaire, the Central African Republic and Chad. In fact, the decision to invest in Sudan's oil project and other development initiatives marks the beginning of a more proactive Indian policy in a strategically crucial region.

Moreover, there is an emerging cooperative mechanism between India and China to enable a joint bid for oil resources in Africa. In fact, this economic cooperation, based on mutual benefits for India, China and African societies, has the potential of normalising the relations between not only the two Asian powers but also their relations with Africa. India's constructive engagement with China at global level can ease the political tension at the regional level. This is all the more significant in the context of China and India, which account for 11 per cent of global oil production.¹⁵

In sum, the economic growth witnessed in developing countries called for the augmentation of energy security by way of striking deals with new energy producing nations from the developing world such as Africa. The abundant sources of energy and ever increasing market, the withdrawal of US and other European powers from the continent, made Africa a favourite destination for countries such as China and India. The involvement of these two Asian giants in Africa to rebuild economies, however, raises certain political, ethical and economic questions such as protection of human rights, sensitivity to the customs and traditions of African societies, non-interference in domestic affairs, concern for democratisation and so on. The cases in points are India's involvement in Sudan and China's involvement in Uganda, Angola, and Zimbabwe and so on. From the experience of Indian and Chinese involvement in Africa, especially in the last two decades, one can argue that it has become imperative for both the countries from Asia to strike a balance between meeting ones natural resource requirements and respecting Africa's own development proprieties and environmental concerns.

Notes

1. Broadly, globalisation refers to the multiplicity of linkages and inter-connectedness between the states and societies across the world. Such inter-connectedness has unleashed the process of inter-state and non-state actors in several spheres and has led to the gradual erosion of boundaries between states and international system. As a result, the concerns between domestic and foreign policy have converged to a point where they become difficult to separate.
2. Peter Brooks (2007): *Heritage Lecture 2007* titled "Into Africa : China's Grab for Influence and oil," at www.heritage.org/research/Africa/HL1006.CFM
3. A Study by Ministry of Petroleum at <http://petroleum.nic.in/petstat.pdf>
4. Quoted in *Business Week*, 15 November 2004.
5. Information posted at <http://pib.nic.in>
6. This viewpoint is also held by the Sudanese Ambassador to India, M. Abdul Mahmood A Mohammed (Author's interview with the Ambassador on 17 July 2005).
7. News Report in the Sudan Tribune at www.sudantribune.com/spip.php/article25509
8. Ibid.
9. Information posted in the website of ONGC-VL at <http://www.ongcvidesh.com>
10. Information posted in the web site of ONGC at www.ongcindia.com
11. Lu Gouzang Briefs on Issuance of China's African Policy, titled "Deepening Friendly Cooperation and Achieving Mutual benefits and Win-Win Results, Ministry of External Affairs, People's Republic Of China at www.mfa.gov.cn/eng/zxxx/t231204.htm
12. Information posted in the website of Human Rights Watch at <http://www.hrw.org/reports/2003/sudan1103>
13. "Sudan: Oil Companies Complicit in Rights Abuses" at <http://www.hrw.org/africa/sudan.php>
14. Author's interview with Sudanese Ambassador in India on 17 July 2005
15. News Report in the *Business Daily* at <http://www.business-standard.com>

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Theory of Justice: Towards Transcendental/Comparative Framework

M.V. Bijulal

Amartya Sen (2009): *The Idea of Justice*, New Delhi: Allen Lane/ Penguin.

The concept of justice has been subject to philosophical, political, legal, ethical and theological reflections and debates throughout history. Several questions surrounding the idea of justice have been posed by political thinkers and philosophers over centuries. There are myriad possible answers to these questions from divergent perspectives on the political and philosophical spectrum. A large corpus of theoretical literature on justice (and rights) exists within liberal/neoliberal, Marxian/neo-Marxian, and postmodernist paradigms. Law and justice (*neethi* and *vyaya* as Sen says) have been understood differently in all these traditions with a dominant, yet, lopsided preference to law as the provider of justice. Amartya Sen's *The Idea of Justice* is proposing a strong case for inclusive democracy through explorations in concepts like public reason, social choice and new universal trends in theory on justice. Sen uses immense historical, personal, and literary contexts in explaining ways for promoting open thinking, an idea which he primarily attributes to Adam Smith.

However, the impressive continuity of John Rawls's work, *Theory of Justice*, in anchoring the agenda of deliberations on justice the world-over remains unchallenged. Sen is trying to make a dual assessment of Rawls's work and suggests how the Contractarian connection to its organisation of ideas has failed. He questions the operational aspects of the theory for its location specific minimalism. On a close reading, Sen's *The Idea of Justice* also illuminates areas where such one-sided postulations have dominated the political agenda of the 'powerful' in the world. Sen sets out an enquiry into a theory of justice with the aim of addressing "questions of enhancing justice and removing injustice," rather than offering "resolutions of questions about the nature of perfect justice." Sen's magnum opus is divided in four parts (I-The Demands of Justice, II-Forms of Reasoning, III-The Materials of Justice and IV-Public Reasoning and Democracy) with 18 subsections altogether.

For many years, Sen has explored the limitation of law and possibility of human rights.¹ He has carefully discussed the development of different generations of rights, mostly in congruity with development in social theory and philosophy and tried to study how a person with political position on applications of rights behaves differently in different situations. His commentary on Edmund Burke is an admirable effort² wherein Sen just wanted to show how ‘absurd’ it is to explain Burke’s attitude to different events “in terms of *one* inclination – conservative, radical or whatever” (114-15). His use of ordinary language in philosophical writings suggested by Gramsci (121) has obviously influenced the final two sections of *Idea of Justice*.

