

# Pragati

The Indian  
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THE NUCLEAR DEAL IS NOT DEAD  
J&K: TOWARDS AN ENDGAME  
GEOPOLITICS OF CLIMATE CHANGE  
NON-ALIGNMENT 2.0  
REALLY ERADICATING POVERTY  
ON THE AFRICAN SILK ROAD

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## INDIA-US NUCLEAR DEAL

# Life after the delay

*It is premature to write off the India-US nuclear deal as dead*

K SUBRAHMANYAM

WITH THE United Progressive Alliance (UPA) government deferring the negotiations with the International Atomic Energy Agency (IAEA) to finalise the India-specific safeguards agreement, doubts have arisen about the operationalisation of the India-US nuclear deal.

As things stand at present, the deal is opposed by the Left for ostensible ideological reasons. The National Democratic Alliance (NDA) is against it because they could not complete the deal which they initiated within their term of office and find it unacceptable that a more liberalised US policy developed since then towards India should result in a better deal for their political adversaries. Many regional parties within the UPA and even a number of Congressmen feel that their continuing in office for a few more months is more important than implementing the deal in the national interest. However opinion polls reveal that a sizeable majority of the population favours the deal and is of the view that enhancement of India-US relations is in the country's interest. In these circumstances what is the future of the deal and what are the implications of its being abandoned as urged by the Left?



**The discussions between the UPA and the Left are only a device to buy time for both sides before they reach the inevitable conclusion that they must part company and face the electorate.**

It is clear that the Left is not merely questioning the costs and benefits of the nuclear deal. They are against the Indian foreign policy of enhancing relations with the United States which is a prerequisite for India engaging the rest of the world. Even China started treating India as a global player only after US announced its policy of helping India's moves to become a world class power. Therefore advocacy of not engaging the US is in reality ad-

vocacy of isolationism for India. This goes against both the current trend of globalisation and the international situation of balance of power. Communism as an ideology collapsed since it was totally out of tune with 20th century economics, technology and politics. The Indian Communists today are not synchronised with international realities having lost their international outlook ever since communism ceased to be an international ideol-

ogy. They are only a regional party of West Bengal and Kerala.

The Congress Party is under pressure from the Communists as well as other regional parties. *Prima facie* by putting the IAEA safeguards negotiations on hold, the Congress Party gives an appearance of having committed a Munich, where, in 1938 the British and the French yielded to the demands of Hitler and gave away parts of Czechoslovakia. In history there is another interpretation of Munich—the British bought time to prepare for the inevitable war with Nazi Germany. The Congress may have bought time for the inevitable show down with the Left parties. A couple of months later the partners in UPA may be reconciled to new elections caused by withdrawal of Left support. In any case, under best circumstances, it is only a question of another eight or ten months of office as the Left is unlikely to allow the UPA government to complete its full five year term. During this period if the Left succeeds in thwarting the India-US deal it is likely to raise its demands on the UPA successively to prevent the government from functioning effectively. In fact

to mobilise various regional parties to organise a third front with itself as the driving force.

The chairman of the Nuclear Power Corporation of India has disclosed that India's reactors are operating at 50 percent capacity due to a shortage of nuclear fuel. The Indian nuclear development programme will face a severe crisis unless India is freed from technology apartheid.

The Leftist isolationist approach seems to derive from the ancient Stalinist view that socialism in one country was feasible provided it was a continental sized country. We know where that attitude led the Soviet Union. India has no intention to follow that path. India's high growth and its recognition as a significant global player came about after India integrated itself with the globalised international system. Therefore India cannot afford to be isolationist.

The discussions between UPA and the Left are only a device to buy time for both sides before they reach the inevitable conclusion that they must part company and face the electorate.

Some people worry that if the Bush administration is succeeded by a Democratic one in Washing-

## The Democrats, taking into account their own interests, will not treat today's India the way they did during the Bill Clinton years. What has been achieved in the Bush Administration will be a baseline for the future.

this has been happening in the last three years.

Even after a few months of delay, the Hyde Act's exception for nuclear co-operation with India will still be there. The Draft 123 text initialled by the two sides will also be there. All that will be necessary for the UPA government or its successor is to proceed to negotiate the IAEA safeguards and then leave it to US, Russia, France, UK and Canada to persuade the Nuclear Suppliers Group to waive the sanctions against India. It is, therefore, a little premature to write the obituary of the India-US nuclear deal.

What would be the implications if, in spite of these considerations, the UPA government were to abandon the 123 agreement? First, the UPA government will be humiliated by the Communists and India will suffer ignominy in international diplomatic arena. The Left will be able to expose UPA as a lame duck government and reduce the prospects of UPA in the next elections, improve its own and attempt to emerge as a balancer of power after the next election. The Left has already started

ton the deal may run into problems. The Hyde Act was passed with more than 80 percent of both Houses voting in favour, indicating bipartisan support. In bringing about a global renaissance in nuclear industry India is expected to have a major role and the US industry knows it. The Democrats, taking into account their own interests will not treat today's India the way they did during the Bill Clinton years. What has been achieved in the Bush Administration will be a baseline for the future.

Since the most significant outcome of the deal not going through is the national and international humiliation of the UPA, Mrs Sonia Gandhi and Dr Manmohan Singh, it is not likely to happen. There may be delays but not an abrogation of the deal.

*K Subrahmanyam was most recently chairman of the Prime Minister's task force on global strategic developments*

JAMMU &amp; KASHMIR

# Towards the endgame



Photo: Anirban Biswas

## *The state needs an economic revival and revitalised civil institutions*

SUSHANT K SINGH

WHAT IS happening in Kashmir? What is India's action plan and where is it leading to? The much talked about Track-2 diplomacy with Pakistan and the Kashmiri separatists is also not leading to any 'out of the box' solutions.

The politics in the state is certainly poised at a critical juncture. There are four major political parties—Congress, People's Democratic Party (PDP), National Conference (NC) and the Bharatiya Janata Party (BJP). The last assembly elections saw the rise of the PDP, as it was the sole mainstream party closely identified with the militants and their ideology. The NC, in turn, was identified with corruption, nepotism, opportunism and decay while the BJP had dug its own grave in its strongholds, with the huge chasm between its rhetoric and actions while governing at the Centre. The Congress benefited from the misfortune of the NC and the

BJP and landed in power as part of a power-sharing arrangement with the PDP.

The anti-India political actors in the state, from Syed Ali Shah Geelani to Mirwaiz Umar Farooq, are barely holding on to their positions. Pakistan, the fountainhead of their power, itself stands discredited in the eyes of the world. The rise of Islamic extremism has been a challenge not only for the West, but also for China. More importantly, the *volte face* on the Taliban and Al Qaeda by General Musharraf after the 9/11 incident has left the militants without any overt support from a recognised state.

But the political situation hasn't moved much forward in the last five years. Parties remain rooted to their earlier positions. The ordinary Kashmiri is a little more disillusioned and cynical about all of them. The next elections will thus be

fought and won on local factors and 'anti-incumbency' might end up playing a decisive role like elsewhere in India. Unlike other Indian states though, anti-incumbency in Kashmiri polls is linked to antipathy against the Indian state and its political processes. This translates into low voter turnouts. It also provides the separatists and their godfathers a stick to beat India with.

Over in Pakistan, despite myriad problems, the army still remains the most powerful player in the Pakistani state. It is actively involved in counter-insurgency operations in Balochistan, Federally Administered Tribal Areas (FATA) and on the Afghan border. The energies of the army, at least at the highest levels, are also directed at resolving Gen Musharraf's political problems. Consequently there has been a slowdown in the Pakistani proxy war effort in Kashmir. But the Pakistani state very much retains the leverage to calibrate and alter the flow of men and materiel in Kashmir.

