Open Window

A community run news magazine
Issue: 31 December 2007

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This is a newsletter by the people for the people. It is based on the idea that the people have to take active interest in the news if they want to get unbiased, unmotivated and balanced news. The news in Open Window is contributed, managed and edited by the readers.

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Follow Up

**India wants Rupee Loan**
To attract foreign investment, countries in South America, Asia, and the Middle East peg their currency to the US dollar. As the dollar sinks to new lows, many countries are reconsidering their economic allegiance because it devalues and restricts their own currency, often resulting in inflation. Russia, Saudi Arabia and Venezuela have already taken steps to revalue their currencies. If enough governments decide to cut ties with the dollar, consequences could be serious: dollar could weaken further.

**Climate Change Talks**
In Bali’s last, tension-filled hours, US Undersecretary of State Paula Dobriansky was openly booed by other participants when she said the US would reject the action plan the 187 other delegations had painstakingly negotiated in the preceding days. The representative of tiny Papua New Guinea stood up and publicly chided Ms. Dobriansky. Five minutes later, Dobriansky announced that the US would, after all, accept the plan. That announcement was greeted by well-deserved cheers.

However, the meeting in Bali fell short of its initial aim since the US successfully resisted the imposition of quantitative quotas on the pollution of the atmosphere. The European Union had asked for greenhouse gas cuts of 15% by 2010. USA drove them down to 5.2% by 2012. Most of the other governments insisted that the cuts be made at home. But USA got approved the formula for developed countries as “commitment or mitigation actions”. In simple terms mitigation action is that the rich nations should be allowed to buy their cuts from other countries. This has the possibility of creating an exuberant global market in fake emissions cuts.

National News

**Covering the elections in Gujarat**
The elections in the state are over and the results are well known by now. In the heat of the election campaigning, it was difficult to say what was biased and what unbiased, except for the remarks by the politicians, which are always biased. This article covers some of the aspects of the elections which did not get enough highlight in the noise of the election.

**Satta Bazaar and elections**
Is there a link between the two? Even if there is, it might not be easy to establish. Kanchan Gupta, in *The Pioneer* points out the *Satta Bazaar* angle in Gujarat politics: The *satta bazaar* went on a roller-coaster ride during the last 72 hours before the results were declared. In the early stages of the campaign, the odds were heavily stacked against the Congress and most people were putting their money on the BJP. After exit polls suggested the Congress was on a comeback trail following the first round of voting, the odds were evenly balanced. The second round of exit polls, which gave Mr Modi a narrow victory margin, saw the odds tilting against the BJP. In the last 72 hours, there was heavy betting with punters putting their money on a Congress win. Newspaper estimates suggest that the bets amounted to Rs 2,400-crore. In the event, those who placed their money on the Congress lost heavily. Some people, though, have made a killing.

**Congress’ dismal track record in Gujarat**
Arun Jaitley reportedly said: Since 1985, the Congress has not won a majority in Gujarat, either in the Assembly or in the Lok Sabha elections. The Congress has consistently lost every Assembly and Lok Sabha election. In five consecutive elections since 1990, Congress rivals — on four occasions the Bharatiya Janata Party (BJP), and on one occasion the BJP and the Janata Dal — won nearly two-thirds of the Assembly seats. Except for West Bengal, the Congress has not had such a bad track record in any other state.

**Media got it all wrong?**
Mr Jaitley claimed that the media got the Gujarat trends all wrong. Here’s a state in which five out of six regions give a party a 14 per cent lead, yet not one reporter in this country caught it.
He also claimed that it was a failure of National Media more than the regional one. “What you have to do is switch to the regional TV channels. They have reporters at every counting centre and get it right. So while the national channels were showing BJP 40, Congress 30 in the first hour and a half, ETV Gujarati already had BJP 111, Congress 55.”
Is the EC biased?
Arun Jaitley leveled charges of bias against the Election Commission. He said, “The moment Modi gave a reply (to Sonia Gandhi’s comment), the Election Commission issued him a notice within 24 hours. For the next three days there was no notice to either Digvijay Singh or to Sonia Gandhi. Digvijay’s statement was reported in some (sections of the) electronic and print media and Sonia Gandhi’s was reported extensively. This was something the Election Commission had to take suo motu cognisance of. The commission, incorrectly, told the media that it had not taken note of these two speeches because it had not received a complaint.”