Rawls remains at one end in these analyses with Sen’s undiluted critique of Rawls and his (mis)reading of Adam Smith’s construct of ‘impartial spectator’ (70). The Rawlsian agenda, for Sen, fails to see solidarities of nascent human values as determinant of actions. This scenario he explains with the intention of a feminist person working for women in Sudan, with a clear self choice of defending women’s rights than representing the political values of the country of origin to that person.

The attempt to bring in Ashoka and Alexander and their engagements with philosophy makes interesting reading. Discussions on justice and rights are proceeding with accounts of coerced political unification of territories which these two kings did and their responses to reason. Alexander’s encounter with Jain philosophers (87) and the transcendence of Ashoka leading to his advocacy of peace through definite intervention (331) are good examples. It also creates an intuitive association to the post-war instruments of codified human rights in twentieth century as well, and the unfinished task in global justice and human rights, the driving forces for Sen’s present work.³

Sen’s views on global order as a concerned person seeking alternatives also echo the growing demand for justice raised by trans-class, trans-national political solidarities in the last few decades at the global level. The domination of a victorious majority is contested in his journey towards the alternate, with definite doubts on the processes that facilitate exclusion of those who were historically denied justice. It is quite interesting to see how this Nobel laureate is commenting on the problems of legitimacy of the US- led coalition at a time when the contestability of conferring Nobel peace prize to US President Barack Obama (whom he also refers in the book) has attained new dimensions, for the Obama Administration has decided to send 30,000 more troops for war in Afghanistan!

Sen addresses the question whether “a particular social change would enhance justice” (ix). His concern, the history of which he details, spans the last fifty years, is a shared effort by various scholars. Sen is gathering all

contributions regarding the theory of justice and the phenomenal presence of John Rawls's work served the key source for his departure ('eventual arrival' in his own words). His assessment of the contributions of alternate formulations is in the making of decisions on institutions, behaviour and determinants of justice. In *A Theory of Justice* Rawls speaks about building just systems through rules arrived at through free and fair interaction of individuals with the basic purpose to protect liberty and to have just institutions to serve the interests of the worst-off sections in the society. Balancing his observation through an appreciation of the work of Rawls, which he says has decisive bearing on his own position (6 and 25) seeking of 'a less-unjust world' and its unsuitability in applications in the modern diverse society where interests are more conflicting than Rawls informs, Sen is opening a dual path for rereading Rawls as well as inviting to the alternative thinking.

No doubt, the openness in writing this book would generate re-reading of Rawls. Such openness is visible in Sen's depiction of his conversation with Rawls on inherent semantic troubles in different languages regarding indifferenciability between 'fairness' and justice, the two concepts that Rawls uses in his theory, where fairness is progressing towards justice. It is the manifest trust in human persons that rings in Rawls's reply to Sen where the former indicates to the inherent capacity in differentiating these two concepts in human beings, which would lead to the quest for articulating the contrast between these two concepts, through use of as many words available in the languages as possible.⁴ Sen says: "Words have their significance but we must not become too imprisoned by them" (73).

Sen proceeds his enquiry from the standpoint of both political and moral philosophy. Genealogy of theory of justice is presented with interaction that Sen and others have ever since 1958, much before the theory of justice was formulated from its basic argument, justice as fairness. Sen makes a case for diverse conceptualisations of justice and examines the functional flaws in adopting a justice system that evolves around a particular community that agrees among its members and formulating rules. Sen is explicit in foregrounding pangs of parochialism in this process, for its inward looking, outward denying character, a reason for presence of avoidable errors in *Theory of Justice*.⁵ Sen suggests for a praxis in discourse, a 'reasoned argument' than 'disengaged toleration' to accommodate plurality through reasoning, than abstaining from it.

According to Sen, 'just institution,' a typical social contractalist idiom is prime to Rawls with "derivative and subsidiary role to behavioral features." He says that there are crucial inadequacies due to the overemphasis on the nature of institutions in Rawls's framework on justice and opines that justice is

ultimately connected with the way people's lives go and refers to various shades of enlightenment philosophy and possibilities in social choice theory. Sen also makes a reference to his work on capability as one in this direction where the understanding of justice is in terms of human lives and freedoms. For Sen it is practical concerns, no less than theoretical reasoning that seem to demand a fairly radical departure in the analysis of justice. Against an exclusive approach in Rawls, Sen proposes open impartiality principle by Adam Smith even citing its application in the debates in the U.S. Supreme Court.⁶

Transcendental institutionalism (6-7 and 105) of Hobbes and Rousseau with its concentration on perfect justice, disengaging from relative comparisons of justice and injustice is a point of discussion in Sen's fairly extended discussion on the universe of Rawls's imagination. For Sen such defense of seamless progressive realisation of universal justice has been effectively challenged by arguments that defended justice realisation through removal of manifest injustice. According to Sen, global justice in Rawls's thinking is very limited, 'an empty' 'well-meaning – rhetoric' (26). Sen says that global efforts through negotiation between the representatives of many countries on some very elementary matters of civility and humanity can be seen as a very limited feature of justice and does not attend to the principles of justice. Context and demands of agitations across the world for more global justice through elimination of some of the most outrageously unjust arrangements is the simultaneous context that Sen explains.⁷

Fairness is a refined impartiality, which draws energy from a primordial imagined situation called the 'original position' which is crucial in Rawls's theory. The theory talks about sharing between representatives of parties (persons) who have comprehensive preferences (distinct personal views of good life of the parties). The theory expects the representatives to take a position without knowing the comprehensive preferences of the parties in that state where the principles of justice take place. Institutions of governing should come from these principles (well analysed in different sections in Sen's discussion on liberty, justice and rights in second and third sections of the book). It is also assumed that citizens share a reasonable political conception of justice. People take note of the diversities and after deliberations decide on one set of principles of justice fair to the entire group.