The profound changes in the geopolitical landscape and altered power equations in the region allow India to be more proactive in tackling the Kashmir problem.

Firstly, there is a need to address the mismatch between the things that the state needs to do and the instruments at its disposal. The operational capacities of the civil agencies have atrophied. The regeneration of these institutions of the state hasn't even commenced so far. The Indian Army, through its regular and Rashtriya Rifles units, occupies a large portion of civilian landscape vacated by these defunct civil institutions many years ago. A range of civil institutions, from the state police, to public works and education departments need

an offset to employ a certain percentage of people from Jammu & Kashmir.

The idea of converting the entire state into a virtual special economic zone (SEZ) has been mooted. The state has a special status under the Indian Constitution. So do SEZs. What is required is the repositioning the state to one that leverages its special status to achieve socio-economic development. It would also require a rebalancing the distribution of fiscal transfers from the central government between the public and private sectors. This will undermine the separatists' main economic grouse—step-motherly treatment by the Centre and no attempts at development in the state.

Thirdly the role of the army in the affairs of the state must be scaled down. The army in Kashmir is sucking the oxygen out of all other civil agencies and institutions.

General J J Singh, the outgoing army chief, recently stated that 25 percent of the Indian Army is in Kashmir today. The army, though, has resisted reducing these numbers. The aggressive stance taken by the army in the media on the subject is reflective of its fears of losing its grip on the state. The army's public stand, in effect, bails out its political masters at the Centre, who then can avoid having to propagate this opinion themselves. This suits the army well, as it can avoid having to implement structural reforms.

Concurrent to marginalising the role of the army is restructuring and regeneration of the state police force. The Punjab example has clearly demonstrated that militancy can only be finished by a strong and motivated local police. The army hasn't

**The role of the army in the affairs of the state must be scaled down, for it is sucking the oxygen out of all other civil agencies and institutions. The gradual phasing out of the army from the state will create a positive narrative that serves India's interests.**

reform to make them delivery oriented: they continue to hide behind the facade of militancy to explain away inaction and corruption. Indeed, more than 90% of counterinsurgency operations are non-military in nature. It is imperative that a significant share of these operations should be conducted by the armed forces, initially in close alliance with, and later, replaced by the civil institutions.

Secondly, unemployment among the youth of the valley remains to be adequately addressed. Handing out of doles and packages to the state government and public sector institutions is not the solution. An alternative would be to incent the private sector, perhaps even outside the state, with

still been able to end insurgency in Nagaland after 50 years. The ultimate aim of the US in Iraq and Afghanistan, is to build local capability to maintain internal security and law and order. The Indian army has to seek a similar role and generate that capacity in the state police or reserve police forces. Policemen, unlike army-men, are stakeholders in the local society and their actions reflect the local social dynamics. In the long term, the state police is only viable instrument to extirpate the militancy.

If we look at the statistics for infiltration and deaths (of militants and soldiers) for the last three years, the figures point to a downward trend on

both the counts and amply highlight the decrease in militancy in the state. According to Gen Singh, “there’s a layer of soldiers to guard the border, a second layer to guard against infiltration. No country in the world will allow armed people to come in clandestine manner. So that deployment is necessary till infiltration stops. And the third is for a secure environment in the hinterland.”

The process of redeploying the army has to start from the third tier. A gradual transfer of internal security and law and order duties to the state police in this tier will satisfy a key demand of the local politicians. The first and the second tier or their equivalents have been on the LoC since 1948 and should not concern the common Kashmiri very much.

The gradual phasing out of the army from the state will create a positive narrative that serves India’s interests. It will also enhance the basis of our public diplomacy, alter international opinion and counter the charge of ‘military rule’ in

Kashmir. And it will free the army to focus on its primary role—conventional warfare.

The central government has a timely opportunity to go for the final kill and normalise the situation in Kashmir. There are many factors tilting the balance in India’s favour: the current geopolitical situation, the contemporary world’s reaction to Islamic extremism, the internal political situation in Pakistan and India’s changing strategic ties with the United States. Success won’t come overnight, but if radical steps are not taken now, there will be ample time in the decades to come to rue this missed opportunity.

*Sushant K Singh is a resident commentator at The Indian National Interest*

## CLIMATE CHANGE AND INTERNATIONAL SECURITY

# The tragedy of climate change geopolitics

## *Why we can’t expect meaningful international co-operation on tackling climate change*

NITIN PAI

THOSE WHO think that the world has begun to address the problem of climate change point to how it has risen to the top of the global agenda. They also point to the availability of technological and policy solutions to mitigate or adapt to global warming. The Nobel Peace Prize, that great barometer of geopolitical fashion trends, has passed this year’s verdict: the Nobel committee has joined the American Academy of Television Arts & Sciences and the American Academy of Motion Picture Arts and Sciences in recognising Al Gore’s contributions. Now that most people know how big a danger global warming is to almost all of us,

won’t the countries of the world join together and tackle this threat to humanity?

Not necessarily. There are plenty of global problems which are both on top of the international agenda and which have available solutions. Global poverty? There’s free trade. Human rights? There’s democracy. Nuclear war? There’s universal disarmament. Instead we have tariffs and subsidies, “our” bad dictators and the nuclear non-proliferation treaty (NPT). Geopolitics, it turns out, is not very good at choosing the right solutions. We know that we need to reduce or roll back greenhouse gas emissions to address climate



Photo: Kema Keur

change. But we'll probably have something rancorous or ineffective—like, perhaps, the World Bank prescribing environment policies for developing nations.

The world has never been good at solving collective action problems. What makes it especially bad for climate change is that it requires unprecedented international co-operation at a time of geopolitical flux. International institutions—from the United Nations, to the Bretton Woods institutions to the G8, do not reflect the current and emerging distribution of geopolitical power. Being left out of the club makes the emerging powers distrustful of the legacy powers. Legacy powers, for their part, know that co-operation involves not only allocating losses of power. Does the European Union deserve two seats on the UN Security Council, and a right to appoint the IMF chief? But also, it involves allocating losses of income—an unwelcome prospect for any government. All this makes international co-operation extremely unlikely.

As a case in point, instead of co-operating to make the international market for energy more competitive, foreign policies of the major powers do the opposite: corner oil and gas concessions

through exclusive deals, tolerance of collusive arrangements and investment in bilateral pipelines. The result is a lose-lose and tragedy for both energy security and the global environment.

If the prospects for meaningful international co-operation are bleak, is it all doom and gloom? The first ray of hope is unilateral domestic action: states may be compelled to adopt sustainable environmental policies driven by a largely domestic cost-benefit analysis.

As the Intergovernmental Panel on Climate Change (IPCC) reports suggest, the effects of climate change will be global, but not all countries will be equally affected. India is likely to face water shortages, increased outbreaks of infectious diseases, loss of agricultural lands and health risks from heat waves. Like every other country, India will have to develop comprehensive policies both to prevent and prepare for a hotter future.

There are, in addition, implications for national security. Over the next few decades, according to the scientific consensus articulated in the IPCC reports, global warming is likely to cause the Himalayan glaciers to melt and sea-levels around the Indian Ocean to rise. The first will cause a flooding



of the Himalayan rivers—the Indus, the Ganges and the Brahmaputra among them—as the glaciers melt, followed by their drying up and becoming seasonal rivers (once the glaciers disappear). The second might wipe out the Maldives from the map, and submerge large parts of Bangladesh under water.

