

▶▶ FTA

▶▶ Price Rise

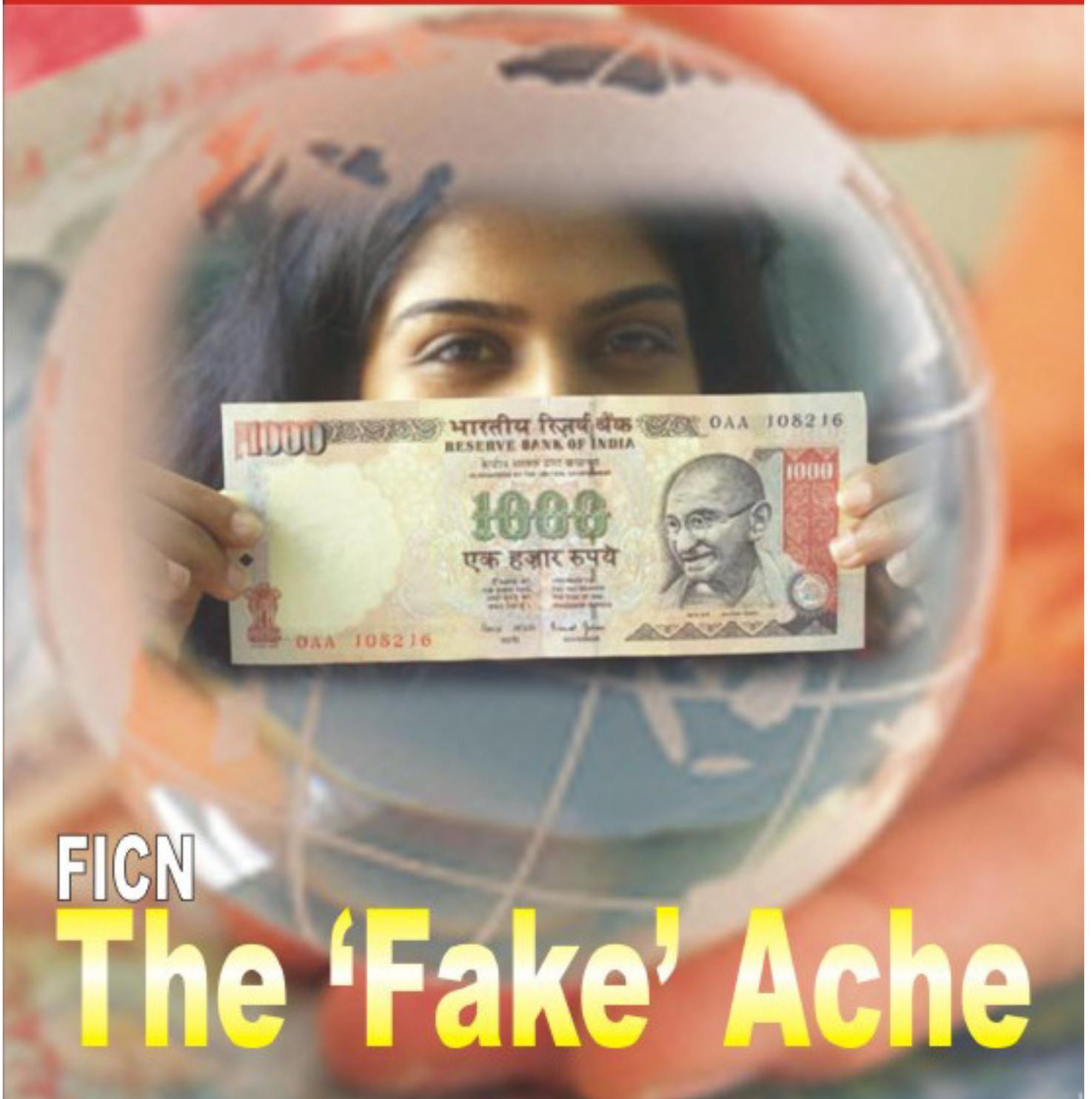
▶▶ Economy

Rs 10/-

# SWADESHI

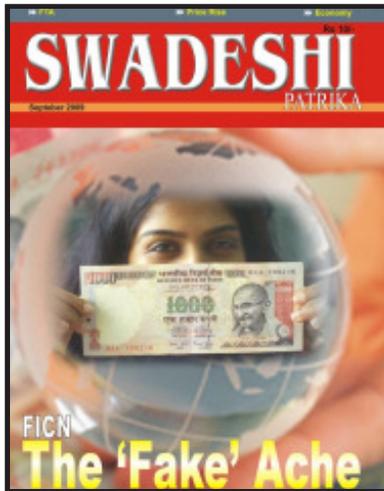
PATRIKA

September 2009



FICN

# The 'Fake' Ache



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## Swadeshi Resolution

*I had perused the July 09 issue of Swadeshi Patrika and was taken aback when I saw the Resolution No. 1 passed at National Council Meeting Kullu on 6th June 09 has mentioned, "Under international pressure, India adopted the Free Market Model in the year 1991. (refer paragraph No. 1 on page 25)*

*We should not have any confusion about free market concept which has clarified in many textbooks in economics. This word is intentionally used by the economists from West including Noble Laureates to confuse the normal person and at the same time to protect the monopolists in the economic system.*

*FREE MARKET, if implemented in true sense and as defined in the textbooks, the capitalism will be dissolved once for all.*

*I have therefore written down some aspects and disinformation spread by the West about free market for the purpose of clarification of all those concerned, in the enclosed article. I hope you will like the contents to share with your readers.*

– D G Bokare, Pune

## Confused Opposition

*This refers to the cover design of July-09 issue of Swadeshi Patrika. It was a good and imaginative design. But the problem is that while we know the inability of incumment government to create acceptable tunes, absence of any credible alternative makes it the only choice.*

*See the condition of opposition parties. They seem to have lost the reason for their existence. They are confused and are not motivated to take up the issues. They are instead fighting for petty positions. How will people believe them when they have lost faith in themselves. For common people it is back to Doordarshan era of political drama. No multiple choice.*

– Kishan Kumar, Shalimar Garden

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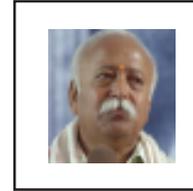
Kindly write your full name and address in capital letters.

If you do not receive any issue of Swadeshi Patrika, kindly e-mail us immediately.

#### Disclaimer

The views expressed within are those of the writers and do not necessarily represent the views of Swadeshi Patrika. Swadeshi Patrika often present views that we do not entirely agree with, because they may still contain information which we think is valuable for our readers.

## Quote-Unquote



We have neither the time nor *icchha* to do what you are calling backseat driving.

**Mohan Bhagwat**

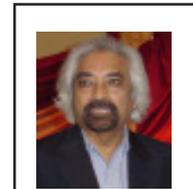
Sar-Sangchalak, RSS



No political party can allow any member, more so a frontline leader, to write to express views against the party's core ideology.

**Arun Jaitley**

BJP Leader



Knowledge will give the development which India's poor need the most. Experience, excellence and innovation will be the key words of tomorrow.

**Sam Pitroda**

Telecom Guru



You can look at the very best in Indian education, and it's the best in the world. You can look at the technical education and it is to be envied.

**Hillary Clinton**

US Secretary of State

## 100 Days of UPA-II

UPA-II has completed 100 days in office. 100 days in office has, in recent times, become an occasion to showcase its achievements for governments, prospect to censure the government for opposition and for media to scrutinize both, according to their own positions and interests. It is more of a PR exercise for all concerned. 100 days otherwise is not a time span long enough to evaluate the performance of any government in office. But since the inclination has become a routine and governments, while taking oath, prepare and publicize strategy for this period the occasion can't be dismissed for the sake of expediency only. Unveiling new Government's agenda, the President Pratibha Devisingh Patil had highlighted 10 areas that would get top billing during Prime Minister Manmohan Singh's second tenure in office. She had said in June that her govt. would give priority to boost urban employment and to battle recession. Other issues included internal security, growth in agriculture and manufacturing, health and education, governance reform and energy security. Patil had also dwelt on the 100-day action plan of Manmohan Singh's government that was expected to give emphasis to the UPA's unfinished agenda.

Congress led UPA-II returned to power with a presumed image of "performer", by and large the theme of party's election management. Expectations of people, particularly economically weaker and socially backward sections of the society besides upwardly mobile middle class including visibly vocal and assertive youth that voted the party to power were enhanced by the unexpected solid majority of 206 MP's in Lok Sabha coupled with the absence of obstructionist allies like Left, RJD and others. Both government and Congress party has no excuses left to take the shield. Successes and failures are both of its' own making. Therefore taking stock of 100 days period, though not enough to fairly judge any government, will be the report card of Congress party. That several ministers and the Prime Minister himself had set a 100 day agenda for governance makes it reasonably easy to judge the performance. Has the government been able to fulfill any of those promises? How has its overall performance been? One can have a fair idea of these and all other similar queries by having a look at the findings of a survey done by a private TV channel among 100 top editors, senior journalists and columnists across the country. Not a single journalist, repeat no one, who participated in the survey, thought performance of the government to be admirable. This is in tune with reactions of common people who think that the government's over all show in given circumstances has been just average.

There is hardly any major comprehensible accomplishment on the promises front. There is plethora of failures, impediments; legitimate apprehensions on almost every front, sufficient enough to raise anxieties. WTO for example is the leading feature of treachery with the people's mandate. That government is working under some pressure is manifest in the abrupt but considerable shift in stand on Doha developmental round of talks. Reprehensible dilution of its stand and impulsive impatience to shoulder the burden of completing Doha round even at the cost of survival of more than 60% Indian population dependent on Agriculture defies logic and can be explicated by secreted force or overpowering self interest. Same has been the case with stand on climate change. Over enthusiasm to complete FTA's and concede what is being resisted on multilateral fora: further confirms these suspicions. Diplomatic blunder on political front are too many to be overlooked. Sharm-al- sheikh, Pakistan's continued escaping on 26/11 culprits; Nepal and Srilanka pale in comparison to latest reports on Chinese front. CTBT and Indo-US nuclear deal also persist to be source of distress. Internally; price rise; security; health care naxal menace; energy; women's issues; all speak volumes about unprofessional conduct and un kept promises.

If people are not displaying their dissatisfaction more explicitly the reason is the traumatized opposition that has been consumed by astonishing trounces. Defeat of principal opposition combination of NDA and almost fading third front during polls and defeat induced squabbling within parties has forced people to feel contented with relatively cohesive and steady UPA. There is a sense of relief that stable government, irrespective of its performance is in place at time when the country is undergoing one of most complex & complicated periods in recent times. This has in fact prolonged the honeymoon period of the government. What will happen in future? Will government pull up its socks and deliver? Will opposition bury its hatchet and carry out its duty as a watchdog of people's interests? We will have to wait and watch.



## *Menace of Fake currency*

*Huge amounts of fake currency circulated in the market by enemy countries is not only increasing purchasing capacity of subversives, but is actually eroding peoples faith in real currency and that will weaken the economy says* **Dr. Ashwani Mahajan.**

The nation was stunned when it was revealed by the government, a few days back that some security features of currency printing in the country have been leaked out, and the task of enquiry has been given to CBI in this regards. Peoples' faith in the currency of any country is the basis of its acceptability. And faith depends upon its genuineness. Banks and other big establishments normally make use of a machine to test the genuineness of currency. This genuineness is tested on the basis of secret features of the currency. If these secret features themselves become known to makers of fake currency and are used in the printing of fake currency, its genuineness would be almost impossible to test.

Though fake currency has always been in circulation right from the beginning but the organized manner in which its circulation is being expanded using ultra modern technology, it becomes a matter of serious concern. Land of the different countries ranging from Pakistan (Muzzafarabad) to Dubai, Bangkok, Singapore and neighbouring countries like Nepal, Sri Lanka and Bangladesh is being used for this purpose. Pakistan secrete agency ISI coordinates the

---

***Peoples' faith in the currency of any country is the basis of its acceptability.***

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whole racket.

The extent of the problem becomes clear when we find the presence of fake currency in almost all states. In the last few years menace of fake currency is on rise. Though banks and RBI are seemingly alert about the problem, but they also try to under estimate the problem. In the last two years vast amount of fake currency was found in almost all states. According to a rough estimate made by the study group constituted by RBI recently the quantum of fake currency is around 1,69,000 crores of rupees. According to recent data of RBI, total genuine currency in the country is around rupees 6,80,000 crore. There is no agency other than RBI in the country which can provide an authentic

data about quantum of fake currency. But RBI also is not imposition to provide the exact figure.

According to a report of RBI in 2007, number of fake 100 rupee notes have come down by 60 percent but number of fake 500 and 1000 rupees notes increased by 75 and 300 percent. Magnitude of fake currency revealed by RBI is only which gets recorded in police records. According to the existing laws, banks after taking notice of fake currency have to forfeit the same and then handed over to police after stamping. FIR is registered and police in turn sends these notes to government's security press situated at Nasik, where the same is verified. But this happens very rarely. Normally private bank return the fake currency notes back after stamping them. Thus vast magnitude of fake currency does not get registered in government records. According to National Crime Bureau in all 2204 cases were registered with regard to fake currency and rupees 10 crores of fake currency was forfeited in the process.

In the past Pakistani terrorist network used to be financed using fake currency at a large scale and the dubious business of fake currency was expanding very fast. But now it has gone much beyond the terrorist network and enemy countries are using the fake currency as an instrument to weaken Indian Economy.

### Lack of Coordination

Though after handing over of the latest case of leakage of some secret features of currency printing to CBI, there seems to be some movement on this issue in general there is a total lack of sensitivity and coordinated efforts against this menace. There are three departments, which are related to this is-

<b>COUNTERFEIT CURRENCY ON RISE</b>				
	<b>Value (Rs)</b>		<b>Volume</b>	
	<b>2007-08</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2008-09</b>
<b>Rs 1000</b>	1,01,31,000	3,18,57,000	10,131	31,857
<b>Rs 500</b>	3,34,19,000	10,98,69,500	66,838	2,19,739
<b>Rs 100</b>	1,10,27,300	1,33,31,400	110,273	1,33,314
<b>Rs 50</b>	4,05,950	6,39,600	8,119	12,792
<b>Rs 20</b>	6,860	6,820	343	341
<b>Rs 10</b>	1,070	680	107	68
<b>Total</b>	<b>5,49,91,180</b>	<b>15,57,05,000</b>	<b>1,95,811</b>	<b>3,98,111</b>
Counterfeit notes seized by police and other enforcement agencies				
Source:RBI				

sue, namely Central Bureau of Investigation (CBI), Directorate of Revenue Intelligence, Central Economic Intelligence Bureau and Directorate of Enforcement.

Though IB and other departments have reported the gravity of the situation and even Military Intelligence has also given revealing information about the extent of the problem and changing pattern of fake currency circulation, lack of coordination is continuing unabated.