Scepticism on unique choice, original position, of one particular set of principles for just institutions that Sen raised has distinct reference to earlier commentaries like Kenneth Arrow or Edmund Phelps - who in his economic method expressed considerable scepticism. Sen introduces some contemporary works in distributive justice to show that alternate principles can also offer such impartiality that Rawls offers. Quoting a puzzle scenario (of utility,

economic equity and distributional fairness) he explains three contesting, equally pressing claims for justice. Referring to Rawls's softening of his basic claim in his later writings, Sen argues that his earlier theory of justice has to be 'abandoned' (58). One tends to ask here, is it this 'failure' that Sen relies on to reject the theory and accepts it as an idea, and how far is suited this measurability approach suited to suggest abandoning of a social theory? This doubt is also applicable to his consideration that 'justice as fairness' as an idea that motivates institutional structures for justice should be banned. Both these rejections are directly connected to insights from theories of redistributive justice.

No doubt, an interesting critique is offered on the principles in Rawls's theory. Objection to the choice of liberty (first principle) over socio-economic inequality (second principle) is the major contestation, which he explained vividly. Sen says that the second principle has great application value in public policy on poverty for it clearly focuses on protecting the interest of the worst-off. But he says that an original position based on inequalities would have judged incentives as wrong and unjust, refuting the need for a regime of incentives. He argues (61-62) this with supplementary evidence from G.A. Cohen, and Sen's own works like *Development as Freedom*. Sen observes that it is the Rawls's own idea that people will spontaneously do what they agree to do in 'original position' a premise which he rejects based on differences of behaviour of people, as well as impact of institutions on deciding people's choices differentially.

What Sen sees as Rawls's trouble is "making individual and social psychology thoroughly dependent on a kind of political ethics" as well as a "formulaic and drastic simplification of a huge and multi-faceted task – that of combining the operation of the principles of justice with the actual behaviour of people" (69). *The Idea of Justice* is thus a blue print for taking up tasks in theoretical formulations demanded by the democratic aspirations. It has an important function in specific location of academic process, of criticising a profoundly accepted set of arguments, the sources which informed them as well as aspects overlooked while formulating that epistemological devise in the theory of justice. Global justice movements and various accountability initiatives, including corporate, legislative, administrative and judicial accountability, have emerged stronger - some areas that were not accessible to public scrutiny. Critique of *Theory of Justice* is quite timely, for its effort to remove a 'standstill' in theoretical debate anchoring on Rawls's work in 1971 as well as his idea of 'justice as fairness' since 1958 (57-8).

A few questions still remain in this context, mostly related to Sen's self identified position of purpose of theory as seeking lesser-unjust systems/institutions. In a time when minimalism is a state agenda in a majority of the

countries, how is it that a theory of justice with limited objective would serve the purpose of ensuring rights, and compel people to remain as recipients of incentives? How does such theory engage with postcolonial societies, where the state has converted its role from a welfarist one to a developmental one, with policies that directly demand trading off peoples' rights with 'public purpose' as defined by the state? How is it that we address the systematic elimination or subversion of formal, constitutional, mechanisms of dialogue in developing to facilitate a better-off friendly development agenda? How do we discuss those who are, for generations, struggling for primary goods (such as dignity, freedom, livelihood etc), which are denied by powerful others? And what do we learn from peoples' struggles that deny state as the provider of rights and offer the language of struggle to own rights? While summing up, Sen observes:

We could have been creatures incapable of sympathy, unmoved by the pain and humiliation of others, uncaring of freedom, and – no less significant – unable to reason, argue, disagree, and concur. The strong presence of these features in human lives does not tell us a great deal about which particular theory of justice should be chosen, but it does indicate that the general pursuit of justice might be hard to eradicate in human society, even though we can go about that pursuit in different ways (414-15).

In Sen's work, a classic eastern storytelling style is quite evident in the journey of description of ideas, persons and events connected to different streams of thinking. Anecdotes, examples that do not belong to a specific time and sources of thinking are important to mention about his technique. Sen's valuations of trends and individual contributions in theory of justice and/or rights are clear, demanding further enquiries. Also are his concerns on violations of rights in democracies, be it reasons for continuance of hunger or implications of the political use of terror in various national communities. Sen's work is an anthology on philosophical trends that paralleled economic, political and cultural developments in the last century.

Notes

1. In his chapter on Human Rights and Global Imperatives, Sen introduces his contributions to explorations in the underlying concepts (primary goods, in other words). Sen's earlier intervention regarding this could be seen in his *Collective Choice and Social Welfare* 1970 (362). His engagement with issues of rights is well documented (381-383). Sen has also dealt with rights as assertions as well as discussed the 'achievements' of the United Nations Human Rights Declaration.

