

THE CUTTING EDGE

Indian mediation in Korean War



Jagannath Panda

On the occasion of 67th anniversary of the war, India's forgotten role in Korean War resolution needs a reckoning. In this context, involving India in the Northeast Asian peace process will be instrumental in strengthening India-South Korea relations

Some called it an “ideological war” between Communist and non-Communist blocs, some others called it a war of “innocent Koreans”. What emerged to be the goriest war after World War II commenced on June 25, 1950, with the North allegedly attacking the South, resulting in the death of more than 2.5 million people in the course of the war. The fallout of the war still persists over the Korean peninsula, and war clouds still loom over the region. The Six-Party Talks mechanism, created in 2003, to check North Korea's nuclearisation effort has been an outcome of the divided politics between the major powers, which have gone nowhere. It is time to recollect the role of unnoticed powers in the Korean War, on the occasion of the 67th anniversary of the war, especially when South Korea's new President Moon Jae-in wants to create peace in Korean Peninsula. India's forgotten role in the resolution of the Korean War, therefore, needs a reckoning.

After Korea's Independence in 1945, India was chairman of a nine-member UN Commission that was set up to hold elections in Korea. The success of the election in the South was the seed behind the formal establishment of the Republic of Korea (RoK) on August 15, 1948, a day which coincides with India's Independence Day. Playing a role to support peace, India maintained a balance between the two Koreas, even though India's diplomatic effort was marginal during those years. Voting in favour of the United States resolution over North Korea's invasion of South Korea, India supported the declaration to term North Korea as an “aggressor”. But when the US forces crossed the 38th parallel without UN approval and sought to have a resolution passed to declare China as an “aggressor”, India decided to vote against the proposed resolution. India played a mediatory role during the war, and both North and South Korea accepted the India-sponsored resolution to end the war. As a result, a ceasefire was declared on July 27, 1953. Sending medical aid and planning a formula for repatriation for the soldiers were other notable aspects of India's contribution in the Korean Peninsula. India also chaired the Neutral Nations Repatriation Commission.

Sixty-seven years have passed to the historic Korean War; a peaceful resolution to the Korean crisis is still missing. The Six-Party talks regarding the Korean peninsula are still hampered by major-power politics. China and Russia seem to offer a shield to North Korea, while the United States and Japan are on the side of South Korea. The talks have virtually been dead since 2009. Perhaps the time has come to expand the number of dialogue partners. India's historic role needs a review, especially as a mediator between the two Koreas. India's relations with South Korea are “special and strategic”; India also maintains a working relation with North Korea.

Given this, India and South Korea should have a thoroughgoing discussion on Northeast Asia. In his inaugural speech on May 10, 2017, Moon Jae-in said that he would not “rest until peace is settled in Korean Peninsula”. But to be effective, to address the Northeast Asian security crisis, the parties involved must break the barrier of Seoul's traditional prism of only contacting the Six-Party dialogue partners. To improve its strategic weight, South Korea needs new Asian partners beyond China. India has always advocated for de-nuclearisation of the Korean Peninsula, and asked for dialogue and peaceful resolution of the crisis. This is similar to what South Korea is asking over the years.

Policy designs such as Sunshine Policy and Northeast Asia Peace Initiative (NAPCI) have been the main policy directives for South Korea over the last two decades. Kim Dae-jung's Sunshine Policy was primarily North Korea focused, where the emphasis was on maintaining deterrence, to initiate dialogue, and bringing peace between the two Koreas. India was not considered as an influencing factor in the Sunshine Policy. India did emerge prominently in Roh Moo-hyun's Presidency, where his visit to India witnessed a new level of contacts emerging between India and RoK, resulting in a “long-term Cooperative Partnership for Peace and Prosperity”. The Northeast Asian peace process was never a discussion point between New Delhi and Seoul.

President Lee Myung-bak's New Asia Initiative in 2009 underlined South Korea's resolve to cooperate with Asian countries, but the engagement was more sectoral. India never figured prominently even though India and RoK established a “strategic partnership” during President Lee's visit to India in January 2010. Likewise, President Park Geun-hye's NAPCI lacked a regional ambition of engaging with India even though the relationship was upgraded to a “special strategic partnership”. The NAPCI initiative was limited to the US, China, Japan, Mongolia, Russia, and DPRK. NAPCI did involve extra-regional multilateral bodies like NATO, OSCE, the EU, and the UN, but did not see merit in involving India as an actor in the Northeast Asian peace process. A strategic convergence was drawn between India's Act East policy and South Korea's NAPCI, but it did not really translate into any concrete cooperation, especially on Northeast Asia.

