

# India: removal of foreign minister points to struggle over extent of US ties

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22 November 2005

The “temporary” removal of Natwar Singh as India’s external affairs minister underscores that a furious struggle is now under way within the Indian elite over the extent and nature of India’s ties to the US. And that the faction in the ascendance wants to clutch with both hands the Bush administration’s offer to assist India in becoming a world power.

To the surprise of India’s entire political establishment, Natwar Singh and the Congress party, the dominant party in India’s United Progressive Alliance coalition government, were named in an annexure to the final report of the committee investigating purported financial improprieties surrounding the United Nations Security Council-administered Iraqi oil-for-food programme.

Headed by former US Federal Reserve Board Chairman Paul Volcker, the investigation into the oil-for-food programme has its origins in the attempt of the US Republican right to attack and bully the UN bureaucracy, including UN Secretary-General Koffi Anan, for not being sufficiently pliant in supporting the US invasion and conquest of Iraq.

The oil-for-food “scandal” has also been used to target various political figures around the world who opposed the sanctions that were imposed on Iraq for over a decade at Washington’s behest and at the cost of hundreds of thousands of Iraqi lives, or who otherwise are viewed by the US elite as inimical to their interests.

What warrants explanation is why the Volcker report has caused such a furor in India. Other governments, including the French, Russian and Chinese have either ignored the report or condemned it as based on forged documents.

Certainly, there are good reasons to question the veracity of the evidence. Many of the documents came from the Iraqi Oil Ministry, the one ministry US troops secured upon capturing Baghdad. Moreover, the initial investigation into claims that foreign companies paid kickbacks to the regime of Saddam Hussein to obtain oil and supply contracts was directed by the notorious Ahmed Chalabi—the one-time darling of the Republican right who funneled phony intelligence to the US government about Iraqi weapons of mass destruction so as to help the Bush administration trump up a pretext to invade Iraq.

Natwar Singh’s name doesn’t even appear in the body of the Volcker report. He and the Congress are listed, without further explanation, in an annexure as “non-contractual beneficiaries” of several million barrels of oil that the Swiss-based energy trading company Masefield AG exported from Iraq. The Volcker report also names 125 Indian firms, including such prominent companies at Tata International and Reliance Petroleum and several state-owned concerns, as having paid the Saddam Hussein regime \$22.7 million to secure various contracts.

Volker claims that he didn’t know Natwar Singh was India’s external affairs minister when his committee issued its final report in late October. If true, this says a great deal about the extent to which his committee’s claims are based on a serious investigation; if false, it only underscores how the US power-elite has trumped up and manipulated the oil-for-food “scandal” in the interests of its criminal foreign policy.

Initially, the Congress-led government was dismissive of the Volcker report. “Some unsubstantiated references have been made,” scoffed UPA Prime Minister Manmohan Singh. “There is no evidence. Anybody can write names.” Congress party spokesman Anand Sharma denied the party had had any connection, direct or indirect, with the oil-for-food programme.

Natwar Singh, after voicing his shock and outrage at “these allegations which are baseless and untrue,” noted that although Volcker had claimed his committee had informed in advance all those named in his report, “neither the Congress nor I ever received any communication. Mr. Volcker said everyone had been contacted but he also said he only just found out that I was the Foreign Minister of India. Well, if he didn’t know who I was, to whom did he send a notice? How did he send it and where did he send it? Was it sent to the Indian Antarctic Expedition?”

Natwar Singh called attention to the official Russian government position that the Volcker report is based on forgeries and in an interview with the *Hindu* suggested that the committee headed by Volcker was targeting those opposed to the US’s aggressive, unilateralist foreign policy. Said Natwar Singh, “I opposed sanctions, I opposed the war, and I opposed sending Indian troops to Iraq.”

Singh then asked if the Volcker Committee had talked to the contracting company with which it has linked his name, Masefield AG. “Has anyone talked to them? Why not ask them? Is there any evidence that I or my son ever had contact with this company or any other company involved in this? Is there any evidence that I had ever heard of this company? How do I figure in this?”

However, India’s corporate media failed to back either Singh or the government. A spate of newspaper editorials argued that the claims of impropriety involving Natwar Singh and the Congress (which are based on acceptance of the legitimacy of the reactionary sanctions programme) must be thoroughly investigated. Significantly, the barrage of press commentary said little if anything about the 125 Indian companies named in the Volcker report.

Behind the press’s stance lies the increasing dissatisfaction of big business with the Congress-led UPA, which came to power 18 months ago. Although the UPA has pressed forward with neo-liberal economic reforms and the rapid expansion of India’s military, Indian and foreign capital are increasingly critical of it for being too responsive to pressure from the Left Front, which is sustaining the UPA in power in parliament, and for failing to institute a new wave of disinvestment and press forward with the gutting of restrictions on plant closures, layoffs and the contracting-out-of-work.

Also, the most powerful sections of capital wanted to send a strong message to the government not to cede to pressure from the Left Front to draw back from a proposed strategic partnership with Washington. In this they were joined by elements within the Congress leadership who perceive Natwar Singh as too wedded to the Indian elite’s post-independence posture of “non-alignment.”

Natwar Singh has repeatedly identified himself as a supporter of Nehruvian “non-alignment”, that is as a disciple of Indian prime ministers Jawaharlal Nehru and Indira Gandhi, who forged a close military and foreign policy alliance with the Soviet Union, while seeking to pursue a nationalist economic strategy aimed at lessening imperialist pressure on India’s economy and building up a powerful native bourgeoisie through import substitution and economic regulation.