Winnability factor
It’s all about winning an election. It’s a war and the parties need formulae, tricks, propaganda etc. In the end, it boils down to the ‘winnability factor’. Mr Jaitley said, “Any party will use whatever ‘winnability’ factors it has in an election. When Mr Atal Bihari Vajpayee was the National Democratic Alliance (NDA) leader we used his personality to improve our chances. When Mrs (Indira) Gandhi was the Congress party leader, they used her personality to win an election.

Also, the 2004 elections made one thing very clear: a national election is the net aggregate of state polls. The nucleus of an alliance is one of the two principal parties. If you have a strong nucleus you’ll have a strong United Progressive Alliance (UPA) or a strong NDA built around it. If you have weak Congress or a weak BJP, then you have a United Front kind of an experiment. The nucleus party must be strong enough to attract more allies.”

Modi is Pro-women?
In the last year, Modi came out with two schemes for women: the first scheme was that any girl child who goes to school will have a fixed deposit in her name. When she reaches Std VIII, she’ll get the amount with interest. The dropout rate collapsed. So he provided an incentive for the education of the girl child. Second, he got private sector medical practitioners, gynecologists, to deliver children in women’s homes and paid them for it. So infant mortality and maternal death rate came down. Modi didn’t announce the scheme: he held at least 28 women conferences, attended by 50,000-60,000 women each. He used his entire political and governmental machinery in every district for this.

There are 16 women elected to the Assembly of which 15 are from the BJP.

Chidambaram accuses Modi of bad fiscal management
He claimed that the Modi administration managed its fiscal affairs so badly that the State had run up an accumulated debt burden from Rs. 45,501 crore in 2001 to over Rs. 94,009 crore this year, and earned the dubious distinction of being one of the six “highly indebted States.” The others were West Bengal, Punjab, Rajasthan, Kerala and Maharashtra.

Gujarat spent a mere 31 per cent of the budgetary allocations for the social sector, ignoring the needs of the poor, marginal farmers and the other weaker sections, Mr. Chidambaram said.

Refuting Mr. Modi’s allegations of discrimination, he claimed that in the last four years since the UPA government came to power, the Centre had given Gujarat Rs. 14,000 crore as its share in Central taxes and about Rs. 10,000 crore towards plan and non-plan expenditure. This was “the highest amount paid to the State by the Centre” for any four-year block since Independence.

Moily on Modi
Congress media committee chairman Veerappa Moily described party president Sonia Gandhi as “Goddess Durga” and Gujarat Chief Minister Narendra Modi as a “demon.”

“The major terrorist attacks — be it on the Akshardham temple, Parliament, the Raghunath temple and Amarnath pilgrims — took place during the National Democratic Alliance regime and despite POTA being in place. The demolition of the Babri Masjid, the Kargil war … with these incidents, India became vulnerable.”

Ad war
There were two insertions by the newly-created “Brahmins Utkarsha Samiti” appealing to vote out the “anti-Brahmin” Chief Minister, and expressing doubts about the former Prime Minister, Atal Bihari Vajpayee's consent to publishing an advertisement with his appeal on Thursday to vote for Mr. Modi. The Bharatiya Janshakti Party also appealed to the people to vote against the Modi government.

Mr. Modi, at his public meetings on Friday in Kaira and other central Gujarat constituencies, promptly picked up the Masood Azhar issue and said the publication of the advertisement was proof of the Congress having “lost its head and sense of balance.”

He said it only proved that the Congress had no solutions for the passengers aboard the plane hijacked to Afghanistan by terrorists.

The Vishwa Hindu Parishad, that earlier made its stand clear, inserted another advertisement in support of Mr. Modi. But most surprising was an advertisement in the name of a couple of voluntary organisations, which did not talk of any election but recalled the “sacrifices” made by many volunteers for protecting “cows and other innocent animals” during the Bakri-Idd.”

Machang Lalung dies
Machang Lalung, who spent 54 years in prison without trial, died at his ancestral residence at Silchang in Morigaon district on Tuesday night following a brief illness. He was 79. The reason of death was reported as “geriatric ailment”.

