A student publication by the Department of Political Science
# Table of Contents

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Editorial</td>
<td>2</td>
</tr>
<tr>
<td>The Need for Technocracy - Siddharth Chatterjee</td>
<td>3</td>
</tr>
<tr>
<td>Reservation: Modern India’s Biggest Curse? - Asha Venugopalan</td>
<td>8</td>
</tr>
<tr>
<td>Judging Judicial Activism - Abhilasha N.S.</td>
<td>11</td>
</tr>
<tr>
<td>Energy and Geopolitics of and around Balochistan - Rutwik Ajit Khasnis</td>
<td>14</td>
</tr>
<tr>
<td>Imran Khan: Kingmaker or King? - Shalini Rajan</td>
<td>17</td>
</tr>
<tr>
<td>Children of War: Child Suicide Bombers in Palestine - Natasha Kafle</td>
<td>19</td>
</tr>
<tr>
<td>Vicious Cycle of Fear - Keshav Chandak</td>
<td>22</td>
</tr>
<tr>
<td>Currency Wars and Economic Imperialism - Siddharth Panday</td>
<td>24</td>
</tr>
<tr>
<td>Israel and Turkey: Past and Present - Poulasta Chakraborty</td>
<td>30</td>
</tr>
<tr>
<td>About the Authors</td>
<td>35</td>
</tr>
</tbody>
</table>
Editorial

AVALOKANA in Sanskrit translates to ‘Outlook’; that is, perspective on various contemporary political matters. This publication aims at identifying and depicting these very issues through different standpoints of budding political scientists.

Given the dire need to practise and inculcate the values of democracy as directed by the Indian Constitution, AVALOKANA provides a platform for the minds of the youth to not only gain insight through research and analysis but also to articulate informed opinions on politically oriented phenomena.

In light of the apparent state of persistent change and dynamism throughout the world (Balochistan and Israel being some the hubs of political, social and economic change), it is of utmost importance that the study of politics and political concepts such as ‘Technocracy’ and ‘Judicial Activism’ is encouraged and we are enlightened on the challenges we are facing both as individuals and respective nations.

With articles that not only attempt to instill a sense of political awareness but also encourage the freedom to suggest viable solutions through an inter-disciplinary approach, we hope AVALOKANA provides the necessary motivation to a more politically aware You.

Opinions expressed in the following articles are those of the authors and not of the Editors or the Institution.
THE NEED FOR TECHNOCRACY

-Siddharth Chatterjee, EPS

"A true pilot must of necessity pay attention to the seasons, the heavens, the stars, the winds, and everything proper to the craft if he is really to rule a ship" - Plato

As the economic barometer reaches critical levels on the doyens of democracy in the west I think of Francis Fukiyama's book 'End of history and the Last Man' where he argues that western liberal democracy will end a society's socio-cultural evolution and anything to the contrary is a short term setback. This was his comment on the European Union (EU) in 2007:

“I believe that the European Union more accurately reflects what the world will look like at the end of history than the contemporary United States. The EU's attempt to transcend sovereignty and traditional power politics by establishing a transnational rule of law is much more in line with a "post-historical" world than the Americans' continuing belief in God, national sovereignty, and their military.” (Fukiyama, 2007)

At hindsight the irony of this statement reaches satirical proportions but the question to ask is whether the current crisis in EU and in the United States really is a short term setback or the start of a new era in political thinking? The future of the EU and its member states hangs on a knife’s edge. And one of the main reasons established for the burgeoning of the crisis is the utter failure of the politicians of its member states to act in cohesion and in time, both as members of the EU and as heads of their respective states. Silvio Berlusconi of Italy and George Papandreou were recently ousted from their post for failure of responding to the crisis, and replaced by two economists. Mario Monti was not even an elected member of the parliament when he was made Prime Minister of Italy. Yes, today the very European Union that Fukiyama saw as the poster boy for his argument stands at the cusp of its end. Germany and France feel cheated by other non-performing EU members that the tax payer money from their country is being used to bail out the incompetent. But they too are not without blame for it is their banks that blindly supplied the incompetent with loans to begin with. If the European Union was to break up at this point in time then there is a good chance that they will not be coming together again.... And suddenly history is alive and kicking again.

A similar situation has arisen in America albeit Barrack Obama has not been replaced by a technocrat but the political scene in America has shown the utter failure of the political system to come to any effective decision to meet the challenges that their economy is facing. Fighting among different houses and parties of the US government fueled by the need to cater to a certain section of interest groups, rather than think long term and cater to economy as a whole,
has caused the breakdown of one social mechanism after another. The vitriolic environment has made it close to impossible for any committee to enact and implement any reform. The anger seems to manifest itself in the ongoing “Occupy Wall Street” movements.

As I write this essay a situation has arisen in our very own backyard regarding the FDI in retail. The politicians far from understanding the real economic implications are worried about getting the lobbyist in their sides and if not on their side, creating false lobby groups through sheer panic. The most intriguing part was when I was watching a debate on NDTV and the Trinamool Party representative openly said he does not understand the economics behind the policy but didn’t shy away from harping about how this would affect the “aam aadmi” (common man). The in vogue word of politicians today. Congress and BJP spokesperson were no different - openly admitting they are following a “preset agenda” which made their arguments on the topic more crude than informative. A blame game followed the next day which was succeeded by complete disruption of the parliamentary process. One can only be left to wonder what happened to the tax payer money of the “aam aadmi” that was lost in their unproductive squabbling.

WHY TECHNOCRACY IS THE ANSWER

Today’s world requires someone more than who can just knit public sentiments. Our institutions have become so complex that they require nay demands, beg and scream the need for experts heading them rather than just politicians driven by rigid ideologies. However, I would like to clarify that I am a firm believer in Parliamentary form of democracy. These two stances might seem contradictory if you think about it. How is it remotely possible for a technocrat to not turn into a politician while heading a parliamentary democracy? After all democracy brings with it a tumultuous and continuous fight to retain power and as much as I would like to I cannot advocate a technocrat to only worry about his job as head of government and not worry about political power plays. That is impossible for any head of government. Ignoring the political aspect would only lead to fingers getting burned. This Economist article sums it up appropriately:

“Even a wholly technocratic government can never fully escape politics. In any country powerful lobbies bargain and wrangle. In a parliamentary system technocrats must deal with the partisanship and intrigues of an elected legislature (in Athens and Rome, lawmakers are eagerly waiting to trip up the newcomers). They also face public ire if they are seen as sharing out gains or pains unfairly. A brilliant economist sees exactly the needed fiscal adjustment. But deciding how and where to cut spending or raise taxes requires acute political senses. Few technocrats arrive in office with those; learning them can be a slow, costly and politically fatal process.” (Minds like machines, 2011)

To elaborate this point further: technocrats in today’s world are brought in as quick fixers for a specific problem and leave once a problem is solved. Their reign is usually short term and it is easy to be apolitical in such a scenario. The technocrat does not have to worry about election. However, in the long run a technocrat must learn how to consolidate power. A Herculean task
one may say to combine the functioning of a technocrat while delicately balancing politics, but not impossible. The country that comes closest to technocracy is Singapore. Singapore considers meritocracy as one of its guiding principles and education as the great equalizer. As Singapore Ambassador in France once said, “... basic principle of Singapore is meritocracy. Everyone is judged on the basis of their individual merit and individual talent. It is not the colour of your skin or your religion or family background. What counts is your talent.” (France, 2008)

This policy of meritocracy has paid huge dividends to Singapore. Their corruption level is one of the lowest in the world, bureaucrats and people exercise great deal of freedom of speech and the economy has grown double in the last decade alone. Making education as a benchmark for running the country in my opinion provides the most pristine, the most unadulterated and the most effective form of social mobility as compared to something as abject as political clout, money or something even worse - inheritance.

