

## Rogue nation



HARUN UR RASHID

OVER the past month the world has been stunned by ferocity with which Israel attacked Lebanon, a country that has been going through the birth pangs of democracy. It seems that Israel has been emboldened by the conduct of the US and Britain, who did not call for an immediate cease-fire, wantonly killing more than 1,000 people, including women and children, in southern Lebanon, Tyre and Bekka Valley. Israel has been a "tiger" let loose among innocent victims.

What is the behaviour of the US and Britain, the so-called advocates of freedom, peace and democracy across the world?

Since July 12, the Bush administration and the British Prime Minister have been saying that Israel had the right to defend itself. But the right of self-defence must be in accordance with the UN Charter and the position taken by the two major powers is totally misconceived, in terms of the UN Charter.

It is surprising that two veto-wielding members of the UN Security Council are playing a role that is against the UN Charter and the International Humanitarian Law of the 1949 Geneva Conventions.

It was only after 31 days, on August 11, that the UN Security Council, chaired by Ghana, unanimously adopted a cease-fire resolution. Israel was allowed to bomb places in Lebanon after the resolution was adopted.

The Secretary General of the UN, Kofi Annan, was right when he expressed his deep disappointment that the Security Council did not call for a cease-fire much earlier.

### Why the Israeli aggression is illegal?

The concept of self-defence, in the event of military aggression, has been incorporated in Article 51 of the Charter and runs as follows:

"Nothing in this Charter shall impair the inherent right of individual, or collective, defence if an armed attack occurs against a member of the UN, until the Security Council has taken measures necessary to maintain international peace and security."

The Article further adds: "Measures taken by members in the exercise of this right of self-defence shall be immediately reported to the Security Council."

It is a fact that Lebanon, or Hezbollah, did not attack with arms on July 12 so Israel cannot invoke Article 51 of the Charter, the right of self-defence. There are several ways to resolve such disputes

## BOTTOM LINE

We live in an inter-connected world. The new era is "global" rather than "international." The global era recognizes that there are other actors on the world stage and that nation-states no longer have a monopoly over power. We have to ensure that the multilateral system works in the political sphere. The sooner the big powers realize this fact, the better it will be for the people of the world.

between Israel and Lebanon.

Even assuming that Article 51 is applicable, Israel has to report to the Security Council drawing attention to the situation. Has Israel done it? It did not. Instead it ridiculed the role of the UN Security Council.

Israel's naked aggression is illegal because the UN Charter prohibits war among member-states unless a member-state is attacked militarily. The fact is that on July 12 two Israelis were abducted by Hezbollah (Party of God) in Lebanon. The Hezbollah argue that they were found in the disputed Israeli-Lebanon border. When Israel withdrew from Lebanon in 2000, it kept Shebaa farms, claimed by Lebanon.

The abduction is part of a border dispute that is not uncommon among neighbouring states. It does not, and should not, lead to an armed attack. An armed attack is not permissible and is contrary to the UN Charter.

### UN Charter

Chapter VII of the UN Charter (Articles 33 to 38) deals with peaceful settlement of disputes. Article 33 of the UN Charter enjoins a member state to go through the process of peaceful settlement of disputes. Article 35 states that "any member of the UN may bring any dispute or any situation" that may lead to international friction, or give rise to disputes, to the Security Council for investigation. Article 36 empowers the Council to recommend appropriate procedures, or methods, for settlement of disputes.

Israel did not care to go through the above process of the UN Charter, because it is fully aware that its chief ally, the US, itself, was in serious breach of this peaceful procedure when it attacked Iraq in March 2003. If the "captain" of the team grossly violates the UN Charter, what will its followers do? They follow the "captain."

It is ironic that in 1945 America led in the establishment of the UN, and through it the system of international relations, aiming to prevent military aggression. The system operated until March 2003.

In February of that year, the Bush administration invented the doctrine of pre-emptive war and was not prepared to accept the constraints of the multilateral system (the UN) of treaties and institutions. The Bush doctrine is a danger to the maintenance of international peace and security as it can be invoked at any time, on a flimsy excuse, by a superior military power against a weak state.

Another aspect of the Israeli aggression is that it has grossly violated the 1949 Geneva Conventions on armed conflicts. The Conventions lay down a civilized way of conducting warfare, if it arises. Their purpose is to eliminate the brutal consequences of war.

One of the cardinal principles of the Geneva Conventions is not to use disproportionate force, and to ensure the safety of civilians caught in the armed conflict. Israel has egregiously violated both these principles of the Geneva Conventions.

