

## More bloodshed in Kansat Genuine grievances must not be obscured by politics

WHAT'S happening in Kansat? Apparently not even deaths of innocent people these days can move the government into serious thinking. How does one explain the deaths from clashes that are related to the same issue, in the same place, one that has been in the news since the beginning of this year, in the space of less than three months?

Ten people had been killed in Kansat in police firing in Jan 2006 while demanding electricity they had already paid for. Now four more people have been killed. It was a trigger-happy action that led to the earlier deaths. This time the trouble originated reportedly in the BNP cadre's attempt to forestall a programme of the locals of the area under the power-starved Kansat villagers' banner Palli Biddiut Unnayan Sangram Parishad (PBUSP), to ventilate their grievances at the failure of the REB in providing them with adequate and uninterrupted electricity.

There are several points that need to be made in this regard. Reportedly, the deaths were due to the clashes that occurred when the PBUSP procession came under attack of the BNP cadres. We ask, why adequate measures were not put in place by the local administration to ensure that no untoward incident took place, particularly since the programmes of the two groups were well publicised.

Secondly, why it took so long for the law enforcing agencies to intervene? Thirdly, why has the government not addressed the demand of the locals as yet? We feel that there is merit in the longstanding demand of the people and must be addressed immediately.

If there is any immediate problem in mitigating the sufferings due to inadequate supply of electricity then that must be made clear to the people of Kansat through discussions. What is unacceptable is explaining the matter away by responsible ruling party members as another conspiracy against the government.

Another matter that we must also impress upon is that while it is the right of individuals to protest and ventilate their grievances, nothing that would project an aggressive attitude on their part must be resorted to. The PBUSP procession, armed with sticks, does point to the aggressive nature of their protest.

We would urge upon the government to resolve the issue without delay while calling upon all to refrain from violence and making political hay from what is a genuine grievance of the locals.

## Unfit vessels as usual

How come, after so many disasters?

IT is a matter of concern that despite a heavy toll taken of human lives in launch mishaps in the recent years, Inland Water Transport Authority (IWTA) under the Shipping Ministry has failed to prevent unfit or hazardous vessels plying different river routes.

Launches in the 'C' category, considered barely river-worthy, are operating through turbulent waters as the shipping and inland water transport authorities have failed to stop their perilous journeys even during this season of nor'westers. The launch operators are reported to have obtained route permits and other documents by striking shady deals with officials.

The point is, the best way to prevent accidents is not to let the vessels that were declared unfit to ply rough waters any chance to operate at all. The concerned DG has admitted that they have yet to eliminate the unfit launches. We believe it is precisely this issue that the emphasis should be on. The corrupt practices can under no circumstances be allowed to endanger human lives.

The authority should work on its survey report which revealed that out of the 312 launches plying different routes in Dhaka region, 210 were unfit. The faulty vessels had been built in violation of the standard design. Moreover, navigation rules are being generally flouted, and regularly, too.

The shipping ministry never tires of claiming that they have adopted measures to ensure safety of launch passengers. But it has been reported that members of the vigilance team are not performing their duties with a sense of commitment. This again puts a question-mark on the steps touted to have been taken to prevent accidents.

The government will have to make sure that the precautionary measures adopted to avert launch mishaps produce desired results. River craft owners and operators must be made to comply with the rules set for them. Any lapse in this respect has to be dealt with severely.

# Discourse on nuclear primacy

In the ultimate analysis, the American nuclear primacy proves the age old theory that power, both hard and soft, determines the resolution of conflict or prevents conflict to come to bursting point. In our immediate neighbourhood, since nuclear free zone has now become an utopian concept, the regional hegemon would do well to achieve both conventional and nuclear primacy rendering any arms race irrelevant for the competing country/countries.

KAZI ANWARUL MASUD

WHILE global attention remains focused on international flash points like continued instability in Iraq, Iran's alleged nuclear weaponization, North Korea's obdurate aberrance, and, most importantly, the war on terror, the world is letting go by without any serious debate the issue of the nuclear primacy of the United States.