For the last several years, there has been a degree of apprehension over China's behaviour with respect to a bursting lake on the Pareechu. There are likely to be more such issues in future. China being the upper riparian is likely to have a lesser incentive to communicate and co-ordinate the river system management with India. The existence of a decades-old border dispute, the political question of Tibet and the generally secretive nature of the Chinese government will make co-operation much more complicated. And Pakistan—being the lower riparian in the Indus river system—could begin to cite climate change as an additional factor in its routine objections to hydro-electric/irrigation projects in Jammu & Kashmir.

The last time millions of Bangladeshi refugees began pouring into the country, India went to war. Even modest projections put the number of Bangladeshis displaced due to rising sea levels in the range of 17-20 million. A large number of them are likely to head for the higher ground in India. The

impact of the migration will be dire not just in the North East, but in several Indian cities, throwing them into turmoil. It's an alarming scenario, but unfortunately, within the realm of the likely. It is also one that calls for India to have a stake in an international effort to literally change the landscape in Bangladesh.

There is a strong case for India to extend the planning horizon of its strategic affairs establishment to model the long term implications of climate change.

But globally, will it be sufficient for countries to move at their "own time, own target"? It's hard to say. But the answer is "no" if you were to ask the likes of Al Gore.

Another ray of hope is that the world will achieve multi-polar stability fast enough, and that the need to tackle climate change will hasten this outcome.

These are long shots. In the meantime you can expect "How will you solve the problem of global warming?" to crop up at the next Miss Universe contest, replacing "How will you bring about world peace?".

*Nitin Pai is the editor of Pragati - The Indian National Interest Review*

## INTERNAL SECURITY

# The rising Naxalite rage

## *The looming threat to India's economic future*

SHLOK VAIDYA

A RESURGENT MAOIST uprising is about to be unleashed on India. Its forces will emerge from the Dandakaranya forest and the ensuing battle will rage for years across hundreds of underdeveloped districts and Special Economic Zones (SEZ). The viability of the government encouraging economic development in or even maintaining hold of the "Red Corridor" will be drawn into question. Any

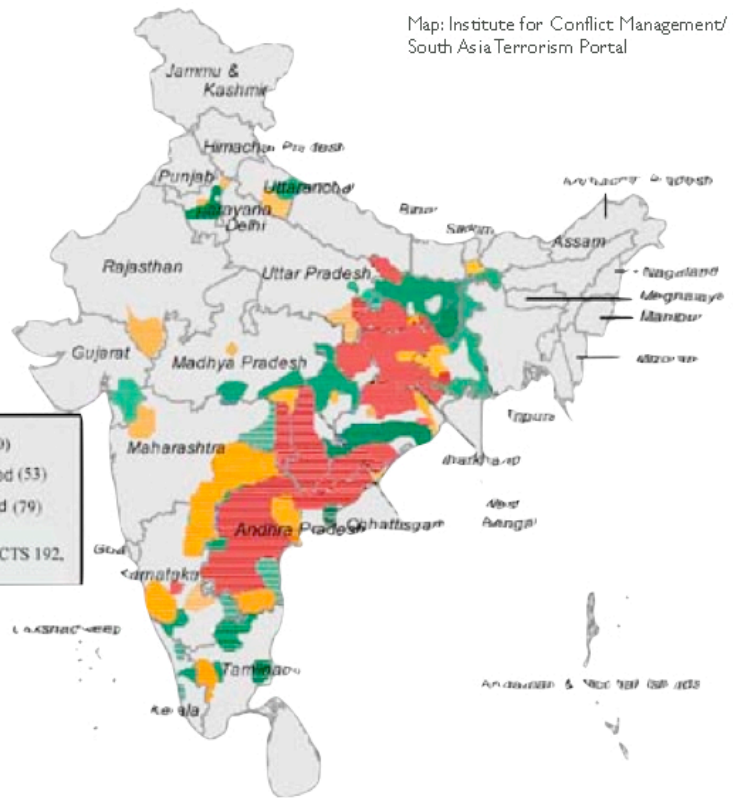
infrastructure network, be it privately or publicly backed, is marked for disruption. The once suppressed Naxalite insurgency is poised to set ablaze the flows of globalisation and destabilise the economic expansion of almost half the country.

The Compact Revolutionary Zone (CRZ) or Red Corridor" is comprised of districts that remain unaffected by India's rapid economic growth.

Even as the economy explodes at a rate approaching ten percent annually, almost sixty percent of the population still relies on agrarian means as a primary source of income. The Maoist insurgency exploits this reality by operating in areas lacking efficient state services to build support parallel governments. Governments of Naxalite-infected states hope that a projected US\$112 billion in foreign investment over the next decade will curtail and eventually eradicate

the Red Corridor. This acknowledgement of the social and economic dimensions of the conflict by public officials is important, and has not escaped the notice of insurgent strategists. As development grinds forward, fuelled by the transmission of ideas, people, financial and physical resources from abroad, it places increasing amounts of existential pressure on the Naxalite movement. If development takes hold, the insurgency will be rendered powerless. So if the Naxalites have their way, the projected billions of foreign investment dollars will plummet to zero.

The traditional approach of the Indian government has been to recognise the Naxalite insurgency as a police problem to be addressed by individual states. This has resulted in a decentralised, incoherent set of responses that range from inaction to the deployment of ruthless paramilitary units. In the absence of an imperative to invest the significant amounts of political capital and fiscal resources required to execute a full socio-economic counterinsurgency campaign, many states opted to find and equip armed militias to counter the virulent spread of the Naxalites. By fostering a low-intensity conflict between multiple popular movements, the states sought to contain the Red menace on the cheap. Chhattisgarh's 50,000 strong Salwa Judum is the largest and most visible implementation of this strategy, though smaller units such as the Green Tigers of Andhra Pradesh are



Left wing extremist (Naxalite) affected areas

older. The strategy of limited war allowed the political leaders of these states to claim that some progress was being made without having to commit the resources necessary to actually combat the threat. This approach allowed the country to muddle through the late 1980s and part of the 1990s.

The Indian security paradigm rapidly shifted when the economy was pried open in the 1990s. In a world where stability was required to gain foreign and domestic confidence and funding in order to garner votes, any solution including a degree of chaos was no longer viable. With the emergence of the security imperative, most affected states have begun investing in ramping up elite counterinsurgency units, funding joint commissions and clamouring for more central government support. As a result of this militarisation, according to government and media sources, the Naxalites have taken heavy losses in the last decade. Bolstered by these reports, the ramp-up continues. Interstate jungle warfare and counterinsurgency schools are being stood-up in states with experienced units, such as the Greyhounds of Andhra Pradesh, to capitalise on their knowledge. More central government forces and weapons are finding their way to the Red Corridor. Experienced intelligence officers are being transferred to engage a new enemy. In short, India's security establishment is mobilising to confront the Naxalite threat.

The Maoists are also organising. Over the past decade, the insurgency has come to understand the strategic value of interrupting the flows of globalisation. In addition to their traditional tactics of assassination, outpost overruns and extortion, the Naxals have repeatedly and systematically disrupted critical infrastructure networks to undermine state legitimacy. Nodes on cellular, power, road, and railway networks have been shut down or destroyed and resulted in, on several occasions, sustained failure of service and significant economic loss. Naxals have taken the systems disruption strategy to its logical conclusion by utilising economic shutdowns, called bandhs, to disrupt entire social systems. To illustrate, a blockade of Jharkhand, Chhattisgarh and Bihar was declared

their collective power. The grouping of major Maoist organisations under the Communist Party of India (Maoist) was by no means an attempt to legitimise the extreme leftist movement. Instead, it was designed to exploit the lack of political will to integrate the party into the political process and maximise the target population's alienation from the country. By banning the party, states like Chhattisgarh, Orissa and Andhra Pradesh have played right into the hands of the Naxalite strategists. In this context, a new structure based around convergent interests has allowed the movement to link up with other sub-national groups around the country and globe including the Tamil Tigers and other regional separatist groups.