Meanwhile, on August 11, Islamic states, including Bangladesh, Indonesia, Pakistan and Malaysia tabled a draft resolution in the UN Human Rights Council calling for a "high commission" of inquiry into "systematic" Israeli attacks on civilians in Lebanon.

One may strongly argue that Israeli leaders could be prosecuted at the International Criminal Court for their crimes against humanity. It is no wonder that both, the US and Israel, did not become parties to the Statute of Rome of 1998 that had set up the International Criminal Court at The Hague.

### Why did Israel do it?

It is reported that such incidents of abduction of Israeli citizens had occurred before. For example, an Israeli businessman, and the bodies of three Israeli soldiers, were held by Hezbollah for more than three years in Lebanon, and in January 2004, both Lebanon and Israel agreed to swap prisoners in Germany to resolve the dispute.

Political observers believe that the powers behind Israel want to "test the waters" of the Middle East in re-shaping the balance of power there, with reference to the emerging power of Iran and the growing influence of Russia in the region. That is the main reason for the war.

The armed attack on Lebanon was a calculated move with the idea that Israel would walk over Hezbollah. Israel's attack on Hezbollah was intended to show Iran what was in store for them, if they tried to influence events in the Middle East.

The Israeli and American intelligence agencies again miserably failed to assess the popularity, and military power, of Hezbollah in Lebanon. Their purpose seems to have backfired as dissent against the hasty war mounts in Israel.

### What does Israeli aggression mean?

It means the rejection of multilateral norms, and rule of law, laid down by the UN Charter. It means that Israel does not want to be limited by the UN Charter, and the

Geneva Conventions, in conducting its brutal warfare.

Furthermore it raises another question: Do other countries have the right to attack another on such grounds as Israel did? Have international relations reverted to the laws of the jungle, and to the pre-UN order?

Much of the security of militarily weak countries in the past century, or more, has been derived from a firm belief that if any state is attacked, the UN Security Council, through its collective security system, will protect the state from aggression as if it was the UN's own war against the aggressor. That belief has been seriously undermined.

The diminishing authority of the UN, and non-compliance with international law, pose great risks to international peace and security. It is damaging for peaceful international order. It is damaging to the UN's viability.

The fragility of post-war Iraq confirms that it is easier to wage war without UN blessing than it is to win peace. Victory in war is pointless without its resulting in securing peace.

The UN member states have the obligation to address the real challenge of how to institute, and operate, a workable collective security within the UN system. We should not expect the UN system to collapse as the League of Nations did in the 30s.

We live in an inter-connected world. The new era is "global" rather than "international". The global era recognizes that there are other actors on the world stage and that nation-states no longer have a monopoly over power.

The multilateral system is easiest to define in economic affairs (World Bank, IMF and WTO) and in other social global issues such as environmental protection, prevention of AIDS, bird-flu and drug trafficking through the activities of ECOSOC of the UN. We have to ensure that the multilateral system works in the political sphere. The sooner the big powers realize this fact, the better it will be for the people of the world.

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## The mistake of militarism



DR. ABDULLAH A. DEWAN

A MONG many uncertainties about the tenuous truce between Israel and Hezbollah, the post mortem of the conflict continues unabated on America's TV screens. The following questions concerning Israel's invasion of Lebanon vis-a-vis its strategic goals are being debated. Did the Israeli invasion:

- Achieve its strategic and political goals?
- Embolden, rather than weaken, the support of Damascus and Tehran for Hezbollah?
- Make the two-state solution of the Israeli and Palestinian conflict any closer than before?
- Reveal that there is no winnable war for Israel any more, unlike the 1967 war?
- Weaken or strengthen America's resolve against Iran's nuclear ambitions?
- Reveal that Israel may have become a liability to the US, rather than an asset, in the war on terror?

Peter Wallsten in the *Baltimore Sun*, wrote: "The truce that took effect without the destruction of Hezbollah's military threat, and an unclear path to its disarmament marks a far less dramatic conclusion than many in the Bush administration had hoped for when the fighting began last month."

Israel invaded Lebanon, with the administration's tacit acquiescence, to destroy a "terrorist organization" and also to implement UN Security Council Resolution 1559. Isn't it ludicrous that the US wants enforcement of 1559 when no other country has patently defied more UNSCRs than Israel, and no country has vetoed more UNSCRs, to protect Israel, than the US?

