From New Delhi by Ramtanu Maitra

Britain once again eyes India for looting

As Elizabeth II descends on India, China-basher Gerald Segal demands further opening up of Indian economy.

Gerald Segal, Chatham House director and a fervent promoter of the disintegration of China, has picked up the cudgel against India's apparent reluctance to fully open up its economy for looting. "No foreigner is going to save India from its own foolishness," says Segal, who is hoping that another "bout of bankruptcy" will bring Indians around to his demands. Segal's article appeared recently in the *International Herald Tribune*.

Segal cites an Indian political scientist to back up his claim that there are no constraints on reforms from the public, but rather that the problem lies with the "narrow-minded bureaucrats, elite factionalism, and the lack of bold leadership." It is evident that Segal has never spoken to an Indian on the street, but receives his "observations" from a faction of the Indian elite. In this, he has allies in P. Chidambaram, India's finance minister and a rabid free marketeer; Power Minister Y.K. Alagh, a wolf in sheep's clothing; and the top mandarins of the Finance Ministry who all belong to the exclusive World Bank-International Monetary Fund (IMF) fan club.

On the other hand, there exists strong opposition to reforms. Many recognize that what Chidambaram, Segal, and their ilk mean by reforms, is financial looting. India had 200 years of experience with free trade, during which time Segal's countrymen pauperized this nation. No economic gobbledygook can cover up this truth.

In his article, Segal, bereft of originality, echoed the IMF line and attacked New Delhi's continuation of various subsidies. He has warned that foreign finance will not come to save India, and India will have to pay for its foolishness. He theorized that India's foolishness is similar to that of Russia's, and due to the fact that neither of these two countries "ever fell far or hard enough to know, like China, that it has no choice but to pick itself up by its own bootstraps. No one owes it a living."

Despite Segal's threatening tone, the pining for hot, short-term foreign portfolio investment into India has ebbed significantly. The role of foreign finance in the hands of speculators like George Soros has become too well known, because of the damage it did to Thailand and Malaysia. Moreover, in India, there is growing realization that the global currency market is unregulated, and years of hard-won economic gains can be wiped out in a few weeks' run on a nation's currency.

Among the pro-reforms business journalists, this little truth has been driven home by the continuing unravelling of the currency market in Southeast Asia. One such journalist, in his weekly column in the *Times of India,* the oldest major English-language daily, pointed out that the oft-repeated argument that currency attacks can be instruments for enforcing fiscal discipline on profligate governments, does not boil down to much, because often the cure is worse than the disease.

A more revealing weekly column in the *Business Standard* in early October, authored by Prem Shankar Jha, a serious economic journalist, pointed out that the volume of short-term capital sloshing around in the world market has become dangerously high, and that the money flows into and out of specific currency securities are too sharp for the economy to bear.

"Today 98% of all international capital flows consist of financial (as opposed to direct investment) flows, and of this, 80% is of short-term capital, controlled round the clock by computers and sent all over the globe in search of wafer-thin arbitrage margins. . . . As a result, the financial world is increasingly resembling a very large spinning top, balanced on a very fine point. With every year the top grows larger and larger and the puff of breeze needed to make it topple, ever lighter," Jha wrote.

Segal, who often sounds exactly like the shyster that he is, says that the East Asian currency collapse has opened up opportunities for India to snare the hot money into the Indian financial market. India can avail itself of this "window of opportunity," provided it cuts down on subsidies, opens up its financial market, and so on. He says that "time is short" and India must act quickly.

In other words, Segal is the partner in crime of Soros and other speculators. By bringing in a large amount of hot money and then making it vanish, the nation's currency is destroyed. At that point, the IMF moves in to provide "stability," which, of course, never comes, but is offered for a huge cost. The cost is to be paid in the form of financial reforms, elimination of subsidies, fiscal discipline (i.e., cutbacks on expenditures to strengthen the physical economy of the nation), making the currency fully convertible, and so on. This is the standard IMF prescription designed to destroy national economies. Their mouthpieces, such as Segal, with help from their native friends, try to influence the policymakers.