**ISSUES FACING TECHNOCRACY**

Elaborating on the points made previously about the delicate balance between being a technocrat and a politician the most important issue facing a technocrat is how to rally public opinion for policies. Public opinion always acts as a major constraint on policy making and rightly so. But public opinion in a technocratic form of government cannot serve as the sole basis of legitimacy for policies. Will Wilkinson in his blog elucidates this idea legitimizing policy, “If the technocrat actually cares about legitimacy, then he probably cares a lot about effectiveness. The reason it is okay to go over the heads of the people is that what you’re doing actually works to make them better off. Additionally, if you’re a bureaucrat, have a good idea and can argue for it, it just might become policy. ...... In a well-functioning technocracy, status accrues to people who produce new ideas for effective policy.” (Wilkinson, 2008)

Another problem technocracy (as well as politics) faces is idealism. “Impractical romantic” as Paul Krugman puts it is a very dangerous position to hold; a position that makes a person aloof of ground realities and harbour dreams of a perfect world. (Krugman, 2011) This has cost the common man dearly in the past. The best example is the Washington consensus backed by the sanction of the IMF which forced Latin American, ex-Soviet Union countries, and South East Asia to completely open up their economy. What followed was the spectacular collapse of all these economies especially Argentina, which recorded the greatest default in history. Nobel Prize winner and former head of the World Bank in 2000, Joseph Stiglitz puts this down to callous and ideal understanding of free market mechanism and motives of the people that run it. (Stiglitz, 2006)

**THOUGHTS FOR THE FUTURE**

It would be hypocritical of me to advocate that technocracy is the “ideal” system or the “perfect” system; however technocracy is definitely a step further from what we have. The world is moving at a pace such that Economic growth outpaces Political growth. It would
therefore be in everyone’s best interest to let a specialist such as a technocrat take the reign of making decision rather than politicians. Plato’s words could not be truer in today’s world, “A true pilot must of necessity pay attention to the seasons, the heavens, the stars, the winds, and everything proper to the craft if he is really to rule a ship”

REFERENCES:


NATIONAL FOOD SECURITY BILL 2011-A CRITIQUE

-Aarushi Gupta, EPS

Food security is a critical issue India faces in the wake of unacceptably high rates of malnutrition and hunger in the country. With a large number of people dying of hunger every day and more than 65 million tonnes of food grains being rendered useless due to poor storage facilities, a policy must be implemented to cover up the lacuna between the aims of the existing schemes and the grass root level reality.
The National Food Security Bill (2011) drafted by the Department of Food and Consumer Affairs is a major initiative by the UPA government after the MNREGA. It was approved by the Empowered Group of Ministers in August 2011 and was passed by the Union Cabinet at the end of the year.

The ‘aam aadmi’ UPA government clearly defines the objective of the Bill as ‘an Act to ensure public provisioning of food and related measures to enable assured economic and social access to adequate food, for all persons in the country, at all times, in pursuance of their fundamental right to live with dignity’. (National food Security Bill - Draft).

The existing system that the country follows with regard to the distribution of food grains is that of the PDS, the Public Distribution System. PDS includes the distribution of essential commodities like wheat, rice, sugar and kerosene to a large number of people through a network of FPS (Fair Price Shops) on a recurring basis. The PDS which is a major instrument of the Government’s economic policy for ensuring availability of food grains to the public at affordable prices is an important constituent of the strategy for poverty eradication. With a network of about 4.99 lakh, FPS is perhaps the largest distribution network of its type in the world.

The Food Security Bill 2011, bearing the stamp of the NAC, seeks to cover up 75% of the rural population and 50% of urban households. It seeks to grant the right to 7 kilograms food grains per month per person, at Rs. 3 per kg for rice, Rs. 2 per kg for wheat and Rs. 1 per kg for coarse grains to the priority beneficiaries. General households would get at least three kilograms of food grains at 50 per cent of the minimum support price. (National food Security Bill - Draft)

Under the present PDS, the government provides 35 kg of wheat and rice per month to 6.52 crore Below Poverty Line families at Rs. 4.15 and Rs. 5.65 per kg respectively. About 11.5 crore APL families get between 15 and 35 kg of wheat and rice per month at Rs. 6.10 and Rs. 8.30 per kg respectively.

The Food Security Bill also promises hot, mid-day meals for children up to the age of 14 and Rs. 6,000 for all pregnant and lactating women—all this will now be a legal entitlement, which is one of the most positive highlights of the Bill.

The Bill provides for cash reimbursement if the government fails to provide subsidized food grains because of natural calamities such as drought and floods. The cash would be given to an elder female member per household to ensure that the money is specifically used for the purchase of food grains.

However, there are some unanswered questions-like the source of mainly Rs. 1 lakh crore required to implement the Bill and the food grains requirement which would go up to 61 million tonnes from 55 million tonnes.

The Right to Food Campaign, a movement criticizing the NFSB, strongly opposes the dismantling of the PDS and its replacement with cash transfers. The opposition also includes the belief that
the introduction of the cash transfers in place of the PDS will not just affect household food security but also affect production, procurement and storage systems. The farmers will be drastically affected as the government would no longer procure grains since it will not need to run the PDS shops. They will not get the MSP which is their biggest incentive to grow food grains. The proposition of giving cash transfers is also being seen by many as a move to put people at the mercy of food retailers especially in the light of increasing FDI limit in that sector. (An Open Letter to the Prime Minister, August 13, 2011).

The Bill is also embroiled in a controversy over the Socio-Economic Caste Census that is supposed to facilitate identification of beneficiaries. The Bill carves out a stark differentiation between the APL and the BPL families. The Poverty Line in itself is too low and actually does not represent the extent of hunger in the country. As always, there have been large scale exclusion errors in the identification of the BPL families.

The year which was not only marked by farmer suicides (Parsai) in various states but also by the Punjab farmers throwing away their potato produce due to heavy losses, the simmering discontent of the farmers is staring the government in the face. Along with the failure of universalizing the PDS with the rotting food grains lying in the open, there is an immediate threat to the food security of a developing nation like India.

The Bill which includes various fetching propositions also includes certain leakages, one of them being the granting of full powers to the central government. On one side with many critics hailing it as a draft which minimizes the government’s obligations, and on the other side many others pinning their hopes to it, is it likely that the Food Security Act will also end up with the same fate as that of the PDS or it will show a smack of success in ground level implementation?

One can only wait and watch to see whether the vocal prophets of doom will be proved right or if the Bill actually be a milestone in India’s fight against hunger and the erratic monsoon.

REFERENCES:

- The draft of the National Food Security Bill (NFSB)
- ‘Production looks up, farmers downcast’ by Gargi Parsai

RESERVATION: MODERN INDIA’S BIGGEST CURSE?

-Asha Venugopalan, EPS

Reservation, a form of affirmative action, is one of the most well-known and overused means of political mileage in India. Reservation, as we know, was initially used a means for the upbringing of the disadvantaged or oppressed castes of India i.e. the ‘untouchables’. What was once a
legacy of the British rule in India is now one of the most prominent causes for conflicts in the same country.

While the politicians split our country into vote banks we are drowning in the habit of reservations that we hold on to.

A quick look at the statistics gives us vivid images of what the reservation system has become. 22.5% for the SCs and STs and an additional 27% for OBCs of seats are reserved in public sector companies and in government funded institutions. (Sekhri, 2011). This totals to 49.5% of the total number of seats. Thus, effectively, half the number of seats available are already under some or the other quota. The general public, which includes the upper castes, middle castes and other sections of the society, is competing for a meagre 50% of the seats. This general public, according to the 2001 census, comprises of 75.1% of the nation’s population. (Scheduled Castes and Schedules Tribes Population 2001 Census - India, 2008)

Although the Supreme Court placed a cap on the level of the reservations at 50% in 1963 post the case filed by Mr M.R. Balaji (M. R. Balaji and Others vs State of Mysore on 28 September 1962), certain states have already violated this like for example Tamil Nadu has 69% of the seats reserved for SCs, STs, OBCs, Muslims and Christians. (Warrier, 2006)

To understand the role of reservation in India, one must look at how effective it has been in development of the country. In 1947, when the caste system was rigid and discrimination was inhuman, reservation was a necessity so as to integrate these marginalised communities into the main stream society. The quota system almost forced these communities to actively participate in the governance of the nation. People were forced to accept that the fellow human being is an equal despite the caste, creed or religion that he or she comes from. Dr B.R. Ambedkar, who was one of the masterminds behind the Indian Constitution, believed that the reservation system must be discontinued after 15 years. It has been almost 65 years since Indian independence, yet the system still continues.

Since independence in 1947 up until the present day, India has been on the verge of civil war. These tensions are caused by the feeling of injustice; especially the one felt by the youth. There won’t be any incentive for people to work more efficiently and effectively, if there is no reward for the effort. This is the case in India now. A common man who performs well is pushed away due to his caste, while a less qualified man is forced into a job in order to fulfil a quota.

Since the 1990’s, particularly during Mr V.P. Singh’s regime, caste-based reservations have been used for political mileage. As statesmen, caste-based reservation shows the insecurity, immaturity and severe short-sightedness of the political parties. By splitting a country into vote banks, we are reverting back to the colonial style of ruling i.e. divide and rule. While the needy lower caste members do not have information of these provisions, the richer members exploit the system; thus this results in antagonism against the system and the backward castes. The government shouldn’t reverse the past and hinder the growth for upper caste students and professionals.
In the recent weeks we have seen a number of political parties misuse this form of affirmative action. Few weeks ago, Congress promised 9% sub-quota of the 27% seats for the OBCs to the Muslims (Congress creating fissures: Mayawati, 2012). Mayawati had played up the long-standing Thakur-Brahmin feud in UP for political mileage. Calling the Brahmins “the exploited lot” she said, “If the Congress and the BJP succeed in their game-plan, no benefit would accrue to Brahmins” (Khan, 2011). These political parties are effectively laying the ground work for communal violence between Hindus and Muslims, resentment from other minorities (Sikhs, Christians, Jains, and Buddhists etc.) and antagonism against the beneficiaries of the reservation system by the upper caste members.