Following the traits of 1967 and 1982 war, Israel again pursued its strategic goals through militarism, eschewing diplomacy for a destructive display of brute force. But to what avail? Eugene Robinson in *The Washington Post* wrote: "How can this utterly disproportionate, seemingly indiscriminate carnage be anything but counterproductive?"

In a conventional war, Hezbollah is no match for Israel. However, Hezbollah has two weapons in its favour: first, it has the political will to die fighting Israel; second, the specifics of

## NO NONSENSE

After the 1967 war, Israel occupied Syria's Golan Heights and Egypt's Sinai Peninsula, and along with the West Bank and Gaza Strip it fully controlled the entire Mandate of Palestine. However, the military gains did not translate into a political or strategic victory. Twenty-four years later, on August 12, Israel's month long onslaught has not obliterated Hezbollah, it has, instead, raised Hezbollah's stature in the Middle East and in Iran and Syria.

"victory" for Israel and Hezbollah, in the current round of conflict, are spartanly different.

It's the political will of Hezbollah that is most worrisome for Israel. By brutalizing Lebanon, Israel wanted to break that political resolve. No matter how much they ravage Lebanon, the Israelis cannot win the war, said the *Boston Globe* editorial: "Hezbollah's roots as a political and religious movement are implanted too deep in Lebanon to be torn up by Israeli bombs."

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Fifteen years later, in 1982, Israel invaded Lebanon hoping to destroy the PLO, redraw the map of the Middle East, and annex the West Bank. Yet again, military victory did not achieve Israel's strategic goals. Twenty-four years later, on August 12, Israel's month long onslaught has not obliterated Hezbollah, it has, instead, raised Hezbollah's stature in the Middle East and in Iran and Syria.

Every war and conflict, involving Israel, since 1967 has been over the issue of Israel's occupation and its refusal to allow Palestinian refugees to return, or even to file claims for lost property. It's an irony that Jewish refugees from Europe, in the 1930s and 1940s, could file claims for lost property, but Israel denies that claim to Palestinians.

Israel, and America's neo-cons would like to see the US engage in as many military theaters in the Muslim countries as possible. But such adventurism is not feasible for several reasons:

- No country, not even the US, possesses an infinite capability to occupy many Muslim countries at one time. The administration is already in the process of downsizing its force presence in Afghanistan by transferring most of its peacekeeping-related jobs to Nato forces.
- The US also lacks the political will to remain as an occupying force in a Muslim country for a prolonged period. The occu-

pation of Iraq, more than Afghanistan, is proving that reality.

High casualties on the battlefield are unacceptable to the American public while the Islamists are more than willing, it seems, to absorb disproportionately high casualties, and display "the will to endure and prevail."

Invasion of Iraq has undermined US standing in the region and around the world. While the West continues to insist that Iran is behind Hezbollah's kidnapping, no one knows how Iraq's Shiite political parties and militias, who also maintain strong ties with Tehran, will react to an Israeli invasion of Syria or bombing of Iran.

The hawks refuse to accept that Israel's invasion of Lebanon has produced several counter-productive outcomes none of which favours the bombing, or invasion, of Syria or Iran any time soon, and will only put America in harms way.

Israel's collective punishment of Lebanon has not only elevated the status of Hezbollah in the Arab world, but has also established that Hezbollah can withstand Israel's counter-attack.

If Lebanon is not quickly rebuilt, it may degenerate into a lawless place like Afghanistan and Iraq, which is likely to make Hezbollah and al-Qaeda as bed-fellows, although they have delicate theological differences.

In 1982 Israel failed to convert Lebanon into a client state. The current debacle should convince Israel to negotiate for peace with its neighbours in exchange for occupied territories. While Israel has destroyed the civilian infrastructure in Lebanon, it has also accepted a cease-fire and has already started withdrawing its troops. Israel realized that such an option offers the best possibility of disarming Hezbollah, if at all.

Israel must have realized also that with its most sophisticated conventional arsenal, fighting Hezbollah was not a "cakewalk." If bombing of Syria and Iran was in the agenda, it had to be aborted anticipating the unimaginable

destruction that would have befallen all three countries concerned.

In the US, critics are now openly questioning whether "Israel is a net asset or liability," wrote Charles Krauthammer in the *Washington Post*: "By seeking victory on the cheap," through airpower, Prime Minister Olmert has jeopardized America's confidence in Israel as a reliable partner in the war on Islamic extremism."

