POINT COUNTERPOINT DHAKA WEDNESDAY JUNE 21, 2006

Bush's secret visit to Baghdad Why was it necessary?



N 13th June, President Bush arrived in Baghdad on a stealthy five- hour visit. The interesting feature of the visit is that it was kept secret even from Prime Minister of Iraq Nour al-Malik. He knew it only five minutes before Bush arrived at his place. Earlier, Al-Maliki was told that he would have a two-hour video-conference on Iraq with President Bush at his holiday home at leafy Camp David.

The venue of the meeting was confined to the Green Zone, the highly protected area and it is hardly the place to witness the "real" Baghdad because it has been cocooned from the rest of the city. These two features, among others, dominate his visit similar to the one he did it in 2003.

What does the secret visit show?

It means that even the Prime Minister of Iraq cannot be taken into confidence about his visit as the US suspects that the Prime Minister's office is being infiltrated by elements of sympathisers of insurgents, although Bush denied that the Prime Minister was not informed because of concern about al-Maliki's inner circle. The President reportedly stated that "I am a high-value target for some. I think if there was ample notification that I was coming, perhaps it would have given somebody a chance to plan, and we just did not want to take that risk.

It manifests that Iraq is not only deeply unquiet, with widespread sectarian violence but also the sectarian conflict may draw other countries in the Middle East in the conflict as Iraq is sandwiched between Sunni and Shi'ia-majority nations. The Saudi Foreign Minister in October, 2005 reportedly said about the Iraqi situation "No dynamic is pulling the nation together -- all are pulling the coun-

It shows that Arab people watch with amazement that the greatest superpower battles to achieve even the level of power and oil production that a sanction-shackled Saddam Hussein managed in the months before the invasion in

It illustrates that Bush did not get ne of the paradoxes of American power as articulated by Professor Joseph Nye -- that the US is too great to be challenged by another state in the world, but not great enough to act alone in solving problems, such as global terrorism and nuclear proliferation.

It demonstrates that the conflict in Iraq has revealed not so much

Twenty-five years ago, the Americans took great pleasure in giving Moscow its very own "Vietnam War" in Afghanistan. But what the US-funded war in Afghanistan in the 80s actually did was to convince Afghanis and Arab mujahideens including Osama Bin Laden that they could defeat a superpower. Now the Iraqi insurgents, call them mad, believe that they can do it again and this time they have Washington in their sights -not Moscow. It appears that President Bush now realises what a mess he created in Iraq. Increasingly this is looking like a failed Presidency.

limit. Even the President Bush, "the liberator of Iraqi people" has to visit secretly the country and has to be confined to the protective zone.

What is the purpose

of such secret visit? There are several reasons for the visit and some of them deserve mention in the following para-

First, the popularity of the President in the US has reportedly fallen to mere 31 per cent, lowest among the incumbents. The decline has threatened his party Republican's fate in the coming November Congress elections. Most Republican leaders are deeply worried that many of them may not be elected and the cause is Iraq. They perceive Iraq adventure, like albatross hanging on the President's neck

The President has to do something to boost the morale of his party. The visit would manifest that optimistic future lies ahead in Iraq. That means that a wind of change is being heralded in the country after the killing of the leader of al-Qaeda in Iraq, Jordanian-born Abu Musab

Second, there is a perception in Iraq and outside that the al-Maliki's government is dominated by the pro-Iranian elite. Abdel Aziz Al-Hakim, one of the strongest behind-the-scenes players, heads the Supreme Council for the Islamic Revolution in Iraq.

President Jalal Talabani, a Kurd, is decidedly pro-Iranian, having fought on the side of Iran during Iran-Iraq war in the 80s. The Prime Minister Nour al-Maliki is an Party, which was based in Iran. He was one of the architects of the Iraqi Constitution which gave a raw deal to the Sunnis in Iraq. The government does not represent secular platform in the country. The President's visit is to help boost the frail new government of Iraq and provide a positive image of the government.

Third, al-Maliki's government in Iraq does not mean anything for common people in Iraq. All his tall talks changed nothing. Moreover insurgency remains as before, if not accelerated after the formation of the government. De-bathification of policies, combined with aggressive military actions against innocent Iraqi people and in particular against Sunni tribes have exacerbated the situation. The visit would show that the US is totally behind the government and the US forces would remain as long they are necessary, even after the exit of President Bush in 2009.