That after the end of the Cold War and the passing away of the US unipolar moment, the US will remain the global hegemon for the foreseeable future has been generally accepted, albeit with a degree of disquiet in some parts of the world who are sometimes targeted by the Bush administration as recalcitrant.

Though the second Bush administration appears to have moved away from its unflinching conviction in the concept of the right to pre-emptive war and towards seeking consensus among major powers (as appears to be the case on Iran issue), it would be premature to conclude that George W Bush has decided to follow the advice proffered by James Madison on governance or Alexander Hamilton of seeking accommodation with dissenting opinions (admittedly both Founding Fathers were more engaged with the construction of the state than with post-modern foreign affairs) or to emulate Franklin Roosevelt and Harry Truman who could have become imperialists instead of founding the United Nations and the Bretton Woods

Institutions.

In his January State of the Union address, President Bush told the world that the US has been called "to leadership in a period of consequence (when the world has) entered a great ideological conflict," he seems to echo Professor Bernard Lewis's belief that not only was the US too soft during the Vietnam war but that Middle East dictatorships must be overthrown by force if the Bush campaign for democratization of the countries fail.

"As with the Axis and with the Soviet Union," writes Bernard Lewis, "real peace will come only with their (Ayatollahs of Iran and other anti-American autocrats) defeat or, preferably collapse, and their replacement by governments that have been chosen and can be dismissed by the people."

What is worrying is that Bernard Lewis is not alone in his belief, but his misguided imperial aggression concept is supported by a number of academics of impeccable erudition. British historian Nial Ferguson argues that the US is and has always been an empire and fears that should the US refuse to heed the call of history then the world could suffer a power vacuum or "apolarity" which "could mean an anarchic Dark Age: an era of waning empires and religious fanaticism; of endemic plunder and pillage in the world's forgotten regions, of economic stagnation and civilization's retreat into a few fortified enclaves."

Faced with such doomsday scenario, Ferguson strongly advo-

cates for an US empire which, like Britain, would be a liberal empire. (That an empire connotes colonialism in which liberal values of liberty, equality and fraternity are absent appears to escape the attention of Ferguson's thesis). He continues to theorize that such an empire should not only underwrite unhindered economic transactions among the different parts of the world but should also ensure "peace and order, the rule of law, non-corrupt administration as well as provide public goods."

In some ways Ferguson's Colossus resembles Kindelberger's Theory of Hegemonic Stability which asserts that an open world economy requires a dominant global power for its smooth functioning. The dominant power structure or hegemony, however, has to be a consensual order which can decline as a result of legitimacy deficit of the hegemon even when its coercive power may remain dominant.

As the events in Iraq amply demonstrate the world's hyperpower has been found inadequate to control the flow of events due to her disproportionate dependence on "hard power" i.e. military and economic power and also due to legitimacy deficit suffered by the US in the eyes of world public opinion caused by the US's unjust war on Iraq.

The initial propounder of "soft power" concept Professor Joseph Nye Jr would prefer that the US used to regain its global influence it had acquired for its values and for the security it provided to the free world from the communist menace as seen

by the western world. Professor Nye felt that the US could win the Cold War by using a combination of both hard and soft powers which he describes as "smart power," hard power to deter possible Soviet military aggression and soft power to erode faith in communism behind the Iron Curtain.

But many political analysts are doubtful whether retrenchment of hard power and consequent increase in the use of soft power would necessarily bring about a peaceful world order. It is generally accepted that economic growth in a peaceful environment would ensure global peace and security when national interest is seen through the prism of international connectivity and national development is believed to be inextricably connected with international cooperation.

If one of the preconditions of development is democracy, then certain other conditions have to be present in the society aspiring to be democrat. Francis Fukuyama forcefully argues that replacement of command economy by a democratic structure would not necessarily succeed unless, as Fukuyama suggests, four basic conditions necessary for democratic transition are already present.

