

With cabinet changes, India's UPA government tilts still closer to Washington

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Indian Prime Minister Manmohan Singh announced a major shuffle of the United Progressive Alliance (UPA) cabinet January 29.

The ostensible purpose of the shuffle, which saw 19 members added to the Council of Ministers (seven as heads of departments and the remainder as ministers of state), was broadening regional representation. No doubt this was a consideration; several key states will hold elections in the coming months. A second consideration was rewarding cronies of the Nehru-Gandhi family. Although Sonia Gandhi declined the prime ministership when the Congress-led UPA unexpectedly won the May 2004 general election, the head of the Congress' unofficial ruling dynasty remains the party president and very much a power behind the throne.

That said, the cabinet changes were clearly aimed at tilting the government still more in the direction of Washington and at reassuring big business that the UPA will heed its demands for a quickening of the pace of neo-liberal reform.

The two most significant developments associated with the shuffle were the demotion of Petroleum Minister Mani Shankar Aiyar and Manmohan Singh's decision to retain in his own hands the post of External Affairs Minister.

Both of these measures are bound up with the ongoing struggle in the UPA government and within India's elite over the extent to which India should ally with the US. Manmohan Singh and a small cabal in the Congress leadership are pushing for India to accept the US offer of special status within the world nuclear regulatory order—an offer that would pave the way for US nuclear-power technology exports to India and which is meant to give concrete expression to the Bush administration's offer of US "help" in India achieving world power status.

There is growing concern within the Indian elite, however, that the US is using the nuclear deal and a growing military partnership to ensnare India in a dependent relationship and to pressure it to do Washington's bidding on the world stage. These concerns have been fueled by India's vote against Iran and with the US and European Union at last September's International Atomic Energy Agency (IAEA) meeting. This vote not only contradicted India's traditional stance of voting in international forums with the "non-aligned" powers and

Russia, but flew in the face of India's burgeoning "strategic partnership" with Iran.

Manmohan Singh and other top Indian officials have emphatically denied that Washington made voting against Iran a condition of the nuclear deal, but US officials and senior US Congressmen have repeatedly said that if India does not follow the US lead on Iran it will suffer serious consequences. Indeed, only last week the US Ambassador to India, David Mumford, said that should India not vote at the Feb. 2-3 IAEA meeting to refer Iran to the UN Security Council for non-compliance with the Nuclear Non-Proliferation Treaty, the Indo-US nuclear accord will "die."

Mani Shankar Aiyar had been named by several of India's leading newspapers as the most able member of the UPA cabinet. Yet he was stripped of his post as petroleum and natural gas ministry and instead given the minor job of youth affairs and sports minister, while retaining his other post as minister for panchayat raj (local government).

Aiyar, according to press reports, had been accused by elements within the Congress leadership of intruding into foreign affairs. What is indisputable is that he was a vocal proponent of the scheme to build a pipeline to deliver Iranian gas to Pakistan and India. The Bush administration has repeatedly made clear that it is adamantly opposed to the building of such a pipeline, which would undercut its efforts to isolate the Iranian regime.

Aiyar also championed the development of an "Asian energy grid" to lessen Asian dependence on western-based oil companies, and promoted cooperation between India and China in overseas energy exploration and production. Washington didn't look favorably on at least some of these initiatives. According to the *Hindu*, the US government last month formally protested against a deal Aiyar helped put together that saw the two largest state-owned oil companies in India and China jointly purchase a stake in oil and gas properties in Syria. (See "China and India manoeuvre to secure energy supplies")

By shunting aside Mani Shankar Aiyar, the Congress leadership appears to be signaling that it has decided to slow if not entirely abandon development of the Iran-Pakistan-India pipeline project. The *Financial Times* quoted an Indian Petroleum Analyst as saying that "The US administration has

opposed the Iran-Pakistan-India pipeline, preferring a route that sidelines Iran, (and) this change in petroleum leadership could see a different emphasis.”