He was released in July 2005 on the intervention of the National Human Rights Commission (NHRC) from the LGB Regional Institute of Mental Health at Tezpur. It was NHRC Special Rapporteur Chaman Lal who brought the shocking neglect of five undetrial prisoners, including Machang, at the hospital to the notice of commission. The other cases were that of Khalilur Rehman who has been lodged in the Mental Hospital for 35 years, Anil Kumar
Burman, a undertrial prisoner for 33 years, Sonamani Deb, a undertrial prisoners for 32 years, and a woman Parbati Mallik who has been a undertrial prisoner for 32 years.

As per NHRC reports Machang Lalung was admitted on 14th April 1951 at the age of 23 years as a Undertrial Prisoner (UTP) of Guwahati jail u/s 326 IPC. As per official records for 15-16 years he was regularly produced before the Board of Visitors and at their instance letters were written from time to time to the Magistrate Kamrup and Guwahati showing him unfit to defend himself. The Board on 9th Aug. 1967 wrote to Magistrate Kamrup Guwahati informing that Shri Lalung was fit to stand trial. On 10th Aug.1967, the Superintendent wrote to the Secretary to the Govt. of Assam saying that he was fit for trial and should be taken back to the jail. The Secretary wrote back on 5th Sept. 1967 asking for particulars of his case. No reply was sent. Instead each year a letter was sent certifying his insanity. On 3rd Nov.1994, he was declared fit in a letter addressed to the CJM Guwahati.

Nothing happened. His file then shows a letter dated 2nd Feb. 2002 from the Secretary to the Govt. of Assam to the Suptd. Jail Guwahati asking him to go through the jail records and produce the UTP before the Magistrate.

He was finally freed in July 2005 after paying a token personal bond of one rupee. The Indian Express report on the case prompted a PIL, following which the Supreme Court directed the Assam government to pay Lalung an interim compensation of Rs 3 lakh apart from a monthly subsistence allowance of Rs 1000. The state government was also directed to arrange regular medical check-up and free treatment for him.

The Assam Tribune pointed out that the tragedy of Machang epitomizes the inherent defects in the country’s judicial system, as Machang was made a prisoner without any trial for a petty offence. Ironically, when he was finally freed in 2005 following an intervention of the National Human Rights Commission (NHRC), his freedom was on bail only. In a sense, he never experienced true freedom before death ultimately cleared him of his bondage.

“It was a strange life that our system forced upon this innocent man," remarked Aneisha Sharma, whose 23-minute film Freedom at the Edge on Lalung earned accolades at the prestigious Boston International Film Festival earlier this year.

**International News**

**After Tsunami: Through the eyes of children**

Coming to terms with life after a disaster has struck is never easy. The effects are even more difficult for children, who have witnessed the tragedy. “Some children, after the tsunami, they lost their creativity and lost interest in normal life,” said Manan Kotak, a psycho-social program specialist for the American Red Cross in Aceh.” “They are always remembering the day of the tsunami and everything they lost,” he said.

In reporting one such project, Jennifer Lubrani wrote for Red Cross, that as a way to help survivors cope with the emotional effects following the tsunami, the American
Red Cross engaged communities through its Psychosocial Support Program (PSP), activities designed to help people overcome emotional distress after a disaster. Focusing attention on the emotional needs of the young, Psychosocial Support Program staff in Indonesia and Sri Lanka engaged 80 children, ages 6 through 14, to creatively document how their lives have changed and how their communities are recovering three years later. Children were provided disposable cameras to document family and friends, their surroundings, and things most important to them. The photography exercise was used to encourage children to express their lives and promote a renewed sense of community.

The project resulted in thousands of images being captured and a collection of images that illustrate resilient youth and a community working together to move on with their lives. The images included smiling family members and friends, orange-robed Buddhist monks, fish sellers, fishers tending nets, a grandmother chewing leaf, the sea and coconut palms.

"The psycho-social program was aimed at helping children survivors cope with their memories by telling them to focus on what is happy in their lives," said Tom Alcedo, a US Red Cross representative in Indonesia. Some of the "through the eyes of children" photographs, which were taken three months ago, are displayed in the lobby of the Washington headquarters of the American Red Cross. They are also expected to be displayed at an exhibition in Jakarta next month.