Though security forces have been able to claim

**In addition to their traditional tactics of assassination, outpost overruns and extortion, the Naxals have repeatedly and systematically disrupted critical infrastructure networks to undermine state legitimacy.**

in June of this year to protest against the creation of Special Economic Zones (SEZs) for foreign investment. The economic cost of the bandh of the mining industry and the railway system reached upwards of 1.1 billion rupees (about US\$28 million) in two days. The Naxalite tactics of systems disruption and economic bandhs have spread and made a tremendous impact on the Indian security environment. Organised movements such as Orissa's anti-mineral exploitation POSCO Prati-rodh Sangram Samiti (PPSS) have utilised bandhs to seal off the potential site of a major mineral processing facility and have begun to kidnap corporate officers of steel firms to discourage investment. Ad-hoc insurgencies such as the Gujjar campaign in early June adopted Naxalite strategy when they declared a Delhi bandh and followed up with an attempt to seal off the city, by cutting off 17 railway routes with only shovels and picks.

The Naxals are co-opting the flows of globalisation by consolidating and expanding their reach. The hundreds of subgroups that make up the movement have already taken steps to leverage

some degree of victory by killing hundreds of Naxalite fighters in the last year alone, solutions are still far off. The leaders of the movement have declared their intention to move past the traditional guerrilla model of warfare and instead implement a strategy centred on heavy shock troops conducting fewer but massive attacks. When the lessons learned from this new model are synthesised with the hard-won knowledge of economic systems disruption, the resulting bleeding-edge variant of Maoist insurgency campaign could prove devastating to India's economic future.

*Shlok Vaidya is the author of the acclaimed Naxalite Rage weblog*

## More online

### Contributors' websites and blogs

Nitin Pai	<a href="http://acorn.nationalinterest.in">acorn.nationalinterest.in</a>
Shlok Vaidya	<a href="http://naxaliterage.com">naxaliterage.com</a>
Gulzar Natarajan	<a href="http://gulzar05.blogspot.com">gulzar05.blogspot.com</a>
Rohit Pradhan	<a href="http://retributions.nationalinterest.in">retributions.nationalinterest.in</a>
Raj Cherubal	<a href="http://www.liberationraj.org">www.liberationraj.org</a>

## Essential readings of the month



### Examining Indian policy on Burma

THE BURMESE developments, bring out the need for not just a sophisticated policy, but an effective policy mechanism in India. Our biggest weakness is the lack of effective institutions to guide our policies. As of now, policies relating to Burma are handled by a slew of ministries—commerce, petroleum and natural gas, home affairs, external affairs, and defence. India does have a national security council, but the body is merely a deliberative body which takes a long-term view of a particular subject. In any case, according to observers, the NSC system remains non-functional. Decision-making bodies like the Cabinet Committee on Security are hampered by the fact that the system is based on the sum of the parts rather than a single integrated institution.

One part of the real story is that India's effort to overhaul its higher defence management system has stalled. Efforts to overhaul the system and create new instrumentalities like the Chief of Defence Staff, or the National Technical Research Organisation (NTRO) have not worked as they should have. The ruling United Progressive Alliance government seems unable or unwilling to press ahead. It is no secret that the UPA's Home and Defence Ministries are its worst-run.

In the meantime, India fumbles with issues where its short-term needs have to be calibrated with its longer term world view and national interest. In the short-term we have to deal with the dictators in Burma, Pakistan or the mullahs of Iran, but in the long term we would want the emergence of secular-minded and democratic polities in these countries. But short-term compromises have a way of becoming long term poli-

cies. India is not what it is because of politics or history, but its democratic and secular values. Lose them and you lose the essence of the country.

- Manoj Joshi, *Burmese Days*, Hindustan Times,

6 Oct 2007

### Energizer Bunny

SANCTIONS ARE the Energizer Bunny of foreign policy. Despite a dismal record, they just keep on ticking. With countries like Burma, sanctions have become a substitute for an actual policy.

By design, sanctions shrink a country's economy. But the parts of the economy they shrink most are those that aren't under total state control. The result, says Robert Pape, a University of Chicago professor who has authored a wide-ranging study on the topic, is that "the state gains greater control of a smaller pie. And it shifts resources in the country toward groups that support [the state] and away from those that oppose it." In other words, the government gets stronger. We can see this at work from Cuba to Iran. "Even in Iraq," says Pape, "there were far fewer coup attempts in the era of sanctions than in the previous decades."

Thant Myint-U, who has a celebrated pedigree in Burma—he is the only grandson of U Thant, the third secretary-general of the United Nations—hopes for sustained diplomatic pressure to get the regime to begin a process of real reform, involving the United States, China and India. "If the three countries can reach some consensus, that's the only outside pressure that is likely to matter," he says. "America can still play a crucial role."

What the Burmese really want—if they had a choice—is not to be another province of China. They aspire to be a proud, independent country. There are many people there, even in the regime, who want to have good relations with America and the West. But my fear is that the West, momentarily aroused, will reflexively impose

new sanctions and then move on. The result will be that the West's role in Burma will decline even more, China's will rise, and Burma will be further away from a liberal democratic future."

- Fareed Zakaria, *Sleepwalking to sanctions, again*, Newsweek, 15 Oct 2007

### Let's trade

TRADE...IS the other flag of diplomacy. India has never learnt that.

Our efforts to get Kazakh oil have been clumsy. First, the Chinese outbid us to secure PetroKazakh a couple of years ago. The Chinese paid an inflated price, but secured a resource that is vital for their energy needs. Then the deals with Kazakhs for the various oil assets in that country floundered. Our oil and foreign policy establishments were too sluggish to cope with the fluid and changing circumstances. Again, the Chinese realised the goodwill that trade brings and stole a march over us in that country.

Still, all is not lost. Revving up trade will take some time, but deliver us what we need the most to secure our economic growth.

[Our diplomats need to] understand the importance of trade and not mere "people-to-people" exchanges. We have various trade protocols with these countries, but little trade.

- *Great game (editorial)*, Mint, 3 Oct 2007

### Terrorism arrives in the Maldives

MAMDHOOH, a Maldivian blogger, put it this way: "The hymen of our last sense of security was broken that day". He was referring to a terrorist attack in Male on September 29th. That attack was mild by international standards—it injured ten foreign tourists. But on the Maldivian scale of things it was big. Mohamed Nasheed, another blogger, writes that the blast from the improvised explosive device "has forever shattered the peace and tranquility that we have always boasted of in the Maldives".

Rohan Gunaratna, who was roped in to advise the Maldives government on the matter, judges that "the ability of the government to address the growing problem of fundamentalism and its potential

to become violent will determine the security future of the Maldives". Before this, the main threat to political stability in the archipelago nation was the opposition to long-time President Maumoon Abdul Gayoom. So when did a political problem transform into a Islamic fundamentalism problem?

For some time, as it turns out. President Gayoom's tactics to stay in power and the opposition's frustrated efforts to bring him down do appear conducive for the growth of radical Islamist political parties. Denial of political freedom often correlates with increase in support for radical Islamists. Unless Maldivians are able to vote for their favourite political parties—even Islamist ones—there are bad times ahead for this nation.

