

capabilities, India will then be the front-line state facing the “Chinese wrath” in case of a conflict between the United States and China, taking casualties while helping the United States to stay alive and well.

India Against China?

The second illusion of the United States vis-à-vis India is that it would join the United States in developing a missile-defense system to stop “incoming Chinese missiles.” While there is no question that Indian defenses in the future will be geared toward meeting Chinese offensive capabilities, India has absolutely no reason to antagonize its next-door neighbor. India will be particularly reluctant to dance to the American tune because China, after years of aloofness, has come forward with open arms to settle some of the major disputes that clouded the India-China relationship for decades.

One of the weakest links in this strategic partnership concept is that Washington does not want to believe—although it shouts from the rooftops India’s democratic character—that the India the U.S. does not know, is the one that holds the key to India’s relations with other nations. For example, Manmohan Singh’s government’s survival depends on 65 Communist Party members who support the ruling United Progressive Alliance (UPA) coalition in the Parliament. This scene is not going to change soon. In fact, it is likely that it could become more complex, because the national parties of India—the Congress Party, represented by Manmohan Singh, and the Bharatiya Janata Party (BJP), represented by former Prime Minister Atal Behari Vajpayee—are in deep trouble, losing their voter base by leaps and bounds. What is emerging instead, are state-level parties that do not have a cohesive and clear objective for the nation.

More important, the United States still does not understand the Indian military, which, not unlike the Chinese military, puts higher priority on maintaining regional harmony and stability. And in that context, it would have no qualms about working with China, Japan, and Southeast Asian nations as long as these nations do not exhibit hegemonic tendencies. The United States, on the other hand, is a well-established hegemon. The Indian military sees some good coming out of a friendly relationship with the U.S. military, but knowing what they know of the Pentagon, it is a certainty that wherever New Delhi could prevail, it will not allow the United States to set up new military bases in Asia.

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Political, Financial Crisis Rocks Brazil

With the global economy hanging by a thread, international financial sharks are panicking over how quickly Ibero-America—particularly the debt-laden giant Brazil—could explode. In presenting their annual report on June 27, executives at the Bank for International Settlements fretted about the size of Brazil’s debt and its vulnerability to “external shocks,” while the International Monetary Fund’s renewed bludgeoning of Argentina reflects fear that President Nestór Kirchner’s continued defiance of IMF austerity demands will have international as well as regional repercussions.

The panic is justified. Brazil’s \$500 billion debt bubble has become highly unstable as a result of the insane IMF austerity policy imposed by Finance Minister Antonio Palocci, with President Lula da Silva’s blessing. Interest rates are fixed at 19.75%—the highest in the world.

The political crisis rocking the Lula government, which implicates leaders of the ruling Workers’ Party (PT) in bribing allied Congressmen, has less to do with corruption than it does with the existential question facing Brazil right now.

Challenge From Argentina’s Kirchner

As the world economy blows apart, will the government dump its suicidal commitment to wrecking the economy through IMF policies, as President Kirchner has been urging it to do? Time is short—the word “impeachment” has already been floated. Lula agreed to the forced resignation of his Chief of Staff Jose Dirceu, a vocal critic of Palocci’s policies, but the scandal is snowballing, and the country is deeply polarized. Lula is being squeezed by his base, which is demanding lower interest rates and greater public spending and infrastructure investment, while Palocci and his international banker allies are maneuvering to impose even deeper austerity.

In a May 31 meeting with leaders of Ibero-American political parties in Buenos Aires, President Kirchner challenged his Brazilian counterpart to abandon his dangerous pragmatism toward the IMF. Kirchner is angry that Brazil’s support for Argentina in its own brutal fight with the IMF has existed in words only, but his point was a broader one. Given the problems of poverty, unemployment, and underdevelopment which afflict the region, he said, “we have to have an absolutely clear approach, and not be fearful of multilateral lending agencies and those who lead globally and are a reference point for the world”—the United States. There are no individual solutions to the current regional and global crisis, Kirchner stated. But neither can there be integration and building of regional organizations, unless everyone is operating from the same standpoint.