

S. Asia, Land-Bridge hit by new instability

by Susan Maitra and Ramtanu Maitra

Political and economic chaos has gripped South Asia in the last few months, at a time when three South Asian neighbors had begun a serious dialogue to resolve key issues that had affected their relations for decades, and were mooted closer economic and infrastructure collaboration. These developments had led to fresh discussions in independent quarters in India and Pakistan on the urgency of subcontinental participation in building the southern corridor of the Eurasian Land-Bridge.

As India heads toward its third general election in less than two years, during which time three Indian prime ministers have marched in and out of office, Pakistan has managed to maintain its democratic format by the skin of its teeth. In both India and Pakistan, economic inactivity compounded by repeated waves of political instability has taken the spirit out of the population. The time is ripe for old and new enemies to make fresh assaults, economic and political, on the subcontinent.

As an immediate fallout of the latest round of turmoil, the news from Washington is that President Bill Clinton, who is scheduled to visit the subcontinent early next year, may not make the trip. President Clinton's visit, which was built up over months, was to begin a fresh and positive American relationship in the region. Under the circumstances, the calling off of the visit is not surprising, but it would ensure a major setback for all the nations in the region.

Fresh hopes

Almost five years after the end of Cold War, under a new set of leaders, India, Pakistan, and Bangladesh, with nearly 1.2 billion people among them, began to act on the realization that the survival of each country largely depends on joint cooperation in economic and political arenas. To the north, China's fast economic growth drove some sense, however temporarily, into the leadership of these three neighboring, contending nations.

In Pakistan, the Pakistan Muslim League under the leadership of former Prime Minister Mian Nawaz Sharif romped home in the National Assembly elections with a massive majority at the start of the year. The mandate that Nawaz Sharif received was not for his charisma; it reflected the hope of 110 million people that the new prime minister, strengthened by this huge majority which would protect him from vexing interference by other power blocs within the country, would,

among other things, be able to break through the decades-old logjam with India and help integrate Pakistan's infrastructure, economy, and trade with its larger neighbor.

The prospect of this new equation for a better future was what had inspired the people of Pakistan at a time when the oppressive austerity policy of the International Monetary Fund (IMF) was ensuring poverty, criminalizing the economy, fostering mental depression nationwide, and encouraging the rapid growth of anti-religion fanatics and a thin layer of super-rich. The hope of the people was what Nawaz Sharif got as his mandate.

Nawaz Sharif, who had championed better relations with India during his election campaign, moved quickly on two fronts. He opened the doors for bilateral talks with India for the purpose of resolving the disputed Kashmir issue, and set about to strengthen his position constitutionally by amending that part of the Constitution which had empowered Pakistani Presidents over the years to remove four earlier governments.

In India, the June 1996 elections had brought forth a 14-party coalition government following an aborted 10-day stint in power by the single-largest party, the Bharatiya Janata Party. However unstable that 14-party coalition government under Prime Minister H.D. Deve Gowda might have been, it nonetheless began a serious dialogue with Bangladesh, where a new leadership under Sheikh Hasina Wazed was showing keenness to improve relations with India for her country's benefit. This initiative, undertaken during Prime Minister Deve Gowda's short stay in office of nine months, had concrete results in the form of solutions to a list of vexing and nagging issues which had kept these two countries virtually isolated from each other.

New moves

In April 1997, the Deve Gowda government was brought down, and a new government, with the same cabinet members, but under the leadership of former Foreign Minister Inder Kumar Gujral, took over. Though an erudite foreign minister, Gujral was a consensus candidate with no political base. As prime minister, he continued to do well in the area of foreign relations, in spreading confidence within the subcontinent, and among the major powers such as the United States and China, that India's role is now to see how the three neighbors can develop an amicable relationship bolstered through vigorous participation in trade and utilizing each others' infrastructure facilities. The "Gujral doctrine," as it has come to be called, ensures that India, with 950 million people and a much larger agro-industrial and technological base than its smaller neighbors, will not dictate its economic and strategic policies on the basis of reciprocity, but will instead relate to its smaller neighbors as a friend and helper. The idea caught on.

In Bangladesh, Sheikh Hasina Wazed, daughter of the founder-revolutionary of Bangladesh, Sheikh Mujibur Rahman, came to power on a campaign of settling the water-

sharing agreement with India, among others. With India evoking the Gujral doctrine to draw up a satisfactory water-sharing agreement, Bangladesh-India relations were on a roll. Having gained a major political victory, Sheikh Hasina quickly moved in to remove secessionists and insurgents from India's northeast region who had set up camp inside Bangladesh with the tacit approval of the previous regime. She also agreed to India's request to provide transit through Bangladesh for access to India's troubled and mountainous northeast region. India and Bangladesh began working toward establishing a rail link.