In fact the foundations for such a shift may already have been laid with last month’s visit to India of King Abdullah of Saudi Arabia. The first Saudi monarch to visit India in fifty years, Abdullah was made the guest of honor at India’s Republic Day celebrations. The Saudi monarch said his country wants become a major partner of India and, to show just how anxious the Saudis are for India’s friendship, he announced that Riyadh will support India being given observer status in the Organization of Islamic Countries.

Manmohan Singh inherited the foreign ministry last November when Natwar Singh—another minister who had earned Washington’s ire by advocating a foreign policy more in keeping with India’s traditional US-wary, “non-aligned” stance—was forced out after being named in an appendix to the Volcker report on the purported Iraqi oil-for-food scandal.

That Manmohan Singh should continue as foreign minister after carrying out the biggest cabinet shuffle of his nearly two year-old government is extraordinary and a clear sign that India’s foreign policy is so contentious and complex—while pursuing closer ties with the US, New Delhi is also trying to improve its relations with China and Russia—that the prime minister dare not consign it to anyone else.

Manmohan Singh, it should be noted, already has a large number of other posts besides that of prime minister. These include head of the Ministry of Personnel, Public Grievances & Pensions, Ministry of Planning, Department of Atomic Energy, and Department of Space.

So startling is Singh’s decision to retain the foreign ministry in his own hands, the *Indian Express* wondered aloud whether “the Congress ... cannot trust anyone within its own ranks to read India’s foreign policy imperatives?”

It is rumored that after Finance Minister Palaniappan Chidambaram tables the Union budget later this month he may be given the foreign ministry post. But even if this is true, it only underlines that the conflicts over India’s foreign policy are so severe, Manmohan Singh is only ready to concede the ministry to someone with whom he has a years-long partnership. (Chidambaram and the prime minister have worked together for the past 15 years in championing privatization, deregulation and an export-led growth strategy.)

If there is any doubt that Manmohan Singh wanted the demotion of Mani Shankar Aiyar to signal a policy shift, it is dispelled when one looks at the political connections of his replacement, Murli Deora. A Rajya Sabha member and Congress Party official from Maharashtra, Deora is by all accounts on the best of terms with the corporate elite in Mumbai (India’s business capital) and a keen advocate of closer US-Indian ties. According to his website, he co-chairs an India-U.S. parliamentary forum aimed at strengthening ties between the world’s “two largest democracies.”

The Indo Asian News Services welcomed Deora’s appointment and that of at least two other ministers as indicating that the government intends to accelerate the push for economic reform, by which they mean the gutting of limits on the contracting out of work and factory closures, privatization, disinvestment, the redirecting of state expenditure from income-support programs to the military and the infrastructure projects demanded by big business. Said the news service: “The induction of Murli Deora and Sushilkumar Shinde and technocrat Jairam Ramesh as ministers clearly signals Prime Minister Manmohan Singh’s desire to give economic reforms a major push and address some of the main irritants to the country’s economic growth.”

Other establishment voices complained that too many of the new appointees are cronies of the Gandhi family. (Sonia Gandhi herself is criticized for being too concerned about increasing the Congress’ vote strength because she favours coupling economic reforms with modest social-welfare spending increases.)

“It’s only in oil that Sonia Gandhi and Manmohan Singh didn’t slip,” declared the right-wing *Indian Express*. “Replacing Mani Shankar Aiyar with Murli Deora not only shows a welcome recognition of realpolitik—Aiyar was a shade too enthusiastic about the problem-fraught Iran pipeline and a bit too keen to wrap a quasi-foreign policy around it. It also rewards a Congressman who’s an instinctive economic liberal, a sadly rare breed in the party.”

The press reaction to the cabinet shuffle underscores that the Congress faces not only serious internal divisions over foreign policy, but is under mounting pressure from big business to court confrontation with the Left Front, which provides the votes that sustain it in power, and ram through a series of right-wing measures, including the privatization of profitable public sector units and so-called labor reform.

Manmohan Singh and the top Congress leaders have repeatedly indicated they intend to do just that. At the plenary meeting of the Congress Party, held at Hyderabad from January 21 to 23, Congress leaders warned their allies not to take criticism of government policy too far and said the pace of economic reform would be speeded up.



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