

We got him, but what's the big deal?

RON CHEPESIUK

LADIES and gentlemen -- we got him. When I first heard those words of Paul Bremer, the US chief administrator Iraq, in the early hours of December 14 after awakening from a good night's slumber, my initial reaction was: It's about time. I never thought it would take 228 days after George Bush's May 1 declaration that Iraq War I was over to capture Saddam.

After all, didn't the coalition forces, as the tough-talking Texan and his sidekick from London keep reminding us, have the hearts and minds of the preponderance of Iraqis? Besides, weren't the good guys trying to nab the Terrible Tyrant in the Sunni Triangle, which in size and terrain didn't exactly seem to pose the challenges that Bin Laden's pursuers faced in the wilds of Afghanistan and Pakistan. Saddam should have been plucked out of a hole a long time ago, I figured. So what was the big deal?

But the mainstream US media jumped on the story as if it were akin in significance to Adolph Hitler's suicide in that Berlin bunker in the waning days of World War II. To ensure that the American public would get the message, the media kept reporting or showing those bizarre images of a dishevelled Hussein being checked for lice, suicide capsules or whatever.

A few sage media commentators warned that continually repeating those images of the former main spoke in the Axis of Evil wasn't going to win us many friends in the Muslim world. But the tabloid media didn't care. They were the best images they had to sell their rags since Elvis was spotted shopping in a Wal-Mart store in Topeka, Kansas.

Of course, the euphoria was understandable. Things were not going well for the coalition forces in Iraq. Since my return from Bangladesh, it's been depressing to read and see the media reports about the continuing carnage in the occupied territory of Iraq.

But with the mainstream media trying to make profitable hay out of the event, one needed to turn to the alternative media to find sobering assessments of Saddam's capture. To its credit, the alternative media continues

INSIDE AMERICA

So what has really changed with Saddam's capture? To paraphrase the eloquent words of my favourite bard, William Shakespeare, Saddam's capture has created a lot of sound and fury but has yet to signify something important in the War on Terrorism. In other words, my country has not become one bit safer since 9-11.

to assault the propaganda wall the Bush administration has built around its misguided adventure in Iraq.

The alternative media reports give us a reality check. Coalition troops and Iraqis were still dying at an alarming rate. No, the electricity was still not working in Iraq, and, yes, oil pipelines were still getting blown up with unacceptable regularity. The democracy that the coalition forces were struggling to build was far from functioning, while the tensions between the Sunnis and Shiites were still simmering towards a boiling point.

Meanwhile, lost in the euphoria was the assessment of General Richardo Sanchez, the commander of the coalition forces in Iraq, who repeatedly cautioned that Iraqi insurgency would continue despite Saddam's capture. Neither the mainstream nor alternative media seemed to be interested in the question that intrigued me. From whence was coming the seemingly inexhaustible supply of suicidal terrorists who are willing to check themselves out prematurely from this existence in return for a safe and rewarding passage to the afterlife? Were they the followers of those 100 Bin Ladens Egyptian president Hosni Mubarak warned us would be the product of a US invasion of Iraq?

As I pondered, many in the mainstream media were concluding that the 2004 US presidential election was all but over because with Saddam's capture, their reasoning went, Iraq was now moving in the right direction. Some of the analysis was strange indeed. One of the dimmer reports came from Knight Ridder, a major US news agency, which concluded that Bush's chances of re-election was heightened for three reasons.

To quote the report: First it (Saddam's) capture reinforces his (Bush's) image as a decisive leader, one of his core strengths. Second, it helps Bush persuade

Americans that there are benefits to their sacrifice in Iraq, Afghanistan and elsewhere. Third, it promises a future war crimes trial that will remind Americans that Bush stood up to a murderous tyrant.

My reaction in reading such drivel was: first, my image of George, Jr., like that of many other Americans, is one of leader who doesn't really have a viable game-plan for either the War on Terrorism or the economy. Second, what benefits are there in eliminating a tyrant who was already history anyway? What guarantee is there that we will really see some light at the end of Iraq tunnel? By the way, where is elsewhere? Iran? North Korea? Why not the tyrant in Zimbabwe? And three, boy, are voyeurs going to have fun watching the spectacle of Saddam Hussein versus Michael Jackson in the battle to be the first trial of the century!