Immigration is not only developed countries’ issue

The economic principle says that a free market requires free movement of capital as well as free movement of labor. Restrict any one of these two and you invite the danger of markets being manipulated by some powerful groups or governments. In recent past there have been deliberate efforts to manage global finance, which allows easy flow of capital across borders. But when it comes to easy flow of human labor, other factors like national politics, cultural identity and law and order issues, take prominence. The dilemma or double standard of willingness to take immigrants for the economic gains but trying to avoid the associated social cost; has become a common feature of modern day globalized world. And that includes illegal immigration as well; because economic gains are even more lucrative to overlook the increased social costs.

There are 74 million "south to south" migrants, according to the World Bank, which uses the term to describe anyone moving from one developing country to another, regardless of geography. The bank estimates that they send home $18 billion to $55 billion a year. (The bank also estimates that 82 million migrants have moved "south to north," or from poor countries to rich ones.) This includes cases of: Nicaraguans building Costa Rican buildings, Paraguayans picking Argentine crops, Nepalis digging Indian mines, guarding Indian homes, Bangladeshis working as home-servants in India, Indonesians cleaning Malaysian homes, farm hands from

Burkina Faso tending the fields in Ivory Coast. Some save for more expensive journeys north, while others find the move from one poor land to another all they will ever afford.

"South to south migration is not only huge, it reaches a different class of people," said Patricia Weiss Fagen, a researcher at Georgetown University. "These are very, very poor people sending money to even poorer people and they often reach very rural areas where most remittances don't go."

Manuel Orozco of Inter-American Dialogue, a Washington research group, warned against viewing south to south migration solely in a negative light. He estimates that Haitians in the Dominican Republic send home $135 million a year. "Destination countries benefit from foreign labor," Orozco said, while migrants get jobs. The challenge, he said, is to create policies that "promote development for both countries, while protecting migrants and their families." "Just letting migration happen is not good enough," he added.

With rich countries tightening their borders, migration within the developing world is likely to grow. Last week a report in International Herald Tribune, revealed that from Ireland to Bulgaria, from Finland to Spain, detention camps for foreigners have mushroomed across the European Union. They have emerged mostly over the past decade, as the region has grown less and less welcoming to migrants. There are now 224 detention camps scattered across the European Union; altogether they can house more than 30,000 people - asylum-seekers and illegal immigrants awaiting deportation - who are often held in administrative detention for as long as 18 months. In a number of EU countries, there is no upper limit on detention length.

How to cash in on a warming planet

The complex social, economic and political implications of climate change can all be leveraged by the latest global warming related innovations in the financial markets. So while the Bangladeshis would worry about the disappearing land, others (and possibly the Bangladeshis also) can earn on their global warming related investments. So the investors can stop worrying about flooded cities and immigration of millions of poor.

Instead, they could focus on so many of the everyday money-making ideas created by the warming of our planet. For example, one could short the stocks of wineries in drought-prone areas such as Australia or California and bet on upstarts in Canada and England, where new wineries are sprouting as temperatures rise. Or, since ski resorts are seeing less and less snow, it might make sense to buy and hold manufacturers of snowmakers.

HSBC's Global Climate Change Benchmark Index tracks 300 equities, spans 34 countries (11 of which are emerging markets), and includes small, medium, and big
companies. Simulations of the 45 months prior to its September debut show the index would have beaten the Morgan Stanley Capital International (MSCI) global index by 70%. In November, HSBC launched a fund in Europe that focuses on a subset of about 60 companies from the index. A U.S. version, the GIF Climate Change Fund, is due by April.

Deutsche Bank’s DWS Climate Change Fund beat HSBC to the American market last November. It mirrors the German DWS Klimawandel fund, which since its launch last February is up 10.4%. For a lower-cost approach, stock pickers can follow the pros’ logic and make their own calls. Evaluating equities on their potential to capitalize on climate change is easier than untangling the complexities of global warming.

UBS is another company that has launched a climate change index in the US market. Just like in the stock market, retail and institutional investors will also be able to buy exposure to, or short sell the index if temperatures rise, so will the value of the index.

A recent report from PwC said the volume of weather derivatives traded on the Chicago Mercantile Exchange jumped from $9.7bn in 2004-5 to more than $45bn in 2005-6.

The UBS index is based on weather derivative contracts for winter and summer traded on the CME. These “heating degree day” and “cooling degree day” contracts measure the difference between average daily temperatures and a given base in a number of cities around the world. The UBS index will be based on a few US cities, including New York, Chicago, Atlanta and Las Vegas, because these are the ones most actively traded on the CME. As the market continued to grow, cities in other regions such as London, Tokyo and Paris were likely to be added.