### Serious Economic Dangers

We should understand that menace of fake currency is not just a law and order problem or terrorist problem, this is a proxy war against the nation and if not checked firmly, this may destroy our economic structure. We understand that exclusive right of printing currency rests with Reserve Bank of India (RBI). In order to carry out the responsibility of welfare state, the government finances a major portion of its expenditure by borrowing from RBI. For this purpose RBI prints additional currency. Though in this process

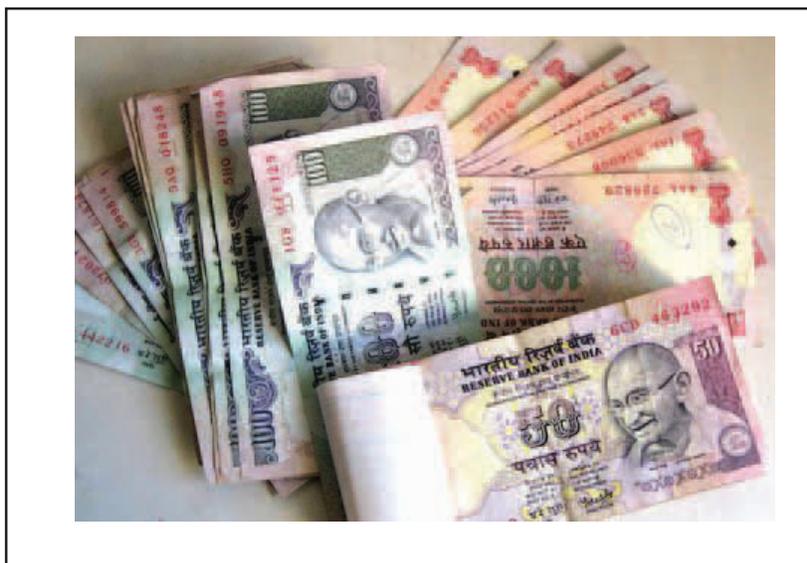
inflation is the obvious outcome, this is essential for uplifting the standard of living of our masses. Thus printing of currency for financing welfare expenditure, printing of additional currency by RBI is acceptable.

But if enemy nations or terrorist outfits circulate fake currency in the market, not only purchasing power goes into wrong hands and results into high rate of inflation, value of rupee would also go down and there will be devaluation of currency. Peoples' faith in the currency also gets eroded and they start purchasing metals and real estate and this may further cause hyper inflation.

We have to get rid of this menace of fake currency at any cost. Government should take up this issue on war footing and should constitute a central authority to deal with the problem by making a coordinated effort in this direction by engaging all related secret agencies in this task. Our secret agencies are capable of dealing with this problems. A strong political will power is the only requirement. □□

## *Fake currency notes can destabilise our economy*

*Economic subversion and financing of terrorist activities is clearly the reason for counterfeiting Indian rupee. It is time to tell Pakistan that economic terrorism is a game the two countries can play with catastrophic results for Pakistan economy, explains Prof. R. Vaidyanathan.*



There was a small news item a few days ago about ink used in printing currency missing in transit. According to the report, a consignment of OVI intaglio ink was sent from the Swiss SIC-PA unit in Sikkim to the Reserve Bank Note Mudra unit in Mysore and about 5 kg ink was found to be missing on arrival. The missing ink is worth Rs 5 lakh and an FIR has been filed with the local police.

***The purpose is twofold – destabilise our economy and finance terror activities.***

But the cost of the consignment is not the issue here. The issue is the seriousness of the sabotage. Namo Narain Meena, Minister of State for Finance, said in the Parliament on August 4 that Pakistani intelligence agencies were flooding the market with counterfeit currency.

The issue of fake or counterfeit currency has become very serious in our country. Because of the increasing menace of this issue of fake Indian currency notes (FICN), a high level committee headed by the home secretary is working on identifying the latest security features to be incorporated into the currency notes to make counterfeiting difficult. The committee comprises

top officials from the Central Bureau of Investigation and Intelligence Bureau.

Reports suggest that the Dawood Company is encouraged by the ISI in this regard and Bangkok is used as a hub for this purpose, and Chinese and South Korean carriers are used to bring them to India. The purpose is twofold — destabilise our economy and finance terror activities.

There is a huge gap between the actual circulation and seizures of FICN. Official estimates put the number of FICN in circulation at 61,000 million pieces of different denominations worth Rs 1,69,000 crore till the year 2000. In comparison, the actual seizures amounted to Rs 5.57 crore in 2002, Rs 5.29 crore in 2003 and Rs 6.81 crore in 2004.

As per RBI norms, if 15 pieces of fake currency notes are found to every 10 lakh pieces of 100 rupees notes, the situation is alarming. From that point of view, the current situation should be very alarming.

A recent report suggested that a woman ISI agent was held in Amritsar. Savinder Kaur, the accused, had in her possession notes worth Rs 4.8 lakh and she had visited Pakistan several times with religious groups. She would buy fake currency notes with face

value of Rs 1 lakh for Rs 40,000 (huge discount obviously) from her counterparts in Pakistan and sell these notes for Rs 55,000 to one Yodha Singh who in turn would sell it for Rs 65,000 and so on. RBI officials reportedly said it was very difficult for a layman to tell these fake notes from the original.

The role of Pakistani intelligence agency ISI in printing and circulating FICN has never been a secret. But the Pakistan government has been importing additional currency-standard printing paper and ink from companies located in UK, Sweden and Switzerland to increase the ISI activities. The issue has reached such alarming proportions that it is expected to be discussed when chief ministers and police chiefs of states get together in Delhi on August 17 for the internal security meeting.

A number of arrests made in other countries, such as Sri Lanka and Bangladesh, in the recent past point to Pakistani hand in using FICN for terror related activities. For instance, one Naushad Alam Khan, arrested in Dhaka on April 24, 2008 with FICN of Rs 50 lakh face value had admitted to links with Hujji chief Mufti Abdul Hannan of Bangladesh and it was found that both had fought for the Taliban in Afghanistan.

That the US dollar is counterfeited, or even euro, is understandable. But the most absurd

## ATMS Can give you fake Notes!

Reserve Bank of India has now made it compulsory for the banks to have verification and sorting machines. This has become a necessity as a lot of consumers are complaining that the ATM machines are giving out fake notes. And they are being harassed by the banks if they try to get them replaced at the cash counters.

Punjab National Bank had this to say on the reports: "All the notes to be supplied to banks are verified through the machine. Fake and soiled notes are separated. Only genuine notes and those in good condition are supplied to our branches and to the ATMs."

Bank officials say that it is the customer's responsibility to prove that a fake note has been delivered to them from their ATM machines. Incidentally, using a fake note for a transaction even unknowingly is an offense as per the Indian laws.

### *Economic gain is not the reason for the counterfeiting of Indian rupee, unlike for US dollars.*

target from a global economic point of view is counterfeiting of the Indian rupee. Clearly, economic gain is not the reason for the counterfeiting of Indian rupee, unlike for US dollars. The aim is economic subversion and terror financing.

It is also to be recognised that less than a dozen global companies dominate the security grade printing and processing. These companies will not encourage counterfeiting and hence state sponsored agencies have to act as a cover to perform such task. It

is not very difficult to track the source of ink, paper, dies, plates etc and nail the destabilisers and terror financiers.

India seems to have agreed in Egypt to continue the dialogue with Pakistan without seeking an end to its sponsored terrorism. But pushing fake Indian currency is also a form of terrorism aimed at destabilising our economy and financing terror activities. The government should unequivocally and unambiguously tell Pakistan that enough is enough and that economic terrorism is a game the two countries can play with catastrophic results for the Pakistan economy. Saam, daam and bhed may not be useful in tackling economic terrorism; dand helps.

The writer is professor of finance and control, Indian Institute of Management - Bangalore, and can be reached at [vaitya@iimb.ernet.in](mailto:vaitya@iimb.ernet.in). Views are personal.

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Reserve Bank of India  
Department of Currency Management

## KNOW YOUR BANKNOTE

Banknote of Rs.1000 denomination in Mahatma Gandhi series  
with additional / new security features bearing signature of Dr.Y.V. Reddy, Governor

### SALIENT FEATURES

#### Obverse (Front) Side

##### See through Register

The floral design printed both on the front and reverse in the middle of the vertical band next to the watermark window has the denominational numeral "1000". Half the numeral is printed on the front and half on the reverse. Both the printed portions have an accurate back to back registration so that the numeral appears as one when viewed against light.

##### Identification Mark

diamond with intaglio print, which can be felt by touch, helps the visually impaired to identify the denomination.

##### Watermark

The portrait of Mahatma Gandhi, the multi-directional lines and an electrolyte mark showing the denominational numeral "1000" appear in this section and these can be viewed better when the banknote is held against light.

##### Optically Variable Ink (OVI)

The colour of the numeral 1000 appears green when the banknote is held flat but would change to blue when the banknote is held at an angle. The font size is reduced.

##### Latent Image

The vertical band contains latent image showing the numeral 1000 when the banknote is held horizontally at eye level.

##### Microlettering

The letters, "RBI", and the numeral, "1000" can be viewed with the help of a magnifying glass in the zone between the Mahatma Gandhi portrait and the vertical band.

##### Security Thread

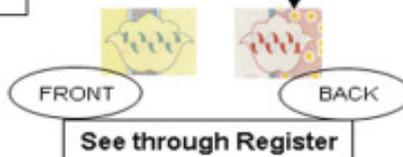
3 mm wide security thread with inscriptions "भारत" "1000" and "RBI" and colour shift from green to blue when viewed from different angles. It will fluoresce in yellow on the reverse and the text will fluoresce on the obverse under ultraviolet light. The thread is visible as a continuous line from behind when held up against light.

##### Intaglio Printing

The portrait of Mahatma Gandhi, the Reserve Bank seal, guarantee and promise clause, Ashoka Pillar emblem on the left, RBI Governor's signature on the banknotes and the identification mark for the visually impaired persons are printed in intaglio, which can be felt by touch.

#### Reverse (Back) Side

Year of printing appears on the reverse of the banknote



#### Other Salient Features

##### Paper

The new series of Rs.1000 banknote has paper with increased grammage and caliper thickness.

##### Colour

The overall colour scheme on the reverse (back) is altered and will appear red in overall appearance with the language panel, numeral 1000 and भारतीय रिज़र्व बैंक in brown colour.

## *Nine percent growth will not beget self respect*

*To ensure a life of dignity and self-respect for every citizen of India. Prime Minister should overcome his penchant for giving freedom to big businesses for attaining 9% growth. He should implement land reforms, provide protection to small businesses and give subsidies to businesses for generating employment, advises Dr. Bharat Jhunjhunwala.*

In his Independence Day address to the nation, the Prime Minister drew inspiration from the ideals of service and sacrifice established by Mahatma Gandhi. He resolved to ensure that every citizen of India was able to live a life of dignity and self respect. The Mahatma wrote in Young India of October 13, 1921: "I must refuse to insult the naked by giving them clothes they do not need, instead of giving them work which they sorely need." Perhaps the Prime Minister has started the Employment Guarantee Scheme NREGA to provide precisely such work to our people. There is no doubt that NREGA has provided relief to the poorest despite the administrative deficiencies.

Simultaneously the Prime Minister has said that restoring 9 percent growth rate is the greatest challenge that we face today. He wants to attract foreign capital, establish SEZs and otherwise give free run to big business for attaining this objective. His policy, therefore, is to first give full freedom to big business to grow and attain 9 percent growth rate despite the fact that this will add

to unemployment because big businesses mostly use automatic machines. Then he wants to impose taxes on these same businesses to run NREGA and other welfare schemes to provide relief from the unemployment that they have created. This policy has two problems. One, freedom to big businesses leads to eating of jobs

and runs contrary to the objective of providing dignity and self respect to the people. Two, there is huge leakage in collection of taxes and implementation of welfare programs.

Another great son of this country Gurudev Rabindranath Tagore threw light on the problem. In 1904 he wrote in an article titled 'Swadeshi Samaj': "Today the thoughts of the Bengali people have been separated from the villages. Today the responsibility of providing water is that of the government. The burden of health provision is upon the government. For learning also one has to knock at the door of the government. The tree that flowered itself today begs the sky for a rain of flowers with its

naked branches... Knowledge was propagated without the assistance of the kingship. The king definitely honoured the learned. But the learned were not dependent upon him. If the king suspended all assistance, even then knowledge would continue to be propagated. The village tank did not dry up if the king became insolent." Tagore wanted the people to be free of the shackles of government. Gan-



***Tax relief can be granted to those units generating large numbers of jobs and higher rates of tax can be imposed on those using automatic machinery.***

dhi too wanted to promote decentralized economy. In 'Indian Home Rule' he criticized centralized machinery, big cities and courts and praised free lifestyles of the village people.

This writer fully endorses the Prime Minister's resolve to provide life of dignity and self respect to our people. But NREGA does not lead to this. The beneficiary becomes dependent upon the government machinery and loses his dignity. Similarly the subsidized food grains provided to BPL households create dependence even though that helps fill the stomachs of the poorest.

The Prime Minister's policy is not efficient from the economic standpoint either. This much is true that there is a natural tendency for big businesses to dominate the economy and smother small businesses. Generation of unemployment is, therefore, 'natural'. The government has to intervene to prevent this natural tendency from manifesting. We have before us two policies to deal with this problem. One policy is to first give full freedom to big businesses to eat the jobs and deprive the people of employment. Then the Government may impose taxes on these same businesses and implement NREGA and other welfare programmes and provide relief as proposed by the Prime Minister. Second policy is to impose restrictions and provide incentives to push the businesses in a pro-employment direction.

Tax relief can be granted to those units generating large numbers of jobs and higher rates of tax can be imposed on those using automatic machinery. Businesses are on the receiving end in both

alternatives. They have to pay higher taxes in the first policy and they have to face restrictions in the second policy.

The Prime Minister's policy of first providing freedom to big businesses and then running welfare programmes is inefficient because there is leakage in collection of high rates of taxes and again in the implementation of welfare programmes. Say, the objective is to reach relief of Rs 100 to an unemployed person. In the Prime Minister's policy, reaching this amount to the beneficiary requires programme expenditure of Rs 150 because the welfare bureaucracy takes a cut in the middle. Then there are administrative expenditures to be borne for running the welfare programs. Say this costs another Rs 50 making total expenditure of Rs 200.

Now there is leakage in collecting additional taxes of this amount making the cost to the economy about Rs 220. The cost of reaching the relief of same Rs 100 would be much lower in the second policy. An employment subsidy of Rs 50 would provide a huge encouragement to the businesses to employ the same person at a wage of Rs 100. The Prime Minister is spending Rs 220 for the work that can be done in Rs 50.

The effectiveness of the Prime Minister's policy is questionable on another ground. The Prime Minister has expressed satisfaction that the growth rate between 2005 and 2008 was at 9 percent. This should have seen decline in Naxalite activities if rapid economic growth was the way to reach relief to the poor. But Naxalite activities have increased. More unrest has been created in land ac-

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### ***The Prime Minister is following an already discredited path.***

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quisition in Singur, Nandigram and across the country.