Olmert admitted "shortcomings" in the 34-day-old war when he faced a stormy Knesset session in the face of devastating poll figures showing a majority of the Israeli public believed that no major goals of the war had been achieved. Benjamin Netanyahu, former PM and now leader of the opposition, declared "there were many failures, failures in identifying the threat, failures in preparing to meet the threat, failures in the management of the war, failures in the management of the home front."

Patrick Buchanan wrote: "Where does this leave us? With Israel's failure to achieve its strategic objectives in Lebanon, and America having failed to attain its strategic objectives in Iraq, Nasrallah emerges triumphant, and Syria and Iran emerge unscathed and gloating."

Dahr Jamil argues: "The societal, economic, and environmental destruction of the war is staggering as well as long-lasting; but it will pale in comparison to the psychological damage that has already been done. Rather than sowing the seeds of a future peace, it's painfully clear to an observer that the seeds of everlasting bloodshed, resentment, and resistance are now sprouting amid the ruins."

Maybe, at long last, Israel is realizing what Dahr Jamil has conjectured. A tribute to that is evident from what Defense Minister Amir Peretz of Israel had to say: "Every war creates an opportunity for a new political process. We must hold a dialogue with Lebanon, and we should create the conditions for dialogue also with Syria."

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## Economic reform in Burma?

How far the regime will go with its privatisation plans and economic reform program remains difficult to predict. The country's top General, Than Shwe, needs to be brought on board, and as yet there is no real sign that he has signed up to the plans. His extreme xenophobia and chauvinism makes him suspicious of opening up the economy and relying on foreigners. But in the end it may be Chinese advice and support that convinces him that Burma has no other option if it wants to avoid the economy imploding sometime in the future.

LARRY JAGAN

BURMA'S military rulers are planning a major economic reform program which is expected to be rolled out in the next few months. The plans involve liberalising the economy and attracting more foreign investment into the country. The reforms include privatising many of the government's economic entities, improving the government's tax collection and reforming the banking system.

A top-level committee, including senior military officers and prominent Burmese businessmen, has been drawing up a list of suggested reforms to be considered by the country's top two generals, Than Shwe and Maung Aye, before being implemented.

Earlier this year, the government announced that eleven government businesses, including beer, bicycle, cosmetic, glass, soft drink, textile and paint factories in Rangoon and Mandalay, were being privatised. They would be formed into joint ventures with the

government holding 51% and the rest of the shares are being sold to the private sector.

"The value of the shares in these companies, currently worth one million kyat each, will be adjusted every year," the Industry Minister, U Aung Thuang, told Burmese entrepreneurs recently. The private sector investors would run these firms for at least ten years, he said.

The shares in these eleven newly formed joint-venture companies will be put up for auction shortly according to a Burmese government official. The buyers would be allowed to resell their shares, or transfer ownership, the industry minister said.

A newly formed Privatisation Commission is overseeing the sale of these government companies. Nearly a thousand state-owned enterprises are to be partially privatised, or sold off, in the coming year, according to government officials. Nearly two hundred government-operated businesses, including cinemas, hotels, rice mills and saw mills, were privatised by the end of the last financial year which ended in March, according to

a government official.

At present the government intends to lease, or auction off, the businesses, and set up joint ventures. Eventually the idea is to trade the shares in these private ventures on a stock exchange.

"The government is planning to develop a stocks and share market to help strengthen the growth of the country's private sector," a Burmese businessman said.

The privatisation plan was originally launched more than ten years ago, in 1995, but was soon shelved when the country's top military rulers got cold feet. The plan's revival is intended to develop the country's industrial sector, which has stagnated in recent years. Rising fuel prices and western economic sanctions also have hit Burma's industry hard.

The new privatisation plans have been prompted by the government's need to raise finances, especially to fund the building of the new capital at Nay Pyi Daw, some four hundred kilometres north of Rangoon.

Behind the scenes, Chinese advisors have also been pushing

the regime to privatise the country's state-owned enterprises. The joint venture formula being implemented is clearly modelled on the Chinese approach to development, a Burmese businessman said.

"Burma's military leaders have been studying the Chinese and Vietnamese approach to industrial development and feel comfortable that this strategy will help boost industrial production and attract foreign investment while maintaining tight government control," he said.

The current privatisation push is all part of the government's new plans for significant economic reform largely motivated by the country's growing economic crisis. A major restructuring of the economy is being considered. Prime Minister Soe Win launched the probe into the economy last December.