Sheikh Hasina also began the diplomatic process for the implementation of the Asian superhighway, and the trans-Asian railway project, along the route identified as the southern corridor of Eurasian Land-Bridge. To the utter dismay of World Trade Organization bureaucrats, India proposed setting up a sub-regional economic grouping which would include India, Bangladesh, Nepal, and Sri Lanka. The Bangladesh prime minister also planned a three-nation summit for Nov. 23, which would include India, Pakistan, and Bangladesh, to discuss policy perceptions. The summit was subsequently cancelled. In other words, a number of irons were placed in the fire, but things have changed abruptly for the worse.

Washington vs. London

The signals that India and its long-feuding neighbors were moving into a new geometry was well-received in Washington, but not in London. When prime ministers Gujral and Nawaz Sharif addressed the United Nations General Assembly in October, President Clinton made it clear to these two leaders that Washington strongly approves of the improvement of relations in the region, and supports the resolution of the disputed Kashmir issue through bilateral talks between Islamabad and New Delhi. He also indicated that he would be visiting the subcontinent in the earlier part of 1998, and that Washington was in the process of unfolding a South Asia policy based upon constructive actions, and not geopolitics.

A series of high-level visits to the subcontinent from Washington in preparation for President Clinton's visit, culminated in the visits of U.S. Undersecretary of State for Political Affairs Thomas Pickering and U.S. Secretary of State Madeleine Albright. Besides agreeing to combat terrorism, a problem of threatening proportions all over South Asia, the high-level U.S. dignitaries made clear that Washington desires to begin a "strategic dialogue" with the nations in the region, and India in particular. This is a palpable shift in U.S. policy vis-à-vis Kashmir, and it reflects a genuine interest on Washington's part to look at the region with clear and friendly eyes.

President Clinton also expressed similar interest in Bangladesh's role in bringing about the harmony of interest in the subcontinent. In his meeting with Prime Minister Sheikh

Hasina Wazed in February in Washington, Bangladesh's development needs were discussed. Subsequently, the energy sector in Bangladesh has begun to draw in significant amounts of foreign direct investment from the United States. American direct foreign investment stood at about \$20 million as of last year. As Dhaka opens up its gas field and petroleum product development, American investment has already soared upwards of \$200 million this year alone. Washington recognized that the development of Bangladeshi gas fields would enable Dhaka to provide piped gas to energy-starved India.

Who benefits?

These gestures from President Clinton were, however, not taken lightly in London. British Foreign Secretary Robin Cook, while visiting Pakistan in October, made clear that the U.K. wants to mediate the Kashmir issue and, once again, lent his support to the 1948 UN Resolution which calls for a plebiscite to determine the status of Kashmir. The British position has always been to involve the Kashmiris, whose militant representatives are based in London, within the iron-grip of British intelligence, and who are demanding an independent Kashmir. So, Cook's loud public pronouncement contained no news. It was the timing that was significant.

In fact, Britain has posed an international challenge to both India and Pakistan, in light of their decision to resolve the issue through bilateral negotiations. The objectives of the British government are to see a hardening of attitudes between Islamabad and Delhi on the issue, by creating "incidents" in disputed Kashmir, with the help of externally controlled terrorist-secessionist groups; to encourage those who do not accept the fallout of the Gujral doctrine; and to prevent the emergence of a genuine relationship between the nations of the subcontinent and Washington.

The subcontinent political situation began to deteriorate in early summer, as the first signs of the financial meltdown in Southeast and East Asia emerged. All over South Asia, nations had begun years ago to integrate their financial markets with the global market. This had made all South Asian nations' economies highly vulnerable to outside tampering, particularly by foreign exchange traders and shady foreign institutional investors. Untrained in global electronic money movement and endowed with almost no mechanism to deal swiftly against rogue traders, South Asian economies, manned by IMF/World Bank-trained bureaucrats masquerading as economists, have become sitting ducks right along with the Southeast Asian economies.

In Pakistan, the present administration inherited an economy which has been ravaged by internal corruption and external looting. The external looting was led by the IMF, which had put the economy in an austerity straitjacket years before. Nature was not kind, either. Failure of cotton crops brought down exports; lack of technological development kept Pakistan heavily dependent on cotton exports. In 1996, for in-

stance, cotton products accounted for more than 50% of the country's \$8.7 billion exports.

