

Change of Guard in Jakarta

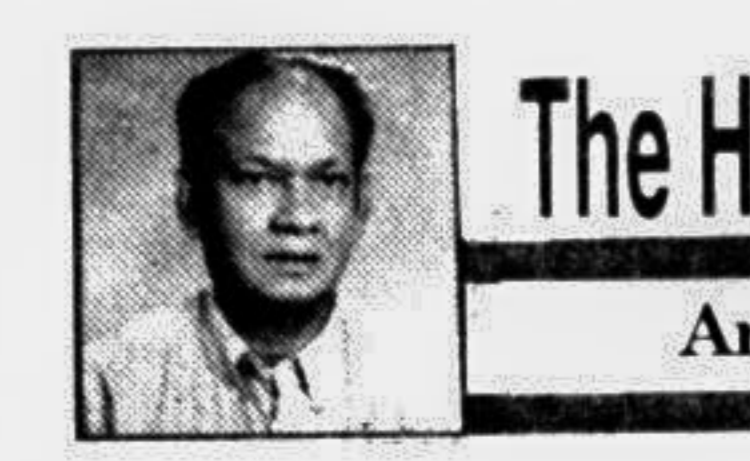
If there was one single incident that led to the change over in Indonesia, it was the disturbing news of looting of Chinese property... The military leaders of Indonesia could not have been oblivious of this fact and alarm bells started ringing...

THE fall of President Suharto of Indonesia 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 grade.

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 continuity 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 by maintaining constitutional continuity and replacing Suharto with his hand-picked Vice President Habibie. In 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.



The Horizon This Week

Arshad-uz Zaman

Whereas the West has welcomed the departure of Suharto, the welcome to Habibie is muted. The US President Bill Clinton in a statement stated, "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 the military in Indonesia decided 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 Habibie.

Attempts have been made to paint a picture of the divide between 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 has taken place.

While handing over power 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. Indonesian economy is a vibrant one and Indonesian are not to be seen in the world market seeking jobs.

The street riots in Indonesia 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 in the agony. B J Habibie has been well prepared for the job by his mentor. Time will show how he performs.

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.

ONE 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.

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 the weapons are entirely new to South Asia: We have, after all, been living with them for the past decade.

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.

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

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 Pakistan, or China accept our will and they certainly cannot make India a great power, even supposing that is a legitimate goal.

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 Sri 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 nonusable.

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 security 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 capability.

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 exist.