Realistically, the reservation system will not leave India. We are entrenched in it too deep to tear away from it. We must turn it into a system of justice instead of what it is today. In order to make this happen, we must find the faults in this system and must strive to erase them. While our constitution gives us the right to equality with prohibition of discrimination in terms of caste, religion, sex, place of birth; it contradicts itself by basing the quotas on religion and caste. Reservation must support the economically backward, regardless of the caste or religion. Reservation must support the weaker lower caste and not the creamy layer of the same. Reservation must be based on the total income of a family, not the caste of it. Thus effectively, the rich creamy layer must be removed from the list of beneficiaries.

The current economic growth is the only reason that general public has not begun retaliating. We are fazed and distracted by our economic transformation. But if the economy worsens, people will retaliate in order to get the best of resources. Poverty does not have caste, creed or religion. When poverty strikes uniformly without any discrimination, then why should we discriminate?

REFERENCES:
JUDGING JUDICIAL ACTIVISM

-Abhilasha N.S., EPS

In India one rarely finds the common man asking “what is the role of the judiciary and the judges?” Judicial institutions, processes and judges occupy a special position in the lives of the common man of India. Like in any democracy, the judiciary forms an essential part of the Indian democratic system. The power of the Indian judicial system vis-à-vis other government bodies is unidentified, unlike in a few democracies; the United States has accepted judicial supremacy and the United Kingdom follows Parliamentary supremacy. In this regard the assessment of the role of the judiciary in India becomes imperative. In particular, the function of judicial activism carried out by the Supreme Court of India requires more attention.

Judicial activism in crude terms refers to the judiciary’s ‘law making function’. Chief Justice P.N. Bhagwati, in his article ‘Judicial Activism in India’, wrote that law making is an inherent and inevitable part of the judicial process. Practiced since the late 1970s, this function was readily accepted by the citizens of India. In a democracy where legislations and executive statutes often prove to be against public interest, judicial activism has become a symbol of hope for people. It is only in the recent past that scholars, media-persons, the political class and even judges have been raising eyebrows regarding the ‘aggressive’ judicial activism of the Supreme Court. The ‘activist’ approach of the apex court in India is being questioned on various planes. As reiterated by judges like Markanday Kadju in several articles and interviews-by displaying a keen interest in law making, the judiciary is transgressing its limits of jurisprudence and trying to encroach on the primary functions of the legislature and the executive.

In 2002, the Supreme Court decreed that all the rivers in India be linked within 10 years1. Scholars were of the view that this decree was a result of an impulsive decision and not grounded on any appropriate study. Although this decree was not implemented by the concerned officials, such verdicts would dilute the credibility of the institution. Some years ago

Justice S.P. Bharucha had expressed this concern saying “This Court must refrain from passing orders that cannot be enforced, whatever the fundamental right may be and however good the cause. It serves no purpose to issue some high profile mandamus declaration that can remain only on paper”.

Legislative judicial activism and executive judicial activism, by their very nature, extend judicial decision-making into the realm of legislative and executive problems respectively. An economic analysis of judicial activism states that the social costs of implementing such decrees may greatly exceed any social benefits that may accrue from the activist endeavour. The specifications imposed by the Supreme Court to control vehicular pollution in Delhi have been criticized extensively. It has been held that technical experts should have evaluated the possibility of introducing other ‘clean fuels’ before the imposition of the now mandatory CNG conversion of all commercial vehicles. It has also been argued that specifying fuels and specific technologies is a poor second to notifying realistic emission levels and leaving the market to choose technology, engines and fuels.

Judicial activism can also be assessed from the lenses of the doctrine of ‘separation of powers’. Separation of powers instills discipline and brings about a stable economy within a democracy. In a system where each of the three branches of the state i.e. legislature, executive and judiciary work differently with different sets of information, judicial activism would lead to a doubling of functions, resources utilized etc. One may also highlight the failures of judicial activism in introducing required legislations. For instance, in 2001, even after the apex court had issued a directive regarding the beginning of the cooked mid-day meal scheme, many states such as Rajasthan have not provided mid-day meals in all government and non-government schools.

The above mentioned arguments are but one side of the same coin. Judicial activism has played a positive role in numerous fields. Media reports on the chaotic nature of the proceedings in the Parliament, low attendance of ministers, complexities of coalition politics and the increasing cases of delegated legislations clearly indicate the rapidly falling standard of the legislature. The judiciary, in such a murky state in the Parliament, is trying to protect the interest of the citizens and maintain the quality of legislations. This is supported by the statement made by Justice S.B. Sinha, Supreme Court of India (2007) “Although drafting of legislation and its implementation by and large are functions of the legislature and the executive respectively, it is too late in the day to say that Constitutional Court’s role in that behalf is non-existent”. In May 2011, the Supreme Court, after hearing a case on malnutrition, ordered the government to distribute five million tons of food grains to the poorest districts of the country. The court also told the government to review the official poverty line—$10 a

---

2 Singh, Jaivir and T C A Anant. An Economic Analysis of Judicial Activism. Vol 37 No.43 October 26, 2002. EPW

3 Jha, Manish K. Hunger and Starvation Deaths: Call for public action. Vol 37 No.52 December 28, 2002. EPW

month in rural areas and $13 a month in cities—saying it grossly underestimates the number of poor.

The apex court is also increasingly delving upon matters that were earlier considered non-justiciable—for instance, foreign policy and budgetary allocation. Its intervention in issues like the proliferation of the statuses of Mayawati in Uttar Pradesh and the condition of Indian students in Australia is seen as a welcome step. Without such an intervention, it becomes easier for the political class to avoid accountability to people.

The multifaceted nature of judicial activism followed by the Supreme Court has increased the complexity in deciding the limits of judiciary. On one hand is the dire need for the tool of checks and balances provided by judicial activism. On the other, there is the huge possibility of the ‘unelected’ judiciary usurping the role of the legislature and executive; hence undermining the tenets of democracy. As is often seen in other issues of a democracy, judicial activism too cannot be viewed with a polarized opinion.

---

ENERGY AND GEOPOLITICS OF AND AROUND BALOCHISTAN

-Rutwik Ajit Khasnis, EPS

Today, energy security stands at the zenith of most, if not all nations’ external policy. For those who lack the domestic resources in this field, achieving such a security would be a daunting task. Pakistan, one of the many “third world” over-populated countries, has placed its foot on the gas to not only provide an adequate infrastructure but also to procure energy resources from foreign imports, which includes the construction of trans-state natural gas pipelines, and a new “Global” deep seaport at Gwadar by exploiting its own energy resources.

Over the years, Pakistan’s energy demands have been on the rise and along with this increase, its leaders anticipate enabling Pakistan to occupy an important place in the Asian energy its refining and distribution system. This change in energy security milieu has lead to a new and resurgent impact on the Baloch population, who realizing its true potential, have called for the revival of the Baloch nationalism over the past decade.

Balochistan is an area which by virtue of both its own energy resources and its strategic location is vital to Pakistan’s ambitious plans. Political thinkers believe that a resolution in the Baloch issue is indispensable for Pakistan in order to achieve its objective of energy security.

WHAT IS THE BALOCHISTAN ISSUE?

Historically, “Balochistan” comprised of the south western region part of Sistan-o-Baluchestan province of Iran, the eastern Pakistani province of Balochistan and in the northwest the Helmand province of Afghanistan. Today the majority of this area lies in Pakistan and although Balochistan is the largest province comprising of 44% of the country’s aggregate territory, it is the least populated (about 5% of the population), the least developed and its HDI (Human Development Index) stands at a meager 0.443, making it the most backward province in Pakistan with almost 21 per cent below the national average.