A special partnership needs to be built on special accounts. Both South Korea and India need to have a fresh look at the history of the Korean War, especially at a time when North Korea continues to defy international norms. India's mediating role and contribution to peace-making during the Korean War need an objective reckoning currently. Importantly, Seoul's new administration must introspect why the Northeast Asian peace process has deteriorated. A closer look at the Korean War history and India's contribution to peace is a valuable reference point in this context. Involving India in the Northeast Asian peace process will be instrumental in strengthening India-RoK relations.

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Widening fault lines in West Asia



US President Donald Trump shakes hands with Saudi Deputy Crown Prince and Defence Minister Mohammed bin Salman during a bilateral meeting in Riyadh on May 20

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It is interesting to note that all

hell broke loose on Qatar immediately after the much talked about visit of President Trump to West Asia. Obviously, there is no doubt that Trump wanted America's allies to rein in the oil rich nation for sponsoring most of the jihadists operating across the region. But despite knowing the fact that nearly 10,000 American soldiers are there at al-Udeid in Qatar, why did Trump take such a decision to corner an old ally by siding with the other friendly nations? Is there any concrete evidence that Qatar is directly financing these global monsters? Plainly speaking, this can no way stop the massive intensification of the globalisation of terrorism not only in West Asia, but also around the world. Many say that new American administration may have plans to shift the Qatar airbase to the United Arab Emirates (UAE). In fact, Trump has already expressed his satisfaction through his ever-ready tweeter network about the actions initiated against Qatar. Under Trump and unpredictable business-like establishment in Washington, it is for sure that West Asia will not be able to reduce its conflagrations. It is sad. The conceited property tycoon should have been carefully guided by his policy makers. It seems he does not listen to any advice. He could have easily staved off the entire drama that has added fuel to the fire in the already boiling zone of the world.

On June 5, Saudi Arabia, Bahrain and the UAE severed first diplomatic relations and then cut all land, sea and air links with Qatar. The strange behaviour of these nations has gone beyond a point when all of them asked the Qatari citizens to leave their respective countries within 14 days. In the recent past, when Saudi Arabia had gone for an all out war in Yemen to flex its muscles even then King Salman allowed more than a million Yemenis to stay and work in his country. Though diplomats were recalled by these countries before, the latest action and intensity of the campaign against the small sheikhdom looks like wedging a war. However, the main taroget behind the Qatar fiasco is no other than Iran, which is long at odds with Saudi Arabia and major powers of West Asia. That is why Iran immediately blamed the US for setting the stage for this entire drama while Trump was in Riyadh, his first ever trip to the region after taking over as the US President.

What has made the rift more perilous is that along with the Gulf States, Egypt and the Government of Libya have also extended their support for the ban against Qatar. Many of these countries have long resented Qatar's open support to the Muslim Brotherhood, which all of them term as a dangerous political enemy for their survival. Egyptian President Abdel Fattah al-Sisi is more than happy to jump the bandwagon as he has been facing

an impending crisis at home for the very emergence of Muslim Brotherhood. Saudi Arabia accuses Qatar of supporting Iranian-backed Islamists in its restive and heavily Shia Muslim-inhabited Eastern region of Qatif, and Bahrain.

For now, Iran has termed the whole crisis as the result of the “Sword Dance” wherein Trump and other US officials took part during his trip to Riyadh. On the same occasion, Trump called on all the Muslim countries to stand united against Islamists and singled out Iran as a key source of funding and support for terrorist groups. Qatar reacted with its as usual somber note in a brief by its Foreign Ministry, “The campaign of incitement is based on lies that have reached the level of complete fabrications”. But then Qatar's long hobnobbing with Islamists should have been stopped by the royals at home much before this has happened. Particularly, the country should have taken a lesson from the previous eight-month diplomatic thaw in relations with the UAE, Saudi Arabia and Bahrain in 2014, when all of them withdrew their ambassadors from Doha. Then also they complained Qatari support to terrorist organisations. This amply shows how the ruling Al-Thani family has grown arrogant and has not realised the impact of an economic blockade like the current one. On record, Doha has offered sanctuary to the

Muslim Brotherhood, supposed to be the most vociferous and politically active Islamist movement of the Arab world. In the past, Qatar has given the most sought after platform for the diplomats to have talks with the prominent Islamists like that of Yousef Qaradawi, the Muslim Brotherhood's one of the most popular preachers; Khaled Mehsal, until recently, the leader of the Hamas; and some of the important jihadist leaders from Algeria and Afghanistan. Qatar's bringing in a host of such elements and giving them a global stage through its state-funded *Al Jazeera* network have given its neighbours opportunity to strike a chord with Trump, who equally scorns Iran, the behind the scenes mentor for the Shia Islamists across the region.