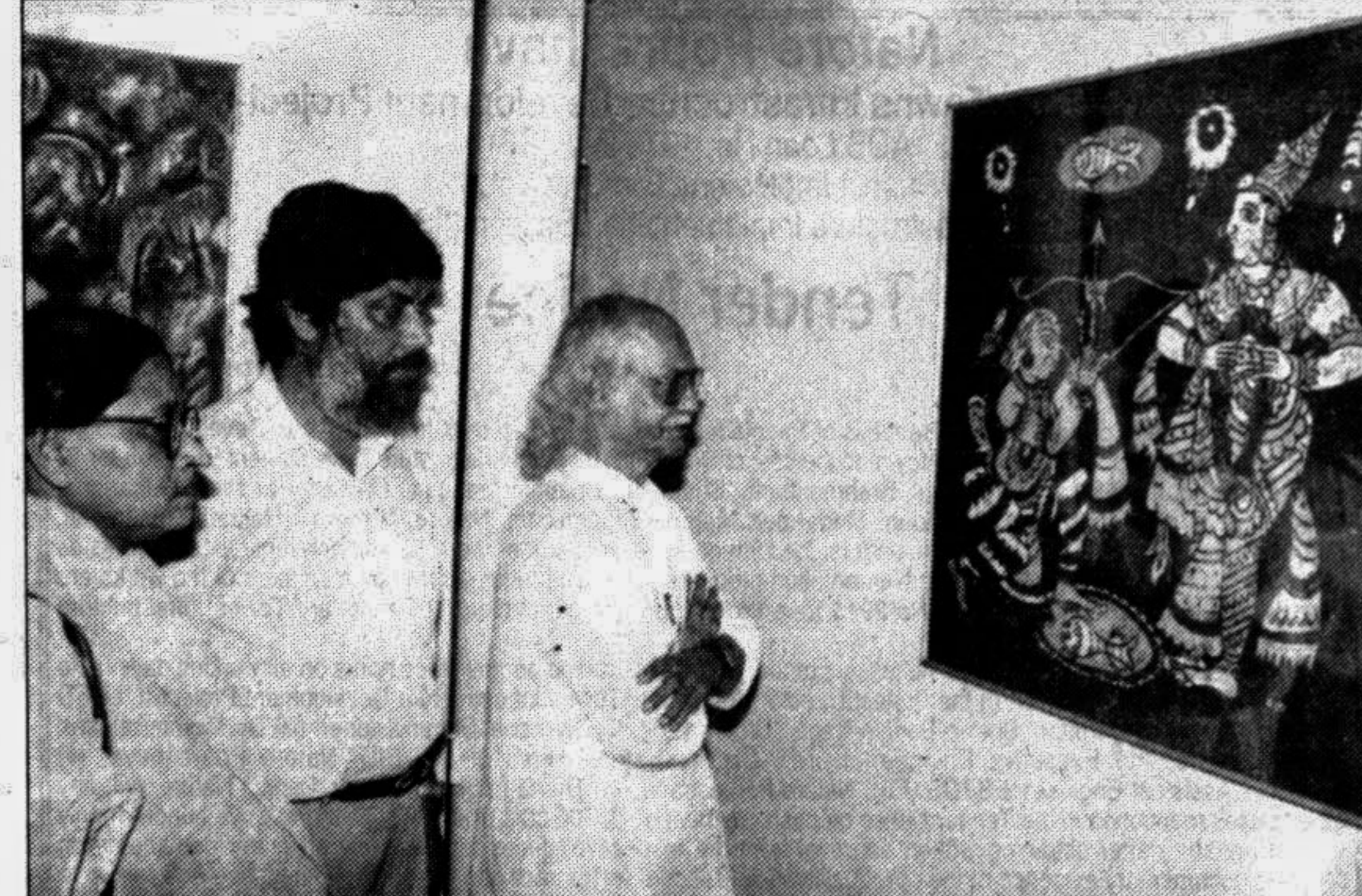
The way forward is to eliminate all nuclear weapons, something that India has proposed since the 1950s, and not through the inherently discriminatory nonproliferation regime. That might take a while, but it is a goal well worth the struggle.

— India Abroad News Service
The writer teaches Comparative Politics at the Brooklyn College, New York

Garfield®



Metropolitan



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 16, reports UNB.

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.

Obituary

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

Folk music festival begins in city

A week-long folk music festival, organised by Bangladesh Shilpakala Academy, began in the city yesterday, reports BSS.

The government has built 'Sonar Bangla Cultural Complex' 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.

SUMMON / NOTICE

Sub-Judge & Artha Rin Adalat No. 4, Dhaka. Money/ suit No. 36 of 1997

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

VERSUS

- Md. Abdus Salam, S/O. Md. Jahurul Hoque, Vill : Narket Barir Char, P.O. Matborchar, Dist. : Madaripur, at present 75/1, West Dolairpar, P.S. Demra, Dist. : Dhaka.
- Md. Safiqur Rahman, S/O. Yakub Mia, C/O. M/S. Halima Traders, 5/21, Simpson Road, Munshi Market, Sadorgat, DhakaDEFENDANTS

It is hereby notified that the plaintiff Filed the above suit against you, the defendants of 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 otherwise the suit will be disposed of exparte.

By Order
Mohammad Ali Bhuyan
Sherestadar
Sub-Judge, Artharin Adalat No. 4, Dhaka

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.

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 achievements has been lowering inflation rate down to 10 percent from a staggering 2500 percent in 1993.

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 income.

Startled negotiation with the IMF in order to get special fund for defending the currency and restructuring some of its short-term 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.

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 make from the sale.

With less than US\$15 billion 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 new international rescue plan.

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 financial 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 shied away from.

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