2. Edmund Burke's position in defence of the rights of Indians had a direct reference to the brutalities of Warren Hastings (1-2). However, he chose to defy the rights concern of the French Revolution (116-7).
3. It is important to note the reference to 'one-per cent doctrine' of Dick Cheney the former US vice president (368-9) in describing the power of one-sided vision in forcing political alliances against populations, eliminating options for dialogue. The 'one-percent doctrine' deals with sealing the one-percent chance of terrorist having access to nuclear arms through all means.
4. Rawls's reply to Sen on Isaiah Berlin's observation is referred here. Berlin's comment that many languages do not possess clearly defined segregation, and so many people may not be able to distinguish between the concepts, 'justice and fairness,' is the context to Rawls's emphasis on inherent human potential.
5. This parochialism comes up from simple lack of familiarity with non-western sources, he says, referring to the problem of western thinkers confining attention on western literature, a case in point of referring Kautilya of 4 BC as Indian Machiavelli, while the latter is "having as much or more differences in the arguments" with the former as well as being born in the fifteenth century AD.
6. An important mention is to both U.S. and China where the judicial systems are quite different on positions relating to death penalty (407). Incidentally, it is relevant to see here many efforts that address the case for counter-hegemonic efforts from civil society to reform legal thinking so that it accommodates marginal concern. Tanya Basok (2007) says while exploring the contributions of civil initiatives on advocating for non-hegemonic rights in the case of migrants in the U.S. and Canada "hegemonic human rights norms are congruent with liberal notions of formal equality between individuals and individual freedom from coercion, as well as principles of national sovereignty while counter-hegemonic human rights values are the ones that in one way or another challenge the status quo, either by undermining the political economic foundations of liberal democracies and/or the principles of national sovereignty." The need for open non-state perceptions on rights is furthered in Benhabib, 2007 through an argument for "delinking citizenship rights, from mandatory membership in a nation-state, a core to the new human rights debate on migrants, opting for a the conceptualization of citizenship as national membership and more towards citizenship of residency with civil and social rights, and in some cases political participation rights, extended to non-citizens" (Benhabib 2007)
7. However, the global justice (social) collectives, like World Social Forum 2004 has agenda like 'another world is possible' and referred to 'radical justice' rather than quest for 'bit less-unjust' order in Sen's thinking.

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International Relations: In Search of an Alternative Paradigm in South Asia

Thomas Mohan and Advaita R. Prasad

Navnita Chadha Behera (ed.) (2008): *International Relations in South Asia: Search for an Alternative Paradigm*, New Delhi: Sage

The discipline of International Relations (IR) has been undergoing a great transformation during the last several years consequent upon various developments and challenges, both within IR and across social sciences. Challenges vary from the identity and autonomy of IR to the epistemological and ontological questions it has been engaging with. The remapping of the global geopolitical architecture since 1991 has also contributed enormously to the rethinking within. Perceptibly, this has prompted the Asian Political and International Studies Association (APISA) to organise a Regional Workshop for South Asia at Goa in 2003 focussing on alternative perspectives on IR in the region. It was, perhaps, a milestone in the history of IR studies in South Asia, and APISA certainly deserves praise for providing a platform for scholars from Nepal, Pakistan, Bangladesh, Sri Lanka, Malaysia and India to come together and share their concerns and perspectives.

The volume under review is a collection of essays dealing with various themes that are relevant to the study of IR in South Asia. Most of these essays—written in search of alternate paradigms—are critical of the present status of IR. Navnita Chadha Behera who brought together these papers offers a critique of the current status of the discipline in the region. According to her, the Delhi-centric nature of IR has seriously handicapped the growth of the discipline, whereas the periphery is always neglected. She says that the South Asian IR stands on weak epistemic foundations since there is no singular notion of what constitutes IR theory. Moreover, the question of ethnocentrism in IR is all-pervading, where its epistemological foundations are laid down by Western ‘regimes of practices.’ Hence even a Third World specific phenomenon like non-alignment was never given the status of a systemic IR theory because of its

non-Western moorings. South Asian IR remains steadfast in its refusal to critically interrogate the character and efficacy of the state system in the region. Thus it remains beholden to a state-centric framework for its analysis and no attempts are made to question the flawed assumptions of the neorealist paradigm which have assumed universal character. Navnita asserts that the time has come for creating non-hegemonic spaces for knowledge production. This calls for opening of the disciplinary boundaries to accommodate new currents in social sciences.

While analysing the scope and ambit of IR studies within the region, Sohail Inayatullah points to the preponderance of neorealist framework in South Asian IR, which marginalises other critical and innovative studies. Critical knowledge practices are derided as lacking cohesion and have little instrumental value. The future has become fugitive to the state-centric discourses. Sohail characterises the overarching paradigms of neorealism and developmentalism as products of “mythologies of statecraft and dynastic oriented colonial history.” A radical transformation is possible if only we are willing to disturb the existing power relations and challenge the official representation of the ‘real’ as produced in text. Sohail makes an exposition of the perspectives of various South Asian scholars who envisage alternative visions related to participatory democracy, sustainable development, gender justice, community rights etc—all reveal the overwhelming influence of Gandhian ideas with its critique of modernity and Enlightenment. Sohail also makes a brief but lucid presentation of the various scenarios that might evolve out of the present situation in South Asia— chaos and collapse, hegemony, communitarian village, dramatic transformation, South Asia as an air-conditioned shopping mall, nuclear war, broadband village, victory of Bollywood and break-up into numerous small states. He, however, lists out a range of practices that enable alternative futures—a South Asian water regime, human rights regime, decentralising self, economy and identity, creating people’s movements, encouraging self-reliance and localism, developing legal structures necessary to safeguard the vulnerable sections and also encouraging transparency.