Interestingly, the American public doesn't seem dazzled by the glitz of Saddam's capture. A poll taken by the respected Harris

Poll last December 22, conducted before and after Saddam's capture, showed a slight improvement in Bush's ratings. Bush's appeal ratings still hover at their lowest level since he took office in January 2001. The American mainstream media noted that Bush wasn't trying to make political capital out of Saddam's capture. Well, he really didn't have to. The prime candidates for the Democrat presidential nomination, front-runner Howard Dean excepted, were doing that for him exceptionally well, thank you. They tripped over themselves to be the first to hail Saddam's capture and to blast Dean's foreign policy position. Senator Joseph Lieberman the erstwhile defender of Israel, right or wrong, commented, if Howard Dean had his way, Saddam Hussein would still be a power today, not in prison, and the world would be a more dangerous place. Huh? Say it again, Joe, please.

Senator John Kerry chimed in by declaring that Dean was unfit for the White House. The reason? Dean had the audacity to be the

messenger who spoiled the celebration by delivering the obvious: Saddam's capture had not made America safer.

Dean is the odds-on favourite to win the party's nomination, and it's easy to assume Bush's campaign will use those comments later to attack Dean's credibility on foreign policy. With the likes of Lieberman and Kerry working for it, Bush's campaign can save some money on speechwriters. While the Democrats have been working hard to commit political suicide, a development took place that gave truth to Dean's analysis and put Saddam's capture in perspective. On December 21, the US Homeland Security Department put our country on its highest security alert since 9-11. Al Qaeda, our real enemy in the War on Terrorism, was poised to strike again, Homeland Security warned us.

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The government deserves praise for correcting its mistakes

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ON November 10, 2003, the Ministry of Local Government and Cooperatives issued a circular cancelling the two circulars previously issued, requiring the elected Union Parishad (UP) representatives to obtain the permission: (1) of Deputy Commissioners to participate in training programmes, seminars and workshops organised by governmental and non-governmental organisations; and (2) of the Ministry in order to go abroad. These requirements were part of the multiplicity of controls and regulations that the bureaucracy has imposed on UPs, the only ongoing local government body in our country, over the years. In view of strong reactions and oppositions from the various stakeholders, the government withdrew the circulars, for which it deserves special thanks. For this does not usually happen in our country -- the governments have seldom corrected their mistakes.

This bureaucratic control over the activities of UPs is wrong because local government, by definition, must be local self-government. Controls allow the central bureaucracy to thwart local autonomy and, in the process, directly or indirectly intrude upon the running of local affairs. With controls, local bodies in essence become agents of the national government, and hence cease to function as self-governing entities. As the Appellate Division of the Bangladesh Supreme Court, in *Kudrat-E-Elahi Panir vs. Bangladesh (44DLR (AD) (1992))*, states: "Local government' ... is meant for the management of local affairs by locally elected persons. If government officers or their henchmen are brought to run these local bodies, there is no sense in retaining them as local government bodies."

Bureaucratic control also serves no useful purpose. Rather, it is counterproductive in that it prevents elected officials from exercising leadership to solve many of the socio-economic problems that their constituents face. Most of the challenges people face are local and must also be solved locally and primarily by the initiatives of those facing the challenges. Elected

local leaders can play a catalytic role in this process. Elected leaders can awaken and mobilise people to become the principal authors of their own future. Thus, the UP representatives can become the *change agents* for the socio-economic resurgence of their unions.

The most serious problem with the imposition of controls over local bodies is that they raise serious constitutional issues. Article 59 (1) states that "Local government in every administrative unit of the Republic shall be entrusted to bodies, composed of persons elected in accordance with law." The implication is that local government bodies would be autonomous and not extensions of the national government. In other words, they would be parallel entities to the central bureaucracy. Thus, the imposition of bureaucratic controls over local bodies are a clear violation of the constitutional mandate of a

ment officials to directly control the activities of the UP chairmen and members, as junior public servants, thus establishing a permanent subservient relationship.

How did it happen? How could the local bodies become subservient to the bureaucracy while the Constitution mandates an autonomous system? There is a sad history behind this.

The Fourth Amendment to the Constitution passed in 1975, one may recall, abolished Articles 59, 60 and the last clause of 11, which are the most relevant of the four constitutional provisions (Articles 9, 11, 59 and 60) relating to local governance. This clearly created a constitutional vacuum with respect to local government. After Ershad's takeover in 1992, the Constitution itself was suspended. Against this backdrop, *The Local Government (Union Parishad) Ordinance* was promulgated and subsequently

was made, the local bodies shall have to be updated in conformity with Articles 59 and 60." The court gave this verdict 11 years ago in 1992, and each successive government failed to implement it, impeding the process of establishing the rule of law. One may wonder: In whose interest?