**Putin: TIME person of the year**

While declaring its choice for selecting Putin as TIME’s Person of the Year 2007, TIME magazine clarified that TIME’s Person of the Year is not and never has been an honor. It is not an endorsement. It is not a popularity contest. At its best, it is recognition of the world as it is and of the most powerful individuals and forces shaping that world—for better or for worse. Putin is not a democrat in any way that the West would define it. He is not a paragon of free speech. He stands, above all, for stability—stability before freedom, stability before choice, stability in a country that has hardly seen it for a long time. Whether he proves to be a reformer or an autocrat who takes Russia back to an era of repression—this will be known only over the next decade. At significant cost to the principles and ideas that free nation’s prize, he has performed an extraordinary feat of leadership in imposing stability on a nation that has rarely known it and brought Russia back to the table of world power. For that reason, Vladimir Putin is TIME’s 2007 Person of the Year.

Putin became Prime Minister On August 16, when the State Duma approved his appointment with 233 votes in favour (vs. 84 against, 17 abstained), while a simple majority of 226 was required, making him Russia's fifth PM in less than eighteen months. On his appointment, few expected Putin, virtually unknown to the general public, to last any longer than his predecessors.

Both in Russia and abroad, Putin's public image was forged by his tough handling of the Chechen war. He assumed the role of acting President on December 31, 1999, when Yeltsin resigned from the top post. The subsequent elections saw his emergence as one of the popular leaders and the new President of the great country.

His stay in the office has been far from uncontroversial. Amid the pulp reports that the women swoon over him and that he does not drink or smoke and all such personal glorifications, his political career has been one of turbulence. He opposed the war in Iraq vehemently and maintained a tough military stance on most of the issues involving neighborhood states. His relation with the west has been more and more confrontational — a reminder of the fact that Russia, and probably the west as well, has not been able to leave cold war behind.

For example, Vladimir Putin recently said, "... these threats are not becoming fewer but are only transforming and changing their appearance. These new threats, just as under the Third Reich, show the same contempt for human life and the same aspiration to establish an exclusive dictate over the world." This was interpreted by some Russian and Western commentators as comparing the U.S. to Nazi Germany.

Similarly an American journalist wrote that "Whether by waging cyberwarfare on Estonia, threatening the gas supplies of Lithuania, or boycotting Georgian wine and Polish meat, he [Putin] has, over the past few years, made it clear that he intends to reassert Russian influence in the former communist states of Europe, whether those states want Russian influence or not. At the same time, he has also made it clear that he no longer sees Western nations as mere benign trading partners, but rather as Cold War-style threats."

British historian Max Hastings described Putin as "Stalin's spiritual heir" in his article "Will we have to fight Russia in this Century?". Another British academic Norman Stone in his article "No wonder they like Putin" compared Putin to General Charles de Gaulle. Adi Ignatius argues that "Putin... is not a Stalin. There are no mass purges in Russia today, no broad climate of terror. But Putin is reconstituting a strong state, and anyone who stands in his way will pay for it." In the same article, Hastings continues that although "a return to the direct military confrontation of the Cold War is unlikely"; "the notion of Western friendship with Russia is a dead letter"

The stability inside Russia, as ensured by Putin, is not and never has been an honor. It is not an endorsement. It is not a popularity contest. At its best, it is recognition of the world as it is and of the most powerful individuals and forces shaping that world—for better or for worse. Putin is not a democrat in any way that the West would define it. He is not a paragon of free speech. He stands, above all, for stability—stability before freedom, stability before choice, stability in a country that has hardly seen it for a long time. Whether he proves to be a reformer or an autocrat who takes Russia back to an era of repression—this will be known only over the next decade. At significant cost to the principles and ideas that free nation’s prize, he has performed an extraordinary feat of leadership in imposing stability on a nation that has rarely known it and brought Russia back to the table of world power. For that reason, Vladimir Putin is TIME’s 2007 Person of the Year.
to create “Dutch disease” sort of economic condition unless proactive measures are taken.

**French Worker’s Strike**

The first trial of strength between President Nicolas Sarkozy and the French working class has ended by the end of November. After a ten-day walkout, the strikers returned to work under conditions in which the government refused to withdraw its reform of their pensions, the so-called régimes spéciaux. The trade unions are negotiating over the price of their surrender.

