Change of Guard in Jakarta

If there was one single incident that led to the change over in Indonesia, it was the disturbing news of looting of Chinese property... The military leaders of Indonesia could not have been oblivious of this fact and alarm bells started ringing...

HE fall of President Suharto of Indonesia l opens a new page to this fourth most populous nation of the world. More than population. Indonesia has been attempting valiantly to join the group of tigers in the Far East. The latest developments will show if she is able to make the

Indonesia has been wrestling with severe economic problems for some time now. This is a part of the malaise in which Indonesia, along with most of her partners of ASEAN have been caught up. The International Monetary Fund (IMF) has come up with drastic prescriptions. Her bail out of the Indonesian economy involves a massive amount of US\$43 billion to be pumped into Indonesian economy. As usual the essential part of the deal is tightening the belt in Indonesia. According to reports the deal was negotiated and was in the process of being implemented. The former Vice President of Indonesia, who stepped into the shoes of Suharto, President B J Habibie has promised to honour all agreements signed by his predecessors.

Former President Suharto decided to step down not so much because of street protests, because they looked rather tame, but because the powerful military establishment told Suharto to do so. In the Indonesian scheme of things the military play a dominating role and has been the major prop to Suharto's long reign of 32 years. Indeed the Indonesian military chief and Defense Minister in the cabinet of Suharto Gen. Wiranto, has retained the same post in the Cabinet of Habibie. Indeed there is perfect continu-

Garfield ®

James Bond

ity in the cabinet of Habibie, for he has retained 19 ministers from the cabinet of Suharto including his remarkable spokesman in the international arena and Foreign Minister Ali Al-Attas. President B J Habibie made his intentions clear in his speech standing next to the outgoing President. when he paid glowing tributes to Suharto, for his more than three decade leadership.

The military in Indonesia has ensured smooth transition

"We welcome President Suharto's decision, which provides an opportunity to begin a process leading to a real democratic transition for Indonesia. The US stands ready to support Indonesia as it engages in democratic change". Philippine President Fidel Ramos said, Indonesian experience held a lesson for other ASEAN members struggling with harsh economic conditions brought on by the region's economic crisis. He added, "It was statesmanship on



by maintaining constitutional continuity and replacing Suharto with his hand picked Vice President Habibie. În fact Habibie owes everything to Suharto and the two have a father-son relationship. He owes his schooling to Suharto, his education in Germany was arranged by Suharto and Habibie spent many years in Germany specializing in aeronautic engineering. As Cabinet Minister and later Vice President Habibie has devoted much time in building an aircraft factory. In the eyes of some western powers this may look over ambitious. Since the West enjoys total monopoly of the aircraft industry they may not look kindly on this kind of ambition.

Whereas the West has welcomed the departure of Suharto. the welcome to Habibie is muted. The US President Bill Clinton in a statement stated, the part of President Suharto to make this very very difficult decision". The Chinese statement was remarkable because it drew the attention of the Indonesian authorities of their responsibility "to protect the lives and properties of ethnic minorities including the ethic

In fact if there is one single incident that led to the change over in Indonesia, it was the disturbing news of looting of Chinese property. At the time of the fall of President Soekarno. the Father of the Nation, ethnic riots erupted throughout Indonesia leading to massacre of hundreds of thousands ethnic Chinese. The military leaders of Indonesia could not have been oblivious of this fact and alarm bells started ringing as news spread of attacks on ethnic Chinese. It is in order to put a tight lid on the situation that

by Jim Davis

has taken place. While handing over power

were not of a kind to put in serious jeopardy, the stability of the regime. That is why the transition has been smooth. Suharto has shown real statesmanship by stepping down quickly and not linger the agony. B J Habibie has been

the military in Indonesia de-

cided to sacrifice Suharto. President B J Habibie in his inaugural speech laid heavy emphasis on corruption, cronyism and virtual looting of state treasury. It is well known that the first family of Indonesia for 32 years has amassed huge wealth. It is also common knowledge that the military in Indonesia is the sacred cow that cannot be touched. A large portion of the national budget goes to defence. This is where Habibie is expected to face severe challenge. He knows well that his source of power is the military and slashing of funds would invite trouble. There will be the IMF pressure to carry on economic reforms. It is indeed an unenviable tight rope for