It may also be pointed out here that the Appellate Division of the Bangladesh Supreme Court in *Kudrat-E-Elahi Panir vs. Bangladesh* gave another important directive to the government: "The existing local bodies are required to be brought in line with Article 59 by replacing the non-elected persons by election, keeping in view the provision for special representation under Article 9. Necessary action in this respect should be taken as soon as possible in any case within a period not exceeding six months from date." This directive to hold elections in all tiers of local government in six months has far reaching implications in that it

and there is also no serious public interest involved, which it would warrant the denial of such an important fundamental right to a very distinguished group of our citizens.

The constitutionality of the cancelled circulars could also be challenged on another ground the government's authority to issue circulars. Laws usually authorise the issuance of rules and directives, which are intended to clarify the provisions of the law and aid in their implementation. However, this privilege has been badly abused by the authorities in our country. The situation has come to a point that the local government, according to cynics, is now practically run by dozens of circulars, many of which are frivolous, vague and often contradictory. It must also be noted in this context that circulars are not approved by the Parliament and hence are not themselves laws. Rather they are the actions of bureaucrats, and thus can be at times self-serving. If circulars are issued for purposes other than to clarify and operationalise the law, they usurp the legislative authority of parliament, and hence cannot be valid constitutionally. According to the Constitution, legislative power is vested only in parliament.

To conclude, the two circulars recently cancelled were humiliating to the elected local representatives and would have further weakened the UP as a local government body. The circulars in question also would have impaired their ability to express leadership to move the country forward. The government has cancelled the circulars after realising that it made a mistake. This is undoubtedly good news, for which the government deserves acknowledgement. We now fervently request the government to remedy its failure to implement the directives of the Appellate division of the Supreme Court.

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A year for cautious optimism

GHALIB CHAUDHURI

THE year 2003 has turned out better for the global economy than it initially appeared at about this time last year. The biggest positive surprise was the turnaround in the US growth and an end to the overhang of an unjustified war. As for looking ahead to 2004, the words cautious optimism would best describe the way to welcome the New Year.

As usual the fortunes of the US economy will dominate the outcome of global economic performance. It would be good to see in the US, a growth train moving firmly forward on its rails, without much help from continued short term policy stimulus. China also is likely to dominate headlines as its remarkable growth and policy towards its currency will be closely watched. Creeping trade protectionism against China by the US could gain momentum, causing retaliation from both sides. Europe and Japan may still continue to demonstrate anaemic growth and therefore remain a side-show. However this could be the year when the Euro establishes its ascendancy over the US dollar. On the business front, a key phenomenon that is gaining significance and momentum is offshore outsourcing to Asia of economic activities both in manufacturing and services. This is likely to become a major trend with significant ramifications on Western economies.

The US economy did better than expected in 2003, annual growth is likely to reach a tad above 3%, a welcome recovery from the 2.2% annual GDP growth achieved at the end of 2002. This remarkable achievement, as we know, was a result of a sustained policy stimulus, the latest being the tax break that resulted in a surge of retail sales in the third quarter. The tax incentives however will continue to provide benefits up to first half of 2004. The Federal Reserve also remained accommodative in its policy by fixing and keeping the Fed Funds rate at 1%. In the New Year, both fiscal and monetary policies are likely to maintain the status quo as the economy will continue to need the stimulus.

Self-generating sustainability of growth is still not a certainty in the US, however there are a few encouraging signs in both employment growth and business investment that bodes well for the future. Expect the Federal Reserve and the Treasury to stay policy-neutral for the first half of 2004. But interest rates are likely to move up in the second half when employment growth will have taken hold and inflationary pressure is beginning to show. This should be a gradual rise partly because economic imperatives may not demand it, but more so because 2004 is an election year and it cannot be good politics to be seen raising interest in the middle of a re-election campaign. If the economic trend continues in its current form, expect to see US growth ending 2004 around the 4% mark.