- Nitin Pai, *Trouble in the Maldives*, The Acorn, 10 Oct 2007

### On taking Tawang

ALTHOUGH THE probability of an all-out conflict is extremely low, the prospect that some of India's road building projects in disputed areas could lead to tensions, clashes and skirmishes with Chinese border patrols cannot be completely ruled out. Should a conflict break out, the PLA's contingency plans emphasize a "short and swift localized" conflict (confined to the Tawang region) with the following objectives in mind: capture the Tawang tract; give India's military a bloody nose; and deliver a knockout punch that punctures India's ambitions to be China's equal or peer competitor once and for all.

The ultra-modern civilian and military infrastructure in Tibet is expected to enable Beijing to exercise the military option to achieve the above-mentioned objectives should that become necessary at some stage in the future.

- Mohan Malik, *India-China competition revealed in ongoing border disputes*, Power and Interest News Report, 3 Oct 2007

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## GEOPOLITICS

# Non-alignment 2.0

## *Regrounding India's foreign policy*

ZORAWAR DAULET SINGH

OVER THE past two years, the tumultuous India-US nuclear saga has consumed the foreign policy establishment in New Delhi. And it has, at its apogee, disintegrated almost as dramatically as it entered the Indian national consciousness in July 2005. The strategic community should use this interlude to dispassionately appraise the fundamental tenets of Indian foreign policy and whether they continue to serve Indian security interests.

Beneath the nuclear veneer, the ideological discord is principally over the relevance of non-alignment as the guiding doctrine for Indian foreign policy. Leading members of the American security establishment have disparaged India's reluctance to abandon this "outdated concept". Recent critiques coming from Condoleezza Rice are reminiscent of an earlier era, when another Secretary of State, John Foster Dulles, found Indian neu-

trality "immoral" and "short-sighted". American disdain for the ideational foundations of Indian foreign policy should hardly be a cause for concern. What is disturbing is that occasional domestic exhortations readily echo these external critiques.

Such revisionists are often ill-informed about the very essence of non-alignment and of its abiding relevance in contemporary international life. At the outset, the logic of non-alignment as envisaged by the founding fathers needs to be reiterated. Nehru's conception of non-alignment stemmed from the geopolitical situation – India as a newly independent state was in no position to in the tight bipolar contest. Rather, India chose to leverage the superpower rivalry to gain flexibility in foreign policy and augment her development goals. Indeed, during the 1950s and 1960s, India



Photo: MEA/GOI

We'll miss Fidel, though

was one of the largest recipients of US and Soviet aid. K Subrahmanyam has been one of the eminent expositors to state it bluntly: non-alignment was always the practice of *realpolitik* cloaked in idealism. That the ideological veil got confused as an end in itself, manifesting in moral outbursts, was as much a reflection of India's relative material weakness in the international system as it was of strategic naiveté.

Since the disappearance of the Soviet Union in 1991, New Delhi came to recognise that incremental engagement with the US was beneficial. This was a structural response to the new power reality, where US primacy was unchallenged. Yet, by the early 2000s international politics took another seminal turn. Ironically, as New Delhi was reconciling itself to a place in a US-led system, the very foundations of that order were being withered away.

By 2005, it had become clear in Washington that the fantasy of reshaping the security structure of the Middle East had reached an impasse. The US debacle in Iraq, however, coincided with equally dramatic developments in Eurasia. Russia, after more than a decade of internal upheavals, was displaying signs of breaking out of the shell that Washington's cold warriors had confined it to since 1991. It will also be recalled that China had

An example may be instructive. Strategic coordination between Russia and China as it manifested itself over the Iran issue and in Central Asia, while not an insignificant development, led to predictions of new blocs emerging to contain the US, with the corollary that India would need to choose between the US and its allies or Russia-China. The emergence of multilateral "blocs" such as the Russia-China-India trilateral format and the Shanghai Cooperation Organization (SCO) has lent currency to such views.

This is a false choice! While Russia and China have enunciated their desire to coordinate their actions on several issues, first expressed in their strategic partnership agreement of 2001, and have done so subsequently, they have simultaneously sought to deepen their interaction with the actors they seek to balance.

This stems from contemporary geoeconomic patterns. Today, China is a \$1 trillion exporter (37% of GDP) that is deeply immersed into the global economy and by 2008 is projected to become the world's largest exporter. Investment linkages are even deeper. The economic realism underlying Russia's energy strategy in particular and the expansion of its natural-resource complex in general implies, it too, is seeking to integrate into economic globalisation. In sum, neither state is seek-

## The bipolar division of the Cold War was geopolitical and geoeconomic. Today, however, the erstwhile "blocs" are clearly more entwined at an economic and thus political level.

gained from the strategic surprise of September 11, which had diverted US strategic attention to the West Asian theatre, from President Bush's pre-September 11 national-security goal of expanding the scope of its East Asian containment strategy.

By 2006, with the US bogged down in West Asia, and, Russia and China, rapidly accelerating their geoeconomic profiles and influence, American triumphalism appeared all but over. Russia's geopolitical arbitration over the Iran issue has been the watershed event.

Thus, India today faces its most propitious global environment, after almost 15 years of "unipolarity". Given a range of options hitherto unavailable, it would be extremely costly if New Delhi's external conduct was unable to exploit the altogether new diplomatic revolution. Drawing lessons from the Cold War, however, will not suffice.

The discord and collaboration among the great powers over the past few years can easily be misinterpreted and produce narrow policy choices.

ing to cultivate exclusive partnerships. Multilateral endeavours, manifested in the trilateral format and the SCO, are but pragmatic attempts at collective diplomacy to manage regional interaction in a common geopolitical space and more importantly to exploit geoeconomic opportunities: given the dearth of effective pan-Asian institutions, hardly an unwelcome development.

To appreciate this phenomenon, it is vital to distinguish today's multi-polar system with its bipolar predecessor. The bipolar division of the Cold War was geopolitical and geoeconomic. Both blocs were self-sufficient and inter-bloc trade and investment was irrelevant.

Today, however, the erstwhile "blocs" are clearly more entwined at an economic and thus political level. This is not to suggest that geoeconomic competition has ceased and that states will pursue an international division of labour over relative national gains. In an anarchic world, they never will. But the zero-sum premise has been tempered where opportunities for mutual

benefit exist. US-China relations epitomise this phenomenon: the mutual dependence of the US economy whereby it is the largest importer from China, which in turn finances one-third of the huge US current-account deficit. Importantly, the relationship has transformed from the “asymmetry” that existed in the 1990s when China was highly dependent on American markets and investment, toward the “common vulnerability” that currently prevails.

Energy linkages between Russia and the European Union (EU)—originally with and via Ger-

cinctly: “Any attempts to restore the bygone trans-Atlantic unity as an isolated aspect of international life can have only partial success”.

For New Delhi, the implications of contemporary interdependence must be clear. Bluntly put, neither Washington nor Beijing will upset their bilateral relationship over India, despite US efforts to cultivate India as a potential alliance partner. This, arguably, has more to do with enhancing US leverage on India rather than solely constraining China. Similarly, in China-Japan relations, the bilateral economic interaction is too high for Japan to

**India today faces a most propitious global environment, after almost 15 years of “unipolarity”. It would be extremely costly if New Delhi’s external conduct was unable to exploit the altogether new diplomatic revolution.**

many, but now extended to an array of bilateral gas deals between Gazprom, Russia’s state-owned energy firm, and EU member states—is another example of interdependence. This is because supply security for the EU is as vital as the demand security for Russian hydrocarbons, especially gas, where buyers-sellers are entwined by pipelines.