The developed countries have followed the same policy as being espoused by the Prime Minister in the last fifty years. They had created a huge welfare state. Health, education, housing and food was provided free to the poor and unemployed. They imposed huge taxes on their businesses for this purpose. Taxes ranged from 25 to 45 percent of GDP in these countries against 17 percent in India. But they are now in the process of dismantling these welfare programs. They find that these doles create a mentality of dependence. People cease to look for jobs. Moreover, they are finding it difficult to collect these high rates of taxes in the present era of globalization. The Prime Minister is following an already discredited path.

The Prime Minister should overcome his penchant for giving freedom to big businesses for attaining 9 percent growth rate. This policy will not reach relief to the people. Instead it will turn living human beings into lifeless bozos. This policy is against the ideals of Gandhi and Tagore alike. The Prime Minister should impose pro-employment restrictions on businesses and accept a lower rate of growth. He should implement land reforms, provide protection to small businesses and give subsidies to businesses for generating employment. This will be cost effective as well as sustainable. □□

Author's address: bharati@sancharnet.in

## *American Christians refuse to regard the other faiths as false?*

*Lisa Miller, society editor in Newsweek, is highly concerned that Americans, while remaining true to their Christian faith otherwise, have begun to think and act like Hindu faithfuls. The crisis of national identity in the US is evident in the article. S. Gurumurthy scrutinises her fears.*

The Rig Veda, the most ancient Hindu scripture, says this: ‘Truth is One, but the sages speak of it by many names.’ A Hindu believes there are many paths to God. Jesus is one way, the Qur’an is another, yoga practice is a third. None is better than any other; all are equal.” This is no monk of the Ramakrishna Mission discoursing on the spiritual teachings of Sri Ramakrishna Paramahansa who had experienced the truth of all three faiths -Hinduism, Islam and Christianity — as valid for their respective faithfuls. It is Lisa Miller, Society editor in Newsweek, in her column (August 15, 2009), “We Are All Hindus Now”. By “We” she means Americans.

Lisa Miller is highly concerned that Americans, while remaining true to their Christian faith otherwise, have begun to think and act like Hindu faithfuls. Here is an account of the interesting rendezvous between modern America and ancient Hinduism and its potential for global religious harmony.

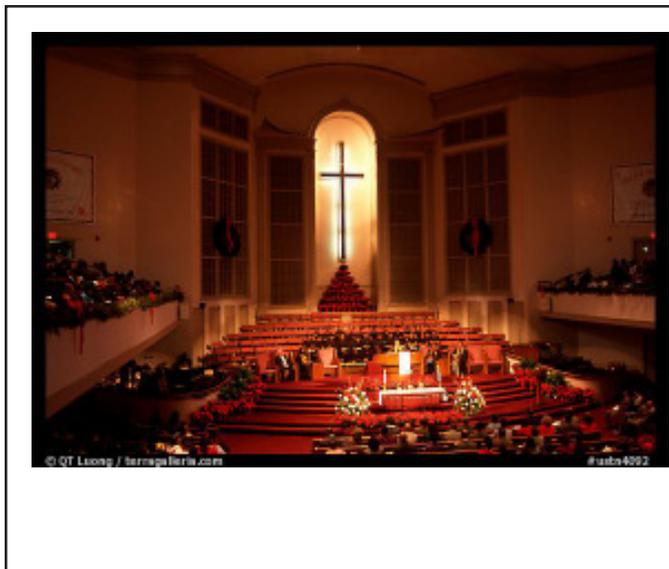
From melting pot to WASP

The choice of “We” for Americans by Lisa Miller is intentional. It is calculated to reinstate an attempted debate in the US on “the challenges to America’s national identity” that had failed to take off. Samuel P Huntington, who had prognosticated the clash of faiths and civilisations in the 1990s, later wrote a book in 2002 titled Who Are We? — a question addressed

civilisations that had set off a furious debate within and outside the US, his theory on WASP as American identity did not.

Now, some history. For over two centuries, the American identity was based on the metaphor of ‘the melting pot’ where all identities eventually, inevitably melt to become the unique American porridge. The theory of ‘the melting pot’ is traced back to 1782 when a French settler in New York, J Hector de Crevecoeur, envisioned the US as not merely a land of opportunity but as a society where individuals of all nations are melted into a new race of men whose labours and posterity will one day cause change in the world.

But, the metaphor of the ‘melting pot’ received a jolt after Islamist terror struck at the US from within. The US identity was alternately seen as a ‘bowl of salads’, where all identities remain, but in the same bowl, that is, the US. But “where is the dressing to cover it all?,” asked the dissenters of the ‘Salad Bowl’. The result was Huntington’s WASP as the core American iden-



to Americans. Huntington’s answer to the question was that the core American identity — ‘America’s Creed’ as he puts it — was WASP, that is, White (in race) Anglo-Saxon (in ethnicity) and Protestant (in faith). All other identities, Huntington says, are subordinate. But, unlike his earlier work on clash of

tity; but that failed to click.

Now in her article, Lisa Miller seemingly answers Huntington's titular question "who are we" derisively, yet provocatively. She says 'we are 'Hindu' — that means, not WASP! Her conclusion "let us all chant OM"; the emphasis on 'us' can even incite.

The crisis of national identity in the US is evident in the article. Lisa Miller is no novice in matters of faith; she is a specialist. She writes a weekly column "Belief Watch" in Newsweek. Says her bio, 'she reports, writes and edits stories on spirituality and belief; she wrote The Politics of Jesus, a cover story in Newsweek (March 10, 2006) on the impact of religion in the midterm elections in the US.' See why she fears that the US might get Hinduised.

### **Hinduised America?**

After describing how Hindus accept all Gods and all forms of worship as valid, Lisa Miller says: "The most traditional, conservative Christians have not been taught to think like" the Hindus do.

"They learn in Sunday school that their religion is true, and others are false; Jesus said, "I am the way, the truth, and the life. No one comes to the father except through me." Shortly, what Lisa Miller says about the two faiths is this: Christianity regards all non-Christian faiths as false, but Hinduism recognises all faiths as valid, as valid as the Hindu creed itself. But, she

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***Most Christians in the US are beginning to think and believe the way the Hindus do.***

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does not stop at this comparison. She laments that most Christians in the US are beginning to think and believe the way the Hindus do. She says: "recent poll data show that conceptually, at least, we are slowly becoming more like Hindus and less like traditional Christians in the ways we think about God, our selves, each other, and eternity."

Lisa Miller goes on to show how Americans are deviating from the fundamentals of Christianity.

"Americans", she says, "are no longer buying" the view that Christianity is the only true religion and all other religions are false. She cites a 2008 Pew Forum Survey and says that 65 per cent of "us" believe that "many religions can lead to eternal life". This includes 37 per cent evangelicals — "the section", Lisa Miller points out, "most likely to believe that salvation is theirs alone". She adds. For the Hindus who believe in rebirth, the soul alone is sacred; for the Christians, who do not believe in rebirth, their body is as sacred as the soul; yet a third of the Americans, up from six per cent in 1975, cremate their dead like Hindus. Worse, a fourth of the Americans believe in rebirth, according to Harris 2008 poll, like Hindus. More. And some 30 per cent of the Americans, up from 20 in 2005, say "they are spiritual, not religious"; this marginalises the Church. She implies that these are just consequences of the American Christian distancing from the basic tenet of Christianity as the only true faith and all other faiths as false.

'Semitic' propensity for conflict But, what is wrong if American Christians refuse to regard the

other faiths as false? Is it not the right approach to accommodate other faiths in a world of diverse faiths? Two-thirds of Christians in America believe in Christianity and, at the same time, they do not view other faiths as false. She knows that those Americans, who do not hate the other faiths as false, still believe in Christianity.

But she does not seem to regard mere belief in Christianity Christian enough, unless the faith extends more to dismiss — that is hate — all other faiths as false. This view directly flows from belief that the sacred text of Christianity, which proclaims it as the only true faith and others false, is inerrant. This is what has come to be known as fundamentalism. Lisa Miller's view clearly seems fundamentalist. This leads to how this fundamental tenet has been the very source of intolerance.

The Encyclopaedia of Britannica, compiled mostly by Christian intellectuals, says that in the very view that Christianity is the only true faith and other faiths are false inheres intolerance. It says, "Christianity, from its beginning, tended toward an intolerance that was rooted in its religious self-consciousness. Christianity understands itself as revelation of the divine truth that became man in Jesus Christ himself...To be a Christian is to 'follow the truth' (III John); ...He who does not acknowledge the truth is an enemy "of the cross of Christ" (Phil 3:18); he "exchanged the truth about God for a lie" (Rom 1:25) and made himself advocate and confederate of the "adversary, the devil" (I Pet 5:8). Thus one cannot make a deal with the devil and his party — and in this lies the

basis for the intolerance of Christianity (15Ed. Vol4. Pp.49192). That is, recognising other faiths as valid amounts to making “a deal with the devil”.

The fundamental command to regard other faiths as false, which is what, in Lisa Miller’s view, makes one a true Christian, has the propensity and potential for conflicts; it has actually led to violent conflicts in history. This propensity and potential is shared by the three monotheistic faiths — Judaism, Islam and Christianity. That is why the Fundamentalism Project of Chicago University found that the “traits of fundamentalism are more accurately attributed to” sacred text-based Abrahamic faiths — read the monotheistic ones — “than to their cousins” in the East, namely Hinduism, Sikhism, Buddhism and Confucianism (Fundamentalisms Observed, University of Chicago, p820). This brings the discourse closer to India.

### Hinduised Christianity?

While Lisa Miller complains about Hinduisation of the (‘Semitic’) Christianity in the US, the secular intellectuals object to semitisation of Hinduism in India! The seculars who complain about semitisation dare not name any faith as ‘Semitic’, even though, by ‘Semitic’, they can mean only the Abrahamic. Scholars like Sitaram Goel and Konrad Elst say that the label ‘Semitic’ is “hopelessly inaccurate” for the Abrahamic faiths besides sounding anti-‘Semitic’ to the Western ears. Yet the Indian seculars insist on the word ‘Semitic’ for the Abrahamic faiths. Keeping aside the label issue, move on

to the core of the debate and its history. Dr Karan Singh first characterised the rise of Hindutva in 1990s as semitisation of Hinduism; later, the secular intellectuals appropriated the label!

The Ayodhya movement, which gave birth to the ideology of Hindutva, had challenged the views of Indian seculars who had, for decades, derided Hinduism as “illiberal” and “inequitable” and successfully de-legitimised Hinduism in the Indian public domain. But, the rise of Hindutva in 1990s made it tough for them to continue their anti-Hindu line; so they



not only U-turned, but also fell in love with Hinduism and, more, certified it as “liberal”! They went on to distinguish the “liberal” Hinduism from the “illiberal” and “semitised” Hindutva; they castigated Hindutva for importing ‘Semitic’ features into the liberal, tolerant Hinduism. But, surprisingly, in the entire debate, the seculars would not name the “illiberal” and “intolerant” ‘Semitic’ faiths — read the Abrahamic faiths — nor say what objectionable features of theirs Hindutva imports into Hinduism! Here the secular scholars in India have been less than open and honest, while Lisa Mill-

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er has been brutally explicit and honest. She says that Hinduism is polluting the American Christian beliefs.

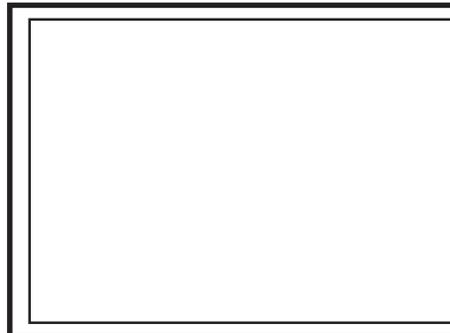
Lisa Miller’s logic seems to be: what is the Christianity left of Christianity if Christians do not believe it to be the only true faith and see other faiths as false. In Lisa Miller’s view, while Hinduism accepts all faiths as valid as itself, a true Christian has to believe that only his faith is true and that even Hinduism, which accepts other faiths, is a false faith. But the secular scholars in India have no guts to say about the ‘Semitic’ faiths what Lisa Miller says about the Hindu faith.

The need to de-semitise The charge of semitisation of Hinduism by the seculars is political, not theological. The real issue is the need for de-semitising the ‘Semitic’ — that is Abrahamic — faiths. Beginning with Swami Vivekananda’s expositions on inter-religious harmony the discourse of the Hindu school has been a continuous plea for ‘de-semitising’ the ‘Semitic’ faiths. Vivekananda even wanted India to be “junction of Vedanta brain and Islamic body”; that is India, with Hindus and Muslims, should have

a body, organised and united like the Muslims, and a mind liberated by Vedanta — namely a society organised on Vedanta as the core thought. That is, organised Hindus and de-semitised Muslims! His was a call for the de-semitisation of all ‘Semitic’ faiths; mention of Islam was just the context. The ‘de-semitisation’, which Vivekananda had pleaded for, seems to have started in Christianity in US with American Christians beginning to accept, like Hindus do, the other faiths too as valid. Yet, despite that being a welcome development, Lisa Miller is clearly frightened of the de-semitisation process.

But unless the ‘Semitic’ faiths ‘de-semitise’, they will not be able to contain their inherent propensity for conflict. When a faith says that the other faiths are false, as in Lisa Miller’s view Christianity does, it is an invitation for conflict with other religions. In contrast, if each religion accepts that other religions are as true, will that not put an end to clash between religions? This is conflict avoidance. This has been the very fundamental of Hindu approach to other faiths. A religion — read Hinduism — which believes that all religions are as valid as itself, has no potential for conflict with other religions. And a religion — read a ‘Semitic’ faith — which believes that its faith and God alone, are true and all other religions as false, has all propensity for conflict with other religions.

Once a faith is declared to be false, does it not become an object of hate? How then can religious harmony be achieved if some religions declare other religions to be false?



***Lisa Miller seems to lament, instead of celebrating, the decline of bigotry and sectarianism in her faith.***

This is where opinion-makers like Lisa Miller need to rethink. What she sees as the USP of Christianity — namely Christians believing in their faith as the true faith and other faiths as false -has the propensity and potential to dynamite global religious harmony; more so because Christianity is the largest faith in the world. Her logic equally applies to what Islam also believes in, namely that Islam alone is true and all others including Christianity false. And that is what inspired the terrorists to attack the US on 9/11. If Christians are mandated by their Text to think that theirs is the only true faith and others as false, Islamists too are mandated by their Text to think likewise.

Where will the two conflicting and explosive mandates against all other faiths lead the world? Here is where the Hindu view that all religions are true is not only relevant, but seems to be the only way out of the dangers of religious fanaticism. The Hindu faith itself is different from the Hindu view of other faiths. By saying that each faith is sacred for its followers, a Hindu does not cease to be a Hindu. Likewise if a Muslims or Christians say that all faiths are as valid as theirs, they are no less Muslims or Christians. They remain Christians or Muslims and

accept others faith as valid; they only become less sectarian.