The twin deficit, fiscal and the current account of the US economy are presently the major fault lines in its economic landscape. Come what may, these have to be re-adjusted in due course. We are already witnessing this adjustment happening on the external deficit, through the fall in the value of the US dollar. It has fallen more than 30% from its peak against the Euro. Currently at its \$1.22 against the Euro, it looks to be fair value, but as currency market tends to overshoot, one could see the Euro strengthen to \$1.30 and eventually falling back to the current level. The fiscal deficit on the other hand is likely

Global growth is less precariously balanced than in 2002. 2003 has shown better resilience than expected and has accordingly raised hopes for the New Year. Despite the inevitable fault lines, the global economy in 2004 is expected to pull through better. As for Asia, the US will still continue to be the main engine for growth with China taking an ever-bigger share of that responsibility. At last, an Asian powerhouse to Asia's rescue!

to be tackled only after the election. Once President Bush is re-elected, the chances of which get better as the economy strengthens, the US Treasury is likely to pay some attention to this burgeoning debt rising to unmanageable proportions.

Whilst one is unable to ignore the US economy, China on the other hand, is also likely to take a fair share of our attention in the New Year. It is no longer a sleeping dragon, but one that is fully awake and ready to stamp its mark on global economics. It had yet another year of sizzling GDP growth of around 8%. Its foreign exchange reserves of US\$380 billion are the second highest in the world, trailing only Japan, and both together are acting as principal financiers to the US Government by funding its massive fiscal deficit. Its economic importance continues to attract large FDI inflows and it has become unthinkable for any global company not to have a China strategy -- either to shift its manufacturing base to the country, or to plan to sell its product in the domestic market or a combination of both. The China story is huge and growing every day, one can only ignore it at one's own peril.

China's domestic policy is still relatively opaque and difficult to predict. It has pursued an easier monetary policy, which has led to a consumer and investment boom, creating over capacity in manufacturing. Both have long term repercussions and need to be curbed. We are likely to see policy initiatives in this area in the New Year. Its other major problem is its large non-performing loans to state-owned enterprises by the state-owned banks. The loans need to be re-structured or the banks face bankruptcy that will inevitably lead to dire consequence for the economy. Although these are major cracks, it is unlikely any of these will be cause for a near term blow-out.

Externally China is viewed with mixed blessing. Asian economies now love China, because it has become a major importer of their goods. This is a far cry from the earlier days, when China was viewed suspiciously for stealing the rest of Asia's manufacturing bases by offering multinationals a cheaper alternative within China. Imports this year have seen a blistering growth of 40% and the main beneficiaries have been the Asian economies. This is quite a turnaround, and for some Asian economies like Korea, Japan, Singapore, Malaysia and Thailand, China features within their top three largest trading partners, even overtaking the US. This was unthinkable just a year back. At last the Asian economies are not solely dependent on the vagaries of US growth. This is a significant recent trend and likely to gain in prominence and gather roots in the New Year.

Whilst China is the new darling of Asia, it has understandably failed to command similar affection from the US. Instead, the lopsided trade imbalance with the US has angered the current administration. The US has made direct threats by recently imposing trade embargoes on some garment items and television

sets. This may be the beginning of a bigger protectionist policy that may unfold in the New Year. The renminbi (RMB) is the other target. The US wants the Chinese currency to be de-pegged from the US dollar and re-valued upwards. So far China has been able to maintain its competitiveness by remaining pegged to the dollar, allowing its value to fluctuate along with the dollar. Hence, when the dollar falls in value, Chinese goods don't get expensive for Americans, but maintain the same value because the exchange rate is fixed at RMB 8.28 for the dollar. The US has a point, with \$380 billion in reserves, the RMB is clearly undervalued. In the New Year we are likely to see some policy shift on the Chinese currency. It is unlikely that we will see a free float, but instead a wider band within which the RMB will be allowed to fluctuate. Inevitably this will lead to a higher valuation of the currency. Notwithstanding, China's growth in 2004 is likely to remain on course and gain deeper traction as it continues to serve as the cheapest workshop for the world.

On the business front, with China offering a cheaper manufacturing base and India similarly a cheaper service base, the industrial landscape of a globalised world has been gradually and relentlessly shifting. The current year saw a spurt in offshore outsourcing by the US and European companies, particularly in the service sector where India has benefited most. Global companies are out to get their costs down and development in technology and communication has provided them with the opportunity of establishing their non-essential functions thousands of miles away in Asia. This has led to some political backlash in home countries. The Western economies are seriously concerned about the potential job loss in their economies. Some estimate it to be in the region of 5 million jobs in the next five years for the US alone. Clearly these numbers are more scare-mongering than real, but the reality of cost and increasing quality advantage of Asia cannot be ignored in a competitive global environment. Irrespective of the political backlash, global companies will find it impossible to ignore this comparative advantage especially when the alternative is to face extinction. We will see this shift towards offshore outsourcing taking a firmer hold in the New Year.

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