already ruined by a 17-year Anglo-American-manipulated civil war.

Although artillery fire over the week was extraordinarily intense—at least 30,000 howitzer shells and 1,000 jet-fired rockets were fired—casualties have been relatively small. So far, 128 people are dead, 120 of them civilians. As Israeli state radio has proclaimed, Israel's assault was intended to force the "mass flight" of the civilian population. Driving out some 725,000 Arabs this way allowed Israel to dramatically expand its borders in 1947-48. The purpose of the recent assault is similar.

That this is policy has been proclaimed all over the Israeli media. From the outset, the Israeli government has made clear to its own people that the target is the Lebanese population generally, to be driven out by making make southern Lebanon unlivable. It is reported that 93% of Israelis polled support this policy.

"We want to make it unequivocally clear that if there is no quiet here, there will be no quiet for the residents of south Lebanon north of the 'security zone,' " Israeli Prime Minister Yitzhak Rabin bellowed on Israeli television. "If there is no quiet here [in Israel], there will be such 'unquiet' there that they [the Lebanese] won't be able to live there." Israel Army Chief of Staff Ehud Barak told the press smugly to the press that "people are leaving the villages, and I assume the outflow will be heavier." "Tens of thousands of villagers yesterday understood the unequivocal message Israel sent to them and began fleeing north," the daily *Al Hamishmar* wrote front-page on July 26. "The others, who remain in their homes, may be harmed."

And a new Syrian Deal

Having forced virtually the entire population of the region into flight, Israel agreed to a U.S.-brokered "ceasefire." Although some refugees are now returning, Rabin's continuing threats of future actions, and the massive destruction of homes and infrastructure, will ensure that the Arab population in southern Lebanon remains low.

At the same time, the context has now been created for a dramatic "separate peace" with Syria. U.S. Secretary of State Warren Christopher arrived in the region on Aug. 2 to meet with Rabin, Syrian President Hafez Assad, and Lebanese Prime Minister Rafik Hariri. The ceasefire had been negotiated through his telephone contact with all three leaders. Suddenly, strangely, Assad is a hero.

"There is no doubt the way in which Assad played his cards in the latest incident strengthened the feeling that there is someone to talk to and something to talk about," gushed Israeli Foreign Minister Shimon Peres on Israeli Army radio on Aug. 2. "Syria has definitely changed in that it's a partner to such an arrangement as this," said Uri Lubrani, the diplomat in charge of the Israel's secret deals with Syria. Even Israeli Chief of Staff General Barak praised Assad as "a very serious and highly responsible leader."

India's government survives challenge

by Ramtanu Maitra

On July 28, the ruling Congress (I) party of India managed to vote down the no-confidence motion brought by the opposition against the government by a slender margin. But the tension and crisis that gripped the ruling party, even on the day of the parliamentary vote, is a testimony to how much India's political institutions have weakened. The victory on the parliamentary floor may turn out to be a short respite for the government, and it remains to be seen whether the episode has jolted it out of the deep slumber it seems to be in.

The core of the no-confidence motion presented before the Lok Sabha, the lower house of parliament, by a strange alliance of communists, Hindu chauvinists, socialists, and others, was focused on the scandals implicating high government officials, including the allegation of a payoff to the prime minister by a stockbroker, and increasing communalism in the Indian polity. While these issues, mostly allegations, are no doubt much discussed in homes and on the streets of India, the government's real problems lie elsewhere. Although corruption and communalism have proven populist appeal, the greater worry that plagues an average Indian is that the nation is now being led by a government which is indecisive, evasive, and utterly vulnerable. All these weaknesses together have made India, a nation of over 850 million people, increasingly insignificant and vulnerable to external pressures in the present unipolar world order.

The promise

The government of Prime Minister Narasimha Rao, which has met with two major calamities in the form of the demolition of the Babri Masjid and a $1.7 billion securities scam which has tainted officials high and low, was keen to present itself from the very outset of its birth in June 1991 as a government which would change India's economic condition over a period of years through the dismantling of various regulatory measures and by managing money judiciously. Finance Minister Manmohan Singh, who has repeatedly expressed his discontent over India's reliance on aid funds from donor countries during the 1970s and 1980s, was given the difficult task of bringing life back into the Indian economy.