It needs no seer to say that the features of ‘Semitic’ faiths, which tend to promote conflict with other faiths, need to be given up — that is, the ‘Semitic’ faiths need to be de-semitised. That is the only way out of the current drift towards religious and civilisational clashes. This is what Swami Vivekananda had warned the world, particularly the West, on September 11, 1893, exactly 108 years to the date of the religious terror strike at the US on September 11, 2001. The young Indian monk, who was just 30 then, pleaded before the august audience of religious elders of the world against “sectarianism, bigotry, and its horrible descendant, fanaticism” which, he pointed out, “have filled the earth with violence, drenched it often with human blood, destroyed civilization and sent whole nations to despair.” How far-sighted a warning?

Yet, Lisa Miller seems to lament, instead of celebrating, the decline of bigotry and sectarianism in her faith. And the Indian seculars are still impeding, instead of enabling, the emergence of the non-conflicting Hindu thought as the global mediator between different faiths. Will Lisa Miller look at Vivekananda? Will our seculars and leftists heed him? □□

## India-ASEAN Free Trade Agreement

# *Finding Where It Hurts*

The UPA-2 government is trying to pacify the agitated voices in Kerala over the Indo-ASEAN Free Trade Agreement. In the recent days we have seen a concerted campaign in the media by the Congress party which is trying to convince the Kerala electorate about how 'useful' the FTA would be for the Kerala farmers in particular and the Kerala economy in general.

A number of newsreports and editorials have appeared in the newspapers telling us about the advantages of the India-ASEAN FTA. **Bhaskar Goswami**, a colleague of Devinder Sharma, has been very keenly following the regional trade agreements, and thinks otherwise. He has answered some of the frequently asked questions to clear the mist over the some of the misconceptions that are being deliberately created.

**Q: The main objective of the agreement is to "gain markets for newer products instead of the lost traditional markets". Which were the lost traditional markets we had in the ASEAN and how will India / Kerala gain in terms of new products and markets in the ASEAN? What are the estimates and what is the reality as of now?**

Regarding traditional markets, India has been out-competed on spices and beverages (tea, coffee) by Vietnam and Indonesia. On gains, India has a negligible stake of 1 percent in ASEAN trade, and ASEAN countries already have very low import tariffs. Therefore India does not gain much from further tariff reductions by ASEAN members. The gains from trade creation are therefore limited while losses due to huge tariff cuts by India will outweigh these limited gains.

The present agreement on goods (including agricultural goods) is a red herring. The real gains that India will make will be from the upcoming agreement on services and investments. In order to get a favourable deal on this front concessions are being made on goods.

**Q: As the discussions in the ASEAN progressed, trade also increased. In 2000-01, trade was worth 6.93 billion dollars, in 2007-08 it jumped to 39.04 billion dollars. When the agreement is materialised, this will increase manifold. Can you clarify please? Can you tell how much of this trade did India actually gain in? And what is the scope of Indian exports gaining in**

**future? On what products and which sectors gain and whose loss?**

No doubt trade has increased. So has India's trade deficit (i.e. imports exceeding exports) with the ASEAN members. In 2001, the trade deficit was \$3.5 bn which rose to \$14.5 bn in 2007. In fact, 15% of overall trade deficit of India is on account of trade with ASEAN members. Between 2005-06 and 2006-07 India's exports to ASEAN grew at 20.67% while imports grew at 66%. This, when India has much higher tariff rates than ASEAN. Can anyone explain how will reducing import duties drastically by India with very marginal duty reduction by ASEAN help India's cause? How will India gain access in ASEAN markets for agriculture products when already there are major agri-exporters among Vietnam, Indonesia, Malaysia and Thailand?

In manufacturing, applied tariffs are much lower than agri tariffs in ASEAN and India will find it tough to compete. ASEAN countries are the world's lead exporters of light manufacturing products which India can never hope to displace. Plus, factor in China - it already has a head-start over India as it has an existing FTA with ASEAN. The Rules of Origin (ROO) have been diluted to 35%. This means that ASEAN members can add 35% value to products imported from non-ASEAN countries and sell it in India. On the other hand, India's FTAs with ASEAN members like Thailand and Singapore have ROO pegged at 40%. In fact, even the China-ASEAN FTA has a 40% ROO standard. Why did India agree to dilute its ROO norms? There are innumerable

semi-processed products from China that may undergo 35% processing in ASEAN countries and be eligible to be traded in India.

Among India's exports to ASEAN countries, refined petro products stand at the top. Organic chemicals, pharmaceuticals, gems and jewelry and metal scraps follow. However, since import tariffs in ASEAN countries on these products are already quite low, there is not much scope for increasing trade.

Likely loss to be suffered in agriculture, electronics, motor car equipments, textiles, and light manufacturing goods. There are reports that India has already approached the ADB for a loan to compensate industries that are likely to be hit by the FTA. I doubt whether agriculture figures in the list.

As I mentioned earlier, it is services that gains are anticipated as India is the 10th largest services exporter in the world while ASEAN is a net importer. For the sake of comparison, the US imports \$300 bn worth in services while ASEAN members import \$150 bn in services! That is where India smells an opportunity and hence this sacrifice of agriculture and goods. We will have to wait for the services negotiations to be over till this comes out into the open.

**Q: India stands to gain through getting markets for agri products such as oil seeds, wheat and other products such as machineries, parts, steel, steel products, meat, auto-parts, chemicals, synthetic textiles etc. How much? What will this mean (gains / impacts) in terms of number of workers/farmers/fisherfolk etc ?**

In case of wheat, Thailand imports around around 9 lakh tonnes of wheat each year which is primarily sourced from the USA. This is likely to change as Thailand has sealed an FTA with Australia, another major wheat exporter. Does the government honestly believe that India can compete with subsidised wheat exports from the USA or a low cost producer like Australia?

Another wheat importing country is Vietnam where India already controls around 42% of wheat market therefore the scope of expanding exports is limited. Philippines imports wheat for animal feed and USA dominates the supply chain. Australia meets 70% of wheat requirement of Malaysia. Given these realities, I certainly do not share the optimism especially when wheat prices in India today are ruling

much higher than international prices.

On oilseeds, India does stand to gain, especially on exports of oil cakes and castor oil. But then India is already a world leader in this sector and irrespective of ASEAN it has a good market. In fact, I don't know what would be the gain stipulated by the government on oilseed be when it is the cheaper imports of palm oil from Malaysia and Indonesia that is known to have destroyed India's domestic edible oil production capacity, which means destroying oilseeds production.

Exports of meat, especially halal, can go up if India expands its domestic processing facilities and matches ASEAN sanitary and phytosanitary standards.

I am not so sound on non-agri goods hence would not like to comment on them. However ASEAN is a major exporter of light machinery and India does not stand a chance against them.

**Q: Indian markets will also open up for ASEAN agri products, and Indian markets are prepared for that. But traditional agriculture, fish product markets will not be open, because for this the ASEAN has agreed upon a negative list. In fact, this is the first time that ASEAN countries has agreed upon on a negative list for any country, can you qualify/counter this ?**

This is being economical with truth. While ASEAN does not have a negative list, it does have a sensitive and highly sensitive list. For instance, China has 400 items on the sensitive list of its FTA with ASEAN of which 160 is on the highly sensitive list. Duty on sensitive products in the China-ASEAN FTA will come down to 0-5% by 2015 and that for highly sensitive items will be slashed by 50% by 2018.

It is interesting that GoI does not talk about the sensitive list of ASEAN. While GoI has not put this list in the public domain, ASEAN's stand is well known. It wishes to maintain the sensitive/ highly sensitive list that prevails in its FTA with China. Under that, ASEAN has earmarked around 2,200 items under the sensitive/ highly sensitive category. So, who gains more from protectionism?

**Q: A 'negative list' is a protective wall, and no tariff reduction is needed for it. 489 products are in this list, 302 are agri products, Copra, Coconut oil, Coconut, Rice, Rubber, some fish types like Mathi , Chemmeen, Crab, milk and**

**milk products, honey, cashew, banana, pineapple, mangoes, orange, vanilla, jathi, coriander, jeera, ginger, turmeric, tapioca etc are in the negative list. Is this true, fully? How effective this is? And what does this mean to the Kerala farmer ?**

India has 489 tariff lines under the negative list which includes 302 agricultural items, 81 items from textiles and clothing, 52 items from machinery and auto, and 32 items from chemicals and plastics. In addition, there are 22 other items from various other sectors. For products that are not on the negative list, duties will be reduced in a phased manner and the duty will be brought down to zero by 2019. On 5 items - tea, coffee, pepper, crude palm oil and refined palm oil - are on the highly sensitive list and will undergo partial duty cut in 2009. Duty on tea and coffee will be brought down to 45%, pepper to 50%, for CPO and RPO it will be brought down to 37.5% and 45% respectively.

Yes, the list does cover these items. However, coconut oil has a close substitute in palm oil. Cheap pepper meant for oleoresin extraction will find its way into the open market.

**Q: Coffee, Tea, Pepper etc are in the highly sensitive list. This is a great precaution that has been provided for Kerala. What do you say? How?**

On pepper, bound tariff will be reduced to 50% by 2019. At present, India's import duty for pepper under HS 0904 is 70% plus other duty and tax as laid down by Customs. How can the govt. say that a 20% duty cuts under ASEAN for pepper will not impact Kerala farmers? Besides, the argument that inferior pepper is imported from Vietnam for manufacturing oleoresins is partly true. Back in 2005, Sri Lankan pepper flooded North Indian markets and depressed domestic prices forcing the govt. to enforce a quota regime. These imports were not for oleoresins but sourced from Indonesia and sold in markets for consumption by households. Even while the official stand is that 75% of pepper imports go into oleoresins while 25% (which too is quite high in volume terms and in turn depresses price) reach open markets, the fact remains that except EOUs engaged in oleoresin extraction, most processors leak cheap imported pepper into the domestic market. In my opinion, roughly 50% of pepper imported for oleoresin production for re-exporting finds its way out into the market. That is the primary reason for

pepper prices remaining depressed despite a quota cap on Sri Lanka FTA imports. Import tariffs for both coffee and tea (presently 100%) will be brought down to 45% by 2019. Will that not hit the tea and coffee plantations? Or does the government feel that in 10 years it would be able to match productivity levels of ASEAN countries and out-compete them?

**Q: The tariffs for the products in the highly sensitive list will be reduced step by step but even after 10 years it will not be reduced to zero. The protection will continue. For example for palm oil it is currently 80 % and in 2019 will only be reduced to 37.5 %, for coffee and tea its now 100% and it will come down to 45%, for pepper from 70% to 50%". How true is this? How effective is this ?**

The reason for Kerala's worry are on two fronts which I am afraid nobody is properly articulating. One is lower levels of productivity. With the exception of rubber, productivity of all plantation crops in Kerala are lower than that of ASEAN members. The second issue is that of cost of cultivation which is way higher than what prevails in ASEAN countries. In such a scenario, how will Kerala farmers compete against cheap imports?

This is being economical with the truth... a bit of political savvy-ness by GoI. What Chandi is referring to are the applied tariff rates and not the bound rates. For palm oil, the bound tariff is 300% which will now come down to 37.5%. The bound tariff for tea is 150% which will come down to 45%. Bound tariff for raw coffee (neither roasted nor decaffeinated) stands at 100% while that for all other forms of coffee is 150%, which will come down to 45%. Bound tariff for raw pepper (neither crushed nor ground) stands at 100% while that for crushed or ground is 150%, which will be brought down to 50%. At WTO negotiations, all tariff cuts are based on bound levels and not applied levels. So why is not the same yardstick applied here?

**Q: This is an opportunity for a comprehensive change in the agriculture sector in Kerala and India. The Indian agri products must get prepared to compete with the ASEAN countries. Intensive efforts will be taken in these 10 years to increase productivity. A massive effort is going to be taken to make the agriculture, fisheries sector competitive to any country in the world.**

*[Continued on page 28]*

## *Free Market – Disinformation of the West*

*Free Market economy does not exist, not even in West. Monopolist capitalist and big corporates are fully aware that a true free market economy will finish them once for all. It is therefore, nothing but disinformation aimed to protect capitalism at any cost, explain D.G. Bokare*

There is a constant effort to say the economy of the developed nations is a free market economy. This is not said by any ordinary persons but even by recent Noble Laureates like Amartya Sen, Joseph E. Stiglitz and others. We cannot say that they have not read the economics textbooks or they have forgotten what they learnt and taught in the classes of economics. In case of Amartya Sen, one can say that he is infatuated by the knowledge of the West.

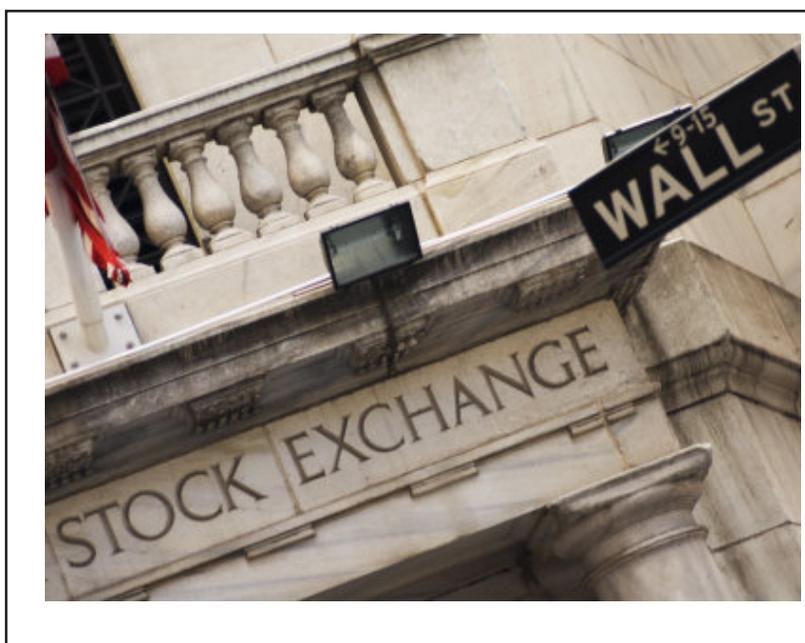
Indian economists as well as other social scholars take pride in quoting these and other economists of the West while writing essays in economics wherein West's "free market" is liberally quoted

while eulogizing the material progress of the West. I can understand when the government economists hide their ignorance by taking the shelter to propagate the programmes under capitalist economic system in India especially since 1990s. I have seen even textbooks in economics of graduate level studies in our country wherein the authors quote West's economies as 'free market' economies. It only means that we have over time developed some sort of inferiority complex in not knowing what free market means in real terms. Those opposing capitalism also quote these words 'free market' in their essays. I am little disturbed when I read 'free market econo-

my' words in the Resolution No. 1 passed at the National Council Meeting of SJM held recently in Devbhoomi Kullu (refer July 09 issue of Sadeshi Patrika).