As a result of years of austerity imposed by the IMF, Pakistan's tax base is shrinking, and tax revenues are dropping. For the fourth year in a row, the IMF has demanded massive budget cuts, but the tax revenue has shrunk so much that the large cuts ordered by the Nawaz Sharif government will not meet the IMF's demand, and, in the process, the country will get poorer. And, naturally, the foreign debt continues to grow, ensuring further draining of money from the economy in the form of interest payments.

From day one, Prime Minister Nawaz Sharif was in a bind. The power blocs in Pakistan (President and military) approved of Nawaz Sharif's takeover of power on the assumption that the IMF will reign supreme in economic decision-making. At the same time, Nawaz Sharif had to meet the hope of the people as expressed in the February elections. Caught in a bind, Nawaz Sharif turned his attention to the power blocs that handcuffed him, and gave the IMF a free hand to destroy Pakistan's frail economy.

The battle that ensued among President, judiciary, and prime minister was a bitter one, and lasted for almost a month. On Dec. 2, the end-game situation developed. President Farooq Ahmed Leghari, cornered by the prime minister, resigned following a series of meetings with the Army chief and judiciary. Chief Justice Sajjad Ali Shah, who had played a devious role on behalf of the President, was removed. It is evident that Nawaz Sharif has broken the logjam with the help of the military. It is clear that the Army chief had advised the President to leave in peace.

Obviously, Prime Minister Nawaz Sharif has been weakened. He has spent too much energy in fighting the power blocs, when he should have attended to the problems he had promised to solve. He has limited time. The guns are trained on him. He has to move quickly on the economic front, or massive law and order problems will engulf him completely.

The politics of cover-up

In India, the problems are different but equally complex. The two key assassinations of prime ministers—Indira Gandhi on Oct. 31, 1984, and Rajiv Gandhi on May 21, 1991—have been kept under wraps deliberately, in order not to rock the boat. This policy, in conjunction with an economic policy which has moved away from developing the physical economy to developing the financial market and private sectors, has corrupted all the institutions across the board. There are very few Indians left who believe that the 50 years of independence is a period to rejoice about.

The collapse of the Gujral government was brought about by an interim report, done over five years by Justice M.C. Jain, on the Rajiv Gandhi assassination. The report, known as the Jain Commission Report, was placed before the parliament, and the Congress Party, the party that Rajiv Gandhi and

Indira Gandhi had led when they were alive, demanded that the ruling coalition disassociate itself from one of the regional parties whose leader was named in connection with harboring and sheltering the possible assassins of Rajiv Gandhi. The Congress Party demand was not to open up the investigation fully to nab the masterminds behind the assassination, but to point a finger at someone.

In reality, the Jain Commission Report has indicated many other things. For instance, the involvement of Godman Chandraswami, whose close links with Tiny Rowland, the British intelligence officer who ravaged Africa, and Adnan Khashoggi, are well known. It is noted in the report that some foreign intelligence agencies' messages to Chandraswami and a former cabinet minister on the day of Rajiv Gandhi's assassination, had been intercepted. However, that file was found missing when Prime Minister Narasimha Rao was in power.

For instance, such nexuses between international gun-runners and a number of senior Congress Party members, including the governor of a major Indian province, has far more dangerous implications than the involvement of a regional party leader in Tamil Nadu with the Tamil Tigers, who were most likely "commissioned" by a combination of forces to assassinate Rajiv Gandhi.

There exists yet another such devastating report, this one on Indira Gandhi's assassination. The report clearly indicts R.K. Dhawan, as an *EIR* investigative team also did in the book *Derivative Assassination*. Dhawan's closeness to Mrs. Gandhi and Chandraswami, and his treacherous role leading up to the assassination, indicates that the foreign intelligence agencies are active and alive, picking and eliminating targets with the help of serial killers. Does the Congress Party, or any other political party, have the political courage to make a full-fledged investigation of these assassinations? It is unlikely, since Dhawan had been promoted to become a cabinet minister during Prime Minister Rao's reign (1991-96) and is now a Congress Working Committee member. And, the much-maligned Chandraswami is still around in the present crisis, acting as the go-between on behalf of some desperate political leaders.

These assassinations, nonetheless, have destroyed India's political institutions and compromised its judiciary and intelligence capabilities. The economic policies that have been put in place, under the euphemism of "reforms," is to encourage investors of all stripes to move in. Increasingly, the government has moved away from investing in infrastructure development. Education and health care systems are falling behind rapidly, while the poverty level is growing fast. Criminalization of the economy has begun with the influx of drugs and smuggled weapons. The Indian currency is fast losing its value, and those who had upheld the necessity of a strong rupee are now pushing for further depreciation of the currency.