Attempts have been made to

paint a picture of the divide be-

tween rich and poor in Indonesia. The fact is that Indonesia is a very rich country, endowed with enormous natural resources including gas and oil. and she has tried to put those resources to the best use possible. True, like in any other country, corruption has entered the society in Indonesia in a most visible manner and into the family of Suharto. Yet, Indonesia does not suffer from the misery visible in the Indian subcontinent. Indonesian weakness stems from her geography, where more than 2000 islands comprise the country. with Java in an absolutely dominating position. Furthermore the ASEAN has become such a potent force in international politics that she would not allow her largest partner to go under. Indeed throughout the crisis the ASEAN members have maintained their composure and have lauded the manner in which the change over

Suharto pointedly mentioned that he was handing over power to his Vice President to complete his unfinished term upto 2003. In other words he was going for orderly transition and continuity. He asked "forgiveness for any mistakes" committed by him. Minus the legacy of large scale family corruption. which has stuck on Suharto, he has left behind a strong Indonesia in his 32 years of reign. The country has known unprecedented stability and is a respected voice in world council. inspite of current difficulties, Indonesian economy is a vibrant one and Indonesians are not to be seen in the world market seeking jobs.

The street riots in Indonesia

Weaponised Subcontinent Can Fight No More Wars

by Rajesh Rajagopal

The political elite in India and Pakistan have also to learn that while the acquisition of nuclear weapons might represent a triumph of indigenous technical skill, and their possession might appear to give an illusion of strength, nuclear weapons are essentially nonusable.

NE of the difficulties presented by the decade-long Unacknowledged nuclear capabilities in South Asia was that it became quite impossible to deal openly and honestly with the implications of nuclearisation in the region.

Now that nuclear capabilities are out in the open, it is time to look at their implications and to find ways of maintaining peaceful and stable relations among India, Pakistan and China

We should first dispel some myths about the inherent dangers of a nuclear South Asia.

Many, mostly foreign, observers have argued that mutual deterrence of the kind that operated between the Soviet Union and the United States would not work in South Asia because the bitterness between Hindu India and Muslim Pakistan is of an order entirely different from the ideological conflict between the two super pow-

Such arguments are without merit. It takes a very creative reading of Cold War history to argue that the U.S.-Soviet Union conflict was a stable, dispassionate, ideological rivalry. The Sino-Soviet conflict which led to a brief border war in the late 1960s, was equally bitter.

On the other hand, although India and Pakistan fought three wars, there have also been repeated and serious attempts at peace-making, at least once every decade.

There is, therefore, hardly any reason to accept that the hostility between India and Pakistan, or between India and China, is inherently more dangerous than relations between previous nuclear adversaries; or even that this hostility will necessarily lead to a nuclear

Another argument that is usually promoted is that India and Pakistan have only rudimentary command, control, communications and intelli-

gence (C3I) systems, thus presenting the risk of both unauthorised as well as accidental use of nuclear weapons in the subcontinent. This is again a

red herring. The C3I systems available to the U.S., the Soviet Union and China from the 1940s through the 1960s were even more primitive. Indeed, the Chinese developed and deployed their nuclear arsenal at the height of the chaotic cultural revolution.

Moreover, for all their sophistication. American nuclear forces have gone on alert on many occasions because of human error and technical glitches.

Recently, Soviet nuclear forces went on alert after misreading a Norwegian civilian rocket launch as a possible American nuclear attack. Moreover, it is not as if nuclear weapons are entirely new to South Asia: We have, after all, been living with them for the past decade.

None of this should mean that there are no dangers associated with nuclear weapons. While the Western non-proliferation mantra, which opposed the spread of nuclear weapons because they were supposedly destabilising, was always a selfserving rationale for maintaining nuclear hegemony, we nevertheless have to acknowledge that the possession of nuclear weapons fundamentally alters the strategic equations in South Asia. All previous strategic policy precepts, on all sides, now require rethinking.

India, Pakistan and China must now recognise that no war can be fought between them in South Asia. Any war has the possibility of quickly escalating to nuclear levels, with obviously disastrous consequences.

But it is not just direct fullscale war that presents the possibility of nuclear escalation; even small-scale skirmishes. such as those over the Siachen glacier, or the frequent artillery duels across the Line of Control (LOC) in Jammu and Kashmir, present the potential for esca-

The presence of nuclear weapons also makes it dangerous for all sides to pursue their covert, low-intensity campaigns. China and Pakistan, in particular, have encouraged and supported such campaigns throughout India, beginning in the 1960s. Pakistan continues to support such campaigns in Kashmir and other parts of In-

India has also exploited domestic conflicts among its South Asian neighbours, supporting the Mukti Bahini in the 1971 war with Pakistan, various Tamil groups in Şri Lanka in the 1980s, and, according to Islamabad, Sindhis and other disgruntled groups in Pakistan in the 1990s.