The absence of a pan-Asian forum for scholars of Political Science and IR within Asia is the theme of the essay by Amitav Acharya. He focuses on the intellectual and institutional challenges the scholars from the region are facing. The immense diversity of the region has hindered the creation of a pan-Asian identity within the continent. He avers that the notion of Asia should be a ‘justifiable’ concept for academic organisation because of the existence of broad patterns of political, economic and strategic developments and interactions across Asia. Amitav fears that overt dependence on American theoretical

debates by scholars in Asia would stifle 'independent and creative analysis of Asian patterns and trends.'

Haider K Nizamani offers a scathing criticism of the neorealist theories which are the dominant discourse in South Asian Security Studies. He makes the case for improvising the insights of Critical Security Studies framework for the South Asian region. Haider views the modern security studies scholarship as being too power-centric and policy-oriented that it reflects the interests of the American state. He emphasises the need for a distinct Third World Security paradigm to analyse the security predicament in South Asia. Haider insists on the need for doing away with the dichotomy of state and society in South Asian security analysis and focussing instead on the constant making and remaking dynamics of societal fabric. Utilising Foucauldian analysis, he makes the case for 'regimes of practices' in South Asian security analysis through which how things come to be seen as natural and self-evident could be questioned. This critical appraisal of security discourses will enable us to unravel the 'subjectivity' of statements masquerading as 'objective' truths. Thus security policies of India and Pakistan can be meaningfully seen as political practices central to the constitution, production and maintenance of their respective national identities.

Jayadeva Uyangoda deals specifically with the possible outcomes of the peace process the Sri Lankan government and the LTTE conducted in early 2002. He advocates the idea of state 'remaking' to argue for an advanced framework of federalism and autonomy in that it would entail not only regional autonomy but 'federalism within federalism.' According to him, it is only by 'de-ethnicising' the visions of political emancipation that truly democratic futures of ethnic communities could be achieved. The absence of democratic content also limits the scope of the armed struggle waged by the secessionist movements to achieve political independence since the armed struggle militarises and de-democratises the politics of resistance and emancipation. Unless the struggle is de-militarised, it cannot achieve its desired goals beyond the formal goal of political independence. Therefore, ethnic conflicts demand democratic solutions not military ones. Similarly, the dynamics of protracted ethnic conflicts result in sustaining a political economy of war. Uyangoda's analysis needs to be reevaluated in the post-LTTE era in Sri Lanka.

The current status of Westphalian states in South Asia and the possible post-Westphalian directions in the regional context are explored by Mijarul Quayes. He says that even though South Asian states are invested with the formal trappings of a Westphalian state, they are still confronted with the process of state-building where they have to negotiate and accommodate the

demands of various groups and communities divided along ethnic, religious and linguistic lines. Quayes also analyses the possible futures of post-Westphalian state system in South Asia. Attempts to create pan-South Asian community modelled on the lines of European Union is doomed to fail since the colonial legacy of the partition of the sub-continent has pitted up the nation-states of South Asia against one another. The alternative construct proposed by him would be a community based on shared values, norms and cultural attributes where a sense of belonging is imparted to its inhabitants. The citizens should identify core issues confronting the region and engage in collective soul-searching to develop a sense of belonging. A civic nationalism is appropriate for South Asia rather than an ethno-national approach.

Political transition in Nepal—from authoritarianism to democracy—is analysed by Ganga Bahadur Thapa. He closely examines the Maoist insurgency in Nepal, its background and implications. According to him, it was because of the frustration of ordinary people with mainstream parties that made them look for radical alternatives and the Maoist slogans of equity and justice found a steady rapport with the people. Only through a radical restructuring of democracy by empowering people at the grass roots level and by establishing institutions that sustain democracy could there be any radical transformation of the political system in Nepal.

Shibashis Chatterjee takes the constructivist theory as an alternative to realism to explain, analyse and interpret the South Asian conflicts. Constructivists argue that the social world is a matter of human consciousness, which consists of thoughts, beliefs, concepts, ideas, languages, discourses, signs, narratives, signals among group of human beings, organised into some form of community. According to him, constructivist theory is better equipped than realism to conceptualise conflicts in normative terms by drawing most of its ideas, concepts and tools from sociology. Shibashis also explains ethnic conflicts in South Asia from the realist-constructivist viewpoints. Hence he argues that constructivism is an alternative theoretical approach to realism for investigating the South Asian realities.

Varun Sahni states that India's regional security policy lacks both a regional vision and the resources to enhance that vision. According to him, agency and structure are mutually inseparable because each of them simultaneously creates the other. A study of India's external security policy has brought us face-to-face with the agent-structure problem, an issue in social research that has not been sufficiently studied in the discipline of IR. Ayesha Siddiqi extensively deals with the concept 'Non-provocative Defence (NPD) or Non-offensive Defence (NoD). NPD is a concept that is opposed to the traditional notions of security that dealt with punitive action against the adversary. Ayesha

makes a good attempt at analysing Pakistan's strategic perceptions vis-a-vis India and the prospects of NPD as a concept in Pakistan. She contends that NoD approach will lead to maintaining a well trained, well equipped, highly professional, voluntary conscript military, which is very cost effective. Adopting NoD is not at all an easy task because, as a concept NoD is very unpopular with defence establishments. However, NoD is an approach worth considering, because countries could concentrate more on a comprehensive mechanism of security- including social, economic, and human security.