Finally, the visit is to retrieve President's popularity in the US. Some say the visit is also to draw a viable exit strategy of US forces from Iraq in consultation with al-Maliki's government. All along the exit strategy consists of policies of involvement of Sunnis in the government, strengthen the hands of Iraqi security forces and keep the Shi'ia elite outside the influence of Iran. It seems that as a token, a gradual withdrawal of US forces may commence before the Congress elections in November.

On arrival in Washington, the President rejected calls for pullout from Iraq and refused to give a time-table or bench mark for suc-

come back home. He did not offer any specific targets to measure when Iraqis will be able to govern themselves. Instead he declared that the government must be able to succeed.

Conclusion

Despite the day-time curfew, implemented by 65,000 Iraqi security forces by the new Iraqi government, insurgents had been able to continue violence and on 16th June, 11 were killed and 25 injured when a suicide bomber hit Shi'ite mosque in Baghdad. One Turkish crew member of TV was also kidnapped from the scene.

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It appears that President Bush now realises what a mess he created in Iraq. Increasingly this is looking like a failed Presidency. An eminent British historian late Trevor-Roper of Oxford University once said that "the only thing we learn from history is that we do not learn". Howapt his dictum is in the case of US misadventure in Iraq.

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Cost of occupation

The ECB and Euro-area's economic recovery



CHAKLADER MAHBOOB-UL ALAM writes from Madrid

N June 8, the president of the European Central Bank raised the eurozone benchmark interest rate by one quarter percent from 2.50% to 2.75%, the third such increase in six months. Almost immediately stock indexes fell sharply in Europe. As a result, the decision to increase the rate came under considerable criticism as being ill-timed. Some analysts feared that it would stifle economic growth. But others thought that it was too little to have any impact on inflation. An out-of-context discussion on whether an area's interest rate is too high or too low is a futile exercise because it does not take into consideration other relevant economic factors such as interest and inflation rates in other countries with whom it has to compete.

First of all, the latest ECB interest rate increase was not an isolated move, but part of a current world-wide trend toward higher interest rates. Central

There is no doubt that economic recovery is taking hold in Europe. But this recovery is also facing certain uncertainties like oil prices and impact of higher value-added taxes in Germany, next year. A bigger increase would have strengthened the euro further against other currencies which would have had a negative impact on euro-area's

India, Denmark and South Africaall increased interest rates in the week beginning June 5. Even in the United States, where the benchmark interest rate is already 5%, the Fed will most probably raise it for a 17th straight time to reach 5.25%, when it meets on June 29. The Bank of England may also decide to raise its current rate (4.5%), when it meets on June 21.

The job of the president of the European Central Bank is not an easy one. He is expected to stimulate economic growth, keep inflation under control and create employment in the euro area. To make things more complicated, the economic performance of member countries are quite disparate. For example, while Spain is expected to grow by 3% or more in 2006, Germany, if it is lucky will grow only by 1.8%. In the same way, Spain's current inflation rate is 4.0%, while Germany' inflation rate is only 1.9%. So most of the time, the president of the ECB is

forced to perform a delicate bal-

banks in Turkey, South Africa, ancing act under constantly changing circumstances.

Despite high energy costs, euro-area economy is expected to grow by 2.4% in 2006, which is 0.6% higher than forecasted only three months ago. Consumer spending also went up recently by 2.8%. This trend is likely to continue in 2007. Inflation in the euro area edged up to an annual rate of 2.5% at the end of May, which is significantly higher than ECB's target of 2%. In raising the interest rate now by a quarter percent, the ECB obviously felt that the risk of slowing the growth was worth

paying to keep a lid on inflation. There is no doubt that economic recovery is taking hold in Europe. But this recovery is also facing certain uncertainties like oil prices and impact of higher value-added taxes in Germany, next year. A bigger increase would have strengthened the euro further against other currencies which would have had a negative impact on euro-area's exports. Some of the petroleum producing countries are increasingly using

euro as their reserve currency, which is also putting an upward pressure on the euro. Unemployment is falling in France, Germany and Spain. The latest (April) euro-area unemployment rate stands at 8% in comparison with 8.7% at the end of April last year. As a clear sign of economic recovery in the euro-area, employment is growing twice as fast as last year's. The ECB's strategy is to slow the economic growth and not to stifle it by raising interest rates too drastically.