These conditions are: (a) level of economic development: richer countries are more able to sustain democracy than poorer countries; (b) culture: existence of Anglo-Protestant culture in North America at the time of American independence contributed to the success of American democracy (cultural traits are not necessarily religion-specific); (c) neighbourhood effect: domino effect in Eastern Europe and more recently in Central Europe was possible due to demonstration effect from neighbouring democracies in people who were yet to be fully democratized; and (d) idea: no country can be democratized unless the people want it. Philippines, South Korea and Taiwan in this part of the world and democracy wave in the

military dictated Latin America would not have been possible unless the people of these countries actually did not aspire for democracy. But then some believe that democracy wave can be a momentary phenomenon because the essential ingredient in the form of a sizeable property holding, tax paying and educated middle class has to exist for sustained democracy.

Quoting Alexis Tocquville, Robert Kaplan holds the view that "despotism is more particularly to be feared in democratic ages" because it thrives on the obsession with self and one's own security which equally fosters despotic tendency. Kaplan argues that if society is not in good health, democracy cannot only be risky but disastrous, as evidenced during the last phases of post-First World War German and Italian democracies.

Kaplan further argues that since a middle class and civil institutions are required for successful democracies, neither of which were present at the end of the Soviet Union, democratic Russian Federation today remains violent, unstable and poor by western standard. He suggests that Western democracies succeeded because European society had acquired a degree of complexity and sophistication enabling a structural division of population into peacefully competing interest groups.

Therefore, the question which arises is that if Woodrow Wilsonian advocacy for democratic transition in greater Middle East by the Bush administration is to end in fiasco because primordial tribalistic allegiance supercedes modernity which denotes replacement of divine providence by rational behaviour effectively ending veneration of tradition, then how much power should the global hegemon have to avoid Nial Ferguson's "apolarity."

Professors Kier Lieber and Daryl Press have in a Foreign Affairs article written that today, for the first time, the US has gone beyond the stage of Mutually Assured Destruction, which

during the Cold War period had maintained the balance of terror between the US and USSR and has attained nuclear primacy which neither Russia nor China can undo. They contend that Russia can no longer count on a survivable nuclear deterrent while China's nuclear arsenal is more vulnerable.

AUS first strike, Lieber and Press add, could succeed whether it was launched as a surprise attack or in the midst of a crisis during a Chinese alert. This profound and dangerous shift in nuclear balance is now a fact of life which the international community has to live with despite President Kennedy's Defense Secretary Robert McNamara's description of the US nuclear policy as "immoral, illegal and militarily unnecessary."

In the ultimate analysis, the American nuclear primacy proves the age old theory that power, both hard and soft, determines the resolution of conflict or prevents conflict to come to bursting point. In our immediate neighbourhood, since nuclear free zone has now become an utopian concept, the regional hegemon would do well to achieve both conventional and nuclear primacy rendering any arms race irrelevant for the competing country/countries.

Pursuit of such a policy should be unrelenting and vigorous and there should be no deviation till the goal is achieved. This should not be considered as hawkish policy but as one which will make war impossible to be waged in South Asia. In the process, the regional hegemon, however, must meet the legitimate concerns of her neighbours fairly and equitably. Otherwise achievement of military primacy alone will give it neither the prestige nor the peace she requires to face the economic challenges of the future.

Kazi Anwarul Masud is a former Secretary and Ambassador.

# Estimating the economic price of gas

The difficulty with Mahmud's estimate of economic price of natural gas is that it does not take into account the exhaustible nature of the natural gas (other than the assumption that its reserve will be over in ten years' time). So this estimate of economic price is not a suitable measure to evaluate, particularly, the long-term project like that of Tata involving long run supply of natural gas at a fixed price.

DR. ABUL KALAM AZAD

WE need resources to produce the goods and services we want. But resources are limited, so we need to ensure their efficient use. Again the efficient use of resources requires appropriate planning in resource allocation. The allocation of resources, in turn, depends on the cost of resources. In a perfectly competitive market, the cost of a resource should be its market price. But the markets may not be perfectly competitive always. The market price, therefore, may not reflect the real cost of a resource. So, the determination of the real cost of resources has been a very critical and complex issue that occupied the central and dominant place in the literature of economic planning.