Neera Chandhoke deals with a relatively new concept of security in IR theory. She has argued that security is a companion concept to human rights. Though the importance of rights is asserted, Neera acknowledges that rights can prove meaningless without security. Security is not only brought about through coercion or prevention of armed struggle, but by respecting the rights of not only the majority but also the ethnic minorities and empowering them. Analysing the clusters of crises, subalternity and security stakes confronting countries in South Asia, Anand Aditya argues that the security crisis in South Asia has assumed alarming proportions due to human insecurity which has been rooted in the structural conflicts in the region. Hence security becomes the pre-requisite to the attainment of existential stake, process stake and teleological stake. The security paradox in South Asia stems from reasons which are generic as well as regional. The statist approach to governance can be regarded as an explanation for the security paradox in South Asia. Such an approach ultimately makes the countries in the region a vector or progenitor of conflicts and insecurity in the long run. The traditional majority-centred-policy making structures in the region based on power and military has tended to alienate and deprive the subalterns. Such a mode of power play has invariably led to the breeding of conflicts in South Asia. According to Anand Aditya, stakes in security are manifold and have a basic infrastructure which is a pre-requisite for the process of democratisation, growth and development. So, if a comprehensive and dynamic approach to security is to be meaningful it must be specific at the micro level and comprehensive enough to give it a universal character.

A.K.Ramakrishnan offers a critique of the contemporary liberal theory of IR by focussing on liberal institutionalism and neoliberalism. He argues that the focus on institutions, realism and liberal interdependence in liberal institutionalism, on the one hand, and that of non-state actors such as markets in the neoliberal approach, on the other, has led to the neglect of the major internal and international political aspects in these theories of IR. The failure of liberalism in general and liberal internationalism and neoliberalism in particular to address questions related to global structural unevenness and

inequity has been exposed both internally and internationally by various people's movements. Hence, they are extremely sceptical towards international institutional and non-state solutions to their everyday issues, Ramakrishnan observes.

Mangalika de Silva outlines the relationship of state and community in adjudicating questions of identity, political agency and national affiliation. Even before the Sri Lankan regime had adopted 'a war for peace' strategy, the problem of ethnicity and territory became over determined markers of identification in the state security discourses and practices. de Silva's contention is that both state and community conspire in organising hegemonic regimes of security and marginality. The Sri Lankan state's violence against a socially marginalised woman is a violent consequence of the logic of modernity. Such an act uncovers the postcolonial state's war of sexual violence waged against its female citizens. de Silva also critiques the feminist groups for not having made any serious attempt to problematise the intersection of sexual, nationalist and class violence.

In conclusion, we can say that *International Relations in South Asia* is an indispensable addition to the theoretical literature written in and on the South Asian region. There are, however, areas of IR which are not adequately accommodated within. How far have the IR scholars of South Asia been able to provide an alternative paradigm is still a critical question. Needless to say, questions of development/deprivation, inter-state/intra-state conflicts, regional disparities, gender, ethnicity, violence, migration, terrorism etc are complex issues that continue to mar peace and stability in South Asia. The search for an alternative paradigm should, therefore, be a far more serious enterprise than a mere academic rhetoric. APISA's initiative is, no doubt, a welcome sign.

China's Military Modernisation: Regional and Global Dimensions

Priya Suresh

Richard D. Fisher Jr. (2008: *China's Military Modernization: Building for Regional and Global Reach*, Westport: Praeger Security International).

The post Cold War period witnessed a transition in the strategic alignment of the global order and least did the United States of America expect that power balance would tilt in favour of China. The old adage that a weak China needed the United States to counter the much stronger Soviet Union seems to be largely irrelevant in the twenty-first century. This century has already witnessed a 'rising' China that has been well demonstrated through its robust military and economic programmes. The exacerbating double digit defence spending has spiked various programmes like the space warfare, space information architecture, Anti Ballistic Missile Defences, manned moon presence, nuclear missiles, energy weapons, fifth generation combat jets, Anti Ballistic missiles, unmanned combat and surveillance jet and nuclear submarines. China's rising power trajectory is seen in the culmination of an enhanced military and strategic capabilities and it has been in this context that the work by Richard D Fisher Jr. has gained significance. The book under review is an exhaustive work on China's developing global interests, military modernisation, the role of People's Liberation Army and its pursuance of a far reaching strategic agenda to protect its expanded interest in both Asia Pacific and Central Asia and to the near Asian region.

In spite of the growing China's military strength the Chinese leaders have been quick to assure the world of their peaceful intentions and the Chinese leaders have been constantly reassuring that their foreign policy is based on the policy of non interference and that China would not seek hegemony in the world system. Fisher has logically traced the emerging debate over China's assurances and its historic character which has been exhibited in the writings by Sun Zi on 'Art of War.'

The importance and the heightened role of the Party have been acknowledged and that could be seen in the enduring character of the CCP: "Party Commands the gun and the gun must never be allowed to command the Party." Despite many clear successes that the party has shown over the years, the internal contradictions and dissent have still been a major challenge. Fisher has highlighted the CCP's declining legitimacy and its unwillingness to allow political reforms and increased accountability. The influence of PLA on the Chinese foreign policy has been tremendous and one of its key agenda is to engage in a concerted manner to enhance military build-up formulations thereby providing "a security guarantee for the national interest."