While announcing the latest increase, the president of the ECB hinted that the interest rates will keep rising until he is satisfied that the inflation is under control. It is quite possible that the ECB will proceed with a series of measured increases until the benchmark rate reaches 3.5%. which is considered as the optimum rate "consistent with stable inflation and the economy growing at its full potential rate"

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BUDGET 2006-07

Poverty reduction measures inadequate

N the national budget of 2006-2007 the finance minister has put emphasis on poverty eradication under the principles of PRSP. He has also declared that 56.3 per cent of the resources would directly or indirectly be utilised for emancipation of poverty. But the proposals in the budget seem not to be clear and enough for such purpose. The measures are not adequate for reducing the continuously increasing disparity of income between the reach and the poor. The points are discussed

Customs duty has been reduced but ...: It is praiseworthy to note that customs duty on essentials like rice, pulses, chilli, turmeric, sugar etc has been reduced. The objective is great but the finance minister himself has commented "Duty reduction is not the only weapon of reduction of prices of essentials, it may not have the due impact on price reduction if graft, profiteering, toll etc cannot be eradicated and control measures of the government for management of stock of food is not improved." Many thanks to the honourable finance minister for realising and confessing the truth. But it is disheartening to note that no measures for the aforementioned goals have been defined in the budget. For the last one year the public have been struggling with price hike of essentials but the Commerce Ministry seems to have failed to control it. It was therefore imperative for the Commerce Ministry to propose dynamic measures in the budget for proper marketing of essentials in the country. Simultaneously the Home Ministry should have suggested steps in the budget and allocation of fund to control and punish syndicated hoarding of sentials by the traders.

Even without studying economics one can say that supply in the market determines the price of commodities demanded. Despite enough supply in the market hoarding is responsible for artificial price hike of commodities. In the past we have observed that whenever there was dearth of supply of an essential in the mar-Trading Corporation of Bangldesh (TCB) used to import it immediately and flush it in the market. Since TCB is a government enterprise it needs to earn the minimum or no profit but to ensure supply of essentials in time n the market. In the budget TCB should have been allocated more funds for its working capital and empowered to import directly. The

allocation from TCB. The poor people of the country won't be able to save any thing, rather they would resort to borrowing if the price of essentials continues to go up. Thus poverty would not reduce. Allowances for old-age, widows, freedom fighters, disabled per-

sons: Though the finance minister has said that 56.3 per cent of the budgeted revenue would be spent for reduction of poverty directly and indirectly, it is very difficult to trace the details of proposals. It is observed that 4.7 per cent of the revenue has been allocated for the aforementioned sectors under social security and welfare. The total amount under this head would amount of Tk 3,227 crore. In the above-mentioned sectors both rate of allowance and number of beneficiaries have been enhanced in some cases. Nevertheless, poverty will be directly reduced due to this proposal, but measures need to be taken so that the allowances can reach the actual beneficiaries in time. The corrupt officers and agents may try to misappropriate the shares of the poor. The government has to introduce monitoring methods. Allocation of more funds should have been made in this area since it is the only direct method of reduction of poverty.

Direct taxes don't seem balanced: The direct taxes are a major source of revenue which are paid by the assessees of income tax. The assessees earning more income will pay more tax and those earning less income will pay less tax. This is one of the methods of balanced distribution of income and wealth among the citizens. It was hoped that the limit of taxable income would be raised from the present Tk 120,000, but it has been kept as before. Moreover those who pay income tax at 25 per cent (highest

10 per cent on the income in excess of 10%. For the employees, exemption of tax has been enhanced from Tk 12,000 to Tk 18,000 in respect of travelling allowance only. Exemption limit for house rent allowance has been kept as before despite inflation in house rent.

Houses/flats/apartments dear to income-earners: In certain residential areas, investment tax has been raised to Tk 300 and Tk. 400 per square meter for flats and apartments above 200 sqmt area. Though this enhancement applies to certain areas the impact may spread to other areas as well Moreover the black money owners will be allowed to purchase these flats, apartments and houses on payment of 7.5 per cent income tax. This concession will raise the prices of these dwelling places and the middle class income-earners will suffer. This will boost disparity between the rich and the poor. Allocation and subsidy for agricul-