Consequently, traditional alliance-based relationships are being reshaped as states are adopting omnidirectional foreign policies. Of course, states that are already integrated within US-led alliances are finding it relatively harder to chart an autonomous course, given their military integration with the US - especially the EU and Japan. Yet, even for such states there is unlikely to be an inevitable consensus with the alliance leader. Russian Foreign Minister Sergei Lavrov has expressed it suc-

seek exclusive relations with India. Thus, exploiting the cleavages in today’s system requires far more sophistication than in the bipolar world, where neither bloc had economic leverage over the other.

Thus, the overlapping bilateral linkages involving all the major centres of power imply that a “friend” or “foe” choice for India is simply inconceivable. Rather, India must adopt a multivector philosophy that will facilitate greater strategic flexibility within the dynamic web of international alignments. And this, surely is the kernel and essence of non-alignment.

*Zorawar Daulet Singh is an international relations analyst*

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DEVELOPMENT

# The second step forward

## *Rethinking the design of poverty eradication programmes*

GULZAR NATARAJAN

INDIA IS a land where the world's most affluent co-habit cheek-by-jowl with nearly half the poorest in the world. This begs the question, sixty years after independence and numerous eradication programs later, why is it that poverty is as omnipresent as ever? In this context, the great challenge facing us is to focus on progressively eliminating poverty by most efficiently allocating the scarce resources at our disposal.

Poverty alleviation programs can be divided into two broad categories – mitigation and eradication. The first consists of basic social welfare functions like primary education and health care, social safety programs, and the basic minimum of civic services and infrastructure. The second, consists of more specific poverty eradication assistance like self- and wage-employment schemes, different categories of subsidies, soft loans and so on, which are aimed at assisting deprived households increase their incomes. This second category of pov-

erage this assistance to move into the next higher income group at the very least. The anti-poverty programs should trigger off a cascading movement up the economic ladder.

Any assistance which would increase the income of an individual incrementally from say Rs 20000 to Rs 25000, fails to achieve this objective, and will, at best, provide an ever so slight, often unnoticed reprieve for the EHP. Most of our poverty eradication programs revolve around this conundrum. In our anxiety to cover as many poor as possible, we lose our objective and end up rehashing the poverty mitigation efforts.

Now let us allow that an EHP is able to avail a certain 2nd category program to move up from Rs 20,000 per annum to Rs 50,000 per annum. This assistance could be anything from say, a grant cum soft loan to buy a tractor, or a scholarship for a professional course. Now we have a genuine climb up the ladder and a definitive victory in the battle

**An individual is meaningfully benefited by a government poverty elimination program only if the assistance catapults him to a higher trajectory of livelihood or growth.**

erty programs is the subject of this article. At the macro-level, economic development is a continuous process of movement up the income ladder, as manifested by the rising per capita income. In the real world, at the level of each economically handicapped person (EHP), this movement will have a substantive effect only if it is a discrete jump and not a continuum crawl. Put differently, an individual is meaningfully benefited by a government poverty elimination program only if the assistance catapults him to a higher trajectory of livelihood or growth. The EHP should be able to

against poverty. This jump up the next income level would invariably be accompanied by a movement up the occupational ladder too. Thus a landless farmer would come to either own some land or migrate to some more remunerative non-farm employment; a non-farm employed poor would find an opportunity in the manufacturing or the tertiary sector.

Many self-employment programs consist of providing either a sewing machine or a cow or assistance in setting up a *kirana* shop. But interaction with several such beneficiaries fail to throw





up even a single case of a sewing machine or a *kirana* shop propelling an EHP into a higher growth trajectory. In fact, it would make more economic sense to assist someone already running a sewing shop with a single machine to expand to more machines: transforming a worker to an entrepreneur. With adequate training and some linkages, we will have the ingredients in place to push the person up to a higher trajectory of growth. Instead of helping 100 people in the village this year, we may be able to assist only fifty. But at least we can be assured that these fifty will not seek to avail of similar assistance the next time round too!

Typically, all poverty eradication programs such as the self-employment and wage employment assistance schemes are oriented towards achieving targeted head-counts, driven as they are by the democratic political compulsion of covering as many beneficiaries as possible. The implementing bureaucrats scramble to cover as many beneficiaries as possible, so as to meet their targets. Further, most often, they adopt the one-size-fits-all approach, with universal program components and guidelines for the entire country and for all sections of the poor.

It is therefore important that poverty alleviation priorities shift from simple target-oriented,

output-based approach to a more outcome-based one. This would involve focus on identification of specific local needs and remunerative local economic opportunities, and most importantly the target beneficiary group. It should then lead to the delivery of the critical mass of assistance required for them to move into the higher trajectory of economic growth. Instead of obsessing over quantities and measures, with no concern for the quality of assistance, the objective should be to ensure that the normal beneficiary should not come back seeking more next year. However, to cover as many people as possible at a time, it seems to be more appropriate to target all those at the margins of the poverty ladder, and elevate them to a higher growth trajectory.

The economic case for such analysis is simple. Efficient allocation of scarce resources would demand that the total marginal utility be maximised. This means assisting those at the margins of each income or occupation level, who have the maximum marginal utility to be gained. The poorest, requiring the maximum per capita assistance to meaningfully move up the income ladder, will be covered in a phased manner.

Spreading ourselves thin in an effort to cover as many people as possible, we give too little help for anybody to actually achieve our objective. The beneficiary will continue to keep returning the following year demanding more assistance. We do little else but take one step forward and two steps backwards. In contrast, if we focus our resources on those at the margins, we utilise our resources more efficiently. It helps achieve our desired outcomes, and lift the beneficiaries to a higher level of economic opportunity and growth. That will be two definitive steps forward.

*Gulzar Natarajan is a civil servant*

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POLITICS AND SOCIETY

# What ails the Hindi heartland?

*And why prescribing more government will make it worse*

ROHIT PRADHAN



ONE OF the more popular explanation for the backwardness of the Hindi heartland is rise of venal and corrupt politicians like Laloo Prasad Yadav, Mulayam Singh Yadav and Mayawati. This is a futile and ultimately a self-delusional exercise. Why?

Because it rests on three premises. One, the quality of leadership in Bihar and U.P was superior before the rise of Mandal politicians. Second, the rest of India is blessed with intellectual and incorruptible politicians. Third, politics—and by implication, government—can solve all the problems.

All three are wrong.

Up until the late 1980s, Uttar Pradesh and Bihar were ruled by an upper caste-upper class elite no less corrupt and casteist than the present generation of heartland politicians. Demographics meant that the rise of Mandal politics was inevitable. Also inevitable was the fact that this would offer no prospects of economic development and no new agenda of governance. Caught in its warped logic, Mandal politics didn't have to offer an alternative programme. All it had to do was to offer a different caste combination.

What is different in the contemporary era is the degree of brazenness. Unlike the old Congress politicians, Laloo Prasad Yadav or a Mayawati see

no need for false pretensions. Thus, Mr Yadav spends lavishly on his daughter's grand wedding while Ms Mayawati proudly announces the ownership of palatial bungalows —of course with donation from "her" people. But this is merely a concession to the media and the higher judiciary. It would not be erroneous to conclude that their corruption is actively condoned by their voters.