Such campaigns are inherently dangerous and reveal the potential for escalation. Covert interventions culminated in wars between India and Pakistan in 1965 and 1971, even if they did not cause them.

The political elite in India and Pakistan have also to learn that while the acquisition of nuclear weapons might represent a triumph of indigenous technical skill, and their possession might appear to give an illusion of strength, nuclear weapons are essentially nonus-

The destructive power of nuclear arms, the opprobrium associated with their use and certainty of destructive retaliation, mean that nuclear weapons cannot be used as just a bigger bomb.

Nuclear weapons serve only one purpose, although they serve it well, and, that is, deter other nuclear-weapon countries. Nuclear weapons cannot resolve the Kashmir dispute. they cannot make Fukistan or China accept our will and they certainly cannot make India a great power, even supposing that is a legitimate goal.

These realities require that India, Pakistan and China find ways of negotiating their disputes peacefully. India can take certain unilateral measures that will help build confidence, without sacrificing national se-

curity interests.

First, India might propose a unilateral no-first-use pledge. Some nuclear powers, such as China, have already made such pledges. Since it is unlikely that India will ever use nuclear weapons, other than to retaliate against a nuclear attack, this pledge requires no great sacrifice. This is also a pledge that can be made unilaterally, as China has shown.

Secondly, India must abjure the development of tactical nuclear weapons. Tactical nuclear weapons, used in the battlefield make no sense.

Moreover, tactical nuclear weapons are destabilising because they have to be deployed in forward areas and require more elaborate C3I measures. A public and unilateral declaration not to develop tactical nuclear weapons can add to the confidence in India's capacity to deal with its nuclear capabil-

That the world has repeatedly dodged the nuclear bullet is no guarantee that it will continue to do so. But the danger that nuclear weapons pose to the world is a common danger that will continue to exist as long as the weapons themselves

The way forward is to eliminate all nuclear weapons, something that India has proposed since the 1950s, and not through the inherently discriminatory nonproliferation regime. That might take a while, but it is a goal well worth the struggle.

 India Abroad News Service The writer teaches Compara-

tive Politics at the Brooklyn College, New York

Will there be a New Currency Crisis?

by Dr. A. R. Chowdhury

Sounds familiar? No, it is not another Southeast Asian country in the brink of a financial crisis. This time, it is Russia!

The Russian economy is bleeding. Caught in its worst financial crisis in recent years, the Yeltsin government was forced last week to take desperate measures, tripling benchmark interest rates to 150 percent in a last ditch effort to defend the currency, rouble.

HE nation's currency. after several years of relative stability, is under serious attack. Rocked by fears band. The central bank has

well prepared for the job by his mentor. Time will show how he performs.

well prepared for the job by his central bank's daily target band. The central bank has -Metropolitan -----

started negotiation with the IMF in order to get special fund for defending the currency and restructuring some of its shortterm debt. The stock market, which had soared to record highs recently, has lost almost half its value within one month. As share prices have dropped, domestic investors have been selling anything they can to meet margin calls from their foreign creditors, and so driving down the share prices even more.

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The Russian economy is bleeding. Caught in its worst financial crisis in recent years the Yeltsin government was forced last week to take desperate measures, tripling benchmark interest rates to 150 percent in a last ditch effort to defend the currency, rouble. The increase in interest rate came in response to a 10 percent fall in share prices in the course of a single day.

Russia's new Prime Minister, Sergei Kiriyenko, has vowed to defend the value of rouble against the dollar. It would be interesting to see if the Russian authorities can defend the currency long enough to restore the confidence of the investors.

If they succeed, they will be able to pull through the currency attacks like several other countries in recent years including Hong Kong and Ar-

Failure to uphold the currency value would lead to devaluation - as happened in such currently troubled economies as Indonesia and Thailand. Devaluation would inevitably increase the inflation rate. This would deal a devastating blow to the Russian economy, where one of the great achievement has been lowering inflation rate down to 10 percent from a staggering 2500 percent in 1993.

Devaluation could also damage the prospects of Sergei Kiriyenko's month-old cabinet dealing a severe setback to the free-market reforms started in

After seven years of liberalisation, what has caused the Russian economy to tumble? Several reasons can be immediately identified. First, the price of crude oil in the international market has declined by more than 40 percent since early last year. This has dealt a double blow to the economy by weakening the oil companies that are the main driving force behind the private sector and by lowering the tax revenue of the already cash strapped government treasury.