ture: In the budget 7.5 per cent revenue amounting to Tk 5,230 crore has been proposed to be spent for improvement, research and subsidy of agriculture sector. Out of this Tk. 1100 crore will be spent for subsidy to peasants. Over 60 per cent people of the country live on agriculture. A good portion of the GDP is contributed by this sector. If production of food crop falls below target, the deficit is met by importation of food on payment of thousand crores of Taka in foreign currency. High price of seed, diesel, fertilizer etc. has made the cultivation costly. In this situation only subsidy can rescue the peasants and encourage them to resort to farming. Subsidy is also a measure to reduce poverty among the peasants who are, as said, 60 per cent of the population. In the last fiscal year Tk. 1200 crore was provided as subsidy, but it is doubtful if only one third of it had reached the actual needy. This fact was disclosed by the finance minister himself. He indicated that two third portion of it might have been misappropriated by the agents i.e. middlemen and corrupt officials. Despite this fact no proposal as to how the subsidy will be distributed and monitored has been inserted in the current budget. The amount of subsidy too, has been reduced to Tk. 1100 crore. This seems not

Whitening of black money: During

the last few years the black money

owners have been given opportuni-

ties to declare their black money in various forms on payment of certain taxes. But the result was disheartening. Consequently the people expected that during this budget whitening of black money will be abolished. But in the budget opportunities still exist in respect of purchases of cars, houses, flats, apartments etc by anybody who will pay tax@7.5 per cent. It is social injustice to allow the black money owners to legalise their money on payment of tax at lesser rates as against those who earn income legally and pay taxes at higher rates. Most probably for the same reason, the black money owners feel shy to declare their illegal money. This measure always inflates the gap between the rich and the poor. Moreover, allowing black money owners to purchase houses, flats, apartments which are unproductive areas, will inflate the prices of these items, so the low income earners will not be able to compete with rich. Had the black money been allowed to be invested in productive areas viz. industries, capital market etc., up to a ceiling volume then it would have helped the economy to increase its investment and employment opportunities.

Tourism, software industries, lump sum allocations etc: In many countries of the world (the nearest being India) billions of dollars worth of foreign exchange is earned from tourism and software industries. Our country has not earned even hundreds of thousands of dollars a year. In the budget no allocation has been made for infrastructural development or training of manpower for these industries. Rather some lump sum allocations without proper details amounting to Tk. 4,602 crore has been made in the budget inviting questions from public as how this sum will be spent. In a national budget this type of allocations are always considered unjustified.

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FIGHTING POVERTY

Investment in rural economy is a must

AKE Poverty History" is the global call to action against poverty. Responding to this call, all nations around the world have reaffirmed their commitment to poverty alleviation and redesigned their planning approaches to achieve the targets within the shortest possible time. Bangladesh has fixed its target to reduce poverty by half within 2015

Poverty, being a multidimensional issue having different roots, needs to be combatted with well designed planning having a definite vision. Among all the alternatives, investment in the rural economy is considered to be the best strategic approach to address the poverty. The total population living in rural areas is at present 76.61% of which more than 45% are living below poverty line. Therefore, the natural focus of all programmes should be centered targeting population base and rural

The reasons for poverty in rural areas of Bangladesh are almost the same as many other countries of the world but there are some differences in nature and diversity, which are as

- · Lack of opportunity of employ-
- Obstacle to access to resources. Absence of ownership of the land and farm equipment.
- Acute shortage of technical know Incapable and weak human
- Lack of substantial support from
- the Government. Frequent occurrence of natural
- disasters and calamities. Lack of good governance to protect the rights of poor and distressed.
- Gender discrimination obstructing the women from gainful employment.
- Absence of easy transport and communication
- Inadequate infrastructure facilitating the market economy. Less incentives to encourage local

entrepreneurship.

- Absence of service facilities like electricity, gas and water supply. Contamination by Arsenic, water borne diseases and other com-
- monailments. Malnutrition, absence of medical support specially for child and

All these factors as indicated above are very much in existence in rural economy of Bangladesh. The

national strategy for poverty alleviation of Bangladesh also identified of its type in terms of cost and covermost of these reasons and sugremedial measures to achieve the targets of millenium development goals.

The budget placed, before the Parliament of Bangladesh for the FY 2006-2006, also earmarked around Tk 850 crore for rural farming, medium enterprises, agro-based industries, development of solar energy etc. The budget has some striking features for poverty alleviation in addition to subsidies and other assistances and incentives earmarked for agriculture. The interest rate against loan for agro sector ranges from 6-8% from state owned bank and PKSF. To develop the renewable energy in rural areas a fund with Tk 100 crore has been created. An allocation of Tk 150 crore has been proposed for small and medium enterprises in view of its better utilisation in the fiscal year 2005-2006. For the disbursement as micro-credit an amount of Tk 148 crore has been earmarked for few ministries or divisions operating on micro credit. The Special Fund for the Employment of Hardcore Poor by PKSF has been raised to Tk. 267 crore. The Endowment Fund of NGO Foundation has also been raised to TK 125 crore

These initiatives and scattered allocations are in fact, pick and choose policy guided with spontaneous thinking or keeping in view particular projects or group of beneficiaries. To ensure macro economic stability and sustainable economy, there is definitely an urgent need for formulating a policy guideline to fight poverty with serious commitment.