An open nitpicking of Qatar for bankrolling the global jihadists can in no way help the rest of the States in West Asia. How Saudi jihadists played a critical role in the 9/11 terror attacks on the US is a well-known fact to the international community. But still the same Saudi rulers will point a finger at others without looking at their own past records. And more importantly, the official Wahabi ideology of the kingdom literally serves as the “cardinal principles” for all the Sunnis jihadists across. Definitely, *Al Jazeera*'s open jibes at the Saudi royal family angers the clerics and kings together now and then. Finally, Qatar's joint expansion plan of South Pars, the world's largest gas field, with Iran brings home another irritant to the Saudi King. This all made to release the Saudi official news agency what their statesman feels deeply: “(Qatar) embraces multiple terrorist and sectarian groups, including the Muslim Brotherhood, ISIS (Islamic State) and al-Qaeda, aimed at disturbing stability in the region, and disseminates the message and schemes of these groups through their media constantly”. Above all, terror financing is utmost concern for Saudi Arabia, but the reality is that tiny Qatar's rising global grandeur can no more be acceptable to its big brother. So the feud for regional supremacy will continue and with a grand approval of Uncle Sam.

Qatar should come out of its image as the “problem child” of the West Asia. The ruling Al-Thani must set the stage for resolving the decades-long traditional feuds with the Al Sauds, Al Khalifas and Al Sabahs, though it used to be a norm for them for centuries. But then there were happier times even in the midst of glaring and deadly fights among all these ruling families. If it continues, apart from the rise of oil prices and the eventual loss of huge business across the region (which will have serious



Makhan Saikia

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global impact), the rift among the members of the Gulf Cooperation Council (GCC) will further increase. And it may so happen that as Kuwait and Oman, the other two members of the GCC, are declining to support the Saudi-led move against Qatar, they may gradually inch towards Iran.

Qatar is tiny, but the state matters in the stability of the region. Though guided by the policy prescriptions of the Trump administration and clearly led by the narrow regional interests of the once ally-turned-hostile neighbours, the Qatar issue will hit hard both the local and global relations. Frankly speaking, Trump's revisionist policy framework is slowly turning out to be murky as it endangers the very fundamentals that undergird the power, position and authority of America. While tendering advice to these hereditary and autocratic rulers, the business baron President should have been better guided by what late President Harry Truman declared in 1945 at the historic meeting in San Francisco that founded the UN: “We all have to recognise, no matter how great our strength, that we must deny ourselves the licence to do always as we please”. Hope, Trump listens to these illuminating narratives and is not always propelled by what he declared in his inaugural address: “From this moment on, it's going to be America first”. This could make him fast lose the bigger picture of the “Pax Americana” when his country wielded enormous strength, influence and power on the global platform, if at all Qatar kind of missteps come by again.

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PERSPECTIVE

Stability that matters for Chinese economy



Priyanka Pandit

China's high growth rates are not sustainable and the Chinese Government needs to be less obsessed with the declining growth rates and focus more on the social stability, especially tackling the problem of unemployment in the country

The Chinese Government has set “stability” as the major theme for economic planning this year. It is, in fact, a continuation of the last two years' economic policy, when the growth slowed down below the 7 per cent annual target in the fourth quarter of 2016. Although this is considered the slowest GDP growth that Chinese economy has witnessed in 26 years, nevertheless it fell within the Government's “new normal” range of 6.5 to 7 per cent. This indicates that the policy to resolve structural imbalance in Chinese economy has succeeded so far. But there remains considerable unease about the effective working of the policy and the extent to which it would ensure long-term stability of the Chinese economy.

Although China has escaped major financial crises for over two decades, the problem of overca-

capacity in major industrial and productive sectors has increased at a rapid rate in the post-crisis years, first as a result of slowing demand for exports from China; and second, due to the injection of stimulus investment package, further adding to overcapacity in many domestic and global industries. The primary origin of excess capacity can be attributed to China's legacy of planned industrial policies designed to fulfil the targets of capital goods production regardless of the demand for goods. In the post-reform years, despite the transition to a market-oriented economy, the domination of the State-Owned Enterprises (SOEs) continues in strategic sectors, which mostly thrive on subsidies and other forms of state support. Also the policy to create national champions has contributed to overproduction in certain Government-targeted industries.

Adding to the excess capacity problem in many of China's manufacturing industries is the rapid urbanisation which includes massive demand for construction machinery and building materials. The impressive urbanisation process has been one of the main forces driving the construction sector boom. The single-source financing model that underpins Government-led infrastructure development is also not sustainable. This is primarily because China's infrastructure financing mainly came from Government lending and land-transfer revenues. Therefore, initiatives to boost domestic demand, such as the “new urbanisation” effort by the Chinese Government, will have limited impact on domestic infrastructure-market expansion.