In the West, many economists have written a large number of books on this single subject of free market. Right from Adam Smith this topic is more freely discussed while differentiating monopoly from free market. Still it is intentionally propagated that all the developed economies are practicing free market systems. It is nothing but systematic efforts of selling capitalism under a false name of free market competition to all the countries across the world and more particularly after the demise of Marxian economics. Our government has also joined the game of the West since 1990s and selling the same spurious medicine to our educated people. We ignore the economic laws, which differentiate between monopoly and free market economies. In free market conditions we would never come across situation that is dominated by a few sellers.

How the prices are decided in the market is most important criteria in the free market economies. This has never existed in the past and also not available anywhere in the world. Noble Laureate Paul Samuelson writes in his 13<sup>th</sup> edition of Economics (page



39): "A market is an arrangement by whose buyers and sellers of a commodity interact to determine its price and quantity". When we look at the present price-decisions we find that the price of the industrial commodity is decided not between buyers and sellers but in producer's factory and not in market. On the contrary, prices of agriculture produce are decided not in the farmland but in the open free market. Who decides the price of industrial product? Of course, the monopolist and not by a free marketer.

Let us look at what the big names in the realm of economic systems say about this.

Adam Smith defined monopoly as under-

1. People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.
2. A monopoly granted either to an individual or to a trading company has the same effect as a secret in trade or manufacture.
3. The monopolists by keeping the market under-stocked, by never freely supplying the effectual demand, sell their commodities above the natural prices, and raise their emoluments whether they consist in wages or profit, greatly above their natural rates. The price of the monopoly is upon every occasion the highest, which can be got. Natural prices can be taken, not upon every occasion indeed, but for any considerable time together.

Though the economists from the West eulogize Adam Smith's contributions to the field of eco-

nomics, they intentionally overlook his thoughts on free market philosophy. E. A. G. Robinson has very clearly distinguished various forms of monopoly marketers (refer chapter 12 on Robinson on page 401 by Earnest Mandel in his book 'Marxist Economic Theory'). He lists Gentlemen's agreements, cartels, pools, holding companies, etc. as the components of monopoly in the market systems. This list is further elaborated in recent time by adding patents, copyrights, limited liability joint stock companies, IPRs, trade unions, trademarks, etc.

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***The price of the industrial commodity is decided not between buyers and sellers but in producer's factory and not in market.***

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What do we see in Indian agriculture market fields? The farm produce is brought in large quantities by a large number of producers. The prices of these produce are negotiated and also fixed in the market place itself, barring where the support prices are decided by the government to ward off any exploitation by monopolists. It is, therefore, called nearest approximation of free market. Can we say this about industrial products across the world? The answer is positively NO. How then can we call the present market system as "free market" system?

The criteria of free market are decided by the following elements responsible for such a free competitive market system.

1. There should be no privileges

(patents, copyrights, trademarks, limited liability companies etc) bestowed upon by the government-made laws on any section of the market players.

2. There should be a large number of buyers and sellers in the market place and all should have equal economic status.
3. No player will have any influencing powers for deciding quantities and prices of the marketable products.
4. Prices must be decided in the market place only by mutual consent of both the parties to the transaction.

Paul Samuelson writes about effects of free competition: The prices of products are forced downward and eventually those come down to cost of production of the products. He also adds to say that 'competitive market is an ideal device for efficiency in allocation of resources'. But he warns every one that such an ideal free market will never exist. This is nothing but disinformation to protect capitalism at any cost. There is no economic theory for monopoly saying that it works universally and eternally. The end of monopoly market economies is therefore not avoidable.

Charles Gide has been quoted on free market competition by Dr. M G Bokare extensively in his book, Hindu-economics (page 64), since Gide was found faithful in fearlessly stating in his textbook the following:

1. It adopts production to consumption.
2. It stimulates production.
3. It causes gradual lowering of prices and tends to cheapen goods in the interest of all persons.

4. It affects progressive equalization of economic conditions by reducing profit and wages to nearly the same levels in all industries

No monopolist in such a situation would ever like this result for remaining in the business. He, therefore, has to have legislative privileges to protect himself from such a negative effect. We experience this kind of uneasiness during the period of recession. Lower profits in this period shake him. This necessitates him and his colleagues in similar businesses to protest before the government and pressurize (even some time threaten) it to legislate in favour of privileges.

Today we are witnessing it by us in the current economic meltdown in the developed economies. Big corporations are threatening

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***Protecting Monopoly Market Conditions will be the end of capitalism itself.***

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their local governments to be ready to face consequences if their requests for bailout packages are refused. They are aware that true free markets conditions would finish them once for all from their existence. Today's efforts in these economies are towards protecting the monopoly market conditions at any cost. That will also be the end of capitalism itself. How can we then call their economies as 'free market' economies? They are nothing but monopoly market economies under government protection.

Pope Benedict-16 has said in his recent Encyclical released on 7<sup>th</sup>

July 2009 that capitalism is now "obsolete". While talking on free market he called for the creation of a model of market economy capable of including within its range all peoples and not the better offs (i.e. monopolists).

As such he is looking for an alternative economic system build around the human being and a truly free market mechanism. He also says that in and of itself, the market is not, and must not become, the place where the strong subdue the weak. This is coming from the highest office of the large Catholic population of the world. He is expressing himself very boldly against monopoly market conditions, which has benefited only the selected few elite and greedy people of the world. It has deprived largest population of bare minimum necessities of life. □□

# **SWADESHI PATRIKA**

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## Gandhi and the Global World Economic Order

*Gandhi was against globalisation. Contrary to his concepts of Swadeshi, process of globalisation is aimed at accumulation of wealth in few hands. He wanted 'globe of villages' not a 'global village', feels Shailendra Sengar*

After the establishment of WTO in January 1995, a fundamental shift is occurring in the world economy. We are moving away from a world in which national economies were relatively self contained entities, isolated from each other by barriers to cross-border trade and investment; by distance, time zones, and language; and by national differences in government regulation, culture and business system.

Today the global economies are in the grip of recession. There has been catastrophic change in the economic scenario of the global economies. Booming world economies have experienced sudden onslaught. Leading financial institutions have crumbled down. Confidence of corporate organizations has shaken all over the world. Share markets have crashed. Finance and insurance as well as the service industries are experiencing tremendous turmoil all over the world. Manufacturing sector is also hit very badly. The entire scene has undergone an unprecedented change. People of developed and also developing countries are raising their voice against global world economic order. They are discussing with each other how long this scenario is going to continue? What has caused this havoc globally? Which are the



other industries going to be hit further? What are the remedial measures companies have to take to protect themselves? These are some of the questions pondering the minds of everyone today.

It is in the context of this basic reason, explaining the global economic crisis of today that Gandhian economic thought becomes more relevant and Gandhian view-point appears as the only hope of the Twenty-First century. The present paper is an attempt to explain this basic theme in a systematic manner.

Gandhi himself was a product of globalization. Hence he did understand the advantage and disadvantage of globalization. Once he said, "I do not want my house to be walled in on all sides and my win-

*downs to be stuffed. I want the cultures of all lands to be blown about my house as freely as possible. But I refuse to be blown off my feet by any."*

A comparative analysis of both of the supporters and critics of globalization shows that both of them have shared their views on production. But, on the one hand globalization is rooted in mass production, and on the other hand Gandhi talks about 'production' by masses. Gandhi says "I would categorically state my conviction that the mania for mass production is responsible for the world crisis. Granting for the moment that machinery may supply all the needs of humanity, still, it would concentrate production in particular areas, so that you would have to go in a roundabout way to regulate distribution; whereas,

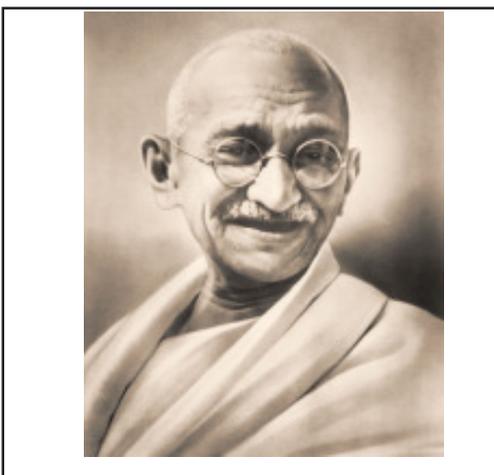
*if these production and distribution are both in the respective areas where things are required, it is automatically regulated and there is less chance for fraud, none for speculation."*

This Gandhian perspective on mass-production shows that the dominant nations would definitely be able to exploit the so-called weaker or unorganized race of the world as is happening these days. Enriched economics are producing things on mass level and using the Third World countries as their markets, which often results in the reduction of the indigenous economy of developing countries. This is the reason why Gandhi pleads for localization of the production and consumption. Gandhi use to say: *"When production and consumption both become localized, the temptation to speed-up 'production' indefinitely at any price, disappears. All the endless difficulties and problems that our present day economic system presents, too, would then come to an end."*

In fact, Gandhi's idea of production is very much rooted in his philosophy of village economy. Under the policy of globalization the effort is underway to transform the whole world into a single village, what we call a 'global village'. Contrary to this, Gandhi always wanted to develop the concept of a 'Globe of villages'. Gandhi Says: *"To develop India is to develop its villages. India is to be found not in its cities but in its 7,00,000 villages."* He further says *"I would say that if the village perishes India will perish too. India will be no more India. Her own mission in the world get lost."*

Developing a village, according to Gandhi, is to make it self-

sustained and capable of managing its affairs even to the extent of developing its self against the world. To make it self-sustained is to enable it to produce most of what is needed to fulfill the basic needs of its people and possibility of some others. Actually, the inculcation of this idea of a 'Globe of Villages' in the basic theme of his gospel of 'swadeshi'. His belief is that if we have the swadeshi spirit in us, villages and village industries would flourish where production would be made by the masses.



Further, against the present day global homogenous culture of McDonald or Coca Cola, Gandhi says: *"What is good for one nation suited in one condition is not necessarily good enough for another differently suited. One man's food is often another man's poison. Physical geography of a country has predominant share in determining its culture. A fur coat may be a necessity for the dweller in the polar regions, it will smother those living in the equatorial regime."*

Contrary to these Gandhian concepts of swadeshi and indigenous culture, the process of globalization with the help of developed means of transport and communication is trying to transform

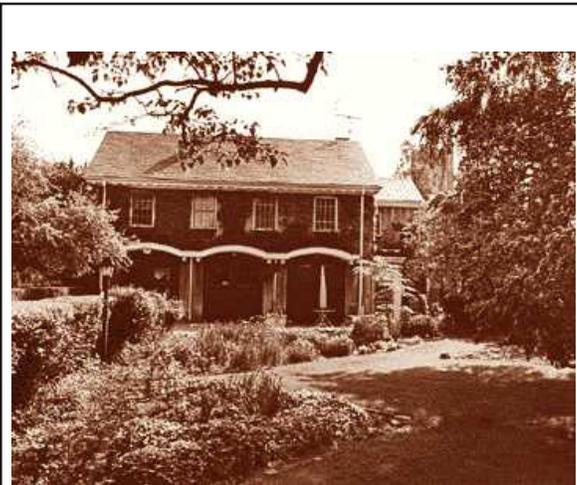
### ***Gandhi pleads for localization of the production and consumption.***

the local culture into a global culture. Whilst globalization may be the prevailing force, this doesn't mean that localization is without significance. The particularity of place and culture can never be done away with, can never be absolutely transcend. Thus, it can be said that the concepts of 'Global Culture' or 'Global village' need to be replaced by 'Cultures of Globe' or 'Villages of Globe' as per the Gandhian thought.

Further, if we look at the ultimate aim of this philosophy we find that Gandhi's ideal is people's happiness, which is achievable through the instrumentality of self-activity or, putting it materialistically, indigenous production. This is not quantifiable but it is clear and precise enough for being made the goal of a development strategy. It is, therefore, not identical with the modern globaliser's or economist's notion of welfare, which consists very largely of material consumption. When the availability of goods increases along with it increases the material consumption of the goods. Quite obviously, welfare in this understanding would be a measurable concept and therefore more congenial for modern or mathematical economists. Thus, while the policy of globalization is deeply rooted in materialism, Gandhian economics is morality-centric.

In fact, making profit is not ethically undesirable. A businessman has the right of make profit; but he has to keep his profit-making endeavor within the bounds of morality. He would do that marvelously well if he treats himself as the trustee of the property from the use of which he earns his profit. Gandhi had the moral right to say to a capitalist that he should do that because he himself always kept his personal & public operations well within the bounds of morality. But the globaliser or the profit-maker capitalist of these days have lost their right to do that because of their practice of perpetuating power through domination and exploitation.

Actually the policy of globalization, going in for multinational trade, is aimed at encouraging the accumulation of wealth in the hands of a few individuals. This results in heavy donation from capitalist countries to economically poor countries. And when this happens the big capitalist countries get an opportunity to dominate the economy of the developing nations which are striving for development. In this way the process of domination and exploitation which Gandhi pleaded have not accumulated money to such extent that they can donate and further dominate others. These village industries are following the axiom of the Gandhian model of development. This is the reason why Gandhi said: to develop India while preserving its ethics and cultural identity is to develop its villages. And the eth-



***We have the swadeshi spirit in us, villages and village industries would flourish where production would be made by the masses.***

ical formation of this assertion is valid even today.

Further, if we analyse the consequences of globalization, we find it not only ruins the ethics of society or human values within the individual personality, but erodes this earth and its nature to a great extent as well. Today's consumer society has little sense of obligation to the environment. Consequently we are now facing one big problem, which can deny the whole human evolution- the destruction of the natural environment. Today the environment is degraded, waterways assaulted, non-renewable resources depleted, and the atmosphere corrupted. In this very context Gandhi's call to limits wants more relevant than ever. Gandhi says: *"If you are to satisfy your need, the earth will supply everything for you. If it is for greed, the world can never satisfy that. It will*

*destroy the whole of nature. Do not go to greed, live at the level of need only. Then nature will supply everything for you."*

Gandhi did not want others to follow his ascetic attitude and ways but he wanted people to be wise to understand that natural resources are limited. We cannot exploit the nature continuously driven by the consumerist mania from which the global world is immensely suffering.