The French and international business press have struck a triumphant note. *Le Figaro* declared that the reform of the régimes spéciaux, the “mother of all reforms”, has convinced public opinion, “that everything must change in this country”. Next on the agenda is “the reduction of the public sector, as well as reducing the budget deficit and the expenditures on social insurance”.

The left press stresses that the strikers were not defeated in their struggle, but betrayed. The breaking of the rail workers strike has already had serious political consequences. Barely had the strikers returned to the work, when violent youth protests erupted in the suburbs. The strangling of the strike intensified the isolation of the most suppressed layers of society, whose future is inseparably bound up with the fate of the working class.

**The betrayal of the trade unions**

President Nicolas Sarkozy was prepared for the dispute over the régimes spéciaux since the spring so as not to suffer the same fate as Alain Juppé, who as head of government in 1995 made an initial attack on pensions, but was then forced to retreat and eventually resign from office following massive popular resistance. Even before taking office, Sarkozy had met with the leaders of the most important trade union federations. He told them: “I want to tell you one thing immediately. I will carry out this reform (i.e. régimes spéciaux). The rest is a matter of negotiation.” (*le Monde* 26.11.) Since then he has cultivated his ties to the union leaders with a series of meetings, both public and private, including dinner dates. Unions, however, were not able to bring about an immediate end to the strike. The grass-roots resistance was too great. Possibly the strategy of attrition was used by unions—the strike was allowed to continue without support from above until it finally ran out of steam. Despite the considerable costs to the French economy, Sarkozy supported this strategy.

Proposed reforms include: the labour code, the merger of the employment exchanges with the unemployment welfare offices, private sector pensions, vocational training.

**How the unions supported the sell out**

The trade unions were already heavily discredited at the beginning of the strike. Open distrust of the leadership prevailed at strike meetings. Most discussions revolved around the issue of how to prevent a sellout by the trade union apparatuses. Resolutions were passed which warned of any deal made without prior to consultation with the rank and file.

**An international perspective**

During the past 12 years, French workers have undergone a series of experiences where the trade unions have intervened to demobilize social disputes and organized sellouts.

The result of the conflict in 1995 was not the success it is often claimed to be. At the time, hundreds of thousands of workers struck for three and a half weeks in the defense of social security benefits, pensions, health insurance and jobs. Millions took part in demonstrations. The most disputed part of the Juppé plan was withdrawn, but all his other measures remained in place. Prime Minister Juppé was able to hold onto his post for a period of time, and President Jacques Chirac was given the necessary breathing space to prepare a regulated change of government.

In 2003 the government renewed its reform (term as attack by labor unions) on pensions and was able to impose its measures in the face of substantial protests. In the course of the presidential election this year, the Socialist Party tried to overtake Sarkozy from the right on many issues. Following its defeat at the polls prominent members of the party switched directly into Sarkozy’s camp. In the course of the rail workers’ strike the Socialist Party did not even put up pretence of defending the interests of the workers. The party supports the essential point of Sarkozy’s reform, making workers covered by the special pensions work a minimum of 40 years, instead of the current 37.5, before receiving a full pension.

The discrediting of the trade unions and the official left parties has enabled the parties of the radical left to acquire considerable influence. Lutte Ouvrière and increasingly the LCR have become regular components of official French politics. In 2002, nearly ten percent of the electorate cast their votes for the presidential candidates of the two organisations—Arlette Laguiller and Olivier Besancenot. In this years presidential election, 1.5 million voters for Besancenot. One day previously, the trade unions had entered into negotiations with management and the government and on the morning of the 22nd most of the general assembly’s of striking workers had voted to break off the strike. Nevertheless, Besancenot refrained from saying a single word about the betrayal of the trade unions and tried to portray the sellout as a success. He celebrated the strike as an expression of an unstoppable movement which will continue to grow and finally force Sarkozy to back down. The social movement was not at an end, it would continue and become permanent, he declared. Now the job was to “assemble the forces, to increase the pressure from the streets even more in order to rebuff the reforms”:

This sort of phrase mongering is the stock-in trade of every trade union bureaucrat. It is aimed at covering up one’s own responsibility and clouding the waters when it comes to drawing political conclusions.
Culture
Parallel Universe
By: Vikram Gakhar

Special Feature
Basix: an organization with a Difference?
Basix is an organization that believes in conducting social work like business. Whereas the government and NGO are believed to be largely corrupt and lack transparency, the model of Basix is worth a close look.