A continuous debate over the Taiwan issue has been a crucial and dominating factor in China's foreign policy. Both the CCP and PLA believe that Taiwan is a strategic target and that reunification of Taiwan with mainland China is not just an issue of sovereignty and territorial factor but a crucial issue of unification and rejuvenation for China in the twenty-first century. The worrisome issue on Taiwan that has been emerging between the CCP and PLA is the cost-benefit analysis in case of a conflict. Fisher has conducted an exponential study on the internal dissent and turmoil like population employment pressures, weak financial institutions, weakening political legitimacy have been a nagging problem in the Chinese society.

China is in the process of military modernisation and PLA will play a crucial task in the rebuilding process in coordination with the CCP. During the early 1990s until the Taiwan Strait Crisis, the PLA persisted on the Party to adopt a hard-line policy toward the United States. Criticisms mounted on the behaviour of PLA's unremitting demands on Hu Jintao to keep the diplomats unaware of the demonstration on outer space as the Chinese Foreign Ministry had been promoting a ban on the weaponisation programme in the outer space. A deceptive perception of PLA's understanding of the fourteen countries on China's border persists. China has had border skirmishes, both minor and major, with six of its neighbours; Korea 1950-53, India 1962, Russia 1969, Vietnam 1979 & 1988, Philippines 1995 and Taiwan 1949, 1956, 1958, 1995 and 1996 and today in spite of its refined foreign policy approaches towards these countries mistrust and misperception continues to remain. China is embroiled in the dispute over islands and economic zones with Japan that could flare up into military clashes and the democratic Taiwan that straddles over the major sea lanes that feed Shanghai and the northern ports. It would be appropriate to say that amidst these historic adversaries, China has been working to assert its dominance in Asia and also to compete with the United States for global power.

To enhance its vision as a 'global power,' the PLA has been playing a key role in proliferating nuclear missile technology to key partner states that they categorise as the first and second tier states. The distinction has been made based on strategically pivotal location of the states under this category. The first tier of states comprises of Pakistan, Iran and North Korea to whom China supplies technology and technical support. The second tier of states includes Saudi Arabia, Syria, Egypt, Bangladesh, Turkey and Brazil to whom there has been direct and indirect sale of missile technology.

Fisher has elucidated China's efforts to dismantle the US led security net work in Asia, a part of its campaign to resume its place as the preeminent power in the region. The Chinese have claimed that US led missile defence initiative is an excuse to secure an offensive advantage against China. United States and its allies in the region have been working at a defence to counter short and medium range ballistic missiles and that truly threatens China. With the missile defences, China worries that its ability to threaten Japan, Taiwan or India would diminish and this "Loss of Leverage" is what worries the Chinese.

Imperial history has dominated the socio-political set up of the South-East Asian countries and China have been supporting various revolutionary groups in the 1960s and its continued territorial disputes in the region has obscured China's relations with the countries in South East Asia. Increasing commercial contacts, and ties to ethnic Chinese communities have dominated China's policy towards the South-East Asian countries. It is appropriate to say that a proactive foreign policy dominates China's approach towards South East Asia that seems to be more appealing when compared to that of Washington. While the US continues to remain as the key ally in the region, its power has gradually been eroded by China's soft power and hard power diplomacy.

Fisher has examined the evolution of PLA and its operational doctrines and strategies. It was evident that by 1999, the PLA had "completed a new version of what in the West would be called its Military Doctrine." The new version of Chinese Military doctrine proclaimed an "Active Defense" that stipulates "China does not initiate war or fight aggression." However, the Americans have rebuffed the understanding of "Active Defense" quoting from the PLA National Defense University textbook that "is to take the initiative and annihilate the enemy." Carefully examining these statements Fisher has revealed China's intentions and justification for a pre-emptive war on any of its militarily occupied territories.

China has been leveraging foreign weapons and technology from former Soviet Union and Russia and later supplanted with European and American technologies after the Sino-Soviet split. United States has been encouraging Israel to develop technical and military ties with China. Israel has sold the PLA

mainly aircraft and missile technology and the most famous has been the PRC-Israel Project that has been the co-development fourth generation multirole fighter. Fisher argues that all around absorption of foreign made military components and technology including the widespread use of foreign advanced modelling and design software including the completion has been the key to China's growing defence industry. Doctrinal principles based on the effort to win local wars under high tech conditions remain a cardinal force that drives China's military modernisation success. To gain credence on this aspect of winning local wars China has emphasized on investing in PLA ground forces thereby making them smaller but more lethal by enabling "Joint Integrated Operations through a concentration on information and modernisation". All these are based on the current potential conflicts that could emerge vis a vis Taiwan, Japan, Korea, South China Sea and Central Asia and also to demonstrate a higher level of capability to deter or fight a potential super power adversary such as United States or Russia. Fisher has elucidated the broad range of deterrent or coercive missions the PLA has been constructing that includes new solid fuel nuclear armed intercontinental range ballistic missiles, the two land based ICBMs and one submarine launched ballistic missiles.

