

## **NEWS WRAP**

### **AGD**

The Union Government in India is constrained by fiscal deficits, poverty and illiteracy. Rebuilding the social safety net is ahead of any effort at major economic reforms. India has been growing at 7% and 8%, with a woeful infrastructure. Recent legislation in the social reforms agenda allows monthly allotments of rice or grain to hundreds of millions of India's poor. Recent strikes and protests across India against rising prices, a cricket scandal, unproven allegations of government telephone wiretapping, and corruption scams arising from a studfarm in Pune have caused political uproars. While India emerges as a global power, expectations of a more effective government are steadily receding. The government appears incapable of tackling core problems in education, power generation, land reform, infrastructure, corruption and inequality. There are no indications of checking rising food prices that weigh heaviest on the poor. The major counter-insurgency offensive against Maoist insurgents in Chattisgarh, Jharkhand, Bihar and West Bengal has not shown any impressive results. Of course Maoists are lying low in Andhra in the face of massive police repression. There are major shortfalls in the objective of building twenty kilometres (or 12 miles) of new roads every day, due to delays with land acquisition. Even though coveted by business interests, gradual legislative changes for economic reforms in insurance, banking and labour laws have not gained visibility.

India's economy is projected to grow rapidly for the coming decade, as it has already recovered from the global recession. Compared to ageing societies in China, Japan and Europe, India has an advantage since more than 70% of the population of 1.2 billion Indians, is under the age of 35. India has a huge demographic dividend, with the generational shift in politics every twenty-five years. A new generation of younger politicians is emerging that hopes to steer India's global integration and ascending economic power, in the future decades. The new leadership in the ruling political parties is springing from the children of ministers and parliamentarians, film industry celebrities, and big corporate industrialists. The younger political leaders are well travelled, educated abroad, often in North America, have worked for multinational corporations, and subscribe to a pro-market global view. The fast growing mobile phone technology and television is helping deliver information and aspirations to hundreds of millions of Indians for the first time. The younger politicians have grasped the benefits of technology, even as they court agriculture, for appealing to the large rural population.

The average age of an MP in India is 53, and the cabinet is filled with people in the 60s and 70s. Even then the business savvy younger generation are confident of becoming major players. While there is an impetus for greater recognition of youth, young politicians are seldom given much responsibility in the government. There is no denying that the new generation's advancement is a result of family pedigree and connections. One could anticipate an era when rising incomes will disrupt political franchises, and performance will gather higher weightage than line-age.

### **THAILAND OF ANARCHY**

There have been over sixty deaths and hundreds injured in violent demonstrations and turbulence in Thailand, since March 2010. Troops opening fire on rioting anti-

government demonstrators adds to a five-year crisis, that pits royalist elite, who support prime minister Abhisit Vejjajiva against rural and urban poor, who are disenfranchised and broadly support former premier Thaksin Shinawatra, a graft-convicted populist billionaire, who was ousted in a 2006 coup. The pro-government royalist forces-yellow shirts and the anti-government pro-Thaksin forces-Red shirts, are each backed electorally by around 40% of the population. Certain black shirt para military fighters at entrances to makeshift barriers around encampments of protesters, have also been fomenting violence. There are concerns that some members of the security forces are sympathetic to the thousands of protesters. Parts of Bangkok are paralysed, scaring off investors, and squeezing the economy. The mass demonstrations started with demands for dissolution of parliament. The ultimate aim of the leaders is becoming less clear.

### **MILITIAS IN AFGHANISTAN**

A \$2.16 billion trucking contract is diverting wealth to Afghan warlords, linked to the controversial half brother of President Hamid Karzai. Millions of US taxpayers' dollars are being paid to militia commanders to protect convoys ferrying supplies through Kandahar province, where troops from USA, are on the offensive. Ahmed Wali Karzai has concentrated power in the hands of his family's ethnic Pashtun Popalzai tribe, fuelling support for the insurgency. There has been an inadequate oversight of Afghan expenditure, which has indirectly financed a heavily armed cabal, which could jeopardise the broader US strategy of promoting good governance, to counter the Taliban. Taliban insurgents have been extorting money from trucking contractors, which convey supplies to Insaf, the international force in Afghanistan. There are eight trucking contractors, who share the US military's \$2.16 billion two year host nation trucking contract. The transportation system relies on a network of sub-contractors who pay Afghan security companies to escort their trucks. These companies in turn pay tolls to militia leaders, with groups of hundreds of gunmen. Prominent militia commanders exercise considerable autonomy, and field superior forces to the army or police. The militias run protection rackets on convoys, passing through their territory.

The militia commanders control long stretches of highway, share multi-million dollar incomes each year, by demanding \$1000 to \$1200, for each of the trucks, making upto 10,000 trips a month, under the contract. Some of the funds from the contract, end up in the hands of the Taliban, either through bribes paid by sub-contractors, or extortion rackets operated by militia leaders colluding with insurgents.

### **FAMINE IN NIGER**

Niger, a landlocked west African nation, is at the centre of a food crisis, extending over the Sahel desert, the arid region on the southern fringe of the Sahara. High prices and a shortage of rain are taking their toll, on one of the world's poorest countries. Niger's population is faced with severe food shortages. As per UN estimates, 7.8 million people in Niger could be affected, unless donors supply around \$130 million of emergency aid, immediately. Health centres in Zinder have seen more than 70,000 malnourished children this year. Critical food supplies also exist in parts of Mali, Burkina Faso, northern Nigeria and central Chad.

Most of Niger's 15 million people live in poverty. The cereal harvest was 31% lower than in 2008, following poor rains in 2009. Higher food prices are fostering speculation, as traders hoard food, in the hope of boosting profits. The prices of staples, including millet, sorghum, maize and rice stand between 6% to 17% higher, above the average of the past five years. □□□