The mission of the organization is to promote a large number of sustainable livelihoods, including for the rural poor and women, through the provision of financial services and technical assistance in an integrated manner. Basix claims that they strive to yield a competitive rate of return to its investors so as to be able to access mainstream capital and human resources on a continuous basis.

Basix has a corporate structure, consisting of a number of companies. The website discloses that the unsecured loans have come from Ford Foundation and Swiss Agency for Development and Cooperation. The loans are rupee denominated and thus do not carry exchange rate risk. Also the interest rate is nominal at 1%. This appears contradictory to their claim of competitive rate of return, at least on the debt, if not in equity.

Bhartiya Samruddhi Finance Ltd.
Samruddhi is registered with the Reserve Bank of India (RBI) as a Non Banking Finance Company (NBFC), through which credit and technical assistance is delivered. This is the flagship company of the BASIX group. BASICS Ltd earlier owned nearly 100 percent of Samruddhi with an equity base of Rs 4.5 crore at its birth in the year 1997. Samruddhi expanded its equity base to Rs 20.6 crore in 2001. The additional equity came from the IFC, Shorebank USA; Hivos- Triodos Fund, Netherlands; the ICICI and HDFC in India. The investment by BASICS Ltd was also enhanced to Rs 9.7 crore, bringing its share of Samruddhi holdings to 47 percent.

As on June 30th, 2007 Samruddhi was present in 6894 villages in 45 districts spread over Nine states of Andhra Pradesh, Karnataka, Orissa, Maharashtra, Madhya Pradesh, Jharkhand, Rajasthan, Chattisgarh and Delhi. It had cumulatively disbursed over 5,61,600 loans worth Rs 589 crore. The outstanding as on June 30th, 2007 were Rs. 144 crores with 211,550 active loans. The company maintained a high portfolio quality with an on-time repayment rate of 98.7 percent and eventual repayment rate of over 99 percent, with some delay. The company also provides Agricultural & Business Development Services to about one third of its customers through Livelihood Promotion Agents (LPAs) and Institutional Development Services for producers like MACS for cotton producers, dairy cooperatives.
Krishna Bhima Samruddhi Local Area Bank Ltd

The mission of KBSLAB is “to be a sustainable local community based institution providing financial services to the underserved, particularly rural poor and women and to arrange provision of technical assistance and support services to the borrowers with the ultimate goal of promoting a large number of sustainable livelihoods in the area”.

KBSLAB is the first micro-finance bank in the country which was incorporated under the Indian Companies Act of 1956 on February 19, 1999 and was granted license to carry on banking business by the Reserve Bank of India to operate in the districts of Mahabubnagar, Raichur and Gulbarga in Andhra Pradesh and Karnataka under the Banking Regulation Act, 1949. The Bank operates through 11 Branches –in Mahabubnagar (Andhra Pradesh) and in Raichur and Gulbarga (Karnataka).

As on March 31, 2006, KBSLAB had a loan outstanding of Rs 189 million and deposits of Rs 126 million. It is catering to more than 22,800 borrowers and 31,859 depositors. The recovery rate of the Bank stood at 95.5% as on March 31, 2006. The average direct loan size stood at Rs 11,276/-.

Indian Grameen Services

IGS is registered as a Section 25, not-for-profit company, involved in carrying out research and development for livelihood promotion.

IGS is focusing on building the knowledge base required for supporting livelihoods and disseminating the knowledge so generated for building the implementation capabilities of various organizations playing a critical role in supporting livelihoods. IGS also carries out human resource and institutional development for the BASIX group as well as for and other rural/micro-finance and community / producers institutions. It also designed and developed financial products for extending credit, evolving distribution channels for delivery of its services and developing necessary systems for service delivery such as accounting and MIS.

The main sub-sectors in which action research has been initiated are:

- Dairy, Groundnut, Cotton, Soyabean
- Rural electric power (distribution reforms)
- Water for irrigation (borewells, lift irrigation, drip systems, watersheds)
- Retailing and mutual marketing by self-help group.

The financials of the company indicate that it might be passing through a rough patch as of now. Comparing the results of 2006-07 with the previous year shows that the worth of net assets has dropped to more than half. Income from all heads, except ‘others’, has dropped. This includes the contributions from different agencies and the revenues from internal activities.