Second, investor concern has focused on the country's fiscal problems highlighted by a decline in tax collections and

increase in government spending. Taxes in Russia tend to be high. Many Russians work in the underground economy because they are afraid to go legal and be hit with huge cuts in in-

country's public finance has increasingly led investors to withdraw, putting pressure on the currency and forcing the Russian authorities to raise the interest rates. Increasing the interest rates to its present level of 150 percent puts the Russian authorities in a vicious circle. With inflation rate around 10 percent, real interest rates are exorbitantly high. Unless the rates come down quickly, the gamble may backfire as soaring debt-servicing cost will worsen the budget situation. Currently. about one-third of Russia's annual budget is spent on interest payments; while the ratio is only 14 percent for the United

make from the sale.

have forced many investors to draw false parallels with the recent financial turbulence in Southeast Asia and run for

Unless Russia's financia troubles are quickly resolved the risk of contagion that could spread to Central Europe cannot be ignored. Foreign investors in order to cover losses on the Russian market sparked by the rouble's sharp drop may start selling government bonds in neighbouring countries. This would invariably lead to stock markets falling across the region, bond yields edging up and currencies weakening. In fact, the economies in the Czech Republic, Hungary, Poland and Ukraine have already been weakened by the contagion of

in foreign exchange reserve, Russia might need emergency funding from the IMF and G-7 countries for a bailout. Although Russia has not formally asked for borrowing funds from the donor agencies, the G-7 countries are already devising a

western banks and finance companies also needs to be examined. They have channeled funds toward large Russian companies, lending against their shares. As share prices have dropped, the Russians have been desperately trying to meet the margin calls from their western creditors. This

has driven the share prices further down. Now the same creditors are calling for bailout by the IMF and the G-7 coun-

This raises the issue of "moral hazard" where investors take excessive risks in expectation of financial bailouts during economic crisis. Bailout by the international community during the 1994 Mexican peso crisis and the 1997 Southeast Asian crisis have certainly encouraged global investors to invest in markets with weak macroeconomic fundamentals. They know that for security reasons, the western world will not let Russia fall into an economic turbulence, hence the lenders would be bailed out in a worst-case scenario. In order to discourage "moral hazard" in the future, any bailout package should involve substantial cost not only for the domestic borrowers, but also the international lenders.

The Yeltsin government has responded to the crisis in a preitive fashion. Last week, they moved in the right direction by slashing government expenditures, raising the interest rates, and announcing new measures to boost tax revenue. These actions gave a strong signal to the markets that the government will not hesitate to defend the rouble, even at the expense of staggering interest rates.

The crisis requires the show of strong leadership from Boris Yeltsin. First, he must avoid his usual temptation of making the prime minister, this time Kiriyenko, a scapegoat. Second, he should continue to take drastic measures to improve the state of fiscal affairs of his government. It is not the Asian contagion, but the sorry state of public finances that is at the heart of the current crisis. Steps to improve revenue collection and reduce its dependence on foreign buyers of its bonds are crucial in the Russian government's effort to meet the currency crisis head-on. It relies too heavily on foreign investors to support its domestic debt market.

Russia is at a delicate moment - caught between an economy that is on track for recovery and prosperity, and a fi-nancial chaos that threatens to derail it. The country's economic future - with all its consequences for the rest of the world - depends largely on the ability of the new government of Kiriyenko to take the bold steps that his predecessors

global community to wish the new Russian government suc-

Economics at Marquette University, Wisconsin, USA, is currently a Visiting Research Fellow at WIDER, Helsinki.

A painting exhibition by noted artist Zunabul Islam organised by Bangladesh Shilpakala Academy began at the Academy Conference Hall in the city yesterday. -Star photo

Exhibition of Indian science, culture begins June 16

A month-long exhibition titled "India-A Tradition in Science, Technology and Culture" will begin at National Museum of Science and Technology (NMST) in Agargaon on June reports UNB.

Indian High Commission in Dhaka in cooperation with National Council of Science Museums of India and NMST have organised the exhibition as part of celebration of the 50th anniversary of India's Independence and Bangladesh-India Cooperation in Science and Technology.

