

of wealth remaining in the world, and that Australia should be Britain's "launching pad" into the region. The old British empire, the report emphasized, had never really disappeared, but merely took on a new cloak as the "Commonwealth," which is based on "an informal financial empire that maintained its vibrancy long after the formal empire went into decline."

By mid-1997, led by the Queen's sometime-investment manager George Soros, the British unleashed the speculative assault against Asian economies, which drastically weakened Indonesia, setting up the next phase of attack—the Australian-led Interfet assault now under way.

Australia's role as *Britain's* "deputy sheriff" is not exactly a secret. On Aug. 8, 1997, the *Canberra Times* reported on a conference which had just taken place in that city, one of a number of follow-on conferences to the RIIA report. There, Britain's High Commissioner to Australia, Sir Roger Carrick, said that the British-Australian intelligence relationship was "growing rapidly," and had been "very productive and useful recently." The *Times* elaborated on the nature and depth of that relationship:

"Britain's overseas spying agency MI6 and other intelligence agencies have close links with Australian agencies such as the overseas espionage agency, the Australian Secret Intelligence Service. ASIS has an MI6 officer attached in its Canberra headquarters . . . at assistant director level, and the top secret Defence Signals Directorate has a special British liaison officer. According to intelligence sources, several MI6 agents attached to the British High Commission work closely with the Defence Intelligence Organization. They also liaise closely with the ONA [Office of National Assessments, which advises the Cabinet on intelligence matters]."

Furthermore, the *Times* said, "British officers are involved in virtually every aspect of Australia's intelligence collection and assessment network. . . . In fact, every ASIS station around the globe has direct liaison with MI6."

British Foreign Secretary Cook, who played a crucial role in launching the East Timor crisis, addressed the conference by video message, emphasizing, reported the *Times*, that "*Australia was a more viable partner for Britain now than at any time in the past two centuries.*" Proclaimed Cook, "The growing importance of Asia and of the countries around the Pacific means that Australia is much stronger for Britain as a bridge into an area of the world of growing importance."

While Canberra and London are involved in the most intimate of intelligence relations, whose single-largest focus from Australia's side is Indonesia, U.S. agencies have been angry at the Australians over the last year for withholding intelligence the United States has requested on East Timor. Senior U.S. officials are also angry at Australia for not "flagging" the violence around the East Timor referendum, violence which Australia had clearly expected.

While shut out of crucial intelligence, the United States may soon be deep in a quagmire. For instance, the 40,000-ton U.S. amphibious assault ship *USS Belleau Wood* has just

arrived off East Timor with its 1,800 sailors and marines and its 300-bed hospital. Asked if he might be called upon to use the ship's contingent of helicopters to provide close air support for Interfet, Capt. Thomas Parker responded, "I think that is something that could be arranged, but, quite frankly, that is something we have not discussed."

## Indian elections promote stability

by Ramtanu Maitra

The Bharatiya Janata Party (BJP), led by Prime Minister Atal Behari Vajpayee, and its 23 allies, called the National Democratic Alliance (NDA), have secured an absolute majority in India's 13th Lok Sabha (house of Parliament) elections. Despite the diverse nature of the coalition partners, the significant majority that the NDA has secured ensures that the present arrangement may last the entire five-year term of the Parliament, or at least the better part of it. Most importantly, people in general are relieved, and the financial market is ecstatic. Reactions all around South Asia have also been positive.

NDA's 30-plus majority in the house of 543 members was greatly aided by the BJP, which brought in 182 winners. What undermines this, however, is that although the BJP has once more emerged as the largest single party in the Parliament, it is still 90 seats short of securing an absolute majority as a single party, and thus, ensuring foolproof stability.

### Vajpayee's growing stature

Assuredly, the most positive aspect of the recently concluded elections is that the people have put their confidence in Prime Minister Vajpayee. Most coalition partners of the BJP-led alliance had centered their electoral campaigns on identifying Vajpayee as the leader. There is also no question that a vast majority of people who voted for the alliance did so because it is led by Vajpayee. Vajpayee's status as the undisputed leader under the present political circumstances provides him the mandate to take hard decisions. It is also likely that the Prime Minister will have to bring some of the allied parties to support policies which may not help some of the allies, including the BJP, politically. His growth in stature during the last 18 months will help him to accomplish this difficult task.

The 13th Lok Sabha election was a hard-fought one. Both the NDA and the Congress-led alliance had resorted to personal attacks, which led to acrimony and bitterness. For this reason, the Prime Minister, in an interview with the leading English-language daily the *Times of India*, issued a call to "make a new beginning" and put aside "the bitterness gener-

ated during the elections.” He has called for creating “an atmosphere of consensus.”