In April 1948, the Baloch separatists claimed that the Union government marched in with the Pakistani army ostensibly forcing King Mir Ahmed Khan to give up his state of Kalat which comprised 22% of Balochistan, thus ending Kalat’s de facto independence. Since then, the Balochies, who claim that they never wanted to be a part of the Pakistan Union, have resorted to military insurgency. Lead by Mir khan himself, he conducted a guerrilla style war against the Pakistani soldiers in Afghanistan. There have been five low intensity conflicts in this region including the formation of the insurgent group of Baloch Liberation Front (BLF).
BALOCHISTAN’S ENERGY RESOURCES

Balochistan holds a considerable reserve in coal and natural gas. Additionally, large Petroleum reserves are speculated to be possessed. Pakistan today stands as the most natural gas consuming economy, of which Pakistan’s proven natural gas reserves in 2006 was estimated at 28 trillion cubic feet (tcf) of which, as much as 19 trillion tcf (68 per cent) is located in Balochistan. Although Balochistan accounts for almost 36 to 45 percent of Pakistan’s natural gas production, it consumes only a modest 17 percent of the aggregate production of gas.

Keeping in mind their natural capital, the Balochis have got a raw deal, with most of the technical labour coming from beyond Baloch borders. Owing to lack of appropriate qualifications, the Balochis became labourers in their own fields. Being the unfortunate state where gas was discovered first, the royalty on natural gas paid by the central government to the provinces is based on well-head production costs. These costs, (since Balochistan’s gas fields were discovered and developed much earlier than those in the Punjab and Sindh, were long ago stabilized) are today much less than in the other provinces. The result is that Balochistan receives proportionately only about one-fifth as much in royalty payments as the other two gas-producing provinces, incongruously making the country’s leading producer of gas, the poorest of all.

FAST CHANGING POLITICAL ECONOMY AROUND BALOCHISTAN

Natural Gas Pipelines

There are two projects planned for large-scale transport of natural gas via overland pipelines is in the pipeline. One is a proposed 2,700-kilometer-long Iran-Pakistan-India (IPI) pipeline with a capacity to transport 2.8 billion cubic feet (bcf) of gas daily from Iran’s huge offshore South Pars field to terminals in Pakistan and India. The other project is a proposed 1,680-kilometre-long Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, with a capacity to transport up to 3.2 bcf daily from Turkmenistan’s Dauletbad field to markets in Afghanistan, Pakistan, and India.

A detailed blueprint of the exact route of these pipelines has not been carved-out, but it is known that both would transit via Balochistan. It would benefit enormously all three countries involved. Iran would be in a win-win situation as it would be able to circumvent the U.S.-imposed and economically agonizing Iran-Libya Sanctions Act of 1996 whereas India and Pakistan would be able to meet their growing energy needs more effectively with this project.

In spite of all the three nations being extremely keen on this project, there are various external pressures like a snowballing cost of construction and the USA’s distaste for Iranian ambitions in the region, (including its alleged nuclear arms program) makes it extremely difficult for either of the involved countries to ignore.
Piling on to this is the increasing instability in the Baloch region, which includes the threat of an out of control insurgency of Baloch nationalism which makes the IPI pipeline exceptionally susceptible to acts of sabotage which would have to transit about 760 kilometres of “sensitive distance” that is about 28 per cent of the pipeline’s total length.

GWADAR AND THE CENTRAL ASIA TRANSPORT CORRIDOR

Gwadar, a warm water sea port located on the western coast of Pakistan in the province of Balochistan, is situated right next to the strategic Strait of Hormuz and its busy oil shipping lanes. This port is expected to revolutionize the trade and commerce of South-East Asia. Inaugurated on March 20, 2007, this Chinese assisted Gwadar deep sea port on the seas of Balochistan has given a clear signal of Pakistan’s intent towards becoming the CAR’s favoured commercial energy intermediary. This region has witnessed some fast paced development of economical and politically divisive “transport corridors” built on a north-south axis. These corridors consist mainly of port, road, rail, and air infrastructural networks. The primary function of these networks is, along with promotion of commercial and political ties, to improve Pakistani access to the energy rich CARs and to achieve some influence over the production, processing, and distribution of energy resources.

EFFECT OF GWADAR PORT ON THE MILITARY (NAVAL) TIES WITH INDIA

Firstly, Gwadar complicates the Indian navy’s strategic planning. It is one of several naval bases mentioned by Musharraf during his term to strengthen his strong hold over the Indian Ocean, two of them on the Balochistan coast, which Pakistan is constructing to expand and deepen its naval defences.

Second, the construction of Gwadar and its associated road, rail, and pipeline networks has been openly justified as a means to materially strengthen Pakistan’s influence with Afghanistan and the Central Asian states.

Third, New Delhi will inevitably view Gwadar as another link in the China-built chain encircling India on its eastern, northern, and western borders. More perhaps than any other development in the history of Sino-Pakistan relations, Gwadar establishes the major infrastructural framework for substantially strengthened military and economic ties between Pakistan and China.

THE CHANGING EQUATION OF BALOCHISTAN

The changing dynamics of energy context puts forth a powerful threefold impact on the insurgents’ prospects. Firstly, it lifts Balochistan and Baloch nationalism to a much higher position in the magnitude of central government priorities, thus perceptible to warrant, as the government views the problem, zero tolerance and ruthless crushing of the insurgency. Second, it arms the Baloch insurgents both with greater incentives than ever for reclaiming control of
Balochistan and with the novel capacity to drive the economic and political costs to the government of continuing insurgent activity far higher than ever in the past. Third (and on a more hopeful note), by promising to turn Balochistan into an important corridor for energy trafficking in the region, the changed context creates major opportunities for addressing Baloch nationalists’ demands in a positive and peaceful manner. While conceding that the counterinsurgency strategy pursued by the government thus far has a conspicuously dark side, it may be insisted that Balochistan’s rapidly changing energy context could supply both the means and the incentives for bringing the insurgency to a swift, negotiated, and amicable end.

REFERENCES:

- Baloch nationalism and the geopolitics of energy resources: the changing context of separatism in Pakistan - Robert G. Wirsing, April 2008
- A festering wound in Pakistan - Anita Joshua, The Hindu, February 29, 2012
- India under attack & other musings - Gwadar Port Authority
  Gwadar to boost Balochistan’s economy - December 13, 2010
- Pakistan’s HDI – UNPO, October 22, 2009

IMRAN KHAN: KINGMAKER OR THE KING?

-Shalini Rajan, EPS

If anyone has benefitted from the ongoing Civilian Government-Military saga, it is cricketer turned politician and Pakistan Tehreek-e-Insaf (PTI) Chief, Imran Khan. But can this charismatic rising star have a successful shot at forming the next government in Pakistan?

Sixteen years ago, when Imran Khan announced his plans of launching a socio-political movement in the form of his party, Tehreek-e-Insaf, most people shot it down as another gimmick of a celebrity trying to capitalize on his status. However, Imran Khan and the PTI have moved slowly but surely into mainstream politics and the articulate Oxford graduate may just be holding the trump card for winning the forthcoming general elections. Having contested
from seven constituencies in 1997 and winning none to refusing to stand for elections in 2008, PTI’s performance graph has been a fairly stagnant one. But if the crowds at the rally held at Lahore recently were anything to go by, Imran’s party may have just struck the right chord with the masses.

Riding on the wave of anti-incumbency and sheer failed governance, he is seen today as the last, desperate ‘symbol of hope’. Imran is the sole political leader who enjoys a certain degree of goodwill among the masses today, as a result of his state-of-the-art cancer hospital and educational trust, in addition to his popularity as a World Cup winning captain. As political analyst Amina Jadoon points out in her blog, “Without being in power, Khan has already delivered an impressive array of welfare services to the common man and been essentially ‘tested’.”

Another factor that works in Khan’s favour is the new generation of Pakistanis who identify themselves with his neo-nationalist and ‘anti-dependence on America’ policy. ILO statistics show that about 30% of the electorate fall under the 18-30 age group which could well swing many votes in his favour. Foreign based Pakistani businessmen and Chinese centres of power have already begun holding talks with Khan and his party.

The Pakistani media has also been extremely vociferous about reviving the State and restoring sovereignty and order in the right hands. Social and virtual media circles have been extremely open in justifying the need for a leader like Imran to solve the multitudinous problems that have crippled the nation. From advocating inclusive development in neglected areas of Baluchistan and calling for sweeping tax reforms in a country where only 2% of the population can afford to pay taxes, many believe that Khan possesses the resilience, tenacity and courage to challenge the incumbent government.

However, Imran also has his fair share of challenges to deal with. Being the undisputed face of the PTI, he has not been able to successfully build a democratic party where decision making is a shared responsibility. Moreover, critics have termed his policy prescriptions as naive and toothless. Despite setting ambitious goals for the nation, he has not mentioned any concrete measures that he will implement if elected to power. Having tirelessly campaigned in Punjab, viewed by many as the seedbed of fundamentalist and anti-India sentiments, Imran is walking on thin ice. Punjab, for decades, has been Nawaz Sharif’s bastion and with Sharif’s plans to project PML (N) as an anti-establishment party to expand his base, Imran could be in a tight spot if he doesn’t choose his words carefully. The number of former PML(N), PML(Q) and PPP leaders queuing up to join the party has drawn skepticism from many as it negates Imran’s calls for radical reforms.