The modernisation drive of China's overall military capability has been characterised by Fisher as robust, speedy and innovative. This could be seen through its development of the precision guided munitions, air force modernisation programme with modern support elements such as airborne radar, electronic warfare and aerial refuelling platforms that are able to undertake joint offensive missions. True to its four modernisation process China is keeping pace with its rapid upgradation process and this could be seen in its working on the advanced fifth generation warfare that would enter service from 2015 to 2020. The 2006 *Quadrennial Defense Review* warned that "China has the greatest potential to compete with the United States and field disruptive military technologies that could overtime offset traditional US military advantages." Fisher has placed China's military force projection as broadening deep with determination to resume its traditional role as the leading Asian power and to play a large role in the global arena. He has quoted Michael Pillsbury who in his analysis has assessed that "China would become a dominant power in the world, but the only question is when." Such projections warrant China to build its triad capabilities at the earliest. It would be appropriate to say that China is hedging the United States simply by increasing and enhancing its economic, political and military networks in Asia and globally.

Fisher has also explained the declining position of United States in Asia. Since 2001 the United States has been largely engaged in the anti-Islamist

insurgencies in Iraq and Afghanistan and this has gradually accelerated the service of weapon system. In 2008, the US interests and concern have been to fight the Islamist forces. In the Pacific theatre, Japan and Guam remain the cornerstone of the US alliance system in Asia. Policy debates over China's rise and Taiwan's potential desire to gain independence has been a common agenda in the US foreign policy making. After almost three decades of Sino-American rapprochement, China still continues to aid and abet undemocratic regimes worldwide. A proactive American policy in the 1970s paved way for the integration of China into the world system and China has worked to prove the world that "China threat and China collapse" is a myth. It is appropriate to say that so far United States has enjoyed a pre-eminent position; today the United States seems to have no choice but sustain a large investment to create a superior technological capability to handle the rising China.

In sum, the book has highlighted China's changing role in the 1990s after the demise of the Soviet Union. Chinese military and strategic trajectories have been examined at length. It is widely known that access to information in China is limited, yet, the book provides ample information on the growing military and strategic capability of China. The pre-eminent position of United States and its dwindling position in Asia have been well examined. The threat matrices presented provide a deep insight into the way in which the Chinese study the United States capabilities in the sea, air, ground and land. The work is admirable and an essential reading to understand China's military modernisation programme, the role of PLA and its effort for building a regional and global position.

About the Authors

Immanuel Wallerstein is Distinguished Professor Emeritus of Sociology, State University of New York at Binghamton. Among his numerous books are *The Modern World-System* (1974, 1980, 1989), *Unthinking Social Science* (1991), *After Liberalism* (1995), *The End of the World As We Know It* (1999), and *The Decline of American Power: The U.S. in a Chaotic World* (2003).

James Petras is a Bartle Professor (Emeritus) of Sociology at Binghamton University, New York. He is the author of more than 62 books published in 29 languages, and over 600 articles in professional journals, including the *American Sociological Review*, *British Journal of Sociology*, *Social Research*, and *Journal of Peasant Studies*. He has published over 2000 articles in nonprofessional journals such as the *New York Times*, *the Guardian*, *the Nation*, *Christian Science Monitor*, *Foreign Policy*, *New Left Review*, *Partisan Review*, *TempsModerne*, *Le Monde Diplomatique*, and his commentary is widely carried on the internet.

Prabhat Patnaik is an internationally known economist and Professor, Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi. Currently he is Vice-Chairman, Kerala State Planning Board.

Jyotirmaya Tripathy is Assistant Professor in the Department of Humanities and Social Sciences of IIT Madras and teaches Development Alternatives.

Shalendra D. Sharma is Professor, Department of Politics, University of San Francisco. His books include *Democracy and Development in India* (1999), which won the Choice Outstanding Academic Title for 1999; *The Asian Financial Crisis: Meltdown, Reform and Recovery* (2003); and editor of *Asia in the New Millennium: Geopolitics, Security and Foreign Policy* (2000).

K.N.Harilal is Associate Fellow, Centre for Development Studies, Thiruvananthapuram. He is also member, Kerala State Planning Board.

K.M.Seethi is Director, School of International Relations and Politics, Mahatma Gandhi University, Kottayam Kerala.

Samuel J. Kuruvilla is a Ph. D from the University of Exeter, United Kingdom and has published in a number of International journals such as the *Al-Aqsa Journal*, *Arab Studies Journal* (ASJ), *The British Journal of Middle Eastern Studies* (BRISMES) and *Holy Land Studies Journal* (HLSJ).

Sujata Ashwarya Cheema is Assistant Professor, Centre for West Asian Studies, Jamia Millia Islamia, New Delhi.

Shaji S. is Assistant Professor, Centre for Multi-Disciplinary Development Research, Dharwad, Karnataka.

Thomas Mohan and Advaita R. Prasad are research students of the School of International Relations and Politics, Mahatma Gandhi University, Kottayam, Kerala.

Priya Suresh is head, Department of International Studies, Stella Maris College, Chennai.

M.V. Bijulal is with the Human Rights and Law Unit, Indian Social Institute, New Delhi.

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There is a view, however, that the agreement is, in fact, a continuation of the process of the last few decades (Bajpai 2005).

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Writing on a hypothetical possibility of India threatening to proliferate, Perkovich (2005) writes, ".....China proliferated to Pakistan and Pakistan proliferated to Libya, Iran, and North Korea. Nor does proliferation that occurred before the NPT was negotiated justify promiscuous proliferation behaviour today."

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Srinivasan, Grover, and Bhardwaj (2005) found

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(World Trade Organisation (WTO) 2006)

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Bajpai, Kanti (2005): "Where Are India and US Heading?," *Economic and Political Weekly*, XL(41), August 6: 3577-81.

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