The above facts clearly reveal that Gandhi was against globalization. In fact, Gandhi was not against India having global concerns, or global collaborative enterprises. But he would not have preferred globalization in the way it is being projected today. He would have rejected it since, in effect, it means free trade. He was forthright in saying that "England has sinned against India by forcing free trade upon her." He was in favour of having an indigenous way of development using, as far as possible, indigenous resources, in keeping with India's cultural and ethical traditions. The idea most fundamental to his model is that neither in planning a method of development nor in its execution should there be anything which is unethical. It may look odd these days to be so much concerned with ethics and morality. But the humanity that has already suffered and lost its credibility, pins its hopes in Gandhi and Gandhi's India. Let us conclude with the lines of Arnold Toynbee: *"It is becoming clear that a chapter which had a western beginning, will have an Indian ending if it is not to end in the self-destruction of the human race."* □□

# Rising food prices bother Economy & Development

*The RBI in its latest review of the economic situation has dispelled the myth that WPI is in the negative and has pointed out that WPI on essential commodities has increased by 10.25 per cent, food articles by 8.25 per cent and primary articles by 4.96 per cent. The back-to-growth claims of Government, therefore, have no merit, argues Shivaji Sarkar*

Phenomenally rising prices and a disconnect between the wholesale price index and the consumer price index are impacting the country's economy and development. The Reserve Bank of India has rejected the Government's claims of "definite and robust signs of recovery". The RBI is neither satisfied with the Government's explanation on the price situation nor does it share the euphoria on negative inflation. It is more concerned about the food price inflation as various CPI (retail price indicators) are ruling at elevated levels.

In its latest review of the economic situation, it has dispelled the myth that WPI is in the negative. In its analysis, it has pointed out that WPI on essential commodities has increased by 10.25 per cent, food articles by 8.25 per cent and primary articles by 4.96 per cent though the overall projections on WPI based on all commodities show a negative rise of below one per cent. The convolution has been attributed to low weightage given to

food items in WPI. The WPI on manufactured food items too have remained at a high of 9.8 per cent.

The central bank has also busted the myth that rural inflation is less than the urban. The CPI for rural labourers has spurted by 11.26 per cent and agricultural labourers by 11.52 per cent. The CPI for industrial (urban) workers hovers over 8.26 per cent.

The analysis reveals that there is more propaganda on the WPI. "The CPI inflation tracks the essential commodities component of WPI quite closely", the bank states.

The rising food prices have severely affected the manufacturing sector. Owing to low surpluses with the people, the demand for manufactured items has gone down. It is reflected by negative 0.05% and is impacting the industry. The Central bank is flummoxed at the trend. It makes a candid admission, "The divergence in various price indices evidently increases the complexity of inflation assessment", it says.

The prices also reflect to another grim scenario. The borrowings of the Government are breaking limits. The net Central Government borrowing till September would be Rs 2,65,911 crore — higher by Rs 58,000 crore from the Interim Budget. The Government till end July has already taken borrowings of Rs 1,67,911 crore or 63 per cent of the first half projections.

The RBI also provided foreign exchange liquidity to the Government. It has caused concern for the RBI as its own foreign exchange assets have declined. Net foreign exchange reserves itself have declined by \$ 20.1 billion and as the rupee value has plummeted the actual valuation loss is estimated at \$ 58 billion. Credit expansion has also been hit particularly by private banks. Foreign banks have stopped extending loans. This is a pointer to the loss of faith in India's growth projection.

The credit flow is coming only from public sector banks. It remains over 20 per cent, more than estimated. But non-food credit, meaning largely industrial credit, has come down to 0.4 per cent against a rise of 1.6 per cent last year in April-June period. The credit for the commercial sector remains subdued.

The six per cent growth projected by the RBI also looks unreal and it admits so as there is "absence of any firm signs of global recovery". It has noted the continuous downward revision in global growth projections by the IMF in July. It is telling severely on India's external trade and negative balance of payment — higher imports and lower exports. Price stability has been stated as the key to any future growth. Food prices have to stabilise for a positive growth. □□

The writer is a senior economic affairs journalist.

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***The CPI for rural labourers has spurted by 11.26% & agricultural labourers by 11.52%. The CPI for industrial (urban) workers hovers over 8.26%.***

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## India Economy survived the Global crisis due to its Feminine Character

 **Susanna Lazarus**

“Families are shock-absorbers, not shock-generators” said Mr. S. Gurumurthy. This unique view of the link between socio-economic factors was an eye-opener for the students of various colleges in Chennai, who assembled at M.O.P. Vaishnav College for Women on 4<sup>th</sup> August, 2009. The National Co-Convenor of SJM, Mr. Gurumurthy aired out the view while addressing the Entrepreneurship Development Program jointly organised by Swadeshi Jagaran Manch and M.O.P Vaishnav College. He spoke on the Feminine Character of Indian Economy, an insightful analysis on how India has been able to survive the recession with minimum damage.

The comparison between Western, especially American and Indian societal and family values, their vast differences and the effect this had on the economy of the respective nations was explained by Mr. Gurumurthy. He also spoke about how contract based societies are not dependable. In America especially, “The propensity to save was destroyed because the government took care of everything.” The need or rather the inclination to save for the family and future generations was removed from the Western psyche. Children are expected to be financially independent of their parents from a very early age.

The situation in family based societies is the exact opposite. In Asian countries, family is considered above all. The needs of the children and family are given first priority. The statistics given were staggering. There are 51% single parent families in America. On the other hand,

75% of the world’s savings are from Asia, a family-centric society. The Japanese savings in banks alone are around 7 trillion dollars.

The spending-driven character of the western economy, according to Mr. Gurumurthy, is masculine in nature. The Indian economy with its philosophy of no waste, but waste to wealth, is an essentially feminine



From Left to Right : Mr. Ravichandran, Dr. Nirmala Prasad, Mr. Govindacharya, Mr. Gurumurthy, Ms. Namrata Sundaresan

trait. He observed that people could sustain themselves through their families if, as women, the students of the college understand the impact of this crisis and their role in these times.

Ms. Namrata Sundaresan, Managing Partner, Zen Knowledge Services summarised the “Essentials of Entrepreneurship” by asking students to be a believer & dreamer but get facts right; be passionate, without being obsessed; ready to take on any challenge/obstacle. She further added that problem that comes your way have a solution one needs need to find them & for it one must be a keen learner - from people around you & evolve.

Mr. K N Govindacharya, Convenor, National Self-Esteem Movement distributed the Swadeshi Entrepreneur Awards to 13 first generation entrepreneurs and delivered the Key Note address. He said,

“God has given each country a unique and distinguishable question paper and each one of them have to find the answers according to the questions posed to them. As the historical background and the geographical conditions of each nation vary from the other, simply framing the policies of a nation on the footsteps of others would not suit to its development”. Especially with reference to ladies, he remarked, “In the West, women are considered as objects of enjoyment and entertainment whereas in India women are revered as Gods”. In many countries women were butchered, raped and molested en masse and in contrast India has always respected women”. “Indian women are endowed with inherent management skills and hence it is quite natural that many entrepreneurs honoured here are women” he said and congratulated the entrepreneurs for their contribution.

Mr. Rama Nambi Narayanan, State Organising Secretary, SJM introduced the theme of the event and Dr. Nirmala Prasad, Principal, welcomed the dignitaries and the gathering. Ms. Deepthi Menon, HRD Minister of MOP Vaishnav College proposed the vote of thanks. Ms. Divya Mittal, SJM volunteer compered the show. Dr. Lalitha Balakrishnan, VP of the college and Ms. Uthira, Commerce Department Professor were instrumental in ensuring that all the arrangements are made in tact for the event that saw the participation of around 500 girls from different colleges of Chennai. □□

## *Anglo-Saxon free market capitalism has robbed the people, and enriched the corporates*

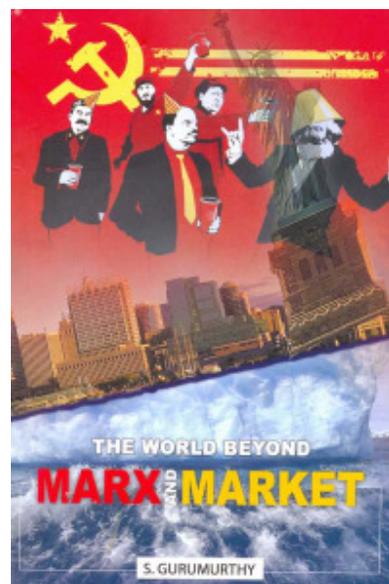
It is not that all West is alike. It is the Anglo-Saxon West which has extensively disturbed the harmonious traditional sequential link and substituted it with the new modern sequential link. The situation in other Western societies, particularly, Italy and Spain which continue to be family oriented is substantially different. They are more like the East where there is a strong family orientation which preserves the natural sequential link. So the capitalism of the Anglo-Saxon West is founded on unbridled individualism, and consequently it has become a single-minded pursuit of profit and money to the exclusion of all aspects of life.

This has led to the emergence of a Frankenstein economic model based on unrestrained consumption by spending even beyond one's income. With the state taking care of social security, the individuals were freed from the fear of, and the responsibility of saving for, rainy days. In fact the savings was regarded by the economic leadership of the US – read Alan Greenspan the US Fed Chief till early 2006 – as an outdated feature characteristic of the developing world, where the governments did not provide for social security thereby compelling the people to save and to look after themselves. Greenspan also said – citing the existence of social security which obviated the need for private sav-

ings, which in developing economies are compelled to do – the people in developed countries have the confidence to spend beyond their current income. This is how the US economy became a low saving, high spending and high consumption affair particularly in the last decade.

Those countries, which found the high consumption US to be a good market, kept on exporting to US and getting paid in Dollars and reinvesting their Dollar reserves in the US, with the result that the US was virtually borrowing from the exporters of goods to the US and paying for their goods. In substance this meant that the US actually printing and issuing pro-notes, that is the Dollar notes, as discharge for their import obligations. As the Economist magazine said very early in 1990s that the Dollar had become the biggest export of item of the US!

This has led to the US incurring huge trade deficits and covering them by borrowing in the global market, thus bringing back as debts the Dollars it had printed and circulated to pay for its imports. With domestic savings of individuals and families becoming almost 'nil' and even negative by 2006, and the families habituated to credit cards and borrowing heavily, by prime and sub-prime loans, to sustain their consumption, the US economy



became the most indebted economy in the world in less than 20 years. Some 100 million US households today own 1.2 billion credit cards – that is, around 12 credit cards per household – on which they owe some \$2.6 trillion as debts. In addition, the US households owe over \$10 trillion as housing loans. The share of the savings of US households, which was 80% of the total savings in 1980s, with the corporates saving the balance 20%, came down to minus 20% in 2006; that is, while the corporates saved \$512 billion in 2006, the households had a negative savings of \$112 billion.

In addition, in two decades from mid 1980s, the households were compelled by economic policies to get obsessed with stock market habits. With the result, the

percentage of American families which had investment in stock markets went up from some 6% in 1980s, to 25% in 1990, and to 52% in 2001. With the result, the American economy became synonymous with its stock market. Further, the drive to make the people to borrow and spend to sustain consumption to keep the US economy going, also resulted in innovative methods of lending, namely, sub-prime mortgages loans. These sub-prime loans then were turned into credit derivatives and sold in the global market, so that nearly 50% of the sub-prime loans in the US were exported to other nations exposing them also to the risk of sub-prime loan credit loss.

But these are not the features of the other equally developed economies; say Germany and Japan, besides Italy and Spain. In Germany only 7% of the households are linked to stock markets and in Japan only 5.6% of the national savings are invested stock markets. The Japanese have invested over 56% of their savings in Japanese banks even though the interest yields from 5-year bank deposits were as ridiculously low as less than 1%.

The Anglo-Saxon model of capitalism, founded on liberal democracy and free market based on unbridled individualism, and based on its experience of the US, is being sold to the rest of the world as the most efficient method of economic modelling and economic management. The net result of the operation of this Frankenstein economic model has led to the families being destroyed, households being robbed and impoverished and the corporates

being enriched!

**Anglo-Saxon free market mechanism seems to be heading for collapse – as the global financial meltdown seems inexorable**

This model of capitalism based on free market mechanism, which tends to destroy all informal moderating forces in the economy like the family, community etc., is the greatest danger to the free market. The very drive of individualism which powers the Anglo-Saxon free market has the potential to dynamite it from within and bring it down the way termites bring down a healthy looking building. The Anglo-Saxon free market mechanism seems to be heading for collapse.

No one seems to be keen to look critically into the Anglo-Saxon or Anglo-American west and in fact everybody is rushing to copy their model as efficient and progressive. This is because the ruling belief, since the early and mid 1990s, was that what the West – read the Anglo-American West – was saying was right, doing was right, and that the others have to do likewise in order to survive or develop in the world. As a result, no one was willing to even critically see the obvious, namely that the Capitalist west might be collapsing even faster than the way communism did. The communist nations, led by Soviet Russia, were seen to be in difficulties in the 80s. There was a debate in the West then as to whether America should go to the aid of communist Russia and claim that communism needed capitalism's help for survival, or to refuse to help Russia and further force it to compete with the US and increase its defence expenditure and there-

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***The very drive of individualism which powers the Anglo-Saxon free market has the potential to dynamite it from within and bring it down the way termites bring down a healthy looking building.***

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by expedite its collapse, to claim that communism had no substance at all!

The West chose the second option. And to expedite the collapse of communism, the West went on the Star War programme knowing full well that Russia could not afford to compete with the West and spend as much. Yet, Russia had to mount its own counter to star war. With the result, what the Russians could not afford to do, they attempted to do and consequently a collapse which would have taken place some what later was advanced by this strategy of the West. Thus, in the competition between market capitalism supported by democracy and communism sustained by dictatorship, the latter collapsed and the more efficient capitalism succeeded. This is what made Francis Fukuyama claim that liberal democracy and market capitalism have won the war against political autocracy and economic dictatorship. The Fukuyama doctrine became the chief drive of globalization, and became the theoretical or philosophical basis for globalization.

And, the theory of globalization was persuading the rest of

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***Now free market capitalism which abhorred state intervention is begging at the doors of the state in the US for alms to survive.***

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the world to look to the west; the entire world was looking at America, as the final destination. It was not just the developing world, but also developed nations, particularly the non-Anglo Saxon nations like France, Germany, Italy, Spain and Japan, that were pressured to follow the norms and models of the American financial system. The Anglo-Saxon financial models – its savings and spending, its investments and consumption models – were commended to the rest of the world.

The Anglo-Saxon financial model, which was based on high leveraging and intense use of the derivative mechanism, has built a financial architecture based on virtual money. Soon, the tsunami of virtual money swept aside the real economy. But, in less than a decade, the Anglo-Saxon individualistic free market economic model brought global capitalism to the brink of collapse, with the emergence of sub-prime mortgage crisis – a crisis which soon led to the huge financial crisis in US, followed by western, and subsequently a global financial meltdown. So far, the US and European governments have budgeted \$ 4.8 trillion to bail out their financial system (comprising money, stock markets and banks) from collapse. It is now evident that the free market mechanism practised by the US in the past few decades particularly, which is founded on the

Anglo-Saxon individualist life style, is almost at its terminal end. Now free market capitalism which abhorred state intervention is begging at the doors of the state in the US for alms to survive.