However, two years later, a period which the Finance Ministry claims is too short, the Indian economy looks as vulnerable as ever. India's "begging" from donor countries continues, and India has, by agreeing to most of the economic measures suggested by the World Bank and the International Monetary Fund (IMF), brought in a set of money managers whose performance elsewhere brings little comfort to the people. There is little sign of India's foreign debt going down. The tariff reductions, which were designed to make Indian manufacturers more competitive and stronger, have only helped importers eat into the emaciated Indian economy. The rupee devaluation was ostensibly done to make Indian products more competitive abroad, but it has met with limited success, and export growth is in danger of being offset by growing imports. The foreign investors, for whom a number of regulatory measures were dismantled and liberalization was implemented by the Rao government, are not coming in droves, and there is genuine concern among economic pundits that a lot more reforms will be necessary before foreign investors begin to pump in money in any worthwhile volume.

The circular argument

While people generally are getting a bit suspicious, noticing the gap between the promise and reality, India's economic czars and their cheering section have answers to all these concerns. However, when one adds up all the analysis, it turns out that the economic czars are presenting a circular argument. The foreign debt cannot go down because India has not fully geared up for exports, and it is difficult to manage the balance of trade because of India's high oil import bill. Because the foreign commercial banks are uneasy, India will have to continue to depend on loans from the IMF and the World Bank and to "beg" for more from the donor countries, and all this, of course, is bound to increase the foreign debt, the reformers admit. But it is a transitory distortion, they claim.

The tariff reductions are not working well because the economic environment, which is subsumed under the political climate, is not conducive enough for investors to come in. This is evident from the fact that the banks are flush with money, and this is currently a matter of great concern to the Finance Ministry.

At the same time, since investors are not coming in with their money, Indian industries will have to face the onslaught from foreign manufacturers, at least for a short time, the reformers say. Only when investors decide to show up with their money will Indian industries be competitive, and in order to get there, India requires further reforms in the financial sector, labor sector, etc.

At the same time, the devaluation of the rupee has not worked as well as expected, because Indian manufacturers have not been able to garner strength through modernization and acquiring improved technologies. Investors have shied away, and the economic environment has remained less than favorable to them.

There is again a list of reasons why foreign investors are not so eager to put money into the Indian economy. The list includes: unfriendly financial institutions, an unstable political situation, uncooperative labor laws, and an unhelpful tariff structure. The answer to all these negative factors, Finance Ministry officials indicate, is more and more reform. "You have to change with the times," they point out.

The dilemma

Anyone with political brains can figure out that further reforms will require a strong government and a friendly political environment. Since the Rao government, as people found out on July 28, had to scramble for its existence, it is likely that any further reforms, particularly those in the volatile category such as changing the labor laws, will be out of its reach. Since the entire edifice of the economic revival is based on further reforms, the average individual gets worried about the whole formulation. It is evident that India has entered the process of globalization of its economy, which means, among other things, that global institutions are now directly involved in India's future, and there is no getting away from it. To an average Indian, this itself is not a problem, but if further reform cannot be done and the present level of tangible and real reforms do not make the economy any stronger, nor make the political environment any more stable or reduce the foreign debt or make Indian manufacturers any more competitive, then, what is he headed for? The answer to that question is a litany of figures which cannot convince anyone one way or the other.

Reality is quite different. While the economy is growing at a snail's pace—no big surprise to any Indian who has lived with a similar growth rate for more than four decades—the infrastructural shortfalls are becoming increasingly evident. There are more power shortages today than five years ago. Trains are more crowded today than yesterday. Drinking water quality is deteriorating by the day, while the primary education shortfall is growing by leaps and bounds. For an average Indian these realities are before him every day. The promising effect of reforms he only reads about in the newspapers and hears about from government-controlled television.

Even what he reads in newspapers does not bring much comfort. Economic news analysts, quoting high-level sources in the Finance Ministry, broadcast assurances that India would not seek the \$5 billion or so extended fund facility (EFF) from the International Monetary Fund (which comes with a new range of conditionalities), because India's exceptional foreign exchange needs would come down to about \$2.5 billion by 1994-95 and the loan would not be necessary. An IMF team then arrived in India to discuss the EFF. The same analysts reported later that the IMF officials abruptly left the meeting a day before the scheduled close, giving rise to concern among Finance Ministry officials that the unstable political environment in India had made the IMF jittery.