Expenditure on the other hand has increased, as compared to the previous year and is more than the income, which means that the company would have to aggressively search for more funds to avoid getting into debt, from a financial point of view.

News Snippets

German security officials seek ban of Scientology

Germany’s top security officials said Friday that they considered the goals of the Church of Scientology to be in conflict with the principles of the country’s Constitution and would seek to ban the organization. The interior ministers of Germany’s 16 states plan to give the domestic intelligence agency the task of preparing the necessary information to outlaw the organization, which has been under observation here for a decade on suspicions that it "threatens the peaceful democratic order" of the country.

The ministers, and the federal interior minister, Wolfgang Schäuble, “consider Scientology to be an organization that is not compatible with the Constitution,” said Ehrhart Körting, interior minister of Berlin, who presided over a two-day conference.

Sabine Weber, president of the Church of Scientology in Berlin, said she viewed the renewed attempt to ban the organization as a reaction to increasing acceptance of Scientologists in several European countries.

Scientology is a body of beliefs and related practices initially developed by science fiction author L. Ron Hubbard in 1952 as an outgrowth of his earlier self-help system, Dianetics. Hubbard later characterized Scientology as an “applied religious philosophy” and the basis for a new religion. Scientology encompasses a spiritual rehabilitation philosophy and techniques, and covers topics such as morals, ethics, detoxification, education and management. The first Church of Scientology was founded in 1953.

New Zealand trying to save the kiwi

In the thousand or so years since humans discovered the remote islands that make up New Zealand, three out of four of the indigenous bird species have been driven to extinction, and until recently, it looked like the national icon - the kiwi - was headed the same way. But a project is under way that offers some hope of pulling the beady-eyed, flightless bird back from the brink.

In New Zealand, trying to save the kiwi

In the thousand or so years since humans discovered the remote islands that make up New Zealand, three out of four of the indigenous bird species have been driven to extinction, and until recently, it looked like the national icon - the kiwi - was headed the same way. But a project is under way that offers some hope of pulling the beady-eyed, flightless bird back from the brink.
Hugh Robertson, who runs the Kiwi Recovery Program of New Zealand's Department of Conservation, estimates that there were as many as five million kiwis when European settlers arrived in 1840 and that the population now stands at 75,000.

"It's because of people and introduced predators - ferrets, stoats, weasels, dogs, cats," said Jeremy Maguire, manager of the Willowbank Wildlife Reserve, just outside the town of Christchurch. "They are a species in decline, and if it continues at the current rate, they will become extinct."

**Thousands sought over child porn**

German prosecutors are investigating 12,000 suspected members of a child sex abuse network on the internet - the biggest in the country's history.

A senior public prosecutor said the suspects were accused of downloading or possessing illegal images of children. The investigation, which has been going on for several months, also points to suspects in about 70 other countries.

An internet provider in Berlin is said to have helped by alerting the inquiry to a huge amount of internet traffic. "The material was analysed. Then we called for search warrants," said Peter Vogt, head of the central office tackling child internet sex abuse. He was speaking to German radio station Mitteldeutscher Rundfunk (MDR). The suspects include 300 under investigation in the eastern German state of Sachsen-Anhalt.

**BMW laying off thousands of workers**

BMW, facing rising costs and resurgent competition from rivals like Mercedes, plans to dismiss several thousand workers, its first significant layoff in at least a decade, the company said Friday.

The cuts, which will fall mainly in Germany, are part of a sweeping campaign to restore profits at Bayerische Motoren Werke, which has hit an uncharacteristic rough patch after years of being the most successful German carmaker.

The company declined to confirm a report on the Internet edition of Der Spiegel that 8,000 jobs would be eliminated. A spokesman, Bill McAndrews, said BMW would not disclose numbers until early next year.

Layoffs have become common at German carmakers in the past few years, with Mercedes, Volkswagen and the Opel unit of General Motors all cutting thousands of workers. But BMW has had the opposite problem, trying to churn out more cars without bloating its payroll.

A large number of those affected will be employees with temporary contracts, McAndrews said. BMW will also offer voluntary buyouts and negotiate more flexible working hours with its unions. Layoffs are unlikely in the United States, where BMW is increasing production.

"This will be done with a BMW approach," McAndrews said. "It will be socially acceptable."