Twenty years ago, the proponents of free market in US used to scoff at government regulation and intervention in financial sector; they are today shouting for government funds and even nationalisation to stave off instant bankruptcies. In end of 2007, the world was told that this was “just a slowdown”; in the beginning of 2008 it became “just a recession”, and now “deep recession” than had been thought of; it actually seems to be a collapse. It is worse than 1930s, when the US economy went into a depression. It seems to be a collapse, not just a systemic collapse, but, the collapse of a model – the Anglo-Saxon free market model. □□

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[Continued from page 17]

## ***Finding Where It Hurts....***

**The PM has declared that a special high-level committee will be setup for this. Kerala will be supported by the Centre with financial, technical and all sorts of support. What is all this? How will it change things? How possible is this? Any strong data-based argument for this ?**

The Centre has launched a few schemes: Department of Commerce has launched a Rs. 1,400 cr scheme for improving social infrastructure in tea gardens. The govt. and industry will share the cost on a 50:50 basis. Tea Gar-

dens of Tripura, Cachar valley and Tamil Nadu have been identified under this scheme. The GoI has also announced a Rs. 4,900 cr Special Purpose Tea Fund (SPTF) as a 15 yr productivity boosting programme. Last year the Coffee Board proposed a Rs. 105 cr scheme to replant 45,000 hectares of coffee plantations. Similar schemes are in the pipeline for coffee and pepper as well. I have no clue how these schemes are actually working on the ground.

**Q: Then, what is the amount of subsidy and support**

**that some of the competing ASEAN countries get for the crops like tea, pepper, coffee, palm oil, rubber etc ? Comparatively, what is it in India ? What is it in terms of productivity? Are we comparable and will we ever achieve it ?**

Direct and indirect subsidies in ASEAN countries are way lower than what prevails in India.

Productivity of all plantation crops except rubber are much higher in ASEAN countries than India. Pepper productivity in Kerala is around 320 kg/ha, while Vietnam produces 1.2 tonnes and Indonesia 2.3 tonnes from the same area. Productivity of coffee in India stands at 765 kg/ha while Vietnam produces 1.7 tonnes/ha. □□

(Courtesy: Devinderji's blog)

**25 most Valuable Indians**

The news, I was tempted most to share with you is the following. THE WEEK magazine in its Independence Day number published a list of 25 most valuable Indians and what over-joyed me was to see the names of Devinder Sharma, Vandana Shiva and Sunita Narain in it. It is not that I consider The Week a good magazine, or that its choice is impartial. I was happy that these swadeshi activists came in this list. The other names which I like are Sri Sri Ravi Shankar, E Shreedharan, MS Swaminathan, And there are several names which are to me, purely on the basis of psychopancy, and lesser said the better it is about them.

Anyhow, Sunita Narain has really become a role model for the women because of her courage and scientific analysis of the Coca-Cola and PepsiCo. I knew for the first time that a film has been made by Madhur Bhandarkar inspired by her life. She has fought bravely the three global corporate lobbies transport, climate change and colas. I was surprised to read that she is a non scientist graduate and even then humbled multinationals. I respect her also because she is a disciple of a legendary environmentalist Anil Aggarwal and who happens to be a companion of Prof GD Aggarwal, famous environmentalist who recently sat twice on fast-unto-death for over a month on the issue of Ganga and is ready for the third. The magazine published by her organization Centre for Science and Environment is Down to Earth, and is really worth reading.

Vandana Shivas name is al-



ready very much known among the activists, popular or unpopular, it is difficult to say. The Week describe her in brief - Vandana calls herself a farmer, and her campaign a satyagraha. The seed is her equivalent of Gandhijis Charkha and she sees western attempts to patent turmeric and neem quite like the salt laws of the Raj era. The prestigious Time magazine has called



**The Moving Pen**

● **Kashmiri Lal** ●

her a hero fighting to save Indias agricultural diversity, but her friends say that Vandanas advocacy is borderless. She became popular when Right Livelihood Award the Alternative Nobel Prize was awarded to her in 1993. People will consider her contribution for collecting over 250 varieties of rice and 800 species of plants coexisting with birds, bees and butterflies in Navdanya farm or Seed University. One thing more, one advocate friend of mine, who is usually abroad, narrated how she was roaring like a lion, sorry lioness, against multinational frauds in the land of America the other day, as she fearlessly criticizes them at Jantar Mantar in Delhi.

But Devinder Sharma is a new name to be acknowledged on the all-India basis, perhaps. It is only because of him that I am allured to write the column. I was

surprised to see his global popularity by reading An American TV channel calls Devinder Sharma Indias dissident, and that he is to agriculture what Noam Chomsky is to political economics. Whenever I happen to see his article in Dainik Jagaran or some other magazine, I feel like reading it on priority basis. A good orator and very simple in writing style but full of valuable contents, he is read by experts and laymen equally. He is described as the biggest critic of the WTO, but the fact that the WTO invites him, and listens to him, is what makes his views valuable. His views can be summed up in the following lines we are focusing attention on sustainability the Gandhian way. If we make agriculture viable the

traditional way, poverty and malnutrition will reduce; our cities will be saved and GDP will go up. We expect him to taking his fight to the streets of Delhi and India, especially when the WTO is planning to strike the last nails in the coffin of Doha rounds, first in Delhi in the form of Mini ministerial meeting in September beginning and later on in Geneva, in the November end. My heartiest congratulations to all for their names being included in the list, and also to those, whose deserving names have been left out.

**Kerala, Onam and record-breaking sale of Liquor**

Kerala is famous to be Gods Own Country and strange thing is that the hottest selling stuff there is liquor. No celebration, no festival is complete in Kerala, which leads all other states in per capita consumption of booze, without tipping. So despite recession the

target declared enthusiastically by State owned beverage corporation from this years consumption of liquor is worth Rs. 200 crore ,and that too for the Onam season. To be exact, last year people spent Rs. 160 crore on liquor in the Onam season-whereas total money spent on rice in the corresponding season was just a little over Rs. 100.

One more startling fact only 15 percent of Keralas over three crore population consumes liquor. But this minority spends more than what the entire population of Kerala spends on essential commodities, including rice, during the festival season. Moreover, figures of last December showed that States per capita alcohol consumption has grown to 8.3 liter, the highest in India, second only to Punjab, again said to be the land of Gurus and Peers. Happily, the State Government is never complaining about this trend, because booming liquor sales fetch hefty excise duties to a cash-strapped treasury. State Govts income through taxes on liquor in the last year was 1,356 crore against 1,163 crores in the corresponding previous period. Wah! Raja and Praja all are happy. Salute to this Gods own country and the State with highest literacy percentage in India!

### **A Sigh of Relief George Fenandes Given a Clean Chit in Coffin scam**

We all Swadeshi activists hold George Fernandes in high respect and as such there is a good news for us. He has been given a clean chit by the CBI in the Kargil war coffin scam. However, three army officer and one US supplier were charge sheeted. It may be noted that the scam cost a loss of

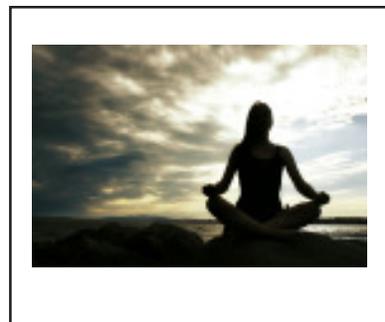


rupees 89 lakh to the government exchequer. After the scam came to light in 2002 the then Prime Minister Atal Behari Vajpayee had termed that allegations against Fernandes as baseless. In 2004, however, the UPA government ordered a CBI enquiry into the coffin scam. A sigh of relief for George's supporters too!

### **Army Scientists doing Research on Fasting Jains**

Ahmedabad: I was very much worried to read the following news item in a section of press. The news as such is not disturbing, but the conclusion is disastrous. Let me first faithfully narrate you the news.

Though this quest of remaining on fast for two or three weeks is spiritual by fasting Jain devotees, living on no more than boiled water, but for the army scientists it may hold answers to scientific questions. The army is researching the rigorous fasting by Jains during the holy period of Paryushan in the hope of finding solution



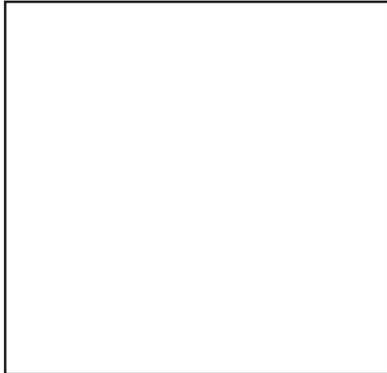
for soldiers who may have to go for long periods without food in harsh conditions. A team of 18 scientists from the Defence Institute of Physiology and Allied Sciences (DIPAS) are camping in Ahmedabad to seek answers: How the body and mind respond to such nutritional deprivation for days. Can fasting be imbibed consciously by

people especially soldiers and astronauts in order to survive in challenging conditions. About 45 Jains in Ahmedabad are fasting from three to 16 days.

Let me narrate my fear. If this news and its conclusions are noticed by the team of our Prime Minister and Commerce Minister Anand Sharma, they will try to implement the same on the Below Poverty Line (BPL) people of India and will take away the NREGA scheme and will preach them that you will not die like Jains for 30 days, then what is the fun of wasting this much money on you! Go and practice fast!!!

### **Recession in Global Printing Industry : the death of The Readers Digest**

A bad news is that 87 years old The Readers Digest magazine is going to be liquidated within months. Every English reading person is very well familiar with the name of The Readers Digest. I have seen it on the tables and toilets of well to do people all along the country. Many retired persons in the remote villages still hold large stocks of the old Digest and take care that their family members do not sell the same to Kabadees with other magazines. Anyhow the magazines which were sold to the kabadees even without having a cursory look at the contents were



Reader's digest – being digested by the Time

glossy Russian magazines, which stopped coming after the collapse of Russia. But there were no one to mourn their death except liphaphewallas, who generally used them for preparing good quality carry bags,

But the case is different with Digest. It was started in 1922 MRI survey shows that it is the best selling consumer magazine in the US, with a circulation of over 5.5 million copies and global edition reaches 40 million people in more than 70 countries with 50 editions and 21 languages. Now it has been battling mounting debts and is ready to be liquidated. The reason ascribed is that people do not want to purchase the magazine and read the online editions.

Similar is the position of Sunday Observer from England, a 218 years old newspaper. It has suffered the loss of 61 million pounds. It has died unlamented a few days ago. Similarly the famous Guardian group has suffered a loss of at least 90 million pounds abd has changed its style of working completely. Peoples habit change has been accorded one of the most important reasons. The free online editions are becoming popular. Moreover the global recession is other main reason and ads are not coming so easily.

But the position is India is not so gloomy. FICCI survey shows that in the coming 5 years the expected growth rate is 14 % in the print media. But dependence on advertisement has run havoc with the editorial standards. But with the passage of time there is expected a decline in the print media in India also. The proverb Old order changeth, yielding place to the new is applicable on everything, even the political systems too.

**Agitations against the WTO meeting**

For the first time in the history of WTO a Mini ministerial Meeting is being held in Delhi on 3-4 Sept. It is nothing but preparation for the ensuing WTO meeting to be held in Geneva at the end of November. What are the issues?. The answer is: to fulfill the agenda which remained unachieved in the last year's July meeting of in Geneva. The talks collapsed mainly on the two issues namely reduction in subsidies by the developed countries, and secondly, developing countries' demand for Special Safeguard Measures (SSMs) to protect their products from foreign dumping. Actually there seems to be no way out of this, if at all the sovereignty of the nation is not to be compromised. But the unnecessary haste made by Euro-American countries and the cunning methods adopted by them to make the Doha Round successful are cre-



ating doubts in the minds of developing countries. The way our new Commerce Minister Anand Kumar Sharma seems to be playing to their tunes, is creating suspicion in the mind of nationalist forces about his intentions.

So, nationalist forces are in the arena to subvert their malicious designs. Bhartiya Kisan Sangh is holding a protest march on 1<sup>st</sup> sept. and Afsar Jafri and Third world Net Work group are also up in their arms against it. Similarly Bhartiya Mazdoor Sangh and Swadeshi Jagaran Manch are also holding a collective protest march at Jantar Mantar and other nationalist forces are also joining them at this juncture. Moreover SJM will hold rallies/demonstrations on 2<sup>nd</sup> September at all the district headquarters. Similarly, Kisan Manch headed by Mahender Singh Tikait is to hold a massive rally on 3<sup>rd</sup> July.

But the main thing which is missing is how to send the word to the masses. Aam Aadmi is not taking any interest in these activities, because the awareness campaigns are limited to the activists only. Media is not interested at all right now, because Jinnah is providing more TRP to them. But experts know that the subtle virus which this agreement will create will spread like an epidemic, say Swine Flu. The symptoms of this Swine Flu will be felt in the form of food insecurity, retail sector's complete wipe-out by walmartisation of the market and flood-like condition in the field of unemployment. So the message of evil designs of WTO have to spread in full speed. Moreover, these issues are to be taken not only by September but up to December also - when full-fledged meeting of WTO is to be held in Geneva. □□

## No surrender charge from 5th policy year: IRDA

Insurance regulator IRDA has asked life insurers not to levy any charge on customers if they surrender their policies from fifth year. "No surrender charge can be levied by an insurer for policies surrendered from the fifth policy year and thereafter the policyholder will be entitled to receive the full fund value on such surrender," the Insurance Regulatory and Development Authority (IRDA) said in a circular to all life insurers.

Moreover, IRDA gave some breather to insurers by excluding the charges levied by these firms on their customers for incidents like death and disability from overall limit on charges on their ULIP schemes, the products that are invested in the capital markets. "Mortality and morbidity charges may be excluded in the calculation of the net yield," IRDA said. Mortality is the probability of death, while morbidity is the probability of disability. The insurance companies levy mortality and morbidity charges on the customers and these charges increase with the age of the policyholders.

Last month, IRDA put a cap on overall charges that life insurance companies can levy on subscribers of their Unit Linked Insurance Policies (ULIPS). For those products which have maturity of 10 years, insurance companies have to maintain the difference between gross yields and net yields at 300 basis points. □

## AIIMS researchers develop device to administer IV medicine

Researchers at AIIMS have developed a novel device to administer intravenous drugs directly into the bone marrow in case of medical emergencies like heart attacks, trauma injuries and dehydration. The device — IntraOz — would help treat patients in whom doctors are unable to locate a vein to administer intravenous (IV) medicines.

"The vein through which IV medicines are given is untraceable in patients who have suffered cardiac arrest, trauma injuries, dehydration. In such cases, using IntraOz, we can directly inject the medicine into the long bones," Jayant Karve of the Stanford India Biodesign Centre at AIIMS said. Karve along with his colleague Srinivas Kiran Jaggu were conferred the India Innovation Pioneers Challenge (IIPC) Award 2009 in the Scholar Sparks category.

The innovation is also useful in treating children. "The idea is to save precious seconds in attending to emergencies as any delay in treatment may lead to morbidity," Karve said. The device developed by the young scholars is cheap when compared to those used in foreign countries.