With Pervez Musharraf and Nawaz Sharif having expressed their willingness to form an alliance with Khan, nobody can deny the fact that he has been the find of this election season. The question of whether Imran’s soaring popularity will translate into votes or will he be remembered as a lost glimmer of hope, however, remains unanswered.

REFERENCES:
CHILDREN OF WAR: CHILD SUICIDE BOMBERS IN PALESTINE

-Natasha Kafle, EPS

A television program in Palestine under the Palestinian Ministry for Information and Culture aiming at the young viewers features the poster boy for the second intifada, Muhammed al-Dura who after his death at the Gaza strip is ushered to the heavens embodying the beaches, waterfalls and a Ferris wheel. He is saying "I am not waving goodbye, I am waving to tell you to follow in my footsteps." The soundtrack that follows sings, "How pleasant is the smell of martyrs, how pleasant the smell of land, the land enriched by the blood, the blood pouring out of a fresh body." This calling out of a kid hardly nine years of age to the other kids alike was an addition to the incentive placed in the minds of the young viewers, not an uncommon phenomenon in the conflict torn Palestine then ruled by Yasser Arafat.

On the West Bank in Palestine, the situation in which a child lived was appalling and hard to imagine. Explosions shelled the houses, people some dead and many wounded lay unaided and unidentified on the grounds, civic arrests were a daily occurrence, militias constantly patrolled the surroundings and civil violence was in the air. Every child knew friends and family who were becoming increasingly militant themselves and were sucked into the conflict irrespective of their wishes. Puppets of the Palestine Authority (PA), the children of resistant Palestine increasingly got succumbed to their vicious plan that tightly knit religious fundamentalism with political propaganda. To see a minor manning the front line during a riot was a common spectacle. It was the Hamas, Fatah and Hezbollah that primarily used children to throw Molotov cocktails, gas canisters and stones at the Israeli militia and also as shields to protect themselves at the warfront, all these in the effort to achieve the special strategic goals of forcing concession or generating more international support against Israel. This political propaganda
could not have attained the limelight had it not been for the cynical sacrifice of the innocent children as young as 9 to 18. The motivational factors that work here would be of great interest to ponder over.

Anne Speckhard, Adjunct Associate Professor of Psychiatry at Georgetown University Medical Center and a Professor of Psychology, Vesalius College, Free University of Brussels wrote that the Palestinian society practice a “cult of martyrdom” by honoring and glorifying the achievements of the martyrs thereby inciting children at a very young age to socialize into a group that honours the same, including human bombers. Children grow up listening to the stories of martyrs, watching television programs engulfed with false nationalism where Arafat’s speeches lauded the role of children in the struggles and importance of martyrdom, trading martyr cards purchased at the local shops instead of Pokémon or baseball cards and adorned themselves with necklaces of martyrs. Radio stations, school text books, newspapers and magazines and summer camp curriculum were cumulatively designed by the PA to incite the children to give up their lives for their homeland while destroying all they could in Israel. Picked up from relatively disturbed backgrounds and lacking maturity to calculate the dangers, children were often intoxicated by the challenge of becoming a hero, pumped with religious fundamentalism which promises paradise for those who die for their native soil. Easily manipulated by the images shown through media many children as young as 8 to 10 years of age were willing to sacrifice themselves to reach the beautiful place they longed to see after death. They wanted similar praises that the martyrs received, similar posters with their faces to decorate the college and the neighbourhood walls with and improve their personal, family and political situations. Schools began their first class only after a prayer for the souls lost during the intifada; teenage girls were reminded that as martyrs they would be alive in heaven, ignorant parents considered it a badge of pride to sacrifice their kids in the name of Allah and such sacrifices fetched families a compensation of $2,000, all of these which had a strong underpinning in longstanding cultural roots of Palestine.

One of the major issues that took to the forefront was the involvement of minors in suicide bombings. It is important to understand here that suicide bombings differ greatly from the ordinary suicides that people commit. Not that these suicide bombers are not ordinary, they happen to be as ordinary as any of us and equally potential to be agents of extraordinary evil. Constructing it to look like a weapon of choice, suicide bombing is particularly chosen for its lethality and the ability to cause mayhem and fear. In the context of child suicide bombers the nature, purpose and cause of suicide bombing becomes more pertinent to understand along the lines of the logic of the terrorist organizations more that the individual’s motivations. By indoctrinating little minds into the deadly art of suicide bombing and taking extremism to a whole new level by the Palestinian leaders is anything but what has been triggered by a cocktail of humiliation, revenge, retaliation and altruism forming it a sub-culture among the Palestinians. The political and religious leaders and institutions are proficient at “manipulating the inherent inclinations towards ethnocentrism and us-versus-them thinking” (James W. Jones, 2008) both of which can facilitate moral disengagement leading to horrific deeds such as terrorism and suicide bombing.
Knowing the implications of such horrific exposures to death, injury and destruction on the thoughts and emotional quotient of growing up children in the cultural milieu of vengeance, violence and other traumatic events, the primary question to ask would be whether these youths who are saturated with violent conflict and fear will be able trust the world or will they cocoon up in their sphere of social regression and paralysis? Would reconciliation with the Israeli counterparts ever take place or would the distance between the two expand?

The Israeli and Palestinian inhabitants whose life oscillated to and fro in the hands of those Palestinian leaders who enjoyed the warmth of their houses along with their children and grandchildren while the civilians, young and old were drowning in pools of blood, have been making efforts to show each other the light of the day. The animosity that had once boiled up to destroy the trace of what remained of Israeli Jews and Palestinian Arabs during the Al-Aqsa Intifada is melting down and creating platforms for youths of both the states to make peace through media using video tools thereby promoting interest based interaction and discussion between them. Undressing their minds off the humiliation and rage for the other, the youths of Palestine and Israel in recent days are sharing their experiences with each other openly in a safer, secure and more tolerant manner. Despite Ismail Haniya and Iranian Supreme Leader Khomenei’s rigorous attempt to continue ‘resistance’(the path of terrorism), the Palestinians, the young generation wants to bridge the gap and end hostility and undress Palestinian residents of the trauma that they continue to live under the Palestinian Authority.

References:
- Yale Global Online http://yaleglobal.yale.edu/content/what-motivates-suicide-bombers-0
- http://www.jcpa.org/jl/vp441.htm
VICIOUS CYCLE OF FEAR

-Keshav Chandak, HEP

“Power is of no use if it can’t be used against someone”.
- Anonymous

Generally, in no democratic polity can a government fight a war indefinitely without the backing of its people. But what happens when the government’s idea of national interest runs contrary to its people’s and the government is adamant on carrying out its will? The government then manufactures consent. The case being taken up here, to explain this argument is that of the US government.

The American “war-on-terror” especially post 9/11 is quite well known and yet needs a glance. While Afghanistan was being heavily bombed with the hope to eliminate al-Qaeda and the Taliban, the US government dramatically found a threat in the form of Iraq. Whether or not the Bush administration genuinely “felt” there were weapons of mass destruction buried somewhere in Iraq and Saddam Hussein’s regime had connections with the al-Qaeda can only be known when the government documents would be declassified; but that’s the reason they offered to the American public and the Americans “bought” it, at least initially. Assuming that the government of USA had falsified its fears about Iraq, what one gets to see is a strong propaganda-generating machine at work which managed to buy the consensus of the American public or what Noam Chomsky would call “manufactured consent”. Play back to 1990-91 when USA government was “deliberating” and trying to “develop” a “consensus” among the American public for military intervention in Kuwait against Iraq. What effectively had happened is that the American government had created a monstrous image of Saddam Hussein and Iraq, as a military superpower in the minds of people. So much so that in northern California the airport was bound-off by police tape in the anticipation of an offensive attack by “Arab terrorists” very soon! We need to keep in mind that the Iraq we are talking about is a state which could not even defeat post-revolution Iran in an eight year long war from 1980-88 in spite of the support of USA (yes USA!) and Soviet Union.