State Minister for Science and Technology Dr Mohiuddin Khan Alamgir will inaugurate the exhibition at 10 am. The exhibition will remain

open from 10 am to 8 pm everyday till July 16. As part of the celebration programme, Kum Kum Dhar, a

Kathak dance exponent of India, will also stage two shows at the National Museum at 7 pm

on June 14 and 15. She will also perform two more stage programmes in Chittagong and Rajshahi on June 10 and 12 respectively.

HERE and THERE

Bangladesh Teachers' Federation

Bangladesh Teachers' Federation Friday elected its new 20-member executive committee for a two-year tenure with S M Nurul Alam Amiri and Momena Khatun as its president and secretary general respectively, reports BSS.

Amiri is currently the president of Primary School Teachers' Association while Momena is the current secretary general of the Secondary School Teachers' Association.

Zonta Int'l Club

The Zonta International Club III, Dhaka held its annual general meeting and election at a city notel recently, says a press release. The newly-elected executive

Committee took over office

from June 1 for the period 1998-The new office bearers are: President - Shaheen Khan, president elect — Sonia Imran, first vice president — Shahnaz Ahmad, second vice president -Najma Altaf Choudhury, treasurer - Rehana Ashraf, recording secretary - Yasmine Mahmud, correspondent secretary - Shahla K Kabir, and directors - Fauzia Choudhury. Nasreen Khan, Safina Sattar, Rina Latif, Kulsum Sharif and Raquiba Fakhrul.

Obituary

By Staff Correspondent Siddique Ahmed, director of Dhaka Sangbadpatra Hawkers Bahumukhi Samabaya Samity Ltd died of diabetis and other complexities at a city clinic on Sunday. He was 46, says a press

wife, three sons, parents, relatives to mourn his death. Samity president Abu Siddique and secretary M A Sattar Patwary have expressed deep shock at the death of Siddique

Siddique has left behind his

Leaders of Dhaka Sangbadpatra Hawkers Union Lutfe Ali and Mostafa Kamal have also condoled the death.

Ahmed.

Folk music festival begins in city A week-long folk music fes-

tival, organised by Bangladesh Shilpakala Academy, began in the city yesterday, reports BSS. State Minister for Youth, Sports and Cultural Affairs

festival at the Institute of Engineers auditorium. Folk music is an integral part of our national culture and we should make allout efforts to

Obaidul Quader inaugurated the

flourish it, the state minister "The government has built Sonar Bangla Cultural Com-

plex' in the city and 'Rupashi

Bangla' at Sonargaon to preserve the country's traditional culture. Another institute named after renowned mystic singer Lalan Fakir would be built soon", Quader said.

Presided over by Director General of Shilpakala Academy Azad Rahman, the function was also addressed by Cultural Affairs Secretary Dr S Zaman Majumder and Director of Song and Dance Department of the Academy Omar Farook.

The traditional dance drama 'Rupban' was presented on the occasion.

SUMMON / NOTICE

Money/ suit No. 36 of 1997

Rupali Bank Ltd. having its Head office at 34, Dilkusha C/A. P.S. Motihjeel, Dhaka, represented by its Urdu Road Branch, Dhaka

VERSUS

1. Md. Abdus Salam, S/O. Md. Jahurul Hoque, Vill: Narkel Barir Char, P.O. Matborchar, Dist. Madaripur, at present 75/1, West Dolairpar, P.S. Demra, Dist.: Dhaka.

2. Md. Safiqur Rahman, S/O. Yakub Mia, C/O. M/S. Halima Traders, 5/21, Simpson Road, Munshi Market, Sadorghat, DhakaDEFENDANTS

It is hereby notified that the plaintiff Filed

the above suit against you, the defendants of wise the suit will be disposed of exparte.

> **Mohammad Ali Bhuyan** Sherestadar

Sub- Judge & Artha Rin Adalat No. 4, Dhaka.

.....PLAINTIFF

the above noted suit to realise the amount of Tk. 3,00,000/- with interest upto 13-2-95 If you wish to contest the above noted suit, you will appear before the learned court on 2-7-98 personally or by your Advocate/agent other-

Sub-Judge, Artharin Adalat No. 4, Dhaka

By Order

The unhealthy state of the

The immediate catalyst for this crisis was the state's failure to find a buyer for Rosneft, the largest Russian oil company still to be privatised. The inability to sell Rosneft may have exacerbated fears about Russia's fiscal condition by depriving the treasury of at least US\$2 billion that it had expected to

This troubling set of factors

the mounting crisis in Russia. With less than US\$15 billion

new international rescue plan. In the backdrop of this financial crisis, the role of the

shied away from. It is in the interest of the

The author, a Professor of