## India to give hassle-free entry to B'desh food items

Biscuits and other processed foods from Bangladesh are stated to enter India without any hassle on non-tariff barriers. India has agreed to take the onus of upgrading Bangladesh Standard and Testing Institution following which these products will gain easy entry into Indian market in the 6th joint working group (JWG) meeting on trade between the two countries which concluded after three days of deliberations in New Delhi.

Several food items from Bangladesh were facing problems of entering into Indian market as they did not conform to the quality norms laid down by the Bureau of Indian Standards and other food standards prevalent in the country.

According to the agreed minutes of the JWG India has also agreed to issue import certificate for six months to importers for importing hilsha fish from Bangladesh instead of issuing import certificates on single consignment basis. The JWG also decided that henceforth, Bangladesh trucks carrying consignments can offload in warehouses at Petrapole border in India.

According to sources Indian request for setting up of a Special Economic Zone (SEZ) in Bangladesh would be considered in due course and Bangladesh side has requested Indian investors to invest in the existing Export Processing Zones in Bangladesh.

## India's moon mission comes to an abrupt end

Ten months after it was launched, India's maiden moon mission the ambitious Chandrayaan-1 came to an abrupt end after ISRO lost communication with the spacecraft, cutting short the dream odyssey that was expected to last two years.

"The mission is definitely over. We have lost contact with the spacecraft," Project Director of the Chandrayaan-1 mission M Annadurai told media. However, he said: "It (Chandrayaan-1) has done its job technical-

ly...100 per cent. Scientifically also, it has done almost 90-95 percent of its job". The two-year mission, launched on October 22 last year with much fanfare, was abandoned early after the after radio contact with the mooncraft was abruptly lost .

The Deep Space Network at Byalalu near here received the data from the 1,380 kg Chandrayaan-1, which carried 11 instruments on board, including six from overseas, during the previous orbit up to 0025 hours. ISRO is conducting detailed review of the telemetry data from the spacecraft. "We will analyse as to what happened," Annadurai said.

### Govt may allow Cairn to sell Rajasthan crude to pvt refiners

The government may allow private refiners like Reliance Industries Ltd, Essar Oil to buy Cairn India's Rajasthan crude, if the public sector firms do not buy the entire output from the field. Cairn CEO Rahur Dhir said, "As we ramp up production, the government will be able to nominate buyers." The government has nominated buyers for Cairn's initial production for next few months and when the Mangla oil field reaches peak output of 1,25,000 bpd more buyers will be nominated. "We have not curtailed production because of lack of buyers," Dhir added.

IOC and MRPL have been allocated 0.20 million tonnes each in 2009-10, while HPCL would offtake 0.30 million tonnes of Rajasthan crude. But in the next fiscal, the offtake by the state refiner would be far less than the production from Rajasthan.

In 2010-11, IOC would buy 1.5 million tonnes of the crude, while MRPL would double its offtake to 0.40 million tonnes. HPCL would take 0.50 million tonnes next fiscal. Against the total committed offtake of 2.4 million tones, the output would be over 6.2 million tonnes. DGH Director General VK Sibal said selling to private refiners has been recommended. "We have agreed that they (Cairn) can sell to private refineries," Sibal said.

### Chinese chopper violates Indian airspace

Admitting that a Chinese military helicopter had violated Indian airspace in Jammu and Kashmir two months back, Army Chief General Deepak Kapoor said that New Delhi has taken up the matter with Beijing. "Let me inform you one incursion of a Chinese helicopter (along the Line of Actual Control in Leh) took place some time back," he told reporters after taking over as the new chairman of Chiefs of Staff Committee in New Delhi.

He, however, said the matter has been taken up by India during the border personnel meet with the Chinese immediately after the incursion." The matter has been taken up with China during meetings of border personnel of the two sides," Kapoor said. But giving a benefit of doubt to the Chinese, he said the incursion could be the result of a "navigational error". He, however, said reports of more than one incursion by Chinese helicopters were "incorrect".

The Chinese helicopter had entered the Indian airspace on 21st June this year and is reported to have air-dropped canned food at Chumar, northeast of Leh in Jammu and Kashmir. □

### Govt to import food items to bridge shortfall

With food grain and agri commodities production set to fall due to drought, the government says it will import those items that will be in short supply to meet demand. "Decision is already there that whichever commodity will be in short supply, to maintain demand-supply mechanism, we shall go for imports," Finance Minister Pranab Mukherjee said addressing state agriculture ministers in New Delhi.

Already, there is a short supply of pulses and edible oil, he pointed out. Mukherjee, however, said that the government will not announce the timing of the import to ensure that prices are not jacked up artificially by the international players. "The moment news is spread that India is going for big import, the market prices are jacked up," he said.

On the impact of drought, the Finance Minister said that it does not affect only production, it has a cascading effect. Scanty rainfall will affect recharge of ground water. He assured the country that the government has the experience to deal with such situations and "we need not lose confidence in ourselves." The government will have an estimated 18 million tonnes of wheat as of 1st April 2010 and 13.6 million tonnes of rice as of 1st October 2009. □

## India, China to be part of climate change: US

The Secretary of State Hillary Clinton, during her trip to India and China earlier, had discussions with both the countries on this critical issue of climate change.

Noting that India and China need to be part of the solution on climate change, the United States has said that it would like the two Asian giants to make significant investment in the success of a summit on climate change to be held in Copenhagen in December.

“What we want to see from India and China is a significant investment in the Copenhagen process,” the Assistant Secretary of State for Public Affairs, P J Crowley, told reporters at the daily State Department press briefing.

“They have to be part of the solution if we are going to make progress in dealing with greenhouse gases,” Crowley said. He was responding to a question based on an interview given by the Indian Environment Minister Jairam Ramesh to an Indian newspaper in which he said that India and China have agreed to work together on the issue of climate change to withstand the pressure from the west. □

## US economic contraction unrevised

Falling exports and consumer spending have hurt US economic growth. The US economy shrank at an annual pace of 1% between April and June, unchanged from an initial estimate released last month, according to the latest data.

Analysts had been expecting a downward revision, with some forecasting a contraction of 1.5%. The second quarter figures were a significant improvement on the 6.4% contraction between January and March. US growth figures are revised frequently and the different estimates can vary significantly.

## Japan jobless rate hits new high

The recession is officially over, but the effect has yet to be felt. Japan's jobless rate hit a record 5.7% in July and consumer prices fell at a record pace, figures released days before a general election have shown.

Companies are continuing to lay off workers even though the economy has returned to growth after the most bruising recession for decades. The state of Japan's economy is the key issue in the election campaign.

In July, 3,590,000 Japanese were out of work in July, over a million more than a year ago. Japan's economy grew by 0.9% between April and June, but the latest figures cast doubt on the strength of the recovery.

“The recent growth was mainly due to government spending and was not a self-sustaining recovery in the Japanese economy,” said Hiroshi Watanabe at Mizuho Investors Securities. “We're unlikely to see a swift recovery for the time being,” he added.

News that the unemployment rate has risen to the highest since World War II is a blow for the Prime Minister Taro Aso. Shoppers put off purchases in the expectation of prices falling further, causing the economy to stagnate.

## US rejects Indian hand for not giving drone tech to Pak

The United States has rejected claims that it was under pressure from India to not to provide drone technology to Pakistan. Speaking at the Pentagon, US Deputy Assistant Secretary of Defence for Pakistan and Afghanistan, David Sedney, said reports about Indian interference were nothing but ‘misperceptions’ being propagated by Pakistani media.

When asked whether Washington would provide drone technology to Islamabad in the near future, Sedney said both countries are engaged in expanding cooperation regarding military supplies and technology transfer, adding it was difficult for him to discuss it openly.

“I can tell you that cooperation between the two countries is increasing on the issue of technology transfer,” he said. Responding to a query, Sedney said the US is working ‘very hard’ provide to Pakistani security forces with whatever they need to fight Al Qaeda and other extremist organization.

“The US and Pakistan shared a common goal of destroying Al Qaeda, which was out at the Pak-Afghan border trying to create another 9/11-like catastrophe,” The Daily Times quoted Sedney, as saying. □

**UN expert seeks probe into Lankan video footage**

A top UN human rights expert has sought probe into the authenticity of a video footage purportedly showing Sri Lankan troops executing helpless Tamils, notwithstanding Colombo's assertion that the clip was a "distortion of truth".

The images, which first appeared on Britain's Channel 4, were horrendous and, if authentic, would indicate "a serious violation of international law," Philip Alston, UN Special Rapporteur on Extra-judicial, Summary or Arbitrary Executions, said in a statement.

A Sri Lankan Presidential Secretariat statement on Wednesday had said the video clip was "absolutely false". The government will also seek to pursue remedies available with regard to the "distortion of truth", it had said. Alston said the denial by Colombo makes it all the more necessary to set up an independent investigation. "If the Government's position is validated as a result of an inquiry, the international community can rest easy and the Government will have been vindicated," he said.

**Argentine farmers resume strikes**

Argentine farmers have resumed strikes as part of a bitter dispute over taxes on soya bean exports. The farmers are angry over President Cristina Fernandez's refusal to lower the 35% tax. They have been on strike several times in the past year over the tax, saying government aid has been spent on cities at the expense of the countryside. The government argues that the farmers make huge profits from soya and the tax helps the wealth be distributed fairly.

The farmers said the strike, where they would refuse to sell livestock and grain for eight days, is "more" than a protest. "It's a battle cry to defend rural life," said Eduardo Buzzi, president of the Argentine Agrarian Federation, one of four farming associations that has led anti-government protests. "We're willing to do what's necessary to get agricultural policy changed," he added.

**Network Rail plans 1,800 job cuts**

Network Rail has confirmed it is planning to cut 1,800 maintenance jobs. The company, which owns Britain's rail infrastructure, said it intended to trim the positions by April 2011, but "no final decisions have been made". It said it hoped to avoid any compulsory redundancies. The firm currently employs a total of 33,000 people across the country. Network Rail said the planned cuts were due to its budget for the next five years being trimmed by £4bn.

"We have a clear commitment to the British people to reduce the costs of running the railway," it said in a statement. "Our plans to restructure our maintenance teams will improve the way we operate the network." Network Rail added that it was now discussing its plans with staff and union representatives.

Network Rail owns Britain's railway infrastructure, including all the tracks, signals, tunnels, bridges, level crossings and most stations. It does not own any of the actual trains, which are operated by completely separate companies. The company was established in 2002 when it replaced the struggling Railtrack. □

**Flat incomes raise doubts about economic recovery**

Household income in the US is essentially stagnant, raising doubts about whether consumers already hurt by job losses can sustain an economic recovery.

The now-ended Cash for Clunkers program helped lift consumer spending last month and is expected to provide an even bigger boost in August. But any rebound could falter if shoppers don't boost their buying, which makes up about 70 percent of U.S. economic activity.

"Consumers just don't have the financial firepower to go out and spend more," said Mark Zandi, chief economist at Moody's Economy.com. "Unless businesses curtail their job cuts, the recovery could very well peter out." Stronger consumer spending is the key to a sustained recovery. For spending to rise, analysts said, income growth has to resume.

The Commerce Department reported that personal incomes were flat July, the eighth month out of 10 in which incomes have either fallen or failed to grow. Americans have been hammered by massive layoffs and efforts by some companies to restrain costs by forcing workers to take unpaid days off.

With incomes flat in July as spending rose, the personal savings rate dipped slightly to 4.2 percent from 4.5 percent in June. The savings rate was 2.6 percent a year ago. □

## India for early conclusion of WTO talks

Ahead of the WTO meeting convened here with an aim to ending deadlock over global trade talks, India says its early successful conclusion was essential to restore the confidence in the global economy and markets in view of the financial crisis.

“I would like to stress that timely and successful conclusion of the Doha Round (of WTO talks) on the basis of its development mandate is even more important today particularly in the backdrop of the global economic and financial crisis to restore confidence in the global economy and markets,” External Affairs Minister S M Krishna said.

“The timely conclusion of the talks is important also to guard against emerging protectionist tendencies and to protect the livelihoods of the poor and marginalised, particularly in our rural sectors”, he said while inaugurating the two-day conclave of Indian envoys in New Delhi.



## WTO asks India for greater responsibility for Doha trade deal

WTO feels that countries like India, China and Brazil, which have emerged as key players in the multilateral negotiations, need to show greater responsibility for reaching a Doha trade deal. “With greater authority there should be greater responsibility,” WTO deputy director general Harsha Vardhana Singh said at a Ficci meet.

He said that a Doha negotiation reflects changes in the international political economy due to growing importance of India, China and Brazil. “The negotiations have shown that today, the main group of large negotiating in any multilateral negotiations will always include these countries,” he said. However, it is imperative that a change in mindset is brought that greater responsibility falls on the shoulders of those who are given more authority, he added.

On the forthcoming ministerial meeting scheduled here in September, Singh said it is a laudable effort by India towards making the talks successful. “The effort by India to hold a two day mini-ministerial meeting here beginning from September 3 is a positive signal to get Doha round moving once again,” he said.

Singh said that the Doha negotiations show that there is no single cohesive group comprising developing countries, whether it is the area of agriculture, industry or services.

## India warned on moving WTO over drug seizures

Even as India considers the European Union (EU) directive that allows seizure of goods-in-transit by its member countries as violative of the World Trade Organization’s TRIPS (trade-related aspects of intellectual property rights) agreement, legal experts caution against the central government’s plans to approach the dispute settlement body of WTO.

What has triggered the change of mind among Indian experts is a recent decision of the UK High Court to refuse Nokia’s plea to seize counterfeit cell phones (bearing Noika name) that had reached London’s Heathrow airport from Hong Kong en route to Colombia. Nokia wanted UK customs authorities to seize the goods under the EC Customs Regulation (Council Regulation No 1383/2003 of 22 July 2003), the rule which was invoked by EU members such as the Netherlands to seize over 15 consignments of Indian medicines that were on transit to African & South American destinations.

However, unlike Dutch customs authorities, the UK customs officials were not inclined to seize the goods in transit as their interpretation of the rule did not necessitate such an administrative action. Experts feel that any allegation of EU directive being anti-TRIPS can be countered easily by pointing the differing decisions taken by EU members.

“The Nokia ruling from the UK suggests that EC border control measures have to draw their substantive content from the laws of the specific EC member country in question. Therefore, while the Dutch authorities may interpret their law to seize Indian ‘in transit’ generics, the UK authorities may not do so. To this extent, the assumption that EC border control measures violate WTO norms “as such” may be misplaced. This is not to suggest that the WTO action will fail, but only to caution that it may not be as foolproof as we originally assumed it to be,” said Shamnad Basheer, an IP expert with the National University of Judicial Sciences, Kolkata.

Despite complaints from developing nations like India and Brazil, health NGOs and even some of the EU parliamentarians, the EU has been very consistent in maintaining that its rules are in tune with WTO obligations. In its response, Indian mission in the EU had even informed the central government that ‘no useful purpose would be served by the Mission taking up the issue of drug seizure with the EU authorities’. □□