

# NEWS WRAP

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The 52,500 population of Marshall Islands in the South Pacific Ocean remain Nuclear afflicted, even after fifty years since USA suspended nuclear testing in the atolls. Between 1946 to 1958, the sixty-seven nuclear tests in the northern Marshalls, discharged radio-active iodine, considered to be 150 times higher than the contamination from the Chernobyl Nuclear disaster of 1986. USA has disbursed \$270 million in compensation to nuclear victims, under the first phase of the "Compact of Free Association" (CFA) between the Marshall Islands and USA. Over the years rising temperatures have caused irradiated bunkers, which were once specified safe, to leak nuclear radiation. The poor islanders have been exporting toxic metals, from the poisoned atolls of Enewetak, Bikini, Rongelap, Utrik, Kwajalein and Majuro, along the Ralik Chain and the Ratak chain.

On 07 January 08, in the elections in Marshall Islands, the pro-US administration led by Kessai Note lost. The new elected government is supported by chiefs and senators with grievances, from the nuclear affected atolls. The new leaders consider the CFA with USA, as disadvantageous for Marshall Islands. They wish to pursue claims of nuclear victims, on the isolated islands, dotting the Ralik Chain and the Ratak Chain. The new president of Marshall Islands, Litokwa Tomeing, feels that his country's ties with Taiwan, have not been beneficial, and wishes to strengthen diplomatic relations with China. Test missiles fired from California, as part of the "Star Wars II" missile-defence programme, frequently crash into the lagoon floor of Kwajalein, the largest atoll of Marshall Islands. These missiles are later retrieved for scientific analysis. The missile-defence test site on Kwajalein costs \$ 4 billion. Ignoring the demand for direct negotiations from local landowners, the new compact is worth about \$ 3.5 billion compensation, over twenty years, as negotiated with the previous government. The Marshall Islanders have been given the rights to work and live in USA.



Nepal is one of the poorest countries of Asia, with an annual growth of the economy at about 2%, which is struggling to match the increasing population. In an almost unanimous vote in Nepal's parliament, on 23 December 07, Nepal's 240-year-old monarchy was abolished. The vote allowed the confirmation of the sentence, by the next assembly, which is due to be elected in April 08. Since most Nepalis agree with the parliament, there have been very few public protests. King Gyanendra had seized absolute power in 2005, but in the face of mass protests, had to return power to parliament in 2006. Since then there have been two cancelled elections and an ineffective government. The octogenarian prime minister, Girija Prasad Koirala's government is faced with the responsibility of ending the decade long civil war and conducting elections. The eight political parties, including the Maoists, have assured election campaigns.

About 23,000 former combatants of the Maoist cadres, are living in makeshift camps, under UN supervision. There is a fear that Maoists may withdraw from the elections. 40% of Nepalis live in the southern Terai region, where 130 people have been killed in 2007, over deteriorating ethnic and caste violence. India is

apprehensive about a Maoist take-over. Persuaded by India, the monarchist army chief, General Rookmangud Katwal, declared that former Maoist fighters are debarred from the army. Mr Koirala had supported the General. The Maoists want their entire cadre to be inducted into a new national army, as they had voluntarily ended the war, while controlling huge tracts of Nepal. Compromises could ensure army posts for a few hundred former insurgents, and civil employment for the rest.

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On 21 Jan 08, demands for safe haven bonds and currencies rose, while world stocks tumbled, causing investors' fears that a sliding US economy, would drag others down with it. A benchmark gauge of stock markets globally, the Morgan Stanley Capital International's (MSCI's) main world stock index, declined by 2.9%, which was below its 2007 low, to levels last seen in December 06. A mixture of weak global economic data and fears of a prospective US recession caused stock markets to crash. The global equity market weakness led currency investors to liquidate risky positions, lifting the low-yielding Japanese yen. The belief that all countries will suffer the economic downturn allowed the dollar to gain. In India, the benchmark Sensex crashed by 1408 points (7.41%) to 17,605.35 points, on Black Monday. In a bid to save the US economy, the US Federal Reserve cut the benchmark interest rate by 75 basic points to 3.50%. On 22 Jan 08, stock markets across Asia suffered a faster downfall, compared to the previous day. The US economy has suffered from rising defaults in the sub-prime mortgage sector, where borrowers with unsatisfactory credit records are finding it burdensome to repay housing loans, obtained during the housing boom. On 23 Jan 08, the Indian Sensex rallied by 864 points (or 5.17%), to 17,594.07 points, its biggest percentage gain on a closing basis, since June 06, and the third biggest point gain.

The US economy is suffering from growing unemployment and a negative growth for the last two quarters. The Bush administration's permanent tax cuts for the rich have perpetuated excessive consumption. But for the last seven years, the middle and low Americans have suffered, with median family income lower today, compared to 2000. US Federal assistance is required for strengthening the unemployment insurance system and supportive measures for rebuilding crucial infrastructure like education, and promotion of energy conservation and lower emissions. □□□