So the continuing hold of caste and religion remains a major problem. But even India's more progressive states have failed to move beyond

It needs to be emphasised that corrupt, casteist and criminal politicians don't achieve electoral success because political parties support them—rather, they gain political acceptance because the people are willing to vote for them. The constant refrain of bad politicians is merely a smokescreen. After all, the extended Karunanidhi family and Deve Gowda & Sons are no less corrupt. But they have also realised a simple truth: it's easier to steal from the rich than it is from the poor. So they provide at least a minimal level of governance.

## The poverty of the heartland is not due to shining India—indeed, it stands in stark contrast only because the rest of India has moved forward.

caste. The dominance of caste politics is merely symptomatic of a society drained of all its vitality existing not to support the individual, but merely to limit him. This collective failure operates on two different levels.

First, the heartland has long lost the ability for self-critical analysis. It has replaced it with certitude and dogma. Despite the endemic poverty, the veneer of civilization superiority has been retained. Never blame yourself—instead, blame others—a society which has accepted poverty as its fate naturally resents the successful.

Second, what has really bedevilled the heartland is the snuffing of collective ambitions. People have been told, and they have accepted that their station in life has been pre-ordained. That their destiny has been fixed and to strive for anything greater is futile.

Despite the boisterous elections, the essentially feudal nature of the heartland society hasn't changed. While electoral democracy has taken deep roots: democratisation of institutions, polity, and the society hasn't. The collective fascination with power is reflected in the ubiquities of the *lal batti* culture. When the *sarkar* is *mai-baap*, unsurprisingly; it becomes the sole means of acquiring power, influence and even wealth. Unsurprisingly, the private sector remains a non-starter.

An entire society has been reduced merely to the status of cheerleaders. In such a system where hope is perpetually at a premium, is it surprising that the collective hearts of Yadavs soar when Mr Laloo Prasad Yadav makes a grand arrival in a helicopter? At least one of their number has achieved success. The rest of "their people" can draw vicarious pleasure. That is the limit of their ambition.

The two Mr Yadavs—Laloo Prasad and Mulayam Singh—on the other hand (with due apologies to V.S Naipaul) have been claimed by a "lesser civilisation". Even their corruption is circumscribed by the limits of their ambitions. After all, they are products of their own society. They see no reason to provide good governance as they are happy enough to steal from the impoverished state exchequers.

The poverty of the heartland is not due to shining India—indeed, it stands in stark contrast only because the rest of India has moved forward. This crisis, which is ultimately a civilisational one, cannot be fixed by state intervention. In fact, state intervention only promotes the status quo. Even if schemes like the National Rural Employment Guarantee Scheme (NREGS) functioned exactly as they are envisioned to, what would they achieve?

The poor would earn minimum wages for doing menial labour, the same kind of backbreaking work they have done for millennia, using practically the same tools. By keeping people in villages where there is little prospect of growth, they only harm the poor and retard societal advancement.

The people of Hindi heartland don't need a new ruler: they need a new vision. They don't suffer from a lack of government; but from too much of it. Indeed, it is incumbent upon the people of Hindi heartland that they take their destiny in their own hands. That they come to see how the world is changing. And that it is leaving them far behind.

The sickness lies in the society. And so does the solution.

*Rohit Pradhan is a resident commentator at The Indian National Interest*

## GOVERNANCE

# The coming mutinies

## *India will evolve into a confederation of city-states*

RAJ CHERUBAL

FOR CONNOISSEURS of mutinies—of the noble, peaceful and yet defiant kind—very few can be as satisfying as India's grand mutiny against British colonial rule. What began as a plea for equal treatment evolved into a full fledged mutiny demanding complete independence. Thanks to Mahatma Gandhi and other enlightened leaders the mutiny became a work in progress, attaining many dimensions.

From being just a revolt against a distant monarch and his local representatives, it took on various local entities and issues. It culminated in our independence, with Indians taking back political power, inheriting structures and institutions of democracy, rule of law and other practical tools of civilised governance. Yet we still engage with our past ruler, the British, in cordial and hopeful ways. We are enthusiastic members of global organisations even where they have a far greater say than us.

Many may be surprised, even rattled, to hear that this mutiny of our forefathers is still a work in progress. And it is progressing defiantly though

took us almost 50 years after independence, to pass the 74th amendment to the Constitution, acknowledging, in words if not in deeds, that decentralisation and local governance is important after all. Shamefully tardy recognition in the land of the Mahatma, champion de-centraliser and anti-centraliser.

Most of our disputes, festering for ages, are the result of persistent inability of locals and their democratically elected local representatives, if any at all, to deal with them promptly and effectively. In practical terms, the system places locals at the mercy of distant rulers for most solutions. Since these rulers—state and central ministers for example—have a million and one things to do, and because even a small state has hundreds of cities, towns, villages and a myriad of issues to deal with, even the most energetic man cannot minister his flock promptly, resulting in festering wounds and growing resentments on the body politic.

Recently, Chennai Metropolitan Development Authority (CMDA) organised a public workshop to seek advice on its draft master plan. An earlier

**Centralisation has sucked away power and responsibility, leaving behind local vacuums for trouble makers to fill, who end up representing the genuinely resentful.**

not always nobly and peacefully. Everyday headlines document the modern day mutinies raging across the land, ranging from demand for complete secession, to resisting abuse of the notion of public good, to keeping local control over who should clear the garbage. History is bound to repeat. It is ironic that after 60 years of independence, the basic nature of this mutiny has not changed much. It is still a revolt against distant monarchs—albeit democratically elected—in New Delhi and our states' capitals and their local unelected representatives. Equally ironic is that it

version of the plan, long on data and clichés and short on analysis and planning, elicited howls of criticism and protest from local activists and concerned citizens. To CMDA's credit, the workshop was an open affair and the officials seemed genuinely eager to receive help.

Yet the problems of our overly centralised society were very much obvious. The workshop was inaugurated by a State minister who was also the Chairman of the CMDA. The keynote was by the Chief Secretary for the State of Tamil Nadu. All of the representatives of the government who

spoke—laying out problems, solutions and plans, trading questions and answers—were unelected bureaucrats appointed by the State government. Chennai is one of the fastest growing cities in the country, yet not one of its city councillors or the Mayor was to be seen or heard.

Now this could mean two things. Either such plans are never going to see the light of day. Which begs the question: if the city planning agency does not make plans, then who does? The state and central governments? Or the plan is indeed important and it is pre-decided that state government appointed technocrats will run the show, not the local representatives. The calibre of most of technocrats was visibly high, but not relevant, since they can never be punished or rewarded democratically, only be shunted around bureaucratically.

Take any modern city like New York, Paris or London that people flock to. It is the Mayor who is visible and accountable. It is he (or she) who loses his job when the snow is not removed on time; race riots break out; crime increases. It is his fortune that rises when city's living condition improves. Technocrats answer to these democratically elected leaders who have their ears to the political ground. The most competent politician, who runs the most complicated city the best, gets the promotion to Chief Minister, Prime Minister or President. Many have heard of Teddy Roosevelt, Ehud Olmert and Jacques Chirac but can anyone name the chief technocrat who served under them?

India is urbanising fast. Tamil Nadu, for instance, is already around 50 percent urban. Stories of increasing urbanisation and villages without humans are globally true today. For decades locals have been kept impotent at addressing local problems promptly with adequate resources. This has created untenable villages, at a faster rate than what would have happened naturally, thereby causing mass migration of the worst kind: distress migration.

Instead of local empowerment, the rulers' response has been to create a myriad of ministries at the centre and the states, resulting in piles of bloated departments and their ever increasing appetite for tax payers' wealth.

Absence of rapid devolution of power to local governments will result in more of the unliveable, violent and ungovernable mega-slums that pass off as cities.