The goal to reduce poverty by half within 2015 demands at least 9% growth in GDP every year. Since this is first year of 'National Strategy of Poverty Reduction Unlocking the Potential', the thrust areas must be identified and supported with well designed policy guideline to remove poverty from this soil.

Out of many area of interventions, the few areas need to be addressed right now are as follows: Rural Employment Generation: The experience of India, Vietnam, Brazil, Mexico, Thailand in rural employ ment generation can be shared making necessary adjustments for our cultural heritage and capability of our human resource. In India, National Rural Employment Program is being implemented with remarkable success in the uplift of rural economy. This has prompted the Indian Parliament to pass the "Rural Employment Guarantee Bill"

age promising 100 days minimum wage employment to every rural household in 200 of Indian's 600 odd

In Vietnam, the Government officially approved "National Target Programme on Hunger Elimination and Poverty Alleviation" in 1998. A series of programmes is being implemented under this umbrella policy like settlement and new economic zones, farming and nonfarming development, infrastructure improvement in difficult communes, agricultural forestry, fisheries extension, support to difficult ethnic minorities, provision for credit to marginal farmers, education and health care for the poor etc. In fact, Vietnam has successfully reformed its economy with clear identification of farmers' ownership, mobilisation of farmers in making decision on production, liberation of market to match market prices. These are major breakthroughs for a country like Vietnam with definite policy framework to fight poverty.

Solar Energy Development: In view of the acute crisis of power and fuel, there could be massive investment in building solar energy plants in rural areas. The experience of Egypt, Saudi Arabia and the Gulf countries can be shared to give an impetus to our rural economy by developing our infrastructure for solar energy. In fact, solar energy will help promotion of backward linkage and agrobased industries in rural areas. The allocation of Tk 100 crore in the budget of 2006-2007 for creating Energy Development Fund can be utilised properly as a modest beginning of the initiative.

Investment for Rural Human Resource development: In fact, a big percentage of our population living in rural areas as underemployed or employed in disguise lack the skill and knowhow to work in trade or industry or the production of high value crop in the country. The need is not always the capital to start a trade or an enterprise. Most of the time the requirement of knowledge and expertise is the answer to undertake a venture profitable or remunerative. At present, there is an acute shortage of technical know how for poultry, fisheries, floriculture, and horticul ture. The training Institutes of BRDB and Cooperatives Department besides TTDC campuses at upazila level are not used properly or are not capable of imparting skill development training. The government may invite trainers from abroad for grow-

horticulture, floriculture, milk production etc under a massive human resource program for rural areas. In fact, a lot of experts are working in Bangladesh in garment design, textile, leather industries etc. These experts are not contributing to the capability building of our population. They are only working on behalf of foreign buyers.

We need a policy guideline to develop a broad based technical know how group for the rural areas of

Gender Equality: The result of many

researches and case studies, conducted round the third world have proved a close relationship between gender equality and rural economic development. Women in rural areas are very keen and committed to involve themselves in gainful employment. In agriculture and horticulture, the involvement of women of Bangladesh in rural areas is historical like in many other countries of the world. Vietnamese women have actively participated in production and business activities sharing great proportion in workforce with significant leadership at local level including their domination at the family. Similarly, Mexican women have made remarkable contributions in rural economy due to massive support from the Government. Simple grants of micro-credit to widowed or distressed women for rearing hens and ducks, goats or cows or for weaving or producing handicraft cannot make the rural economy sustainable. It needs massive investment from the Government under a planned programme so that women can get an opportunity to develop their skill and capability and are in no way discriminated against regarding

wage or employment. To abolish poverty from a country or a society, the vision of the nation should be, "people prosperous nation powerful, society just and civilized". Investment in rural economy by development of a rural infrastructure and enrichment of human resources with gainful employment in a vibrant economy can ensure the socio economic empowerment of the rural population. Economic power ultimately contributes to the growth of a healthy population, capable establish just and equitable society. In the long run, it pays to ensure good governance and establish rule of law in country.

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