The calculation of the real cost of resources often referred to as the "economic price" or "shadow price" is not an easy or unambiguous task. The task becomes even more difficult if the resource is exhaustible. The natural gas of Bangladesh is one such exhaustible resource. Besides its exhaustible nature, its proven reserve enough to carry us no more than 15 to 20 years makes

the policy makers and academics wonder alike about the real worth of this resource. Recently, there has been an attempt by Professor Wahiduddin Mahmud to estimate the shadow price or economic price of natural gas in Bangladesh in the context of its sale price to a foreign company -- Tata -- proposing to make a huge investment in Bangladesh.

Professor Mahmud estimates the current price of natural gas to be around 5 to 6 US dollar per mcf. He assumes this price to be a medium to long run price of natural gas. He then assumes that the present proven reserve of natural gas will be exhausted in ten years' time. Then applying an assumed social discount rate of 8%, he calculates the current economic price of natural gas to be 2.78 U.S. dollar per mcf. Mahmud mentions that by assuming an extended exhaustion period of 5 and 10 years will reduce its economic price to \$1.86 and \$1.28 respectively.

But the difficulty with Mahmud's estimate of economic price of natural gas is that it does not take into account the exhaustible nature of the natural gas (other than the assumption that its reserve will be over in ten years' time). So this

estimate of economic price is not a suitable measure to evaluate, particularly, the long-term project like that of Tata involving long run supply of natural gas at a fixed price. The standard definition of the economic price of a resource is its opportunity cost.

Now, the "opportunity cost" may be either the replacement cost of the resource itself or the productivity foregone. According to Mahmud, our country will need to spend currently \$6 to replace one mcf of natural gas (Mahmud's own calculations show that a price of \$6 per mcf of natural gas is equal to the cost of importing equivalent amount of crude oil at a price of \$35-40 per barrel). By implication it means that we can also sell our natural gas for similar price (Mahmud himself cites the example of China and India planning to import natural gas from our neighbouring Myanmar at a price of \$5 per mcf). If it is so, how can we conceive an economic price of natural gas to be less than \$6 per mcf? If it is, however, argued that the natural gas is not a freely and easily traded commodity and so we can not sell it presently at a price equal to its import price, then its economic price should be the one at which we can export it. If the export price of

natural gas is taken as its economic price, then we will be able to avoid the possible error arising out of the two vital assumptions made by Mahmud. The assumptions of the constancy of crude oil price in the long run and the "exhaustion period" of the national reserve of natural gas in Bangladesh are both debatable and, hence, controversial.

Now, how do we get the export price of natural gas of Bangladesh. Although, currently we are not exporting natural gas to any foreign country, we are nevertheless engaged in international transaction of our natural gas. The IOCs engaged in gas exploration in Bangladesh sell their share of production to us at an international price. According to the terms and conditions of the PSCs, if we are not ready to buy the natural gas at a price set by the IOCs, we should let them export it abroad. We can reasonably assume that these IOCs will not sell their share of natural gas to other countries at a price below what they charge their Bangladesh client. So we can take this price of natural gas we pay to the IOCs as the export price of our natural gas. This is because we can arguably assume that Bangladesh can easily sell her own share of natural gas at a similar price less a small premium for the pipe-line transmission and marketing costs.

Currently, our export price of natural gas can, therefore, be assumed to be \$2.34 per mcf (the price we pay to the IOCs to buy their share of natural gas in Bangladesh). So we can take this as the economic price of our natural gas and use it as a measure to determine the current

use of natural gas. But even this price does not reflect the real cost of our resource when we enter into long-term supply contract.

We know that the natural gas is a depletable resource -- the more we use it for current consumption the less will be available for future use. Consequently the price of such resource will increase as the existing stock of the resource dwindles over time. But what should be the rate of price increase for natural gas? The answer, which was discovered by the American economist Harold Hotelling, tells as that under perfect competition, the price of a depletable resource with unchanged extraction cost must rise at the market rate of interest.

Therefore, the economic price of natural gas should provide for incorporation of such price increase resulting from the depletable nature of the resource. Besides, foreign companies -- like Tata -- making direct investments normally seek long-term contract for the supply of natural gas at a fixed price. Suppose, a 20-year contract for the supply of natural gas is sought. One way to incorporate the annual price increase in the economic price of natural gas is to have the current "export price" appreciated at an annual compound rate of interest for the entire contract period.