Then in April 1986 Libyan artillery guns fired at an American fighter plane which made an adventure into the Gulf of Sidra, which Libya considers as a part of its territorial waters (US refused to). Immediately US bombed Libya. The declassified documents reveal that the planes were deliberately sent there so that they can get shot at and then have an excuse for “revenge”. The idea was to develop enough hysteria so that the Senate can be manipulated into voting for the aid package to the contra fighters (remember the video game?), who were
then fighting the communist government army in Nicaragua in Central America. Incredible stories like Libyan hit-men wandering around Washington and also S.W.A.T. teams patrolling the White House and other such places were flying around! iii

In each of these cases what is apparent is the fear psychosis of the American public which provided the legitimacy to the government to carry out each of these “excursions”. Of course none of the propaganda could have been carried out without the active support of the American media, which are actually huge corporations. To know the extent of the nexus between the US government and the media one needs to read the writings of Noam Chomsky, Ben Bagdikian, Mark Fishman, J.W Fulbright, Edward S. Herman, Curran and Seaton etc. Looking into this nexus is not within the ambit of this article as it requires an independent piece altogether. While quite a bit of probing has been done into the Pentagon-media nexus, there are other avenues of propaganda that one might miss out for being “soft” in nature. One such propaganda machine is Hollywood.

While war films and showing the American soldiers as heroic and just is nothing new (every state does the same!), what is yet startling is the number of films that Hollywood churns out each year which deals with the subject or theme of DISASTERS or impending disasters! Wikipedia alone lists 750 disaster related films under 25 different categories! iv In each of these films it’s the protagonist(s) struggle to avert, cope or escape a disaster presented to them. And in each of these films “fear” is naturally a common theme. It is mind boggling to even contemplate so many movies having being churned out which constantly depict the characters in some kind of mortal danger or the other. Success of a movie depends heavily to the extent to which the audience can relate to the characters and their story. A human being would certainly not be interested in watching the story of Martians who have ABSOLUTELY no semblance to human beings at any level. Considering over 750 films have been made dealing with the theme of disasters spanning over a century in Hollywood’s history is testimony to the success of the genre in USA. Would it be too simplistic to say then that Americans have constantly been living with some kind of a mortal fear? Fear is an emotion they can relate to and hence enjoy and ‘demand’ such movies? But then doesn’t cinema influence too and not just reflect the society? Hence is it the film makers who have echoed the fear of the Americans or is it that the fear has been instilled in the minds of the people by the film makers themselves?

From where the fear originated is not apparent but what is certain is that there is fear in the minds of the Americans, fear which has provided legitimacy to the foreign policy “excursions” of the White House.

REFERENCES

i Noam Chomsky and Edward S. Herman; Manufacturing Consent; Vintage Original

ii Noam Chomsky; Understanding Power; ed. Peter R. Mitchel, John Schoeffel; Penguin; pg.166
CURRENCY WARS AND ECONOMIC IMPERIALISM

-Siddharth Panday, EPS

The evolution of man through his various stages of civilisation has clearly reflected his insatiable desire for power evidenced in its splattering across the pages of history with eternal legacies of epic wars. Empires have toppled and dictators have wreaked genocides grotesque in detail, staggering in quantity. Nations have always sought control over each other, for the search for superiority is indeed the human condition. Yet evolution persists. One sees a continual change over the last century in what one may term “imperialism” and modes of conquest. The continual hustling for power today manifests itself not in battlefields but in economic markets and international trade. Imperialist tendencies leave trails in the economic breakdowns and fall of international monetary stability. This article aims at exploring the nature of economic imperialism, its evolution and media, viz – currency wars.

CURRENCY WARS

Also known as competitive devaluation, it refers to a situation where economies compete with each other to achieve a lower exchange rate for their currencies. As the price of the currency fall, so does the real price of the countries’ export commodities. Imports become expensive and local industries are protected. However this is also a retaliatory measure taken against other countries engaged in deregulation and is thus harmful for international trade. It represents economic hostility and subsequent safeguarding which may not be quite as productive as one may hope for.

In today’s context the notion of currency wars finds relevance in the on-going patterns of economic policies that define international trade. The United States, China, Taiwan, Brazil, Japan and other economically significant nations are becoming increasingly engaged in manipulation of the exchange rates of their currencies in an attempt to not only safeguard their own economic interests but indeed establish dominance through triggering inflation in trade engaged countries. Indeed, as the finance minister of Brazil Guido Mantega mentions in a
speech in Sao Paulo, “we are in the midst of an international currency war....this threatens us as it takes away our competitiveness....the advanced countries are seeking to devalue their currencies....we do possess an arsenal of tools to weaken the Real....”. The currency is indeed, the world’s most overvalued currency according to analysts at Goldman Sachs. (BBC, 2010).

To understand how economic imperialism through currency exchange rates may be done and the factors that have led to economic hegemony of the United States, one may follow a chronological pattern establishing recurring patterns of financial manipulation to maintain international dominance.

**BRETTON WOODS**

Before 1914, capitalism had ensured a distinct polarization of economic status between what came to be recognized as the north and the south. However with the world wars and the Great Depression in between, a hitherto unknown degree of economic collapse of trade, finance, employment and income took place. During this period, economies abandoned the gold standard and a massive deregulation took place. This resulted in trading partners deregulating their currencies as well. Consequently, few nations gained any enduring advantage and international trade all around was adversely affected and economies suffered. Essentially, nations adopted what is today referred to as beggar-thy-neighbor policies.

Here, it became clear that a stable international monetary system was required. John Maynard Keynes, a major architect of the Bretton Woods institutions, suggested regulatory economic policies. His argument that economic competition needed to be regulated, that there had to be a central role for the state to mitigate the effects of the boom-bust cycle, and that there had to be institutions which could manage competition at an international level -- these ideas were to be taken very seriously, as policy makers everywhere stared back at the horrors which were the alternatives (Kellog, 2010).

The Bretton Woods discussions would create the International Monetary Fund (IMF -- designed to "administer the international monetary system") and the International Bank for Reconstruction and Development or World Bank ("initially designed to provide loans for Europe’s post-war reconstruction"). (Steger, 2009)

However, in the mix, two important objectives were lost. Keynes had called for an “International Trade Organization” to regulate and prevent trade and currency competitiveness. Instead the GATT agreement was created which only got institutionalized in 1995 in the form of World Trade Organization. Secondly, he called for an “International Clearing Union” to manage transactions between countries. This too was not realized. (Monbiot, 2008) The establishment of an ICU would have sidelined the role of the US dollar in international transactions. Emerging from the war controlling something like half of the world economy, the United States looked forward to the advantages that would accrue to its corporations and government from its new place as the centre of empire. Without an ICU, the US dollar -- like the
British empire's pound before it -- would almost inevitably become the chief currency for international transactions. (Kellog, 2010) What emerged from the Bretton Woods system was the establishment of the US dollar as the central currency of international trade. Economies would stock up their reserves now in US dollars as opposed to the erstwhile preferred gold. Economies would peg their currencies against the dollar which in turn was pegged against the gold at a semi-fixed rate of 35$ an ounce.

Significantly, dollar had steadily begun to replace gold and gain preference over other currencies as the foreign exchange reserve amongst governments across the world. It also gained the power to print as much currency as it wished to while continually running a trade deficit – a luxury it exclusively enjoyed and subsequently exploited at the cost of other nations.

(Kellog, 2010) (Prior to 1999, the Euro did not exist, so figures here for 1995 through to 1998 are for a “Euro equivalent” – the sum of the old Deutsche mark, the French franc, the Netherlands guilder and the European Currency Unit (ECU), all of which have ceased to exist with the launch of the euro.)

THE NIXON SHOCK

There were broadly two factors that led to the Nixon Shock – the funding of major wars and the international price of gold in the private open market. In Europe, nations emerging from the damages of war had economically begun to redeem themselves. Where gold was selling more than 35$ an ounce, and European nations owning increasing amounts of dollars, they started exercising their will to convert this to gold. Thus gold fled the US to fund wars as well as meet Bretton Woods obligations.
US Secretary of the Treasury John Connally, a life-long militarist and hawk, would not, of course, blame US foreign policy adventures for the crisis of his country's economy. But the other half of the equation he saw absolutely clearly. He argued that action was needed "to head off what the Administration believe[d] to be the most important non-military threat to US national security: economic competition from Japan and Western Europe". (Muirhead, 2004)

On 15th of August, 1951, Nixon announced that the dollar would no longer be backed against gold. Essentially, this symbolized the breakdown of the Bretton Woods system which led to the current system of floating exchange rates. This also and intentionally lead to the steep and sudden decline of the US dollar against other currencies, making American commodities cheaper and more competitive. As Time magazine reported in 1971- "American officials who once proclaimed the majesty of the dollar now cheer declines in its price on newly freed money markets, because they hold the potential for helping the US balance of payments." (The Economy: changing the World's Money, 1971)

What one observes here is that in 1944, a system stupendously favouring the US was established, where they could print currency almost at will without having to deal with crippling consequences others’ would have to. And in 1971, they decide to simply walk away from the Bretton Woods order, devaluing their own currency sharply to fund wars across the globe. The manipulation of international monetary systems by the US becomes sickeningly apparent.

