‘COMMENRARAO’ IN “THE TELEGRAPAH”

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“Global Turmoil and the RBI” SLRAO

From the time of the Lyndon Jhonson Presidency and its successors, the USA has been declining in super power staus. By abrogating the role of champion of democracy everywhere, it began using its military might to change regimes. Over the years this put great strain on American resources, its economy and willingness of its citizens to fight abroad. Allies also cut their numbers of soldiers if any that fought with Americans. This declining public support for military intervention led to reducing “boots on the ground”, growing use of technology like unmanned drones, assassinating foreign opponents on overseas soils, and significant “collateral” deaths of innocents. Many countries that are allied to the USA especially for security, are now uncertain about the extent and even possibility of American support. The USA’s closest ally the United Kingdom, has declined economically and militarily. Its prospective exit from the European Union, and the consequent secession of Scotland and Northern Irerland will further reduce Britain’s power. The receding prospects of a united, integrated and federal Europe makes for uncertain European allies.

 The Soviet Union is dead. Russia is no longer militarily the threat that the Soviet Union was. Russia is also the principal supplier of oil and gas to Europe. Other convenient supplieare Central Asian countries with oil and gas reserves. They are influenced by Russis. An alternative pipeline through Turkey to avoid volatile Ukraine is dependent on an increasingly Islamicized Turkey. Europe has good reasons for reluctance to confront Russia. This reduces the need for and support to NATO.

 China has emerged as a growing global economic and military power and a threat to much of South East Asia and India. The Middle East and Saudi Arabia in particular, is no longer the primary supplier of oil and gas to the USA. The exploitation of shale oil and gas in the USA has changed this equation. Israel dominance over the Middle East. The Arab Middle East is now more of a threat to peace by its financing(by Saudi and possibly UAE) of militant Islamic groups. Mid-East economies are in trouble because of falling prices of oil and gas and emergence pf shale and the return of Iran without sanctions. The Middle East has little alternative income. They experience growing domestic restiveness. Shiah-Sunni divisions led to confrontation between Saudi Arabia and Iran. The rise of guerrilla terror groups like Taliban, ISIS and Al Quaeda, with support from Middle Eastern and rogue states like Palistan, are leading to a major rebalancing of relationships between nations. India has reasonably close relations as big customer and provider of large labor forces. But it has to be on guard.

 India has long had close relations with Russia, UK and Europe. There is considerable investment flow from Europe and UK. With China, India has a growing trade relationship and there are prospects ofsubstantial investment. But the border issues are unsettled and China’s use of Pakistan as a proxy to trouble India is a concern.

 The USA appears to be re-examining its foreign relations. Obama declared India a strategic partner, and the Democratic party manifesto of 2016 names India as a Pacific power. India has to face the Middle East while on its Eastern seaboard its involvement is primarily to support the USA. There is a changing Middle East, continuing instability in Afghanisthan, unravelling of the facade of civilian rule in Pakistan. Pakistan’s primary objective js to create instability in India and Bangladesh through terror strikes and fomenting local fundamentalist terror groups. This is unlikely to change. The Shiah Sunni divide in the Middle East and Pakistan has resulted in many Muslim deaths. Despite a majority Sunni Muslim population, Indian Islam has so far avoided these fratricidal killings. Attempts continue to push Sunni fundamentalism in India led by Saudi and alleged UAE funding. American involvement to crush fundamentalist terror groups in the Middle East have proven ineffective. Declining dependence on Saudi Arabia might lead to stronger Americanaction.

 The inflow of Muslim (mainly Syrian) refugees into Europe and North America will further extend terror to them (as in Paris, Brussels, Istambul). Anti-Islamic sentiments have grown in the West. With lax gun control laws in the USA, the rise of the political right wing in the USA and Europs, and more young Arab Muslim refugees, the USA and Europse will experience more terror attacks.

 A significant part of the problems have arisen out of American interventions to change regimes in Iraq, Libya, Afghanistan and now Syria. It ostensibly was to introduce democracy but perhaps also to get control for the West of large oil and gas reserves, and also to safeguard Israel. It has instead made for a very volatile and unstable region, with terror groups fighting to spread an Islamic caliphate to India and South Asia. They have led to fighting between Islamic sects and to propagate a culture that suppresses women, arts and tolerance. American support for decades to Wahabi ruled Saudi Arabia has permitted Saudi Arabia financing export of its ideology and backing terror groups. It is the major cause of instability in many countries in India’s vicinity. The character of Islam was chaned in Pakistan into a culturally arid and intolerant state. This Islamic ideology has not yet taken roots India and other South East Asian countries. With prospective decline in American support to Saudi is waning this change might decline. With diminishing oil revenues, Saudi regime might well collapse in due course and add to instability in the region. The removal of sanctions on Iran has freed this Shiah country to stand up to Saudi led Sunni battles. Whier there may be more yearts of serious instability in the Middle East, it may stabilize.

 Pacific Ocean countries are under the fear of Chinese ambitions. Their governments are not democratic (Myanmar, Thailand, Malaysis, Viet Nam) and are vulnerable to internal dissent. Increasingly, India and the USA are their safeguards. Situated in the Indian Ocean gateway to South and East Asia India now has to guard the gateway from ambitious Chinese incursions. India will have the support of many Asian nations and the USA. Unlikely to help in the Pacific region are EU, Their weak economies (currency, growth, deflation), and the decline in Britain with the looming Brexit, make them unlikely helpers in this region.

 India is thus the counterpoise to China-despite smaller economy, less foreign exchange reserves, but the backing of the USA and neighbours. India’s intention must be to be prepared but avoid military conflict. India must display military might and the support of many nations. India’s most dangerous neighbours are in the Middle East. They also provide employment to many Indians who hold the Middle East economies together, and whose remittances are a major part of Infia’s foreign exchange inflows. India has two cards to play: historical and economic closeness to Iran(a Shiah country that will stand up to aggressive Sunni countries), and as a major customer of Qatar.

India can expect closer trade and investment ties with the USA Iran and select Arab countries. , EU, the diminished UK after Brexit, South East Asian nations, China (despite chill in political matters), Russis and its allied Central Asian neighbours. The indication thus is that India will benefit from the changes in power equations in the world. If non-alignment was intended to show neutrality between USA and the Soviet Union and their allies, the new equation is of friendly alliances with all sides. It will call for a careful balancing of interests.

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