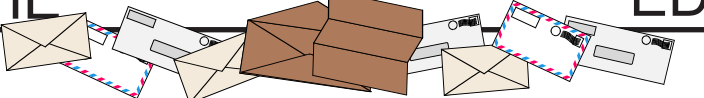
Thus, using a current export price of \$2.34 and an annual interest rate of 8% (using Mahmud's social discount rate) and assuming a 20-year contract period, the economic price of natural gas works out to be the average of the current year and end-year prices which is \$6.62 per

mcf. This is also interestingly close to the long-term replacement equivalent costs (\$6 per mcf) for natural gas estimated by Mahmud. We can see that this estimate of economic price of natural gas is based on far more solid assumptions about the real opportunity cost of the resource. It does not involve any 'certain' assumption about the uncertain long-term supply price of imported fuel oil nor does it require any controversial prediction about the exhaustion-period of the national gas reserve. Mahmud himself admits that his estimate of economic price of natural gas is very sensitive to these assumptions.

Hence, we should use two economic prices for our natural gas. The current "export price" of natural gas should be used for making decisions about its current use while the "inflated" export price should be used for long term supply contract at a fixed price. It may, however, be mentioned here that the "economic price" is not the actual transaction cost or market price of a resource. It is the "imputed price" of a resource and it is used as a tool to determine the real cost-benefit of any actual transaction involving the concerned resource. Any actual transaction of a resource at a price below its economic price indicates the magnitude of excess cost of the project transaction. Whether the policy-makers decide in favour or against such project transaction should depend on the carefully evaluated benefits vis-à-vis the costs.

The author is a Professor and ex-Chairman of Department of Economics at the University of Chittagong.

## TO THE EDITOR TO THE EDITOR TO THE EDITOR TO THE EDITOR TO THE EDITOR



Letters will only be considered if they carry the writer's full name, address and telephone number (if any). The identity of the writers will be protected. Letters must be limited to 300 words. All letters will be subject to editing.

### Fair election, honest candidates

The recently held seminar/dialogue at CPD with particular reference to fair election & competent candidates was indeed very well attended by distinguished personalities of all faculties. Organisers of this mammoth gathering deserve special thanks for enabling the conscious citizens to hear so many talented speakers on the subject which no doubt is one of the burning issues for the nation today. In the absence of an effective parliament it is natural to see so much follow-up reactions on the topic appearing in the media as well as its assuming the role of 'talk of the town' for the present.

The opinions & suggestions in this respect are all very well but are we getting anywhere to see the ray of hope with all the evil forces/octopus-arms gradually closing in to destroy our cores, the young generation in particular? The patriotic war of independence, rehabilitation of a devastated country followed by tragedies and confusions--there has been a lot of material achievements to overcome

the status of 'bottomless basket' case. But where do we stand today with the rating of being in the top of the list of most corrupt nations on earth for the last five consecutive years. In a recent media write-up of his reference to an informal private gathering, Mr. Zillur Rahman Siddiqui quoted Prof. Rehman Sobhan's grave concern for institutional destruction of our society by the state; our education system from primary to university level, police & administration in all respects. It was further stated that the nature of such damage may be beyond the capacity of any subsequent regime to rectify, no matter how the change may be effected.

The health of the economy can be very easily visualised from 150% rate of interest for call money & Tk.3 fall in the dollar value of our currency within a matter of one day? Price spiral essentials is already beyond the capacity of the common people. No one really seems to know or care about it.

With a state of affairs such as the one we face today, just selecting the right representatives to form the next government may not be the answer.

What the CPD should consider to address the situations like many already commented on is not to 'put the cart before the horse'. There is still time to reverse the ongoing process of decay. Let us all look around our neighbours to compare ourselves & restore the quality of our education to an acceptable standard at all levels, failing which we may not find any escape from the doom. Patriotic/sane elements of our society with active support from CPD & initiative of the media can certainly contribute a lot to change the current picture of despair & gloom.

Zulsharan Gulshan-1, Dhaka

### Opinion poll

Opinion poll is a study of what people think or believe about a topic or question. Such surveys are usually done by questionnaire, interview, or observation or through interactive newspapers.