PETRODOLLARS

In the early 1970s OPEC and the US decided to establish the United States -- Saudi Arabian Joint Commission on Economic Cooperation". The key decision arising from this commission was for Saudi Arabia to sell its oil in US dollars. As the largest OPEC producer, the Saudis used their strong influence in OPEC to persuade other members to follow suit; and they did. In 1975, OPEC announced its decision to invoice oil sales in dollars". (Momani, 2008)

What this ensured was that the Nixon Shock’s damages were to a large extent buffered as the demand for dollars to a certain quantity was guaranteed by this new petrodollar system. Moreover, since these OPEC countries begun to gain such large amounts of dollars, they invested them in industrialized nations’ banking systems, the North gaining back what it just paid, which in turn resulted in granting of large quantities of loans to countries of the south resulting in major economic crises in the long run, post 1980 when interest rates spiked. Consequently, this led to major privatisation of public services in these nations.

The benefits of the petrodollar era might be beginning to unravel for the United States. Bessma Momani concludes that it is unlikely that in the short term, the OPEC countries will end their use of the US dollar. But, should the US dollar continue the long decline outlined earlier in this article, there will be increasing incentives to diversify into other "stores of value" such as the euro. The consequences for the US would be very serious. (Kellog, 2010)
QUANTITATIVE EASING

It refers to a way of injecting money into the economy by simply, electronically declaring the existence of such new currency. The bank can create new currency by electronically increasing the balances on a reserve account. (James, 2009)

It was derided in the US press as something "which essentially stuffed Japanese banks with cash to help them write off huge bad loans accumulated during the 1990s (Fackler, 2006) But since 2008, this policy of creating money from nothing has been embraced with passion in the United States. In 2008, the US central bank (the Federal Reserve) "bought $1.7 trillion worth of Treasury and mortgage bonds with newly created money". (Its all upto the Fed, 2010)

Whether or not this will stimulate growth is a matter for debate. There are, however, two things we know it will accomplish. First, it will in the long term accelerate the decline of the US dollar relative to other currencies. Second, as this flood of money depresses interest rates in the US, it will put upward pressure on other currencies "as investors rush elsewhere, especially into emerging economies, in search of higher yields". (how to stop a currency war, 2010)

The issue of monetary policy cannot be looked at from a strictly economic point of view, but has to be examined with one eye on the economy and the other on politics. The entire economic history of the US dollar is incomprehensible without the political history of US imperialism. The deep distortions in the international monetary system are a reflection of the "privileges of empire" (Kellog, 2010) abused by the United States. The decline of that empire and the slow ending of those privileges promise to make the United States pay dearly for these distortions, but only after having wreaked havoc on much of the rest of the world. Indeed the slow ending is reflected in several significant changes in international economic policies:

October 28th, 2008 – Vladimir Putin advises Wen Jindao, premier of China to “abandon the US dollar for transactions and reserves.
November 15th, 2008 – Iran converts all its reserves to gold.
November 19th, 2008 – reports of China considering a target of 4000metric tonnes of gold to diversify from the risk of holding USD as reserve.
February 9th, 2009 – Financial Times reports transactions in Gold bullion at an all-time high.
March 19th, 2009 – Reuters reports UN supporting the abandonment of USD as global reserve currency.
March 31st, 2009 – Financial times reports China and Argentina entering a currency swap of sorts allowing Argentina to use Chinese Yuan in lieu of USD.
April 26th, 2009 - Agence France Presse reports china calling for global monetary system reforms and the replacement of USD as leading currency.
May 18th, 2009, Financial Times reports Brazil and china agreeing to explore bilateral trade without dollars.
June 16, 2009 – Reuters reports Brazil, Russia, India and China calling for “a diversified, stable and predictable currency system”.

November 3rd, 2009, Bloomberg reports India purchasing 6.7 billion dollar worth of gold, diversifying its reserves.

November 7th, 2010 – World Bank head, Robert Zoellick says “G20 should consider employing gold as an international reference point of market expectation about inflation, deflation and future currency value.

December 13th, 2010 – President Sarkozy of France calls for consideration of wider role of SDRs (special drawing rights – the world currency of the IMF) in the international monetary system.

December 15th, 2010 – Business week reports how China and Russia have jointly called for the diminishing of the role of USD in international trade and are launching a Yuan – Ruble trade currency settlement mechanism. (Rickards, 2011)

QE policies of the US have resulted in inflation in China who was forced to print more Yuan to balance the influx of dollars in its economy. This has given to rise to increased economic hostility towards the slowly falling giant that is the United States.

As precariously perched as they may be, the intricate web of economic interdependence to a large degree will ensure relative economic continuity. The US, China and Japan, all being exporting nations cannot afford to let the Euro collapse as the alternative would be a return to individual currencies in Europe which in comparison would be greatly undervalued. This would result in the exports of non-European nation to become more expensive and therefore less in demand. Thus one sees the extraordinary efforts being made by non - European nations to bail out the trapped European economy.

One concludes with these reflections on currency wars and their imperialist tendencies. This being the modern form of conquest, at this stage of continuous policy changing to arm against exploitation or act in retaliation in terms of international economic policy makes one question the status quo – “peacetime” as it is fondly, if provisionally referred to. Alternatives ranging from world-wide acceptance of SDRs (a fiat currency as it may be), to a return to the gold standard, one factor remains a major setback to effective economic reform – the greed for power and hegemony that pervades every international policy decision today. Thus the future of the international political economy depends to a fair degree on the social outlook that modern day empires behold in thought and in deed.

References:

- "how to stop a currency war". (2010). the economist.
- how to stop a currency war. (2010). the economist.
ISRAEL AND TURKEY: PAST AND PRESENT

-Poulasta Chakraborty, HEP

The nations of Israel and Turkey are seen to be clashing quite aggressively in recent times. The source of oddness is however argued by both sides. Turkey, once Israel’s closest calculated comrade in the Muslim world, expelled the Israeli ambassador in early September of 2011 over Israel’s refutation to apologize for a fatal attack in 2010 on a Turkish ship bound for Gaza in which nine Turks were killed. Israel asserts Turkey’s ambition is to establish regional leadership thereby deserting Israel. If this crisis deepens, Israel will soon find itself as the lone wolf in the mid-east with no close ally to tag along with them.

Even though both Ankara and Tel Aviv are giving their personal explanations for this diplomatic dispute, an alternative goal can be cited. It may be believed that the reason is a political alteration in both the nations from combative secularism supported by Westernized leaders to nearby semi-religious flag-waving. Two and a half years ago, Prime Minister Recep Tayyip Erdogan of Turkey chastised President Shimon Peres of Israel live at the World Economic Forum in Davos, Switzerland — right after Israel’s war in Gaza — telling him, “When it comes to killing, you know how to kill.” and stormed offstage to a gallant welcome at home. A year later, Israel’s deputy foreign minister, Daniel Ayalon, invited the Turkish ambassador to his office, giving him a low seat at a table without refreshments or a Turkish flag. Mr. Ayalon’s standing only rose in his party, Yisrael Beiteinu, run by the ultra-nationalist foreign minister, Avigdor Lieberman. This was not always the case. A detailed background is given below:
THE EARLY YEARS:

Israel’s location, in the heart of an unfriendly Arab world, left it with limited choice but attempt to escape isolation by establishing relations with the states on the periphery of the Middle East. Of all these countries, Turkey and Iran had more in common with Israel than others, and of these two, Turkey had more reasons to maintain normal relations with Israel. This was primarily because of its proximity to Europe — with which both countries shared traditional affinities — and the role that it pleased in the alliances of the Cold War. Friendly relations between them were possible also because neither Turkey nor Israel embraced mutual hatred. Secularism, one of Kemal Ataturk’s principles and a key feature in Turkish society detached Turkey from its Arab neighbours. The founding Prime Minister of Israel, David Ben-Gurion, who studied law in Istanbul, modelled himself on Ataturk, seeking to build a fresh society of “ideal” citizens with little unorthodoxy in language or culture. Unhindered travel to Turkey was especially important for the Israelis whose country’s isolation led them to develop a strong constraint outlook. However, there was a need to strike a balance between two intentions: first, to develop normal relations with Israel as Turkey’s association with the United States required and second, to maintain normal ties with the Arab states, as Turkey’s connection to the Islamic world. Although located on the boundary of the Arab world the Turkish leaders often found themselves unable to ignore the tide of pan-Arabism.