The poor performance of the Congress-led alliance in the election will provide the NDA the opportunity to deal with immediate issues, and get India’s house in order. It is likely that the Congress Party, under the leadership of Sonia Gandhi, will go through debates and discussions before “settling” on why the debacle occurred. The party will be under pressure once more to get rid of the senior politicians who have formed a wall around Sonia Gandhi and kept her ill-informed. What it all means in the near future is that the Congress Party, the second-largest party with 112 seats of its own, will be unable to organize others to bring the government down. Moreover, the Congress leadership may have realized that, by bringing down the 12th Lok Sabha last June, and claiming that it had a majority to form the government, but then failing to do so, it weakened its credibility with the electorate.

### Looming crises

Years of political instability, which led to three parliamentary elections in three years, have made the country’s policy-makers highly inattentive to the critical issues of our time. In addition to India’s massive poverty, which needs focussed attention, along with India’s weak physical and social infrastructure, New Delhi must also take a close look at the crucial strategic developments in the region. To name a few: the growing instability in Central Asia; secessionist threats in Russia, Pakistan, Indonesia, and India; the development of a war-like situation in South Asia, over Kashmir, and in South-east Asia; and the on-going terrorist activities, albeit on a much larger scale now, in Sri Lanka, and threats of the same in Myanmar.

Added to these strategic threats is the danger posed by a bankrupt international financial system and the weak economies of South and Central Asia. A massive, in the case of both India and Pakistan, infusion of funds to build physical infrastructure, which would make the agro-industrial sectors more productive, and in social sectors, which would make the population healthier, is needed more than ever before. But, the political instability in all South Asian nations has kept the political leadership in the region from dealing with the obvious. In that context, by securing a slightly larger majority, the BJP-led alliance is now in a position to deal with the economic issues at hand.

In addition, Indian political leaders have shown little capability to make disparate alliances work. A number of coalition governments have come and gone, producing further factionalization within the political system. It is for that reason that the consensus that the Prime Minister has sought, as he explained, must not only be within the opposition groups but also within the 24-party alliance. The alliance partners will have to put their “ideological positions” aside and rethink their position on issues which need to be addressed. The Prime Minister, in his interview, stressed the need to strengthen rural

infrastructure. This means, he pointed out, building roads, and providing education, health care, electricity, and other basic amenities to all Indians. As the Indian cities are expanding physically and approaching the villages, he pointed out that it is most important now to plunge into rural infrastructure development.

At the same time, Prime Minister Vajpayee will have to act speedily on a number of parliamentary bills which have been gathering dust since last June, when the BJP-led government was brought down by a combined opposition. He has already appealed to NDA members to act in unison for swift passage of pending parliamentary bills, including the Insurance Regulatory Authority (IRA) bill, the Money Laundering Prevention bill, and the Foreign Exchange Management Act.

### Economic considerations

Meanwhile, the latest election results are being read by various interested groups abroad any way they like. Although two former finance ministers and two of the most pro-reform economist-politicians in India, Dr. Manmohan Singh and P. Chidambaram, have been defeated, the foreign investors and foreign institutions believe that the BJP-led alliance will open up the economy further for globalization and economic liberalization. According to a leading Indian financial daily, foreign institutional investors have rushed in to buy stocks, and the NDA victory has triggered speculation among the investors that Finance Minister Yashwant Sinha, who is expected to retain his job in the upcoming Cabinet, will push forward further economic liberalization.

Stirrings within the foreign insurance companies have also become visible. Representatives of the Association of British Insurers, who have been parked in India for a while, are confident that the Insurance Regulatory Authority bill will pass without a hitch, and that the insurance companies will be in India “pretty soon.” Trade officials in Britain have also expressed hope for a sharp rise in exchanges between trade groups of both countries.

In the coming days, there will be growing pressure on New Delhi to enact further economic “reforms.” Years of industrial recession has exacerbated poverty and increased unemployment. Added to the misery are the political uncertainties and hesitant leadership. With the advent of a stable government, the pro-reform factions within India, and outside, will move to enhance liberalization and globalization of the Indian economy. At the annual World Bank-International Monetary Fund meeting in Washington, Indian Finance Minister Yashwant Sinha was cautious, and did not take on the failure of the IMF policies worldwide. He failed to point out that those who are chiefly responsible for the present international financial instability, cannot continue to dictate terms to all countries. His mincing of words on full convertibility of the Indian currency is an indication that New Delhi, given its way, will continue to listen to, and partly incorporate, the policies aimed at preventing any confrontation with the IMF.