Although the Soviet Union no longer exists and the entire Indian political and economic establishment has embraced the strategy of making India a provider of cheap labour for world capital, Natwar Singh, Indian Energy Minister Mani Shankar Aiyar and other elements in India’s business and political elite, including the Stalinist Left Front, believe that India should not throw itself into the US’s embrace. They fear India will become ensnared in a dependent relationship with US imperialism and be used as Washington’s pawn against China. Better, they argue, to maintain India’s traditional “independent foreign policy” and balance a policy of aggressively pursuing US investment with a vigorous pursuit of the Indian bourgeoisie’s own “independent” foreign policy interests.

As the furor over the Volcker report grew, the government became increasingly defensive and divided. Initially, the Congress party said it would send a letter to the UN demanding it either produce the evidentiary base of the charge against it or an unconditional apology. Then the government named a former diplomat to liaise with the UN in gathering materials regarding Indian involvement in the oil-for-food programme. Natwar Singh, meanwhile, accused a faction within the Congress leadership—led by Defence Minister Pranab Mukherjee, All-India Congress Committee General Secretary Ambaki Soni and Congressman Jairam Ramesh—of pushing for his dismissal.

Speaking at a function organised by the Confederation of Indian Industry (CII) on November 6, Natwar Singh publicly voiced concern over India’s burgeoning geo-political and military ties to the US. He said that if a resolution relating to Iran’s nuclear programme was presented at the next International Atomic Energy Agency (IAEA) meeting more severe than that accepted at September’s meeting, he would recommend that India vote against it. He also spoke out against the US puppet regime in Iraq, saying that the present Iraqi government has no credibility anywhere in the world, criticised the US’s attitude toward Muslims, saying the US had discovered Islam only after 9/11 while India had been engaging with it for a thousand years, and called for reviving the Non-Aligned Movement.

The very next day, the Congress leadership decided to move against Natwar Singh. On November 7, he was effectively stripped of his portfolio, when the government decided to name an ex-chief justice of India, R.S. Pathak, to probe the Volcker allegations. The decision was taken at a meeting held by Congress president Sonia Gandhi on Monday morning and informed to Natwar Singh in the evening. In announcing Natwar Singh’s departure from the external affairs post, government spokesmen said he will be reinstated if he is vindicated by the inquiry probing into the Volcker report, but that inquiry will take months to complete at the minimum.

Natwar Singh remains in cabinet as a minister without portfolio, but this is likely more a device to keep him under control than anything else. Significantly, he has in recent days backed off from his charges that he was targeted by the Volcker committee because of his opposition to US foreign policy.

The Natwar Singh affair must be seen within the context of three major shifts in India’s relations with the US.

In June, India and the US signed a military cooperation agreement whose terms raise the possibility of Indian and US forces cooperating in joint military operations overseas and not under UN sanction. The agreement is also meant to pave the way for significant Indian purchases of US weapons systems.

In July, US President George Bush announced the US is prepared to accord India a special status within the world nuclear regulatory regime, in effect recognising India as a nuclear weapons state, as part of the US’s support for India becoming a world power. Indian opponents of this agreement warn that it is aimed at making India reliant on US civilian nuclear-power technology and, even more importantly, is being used by Washington to pressure India to do the US’s bidding in respect to Iran. Although the UPA government denies that its vote against Iran and with the US and the European Union (EU) at last September’s IAEA meeting is tied to the Iran issue, the connection can be clearly shown by pointing to the statements of various US politicians and government leaders.

Probably the bluntest, at least in public, were the comments of Tom Lantos. An influential Democratic Party congressman and outspoken advocate of Volcker’s oil-for-food inquiry, Lantos bitterly denounced statements Natwar Singh made on a visit to Iran in early September.

Said Lantos in mid-September: “I am particularly concerned over recent remarks by the Indian Foreign Minister that India will not support the U.S. drive to refer Iran’s nuclear weapons effort to the U.N. Security Council. This position is contrary to what we understood the Administration was trying to achieve in forging this arrangement [on India’s role in the world nuclear regime].”

He then made an explicit warning: “New Delhi must understand how important their cooperation and support is to U.S. initiatives to counter the nuclear threat from Iran. That includes supporting our efforts to refer Iran’s 18 years of violations of the NPT [Non-Proliferation Treaty] to the U.N. Security Council. Anything less than full support will imperil the expansion of U.S. nuclear and security cooperation with New Delhi.”

A few days earlier, *New York Times* reporter Steven R. Wiesman reported that following Natwar Singh’s visit to Teheran, Bush administration officials had made it known that “India must now choose who is the best partner to meet its surging energy needs—Iran or the West.... Administration officials have warned India that if it fails to cooperate on Iran, the civilian nuclear energy agreement could be rejected by Congress.”

While the Indian government, which has invested considerable political capital in developing closer relations with Iran in recent years, would like to continue on that course and therefore to defuse the confrontation between Washington and Teheran, the Bush administration has shown no interest in obliging. Washington and the EU appear poised to ratchet up the pressure on Iran with a further vote at the IAEA this week. Although Indian Prime Minister Manmohan Singh has dismissed the question as hypothetical, the *Times of India* is reporting that the UPA government has decided that should a vote be held at the IAEA meeting, it will defy its parliamentary allies in the Left Front and again cast India’s lot with the US.



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