Even then Turkey remained neutral during the 1948 Arab-Israeli War and actually prevented Turkish helpers from joining the Arab forces. Only a small training team was dispatched to Syria and some supplies were shipped to the Palestinians. Turkey did not grant official recognition to the newly established Jewish state until 28 March 1949, and when Israel applied for membership in the United Nations. Turkey withheld. Turkey’s Foreign Minister Necmettin Sadak deemed it necessary to defend his country’s stand by saying that Israel was a reality which more than thirty countries had already recognized. In January 1950, Seyfullah Esin, a Turkish diplomat, was sent to Tel-Aviv, and in 1952, both sides appointed ministers. This was a part of a pro-Western policy aimed at enabling Turkey to achieve full membership in NATO. The Mossad had operated an intelligence station in Turkey since the early 1950s. The Arabs did not conceal their disappointment; in 1951, Turkey joined the West in protesting Egypt’s decision to deny Israeli ships passage through the Suez Canal. This caused a serious crisis in Turco-Egyptian relations. Commercial contacts with Israel continued nonetheless, but covertly. The two countries maintained contact in the UN.

In June 1954, Turkey’s Prime Minister Adnan Menderes, who was visiting Washington, called upon the Arabs to recognize Israel. Shortly afterwards, Egyptian President Gamal Abdul Nasser denounced Turkey’s pro-Israeli policy, saying that it led to Turkey being “disliked in the Arab world.” But even Nasser’s scorching speeches did not hamper the Turkey-Israel alliances. This was largely because of Turkey’s objective to be part of a defence pact which the Western countries were planning for the Middle East. Caught between the need to maintain normal relations with Israel and the desire to avoid Arab reproach, Ankara was forced to adopt a low-
key policy toward Israel. While official foreign policy statements were pro-Arab, furtive military assistance and commercial contacts continued between the two countries.

1950’s to 1990’s:

The escalation of the Arab-Israeli skirmish during the Suez crisis led Ben-Gurion to consider the notion of a defence pact with the countries on the side-line of the Middle East. The purpose of the pact was to prove an argument long held by Israeli politicians, that the Middle East was far from being exclusively Arab or Islamic as sponsored by Nasser. Noted diplomat, Abba Eban wrote: “The Middle East is not exclusive Arab domain. There are nearly as many non-Arabs as Arabs in the Middle East (the combined population of Israel, Iran, Ethiopia, Somalia, Turkey and Cyprus is 80.000.000); and the dream of a United Arab domain offends the region’s vital diversity.” Turkey, like Iran and Ethiopia, regarded Nasser as a dangerous leader and wanted to manage their political activities with Israel. Ben-Gurion in a letter written to President Eisenhower on 24 July 1958 said: “The domination of the Arab Middle East by Nasser with the support of the vast power of the Soviet Union would have certain grave consequences for the western world .... I need not dwell on what such a course of developments would need for Israel and Turkey.” Ben-Gurion, Golda Meir, the IDF Chief of Staff flew to Ankara where they met Menderes and other senior Turkish officials. The official excuse given in the Arab world for the presence of the Israeli EL AL airliner on Turkish soil was that mechanical problems had forced its landing. In fact, it was secretly agreed that the Mossad and the Turkish National Security Service would exchange intelligence information. Nasser’s attempt to connect pan-Islamic support to the Arab cause made it difficult for any Islamic country to maintain overt relations with Israel. He made it abundantly clear that his country played a pivotal role in Arab-Islamic circle.

The Turkish military coup in May 1960, the execution of Menderes changed the intimacy of Turkey and Israel. Following the Six-Day War in 1967 Turkey supported the UN Resolution 242, which called for Israeli withdrawal from territories conquered during the war, but also asserted that all states in the region had the right to live within secure and recognized boundaries. In a joint dispatch of 11 September 1967, Turkish Prime Minister Suleyman Demirel and King Hussein of Jordan, who visited Turkey at that time, stated that Israel should withdraw from all occupied territories and implement the UN resolutions on Jerusalem.

The snarl in the Israeli-Arab conflict during the early 1970s, when Golda Meir was in power, had antithetical effects on relations with Turkey. Arab pressure mounted to such an extent that during the Yom Kippur War of 1973 Turkey, whose economy was heavily dependent on oil supplied by OPEC, actually allowed Soviet aircraft to overfly its territory, while barring the Americans from using their bases to help Israel. Turkey did not wish to be denied any economic opportunities that were opening up in the oil producing Arab countries. By denying the United States permission to use its airfields, the Turkish government angered both Israel and the United States. Nevertheless, Turkey never failed to appreciate Israel’s technical expertise. Turkey began purchasing arms from Israel when relations between the two countries seemed
tense on the surface. Turkey’s pro-Arab position was due largely to its continuing dependence on Arab oil, which was compounded when the Iranian revolution resulted in reduced production and higher prices.

But the upsurge of the Lebanese Civil War in the 1980’s and Turgut Ozal’s rise to premiership led to closer intelligence ties between Turkey and Israel. Moreover, the reduction in oil prices during the mid-1980s reduced Turkey’s dependence on Arab states. Turkish parliament members met Likud Prime Minister Itzhak Shamir in September 1984. But even the fact that the Turkish government became more blatant in its dealings with Israel did not change its pro-Palestinian policy.

After the Soviet Union’s dissolution in 1990 Asia’s most populated countries, such as India and China, established diplomatic relations with Israel, and others followed their example. At last, in December 1991, the political climate seemed appropriate and the Turkish government decided to establish full diplomatic relations with Israel.

Foreign Minister, Shimon Peres, visited Turkey in the beginning of 1994. They met senior Turkish officials, and agreed to strive for peace and to cooperate in joint projects. Thus for the last four decades of the 20th century Turco-Israeli relations remained pleasant. Cooperation between the two countries never ceased. What kept these contacts going was Turkey’s basic attitude that it had more in common with Israel than with the Arab states. This mentality was reinforced by Turkey’s cultural transformation which began in the Ataturk era, and seems to have had a significant impact on Turkish foreign policy orientation Turkey’s official stand was that a solution to the Arab-Israeli conflict should be found. A significant part of the Turkish intellectuals favour good relations with Israel due to Israeli technical and scientific proficiency.

**Present Dispute:**

On May 2010, eight Turkish citizens were killed by Israeli troops after seven Israeli soldiers were injured on the Mavi Marmara, part of the “Gaza Freedom Flotilla”, a convoy of six ships carrying 663 people from 37 nations, including pro-Palestinian activists. Following the raid, tension between the two countries mounted. Turkey recalled its ambassador from Israel, and summoned the Israeli ambassador to demand an explanation. The Turkish Foreign Ministry stated that the incident could lead to irreversible consequences in mutual relations. Many analysts viewed Erdogan’s repeated criticism of Israel as a calculated bid to boost his standing in the Arab world and assume a central role in the Middle East. Although Turkey is an undoubted regional power, it has suffered a difficult few months due to the Arab uprisings and after hostility from Iran. According to the Mossad, Hamas established a command post in Turkey and has used it to recruit operatives. On the other hand Israeli Defence Minister Ehud Barak predicted that the current coolness in relations between the two countries will pass in time. He said that Turkey and Israel were the two most important countries in the region as far as the West was concerned, that the UN vindicated Israel’s blockade of the Gaza Strip, and that both countries “recognize reality.” At the U.N. General Assembly in September 2011, U.S.
President Barack Obama personally asked Turkish Prime Minister Recep Tayyip Erdogan to solve the diplomatic rift between his country and Israel.

REFERENCES:

# ABOUT THE AUTHORS

<table>
<thead>
<tr>
<th>Name</th>
<th>Register Number</th>
<th>Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Siddharth Chatterjee</td>
<td>1014431</td>
<td>II-EPS</td>
</tr>
<tr>
<td>Aarushi Gupta</td>
<td>1114416</td>
<td>I-EPS</td>
</tr>
<tr>
<td>Asha Venugopalan</td>
<td>1114440</td>
<td>I-EPS</td>
</tr>
<tr>
<td>Abhilasha N.S.</td>
<td>0914431</td>
<td>III-EPS</td>
</tr>
<tr>
<td>Rutwik Ajit Khasnis</td>
<td>1014429</td>
<td>II-EPS</td>
</tr>
<tr>
<td>Shalini Rajan</td>
<td>1114469</td>
<td>I-EPS</td>
</tr>
<tr>
<td>Natasha Kafle</td>
<td>1014460</td>
<td>II-EPS</td>
</tr>
<tr>
<td>Keshav Chandak</td>
<td>0914505</td>
<td>III-HEP</td>
</tr>
<tr>
<td>Siddharth Panday</td>
<td>1014432</td>
<td>II-EPS</td>
</tr>
<tr>
<td>Poulasta Chakraborty</td>
<td>1014505</td>
<td>II-HEP</td>
</tr>
</tbody>
</table>