Centrifugal forces in action in India, despite ideological, ethnic or religious veneers, are the result of over centralisation of power, resources and accountability. Centralisation has sucked away power and responsibility, leaving behind local vacuums for trouble makers to fill, who end up representing the genuinely resentful.

Co-option of these mutinies by the forces of good, as in the case of our independence mutiny, is a must and urgent. Resulting noble and peaceful mutinies must result in a liberal democratic framework, freeing the locals and their governments to pursue locally directed development and interests.

In practical terms this means implementing far more than what the 74th amendment envisions, in letter and in spirit. Devolution of power and decentralisation of responsibility will weigh down trouble makers and forces of good with mundane duties of local governance and leave very little energy and reason to point fingers at the centre and the state.

Wishful predictions are in order. Our coming mutinies will be noble and peaceful and they will succeed. India will evolve into a confederation of 'city-states', whose members recognise the benefits of collective security and common foreign policy. City-states left alone to evolve their respective culture and economy while the central authority, strong but limited in scope and size, douses conflicts among members and prevents barriers to free flow of ideas, people and commerce.

A day may come when cities of our neighbours will be tempted to join this union. Lahore, the past Paris of the east, for example, may find it beneficial to join and rediscover its lost liberal glory, rather than be bound eternally to perennial lawless and illiberal lands. That may not be repetition, but a welcome reversal of history.

*Raj Cherubal is vice president at Centre for Civil Society*

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## BOOK REVIEW

# Engaging Africa

MUKUL G ASHER

AFRICA'S ECONOMIC performance in the recent decades has been relatively modest. Its share in world exports fell from 5 percent in the late 1960s to less than 2 percent in 2004. Its share in world FDI has ranged between 2 and 3 percent in spite of strong natural resource base and unmet infrastructure needs. *Africa's Silk Road: China and India's New Economic Frontier* is a part of series of studies planned by the World Bank on Africa's development challenges. It focuses on how countries in Sub-Saharan Africa can leverage increasing involvement in China and India in the region to spur higher growth.

The study reports that during the 1996-2005 period, in spite of strong world growth and rising commodity prices, countries representing half of Africa's population exhibited annual GDP growth rate of less than 4.5 percent. Thirteen countries, representing fifth of the population, registered no or negative growth in per capita GDP.

Africa's share of world population however is expected to grow significantly from 14 percent in 2005 to 15.4 percent in 2015 and to 21.3 percent in 2050.

The book is based on a rather optimistic premise that greater involvement of China and India in Africa could be a hugely positive development for Africa's economic growth. It does not discuss how the developments in Africa may impact internal developments in India and China. It also does not discuss the implications of the future trajectory of relations between India and China on Africa's development. The role of the United States, Russia, and the former colonial powers in African development is also not analysed in the book.

Based on specially commissioned surveys, the book analyses domestic policy reforms which could reduce transaction costs for African firms as they comply with domestic business procedures and engage in international trade. It emphasises

Review

## ***Africa's Silk Road: China and India's New Economic Frontier***

by Harry G Broadman  
World Bank, 391 pages, 2007

that African exporters face higher import tariff rates in Asia, including China and India, than in the US and the EU, and that this needs to be addressed. The book rightly cautions that

the bewildering patchwork of Regional Integration Agreements (RIAs) among African countries is a hindrance to Africa's greater engagement with Asia.

The book recognises the formidable constraints and challenges in implementing various reforms designed to reduce transaction costs and improve business procedures. It nevertheless argues that the Delhi/Beijing engagement of the two countries in Africa goes beyond energy and commodities, and such diversification will increasingly make for a more balanced partnership.

The heterogeneity of the 47 countries studied in the book could have been highlighted to a greater extent, particularly in policy prescriptions: it is usually the coastal areas and those with already well-developed infrastructure which benefit from increased specialisation and trade.

Accessing Africa's energy and other natural resources is among the important motivations for China and India's engagement with Africa. So those countries which are less endowed with the requisite resources are less likely to benefit from China and India's engagement with Africa. This aspect could have received more attention in the book.

The book contains useful discussion of the differences in the behaviour of firms from China and India. The Chinese engagement in Africa (as elsewhere) reflects the top-down, state-enterprise led approach (88 percent of Chinese firms engaged in FDI abroad are government owned); while the Indian engagement reflects private-enterprise led bottom-up approach of its economy. Thus, it is a private-sector rather than a state-owned company from India which has recently acquired eleven coal

mines in Mozambique. The Chinese engagement is much more strategic, focusing on key sectors, including finance. As an example, China has just acquired a stake in South Africa's Standard Bank which operates in 18 different African companies. China is also using aid (such as its intention to provide US\$5 billion to Congo to fund infrastructure) to develop strategic alliances with key resource-rich countries.

The authors suggest that Chinese businesses exhibit "...enclave types of corporate profiles, with more limited spillover effects" (Chinese firms bring workers from China even for construction and other tasks when African countries have severe unemployment problem). Chinese firms are also known to be reluctant to provide sub-contracting opportunities for African companies, and to transfer technological knowledge.

Indian firms on the other hand have pursued "...strategies that result in greater integration into domestic markets", and they overwhelmingly rely on labour sourced domestically, even for managerial positions. Indian firms are also more likely to sub-contract to African firms. India must encourage expansion of its Diaspora in Africa, while facilitating its companies and organisations to take advantage of the opportunities created through focused and skilful commercial diplomacy.

To maximise policy leverage, and economic and strategic risk, it is essential for African countries to not be over-reliant on any one country. They

The "searchers" on the other hand eschew global blueprints, and believe that "...only insiders have enough knowledge to find solutions, and that most solutions must be homegrown". "Searchers" seek to meet the demand of customers (e.g. getting low-cost medicines or education or telephony to the poor) in a way that uses decentralised and customised approaches, while applying an existing stock of knowledge in a practical way to reduce resource costs and improve efficiency. The approach therefore is more micro-economic and technology-centred than the macro approach of the "planners".

The policy prescriptions suggested are consistent with current mainstream thinking, which still largely leans towards those advocated by the "planners". But in Africa's case, this approach has not exhibited requisite effectiveness. The book could have usefully reflected on why this has been the case, and on the possibility of blending the approaches, and mindset of the "planners" and the "searchers" to produce more effective outcomes in reducing poverty and promoting growth.

It is evident from the book that China and India's greater engagement with Africa is based on pursuit of their respective national interests. Their engagement brings both benefits and costs; and represents only a potential opportunity to generate net benefits for African countries. The benign and positive outcome therefore cannot simply be assumed.

**Chinese businesses exhibit "enclave types of corporate profiles, with more limited spillover effects". Indian firms on the other hand have pursued "...strategies that result in greater integration into domestic markets".**

should therefore maintain a balance between not only China and India, but also other major players such as the United States, European Union, and Japan. African countries must also seek a balance between FDI in energy and natural resources on the one hand, and in manufacturing and services on the other.

The book is likely to sharpen development debate between what William Easterly, a former World Bank economist, in his 2006 book, *The White Man's Burden* has called, "planners" versus "searchers". He calls the advocates of the traditional approach to development, "planners". Easterly appreciates goodwill of the "planners", but questions their lack of accountability if their plans prove to be ineffective.

Many policy-makers in Africa have legitimate concerns that the involvement of outside powers could hamper diversifying the economy and development of the indigenous business and professional class.

If the book's optimism is to be realised, it is not only the elites in Africa who need to exhibit much greater commitment to national development. Outside powers and international institutions also need to change their behaviour and approaches towards Africa.

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