Reading or hearing about the results of a public opinion poll has become a common everyday experi-

ence for many. Everyone from political candidates to yo-yo manufacturers seems to be trying to find out what general people are thinking on certain issues or products.

Polling on newspapers is quite an easy technology. For an instance, prepare two questionnaires that will poll the readers about their opinion on the "Legitimacy of hartal".

Compile the results of the two polls and graph the results. That will show us a brief about readers' thinking. The objective of this poll is to determine whether mass people support hartal or strike other than some unscrupulous politicians who would be happy to sell their country in order to gain power, and also the poll or survey will help us to assess citizens' expectations.

Public opinion poll is useful in tracing people's views on important social issues. Poll is used to assess people's preferences in political races, and the results are used to predict election results. Surveys are often employed in marketing and advertising research to measure and predict consumers' reaction to products. The Daily Star should consider the

idea of holding opinion poll on different issues. The readers mostly staying abroad have say on various political issues on Bangladesh. By taking part in a poll carried out by the newspaper, we can get a feedback on certain contemporary matters.

Taufiq Haider Chowdhury  
Central South University, China

### Physicians and privacy

I have noticed that many physicians in our country examine patients at their chambers in the presence of other patients and their relatives. It is very embarrassing and objectionable. Patients have to narrate their symptoms and answer many questions for the sake of diagnosis.

I don't understand why physicians make such arrangements, is it because they do not want to waste time, which is needed for the new patient to enter the chamber? We request the physicians to change this arrangement. We hope they will understand it and act accordingly.

Nur Jahan Chittagong

### Mahmood Elahi's reply

Mr. Anjies writes: "And coming to crumbling infrastructure, Mr. Elahi, please come to India and see for yourself the same." Well, I have just returned from a trip to India and Bangladesh and saw some of the crumbling infrastructure myself.

While visiting Delhi, I was impressed and shocked at the same time. Signs of India's booming economy is everywhere. Affluent middle classes seem to be enjoying good times with posh restaurants and shopping malls full with smartly dressed people. But just outside those urban palaces, the ordinary Indians are living in such abject poverty that defies description. The people's conditions have actually worsened since I visited Delhi years before. Both Delhi's roads and streets are crumbling although the traffic has grown enormously. Most streetlights are not functioning and Delhi's traffic police seem to be always on leave.

In the city of Agra, home to the world famous Taj Mahal, roads are in such bad shape that going to Taj is a trying

experience. Most roads seem not to have seen any repairs since the British left. When I asked my Indian tour guide why roads in a city like Agra, which is visited by millions of tourists from around the world, are in such a pitiable condition, he told me that the government has no money for roads and highways because of widespread tax evasion and corruption. However, Agra's public squalor is matched by private splendour. Agra has many first class hotels and one Amar Vilas can be compared with the best in the world. This magnificent hotel is placed in a water garden with marble statues and fountains resembling Taj Mahal next-door. It is also extremely expensive with cheapest rooms costing \$400 (US) per night and most expensive suites costing \$4000 (US). I could only afford a brief tour of this palace, which I would recommend to anyone who can afford it. But beyond its marbled structure, people are living in abject poverty without minimum civic facilities.

Agra's crumbling infrastructure and lack of basic public amenities make

these posh hotels completely out of place. I preferred to walk in these potholed roads. I must say I was surprised to see Dhaka's roads are in a much better shape than those of Delhi and Agra. However, I must admit that the Shatabdi Express, which I took to travel to Agra, impressed me. The train was fast and the service was excellent. Also, the expressway from Agra to Delhi is a good one and can be compared with good roads in advanced countries. But roads and streets inside both Delhi and Agra are in such bad shape that most tourists are disappointed by modern India while the majestic monuments like Taj Mahal, Red Fort, Agra Fort, Humayun's Tomb, Kutub Minar, Itimadad Duola, Fatehpur Sikri, Shahdara evoked most admiration. Why can't modern India build good roads at a time when it is booming? Also India's rural poverty seems to have not seen any improvement, and a few miles outside Delhi people are living in such misery that they seem to be living in another country.

Mahmood Elahi  
Ottawa, Canada