

NEWS WRAP

AGD

The state-owned enterprises (SOEs) under Saddam Hussein's dictatorship, controlled and dominated Iraq's economy, from interest rates to employment. Since the fall of Baghdad in 2003, USA has been introducing a free market economy in Iraq. The US administration in Iraq abolished tariffs, made interest rates free, reduced taxes and formulated market friendly bankruptcy and other regulations. The access to cash of the state enterprises was restricted, with reduction of employees' pay by 60%, and barring the Iraq government from conducting business with the state enterprises. The US administration soon realized that many "economic insurgents" were produced from Iraqis in need of cash, but without ideology, who were absorbed in insurgency as easy recruits. Former US military officers created the Marshal Fund, a private-equity fund, making only non-oil investments in small sized firms in Iraq. With unemployment exceeding 50% in 2006, the US administration created the Task Force for Business and stability operations in Iraq. American contracts went directly to Iraqi businesses to ensure self-sustaining business and jobs. Since 2006, \$2 billion of US contracts stand executed with over 5000 private Iraqi firms. During 2007 and 2008, the Task Force was provided \$50 million, to resume production in Iraq's sixty state enterprises, which were operating at 10% of capacity or less. Potential investors have been visiting Iraq from other industrial Nations. In 2008, foreign companies invested \$910 million in private Iraqi joint ventures. The Marshall Fund invested another \$500 million. Though oil prices have dropped, industrial factories are in full production.

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Since 1947, Pakistan has nurtured a narrow landed upper class that owned vast land holdings, while peasants and workers remained subservient. Successive governments failed to provide land reforms, basic forms of education and health care, and opportunities for advancement to the rural poor. Exploiting the divisions between a small group of wealthy, landlords and their landless tenants, the Taliban in Pakistan have manipulated a social revolt. The Pakistan government has allowed Islamic law or Sharia to be imposed in Swat Valley. The Taliban militants organized peasants of Swat Valley into armed gangs, and shock troops, and drove out four dozen landlords, who held and wielded the maximum power. Alongwith a strict form of Islam through terror, the Taliban offered economic benefits to the landless peasants, who were frustrated with lax and corrupt government. These social upheavals, that have swept Swat and Tribal areas, now threaten Punjab and other provinces.

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In India, fiscal debt stands at more than 10% of gross domestic product, and government debt has touched an unsustainable 80% of the GDP. The "low tax, low interest rate regime" is being derailed by the "tax and spend culture".

While in western countries, democracy is equated to good governance, elected members of Parliament and legislative members of state assemblies in India, provide mere comfort and re-assurance. The government bureaucrats attend to public needs. The 2008 Global Hunger Index, prepared by the International Food

Policy Research Institute, has ranked India as 66th out of 88 countries, with “serious”, “alarming” and “extremely alarming” hunger levels. About half the children, who belong to the below five age group, are stunted. With respect to school enrolment, sex parity and child mortality, Bangladesh fares better than India. In certain standards of living indices, Sub-Saharan Africa scores higher points.

India is faced with the worst economic recession in sixty years. Since Sep '08, there has been about 1.75 crores job losses. Redundancies have been accompanied by salary cuts and imposition of shorter working week by companies, experiencing loss in business. There has been reduction in man power in non-organized sectors such as retail and household services. Significant shortfalls in demand for skilled and unskilled labour are noticed in the construction industry.



Poppy cultivation has spread in West Bengal, for making heroin. While poppy cultivation has declined in Nadia and Murshidabad districts, it has increased in Bankura, Malda, West Midnapore, West Dinajpur and Birbhum districts. Drug runners from Nadia district and Murshidabad district have business ties with poppy cultivators in other districts, for extracting opium from the plants, necessary for producing heroin. Bongaon town, on the Indo-Bangladesh border, is the hub of cross border heroin smuggling. The drug traffickers in Bongaon generally own transport business, which helps them form links between suppliers and heroin dealers in Uttar Pradesh, Madhya Pradesh and Rajasthan. Drug dealers from Jessore (Bangladesh) are active in Bongaon (India). Traditionally poppy is grown in West Bengal. The seeds of the poppy plant are used in cooking. Under the Narcotics Prohibition Act, the cultivation of poppy is banned, but the sale of poppy seeds is not banned.



A recent report of the Planning Commission stresses the links between ‘Naxalitie’ / ‘Maoist’ violence and the miserable human development indicators in the Maoist affected areas. The ‘Red corridor’ connects the Maoists in Andhra Pradesh to their counterparts in Nepal. Beginning with the Telengana region of Andhra Pradesh, it covers some coastal areas, including Srikakulam. There are direct links with the Bastar region of Chattisgarh, the home base of ‘Salwa Judum’, the state sponsored civil militia movement, which has been severely indicted by human rights groups. This area is flanked by Vidarbha in Maharashtra and western Orissa, which are areas with pockets of adivasis, and a limited presence of naxalites. The Naxalite affected areas of Jharkhand in the north, connect to Bhojpur region in Central Bihar and parts of North Bihar. North Bihar borders the far eastern region of Poorvanchal in Uttar Pradesh, which borders the final link with the Terai region of Nepal. The regions affected by left radical violence constitute some of the poorest, under developed and exploited areas of India. The areas are mineral rich, with concentrated pockets of adivasis, and having a sizeable scheduled tribe population.

The Maoist factor did not affect the turnout levels for the Lok Sabha elections of April / May '09. But 29 security men and seven civilians were killed by Maoists during Phase I (16 and 17 April '09) of the elections. Compared to the Assembly

polls of 2008, barely one-third of the para-military forces were deployed. Districts of West Midnapore, Purulia and Bankura in West Bengal have been declared as Left Wing Extremist (LWE) areas by the State.