The military regime wants to boost industrial production, increase industrial efficiency and attract foreign investment, a government official said.

The joint committee set up to review the government's economic policy has already reported back to the cabinet. Apart from advocating a comprehensive privatisation programme, the group also suggested a more serious approach to company accounts, a more effective and systematic collection of tax, including both company tax and personal income tax, and drawing up legislation that would allow foreign investors to repatriate their profits.

They also suggested opening up the country's media sector to commercial investors. The information ministry is currently considering allowing the private sector to launch a daily newspaper and a new television channel. The current Burmese owner of the English and Burmese weeklies, the *Myanmar Times*, has been approached by the Information Minister, General Kyaw Hsan, about a private daily newspaper, according to reliable sources in Rangoon.

The new television channel is further along in the planning stage, according to an industry source. It is expected to involve Thai investment from the Shin corporation. The committee also suggested that the government had to tackle both, Burma's banking system and the country's antiquated currency exchange rates, before the economy could develop and attract foreign investment.

At present the official exchange rate is 9 kyat to the dollar. But on the black market the rate fluctuates around a thousand kyat to the dollar. "Most significant commercial transactions in Burma are now done in dollars," according to a prominent Burmese economist. "The greenback is effectively the country's currency," he added.

The group suggested that the Burmese currency, the kyat, be floated, or at least pegged to the dollar. Already the government has moved in this direction and recognised the black market rate as the semi-official rate. All transactions

between government ministries are done at a rate which is close to the black market rate. An International Monetary Fund inspection team, which visited Burma recently, was impressed by some of the reforms the regime has implemented, including allowing the currency black market to function without restrictions or impediments, according to Rangoon-based diplomats who were briefed at the end of their trip.

Economic analysts and businessmen in Burma all agree that without thorough currency reform any attempt to boost the economy and attract foreign investment is bound to fail. "Only reform of the currency exchange rates will boost business and investor confidence," according to a Burmese businessman in Rangoon, Maung Maung. "Anything less will only distort the economy, discourage investment, especially from abroad, and prevent real economic development," he added.

The government has been reviewing and monitoring the country's banking system, especially the private banks, ever since the banking crisis of 2002. Now the regime realises that confidence in the system needs to be restored and the bank made more effective and efficient. Most significant banking transactions, especially foreign remittances, go through the hundi system informal arrangement for transferring funds. The hundi system accounts for more than ninety percent of the transactions

A few months ago, the police Bureau of Special Investigation were asked to examine the hundi system and explore ways by which these transactions could be forced to use the country's banks. They sought the advice of several of the country's top economists. It is unclear, as yet, what conclusions they have arrived at.

Businessmen involved in advising the government are optimistic that the military regime is serious about its plans for economic reform. One of the key men involved, the respected octogenarian and accountant U Hla Tun, recently told colleagues that the government was planning some major economic reforms which would be rolled out before the end of the year.

Other senior analysts are less sanguine. Vested interests are so entrenched that it is impossible to introduce real economic reform, a senior military intelligence officer once told me. The former prime minister, General Khin Nyunt, tried a few years ago but found the resistance too strong to overcome, the intelligence officer confided. Senior economic analysts, both inside the country and abroad, believe the situation is no more favourable to reform now than it was then.

Burma's leading corporations are mostly owned by, and operated by, the regime's cronies mostly serving and retired military officers," according to a former Australian central banker and expert on the Burmese economy,

Sean Turnell.

They rely on "rent seeking" as the only reliable way to make money, he said. This system will be hard to dismantle, he said.

But unless it is, Burma's economic future will remain bleak. Fundamental institutional change, effective property rights and the enforcement of contracts are needed according to Dr Turnell. "Burma's military government has completely stifled economic innovation," Dr Turnell added. But the idea that the regime is turning to the private sector to rescue the economy is also highly unlikely.

"The privatisation program of the ruling SPDC (State Peace and Development Council) is another of the regime's hoaxes," said the leading Burmese activist, Zaw Min. "They are selling of the country's assets at bargain-basement prices to their cronies to keep them happy," he added.

How far the regime will go with its privatisation plans and economic reform program remains difficult to predict. The country's top General, Than Shwe, needs to be brought on board, and as yet there is no real sign that he has signed up to the plans. His extreme xenophobia and chauvinism makes him suspicious of opening up the economy and relying on foreigners. But in the end it may be Chinese advice and support that convinces him that Burma has no other option if it wants to avoid the economy imploding sometime in the future.