Another major hurdle, the Chinese economy is facing, is the problem of rising local Government and corporate debts. As part of the efforts to recover

quickly from the crisis and maintain its high growth rates, the Chinese Government resorted to credit expansion and lowered interest rates to stimulate growth and employment in industries, particularly steel, shipbuilding, textiles, light manufacturing, nonferrous metals, equipment manufacturing, etc. But the rise in investment has not been commensurate with profits, further adding to the difficulties in servicing interest payments of the current flood of bank lending. Also, the lack of social security, the stringent capital controls, and the limited investment choices available to households have led to a high savings rate. As a result, capital is continually transferred from households to the production sector (through controlled investment programs), thus augmenting the gap between consumption and production.

There is little doubt about the importance President Xi Jinping attaches to the supply side struc-

tural reform, aimed at stabilising the economy. Some key aspects of the policy involves a shift from infrastructure-led growth to a service and consumer-driven model, reform of the Chinese SOEs, while phasing out the problems of overcapacity resulting from the previous stimulus. It is also expected to reduce reliance on credit and to clear away debts of state companies. The approach to these policies, however, suggests a traditional top-level drive to create a new enterprise management system, which often leads to tensions between the centre and local and also between the Government and the enterprises in its attempt to balance growth rates efficiency and stability. Also, the decision to use SOEs as an instrument of Government policy has undermined the very purpose of SOEs reform. The role of “growth stabilisers” entrusted to these enterprises, today, would, in fact, lead to a situation of higher Government

debt in the longer run.

As the Chinese Government struggles to manage its domestic economic situation, cities like Foshan and Shenzhen have proved to be the role models in carrying out the supply side structural reform. The private sector in Foshan, along with the municipal Government, has adopted measures suitable to the local conditions, primarily aimed at improving the supply quality. Thus, the major lesson to be drawn from Foshan is that the success of structural reform requires a combination of market forces, as well as Government intervention in reducing the institutional costs.

The issue of SOEs reform in China is more than an economic problem. First, Chinese SOEs are aggressively diversified in their operations and differ in their degrees of market-orientation. Second, any major reform of the SOEs along the market lines might upset the social safety net, leading to a massive unrest and social upheaval on a national scale. Also, China's size and diverse regions make any policy implementation difficult. Thus, in China's situation, the policy makers need to display a greater willingness to interact with enterprises, local Governments and market agencies and take into account the regional specificities. The reality is that China's high growth rates are not sustainable and the Chinese Government needs to be less obsessed with the declining growth rates and focus more on the social stability, especially tackling the problem of unemployment in the country.

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7.81	0.38	192340	*ST恒立	7.71	7.68	7.64	-0.39	14086	长电科技
8.65	--	62201	百利保尔	8.34	8.26	8.20	-1.67	9033	天晟新材
8.83	--	130195	长安汽车	29.26	29.06	29.01	-0.89	34100	永安期货
4.55	-1.09	306515	远大控股	15.78	15.55	15.47	-1.46	123310	湖北广电
18.15	0.55	26683	天茂集团	23.05	22.87	22.76	-0.31	6897	碧源信
11.83	-0.17	2281	高新发展	7.74	7.58	7.50	-1.81	50006	美利信
4.20	-1.63	26050	*ST锅锅	13.45	13.31	13.20	-0.97	14771	美利信
6.15	-0.80	71298	铜陵有色	2.28	2.29	2.28	--	122639	金岭矿业
12.98	0.31	137270	顺发恒业	3.43	3.36	3.33	-3.17	1345098	*ST金岭
2.17	0.46	342102	三木集团	4.70	4.68	4.64	--	20443	阳光电源
16.02	-0.86	6314	*ST合金	8.30	8.32	8.28	--	982	上海医药
11.48	-0.69	3644	英力特	11.48	11.41	11.37	--	101	当代教育
13.91	-0.07	9816	风华高科	10.60	10.47	10.43	--	--	智微智能
4.21	0.24	36920	茂化实华	10.60	10.47	10.43	--	--	云天齐
33.68	-2.17	22396	万方发展	7.43	7.34	7.30	--	3	大港股份
8.70	-0.11	29545	西王食品	15.48	15.48	15.48	--	12	山能股份
4.98	-2.53	657180	仁和药业	22.10	22.00	21.90	--	3	视觉传达
28.24	-2.55	18882	格力电器	33	32.78	32.78	--	3	视觉传达
21.52	-1.05	35556	泰达股份	33	32.78	32.78	--	3	视觉传达
5.16	-0.19	55266	金岭矿业	5.2	5.2	5.2	--	3	视觉传达