

Quid pro quo for joining the ruling cartels Mahathir's reputation fading away?



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NO NONSENSE

Ershad is a convicted felon, guilty of corruption involving Rajuk plot allocation for which he was heftily fined and imprisoned. There are many other pending cases against him now under trial in the courts. How desperate BNP leadership would have to be to explore for a quid pro quo deal with a political party, the JP, led by a discredited former military dictator? All these efforts to expand the ruling cartel simply underscores the pervasive notion that "staying in power at all costs" is the only pragmatism the BNP high command professes to.

POLITICIANS, without a core set of values, tend to serve the people guided by capricious "do as you please" whims which they cover-up by "practical" and "pragmatic" rationales. This disposition is somewhat consistent with the laissez-faire attitude in politics which is described as being pragmatic -- do things as they come along, and the rest will follow. But pragmatism without political vision and integrity of purpose often results in disappointments in the long run.

The citizens want the politicians to solve their problems and the politicians with discredited ideology -- in the words of a certain Chinese leader "are not interested in the colour of the cat so long as it catches the mice." Even in the most advanced democracies, political ideology is increasingly being portrayed as something to be compromised to pave the way for progress in a world in quest of quick fixes. The vast majority of career politicians and the educated citizens with strong political views are not overtly ideological (example: most politicians in Bangladesh enter politics to become rich, famous, and powerful).

The Jamaat-e-Islami, although ideologically indoctrinated (to rule by Shariah and dismiss secular democracy and freedom of media) has allied itself with a political party devoid of any character or principles. Like it or not, Jamaat joined the alliance with the purpose of deepening its ideological imprint among the populace, and has been succeeding. Former Speaker Sheikh Razzak Ali, recently alleged: "Jamaat has utilised government machinery to strengthen itself. It has not done anything for the country in the last four and a half years."

In my December 8, 2005 piece titled "Staying in power at all costs," I wrote: "The BNP functionaries must realise that when the soil under the heels is crumbling, all

desperate manoeuvres to stay in power at all costs may steer a third force to their disgraceful ouster and to the demise of democracy and freedom of the media." Perhaps mindful of analyses such as these, the BNP's leadership, for now, is running nervous and has started chasing and hustling corrupt politicians and felons to recruit as partners for an election victory.

This commentary is triggered by Ershad and BNP Chairperson Khaleida Zia's July 3 meeting of minds to design the political landscape for mutual interest. The discourse of the summit included Ershad's begging for the PM's mercy for his alleged 17 corruption cases, and one murder case, and for the return of his confiscated properties in exchange for joining hands with BNP and its religious extremists partners and not to align with the AL-led fourteen party alliance (FPA) in the next general election.

Inviting the JP to join the BNP-Jamaat alliance is fair enough, but coercing and hassling JP not to join the AL-led FPA to frustrate the competition (in this case a political rival) is manifestation of the classic foul play of wielding cartel power (henceforth, the ruling alliance will be referred to as ruling cartel). The FPA is not considered a cartel because this alliance has no cartel power. Apparently, the only power the FPA could display is Abdul Jalil's periodic huffing and puffing to bring down the government.

Ershad made his offer to join the ruling cartel conditional on the dropping of all the court cases against him. No sooner had the story of this connivance of a quid pro quo broken, Khaleida agreed with one of Ershad's demands, the immediate moratorium of all renovation work on the controversial Janata Tower building.

While the leadership of the ruling cartel is seeking legal opinion from eminent jurists on the withdrawal of corruption cases against Ershad,

the FPA could seek legal recourse for such a quid pro quo arrangement. Besides, the FPA need not be too nervous about the expansion of the ruling cartel because the more splinter groups join the cartel the more unstable it becomes, like a house of cards (Ershad and Manju could not even keep their own party united).

The upshot of these news synopses is to analyse why the ruling cartel would become so desperate as to deal with discredited individuals of a financially burdened and politically beleaguered party. How would the life-long BNP loyalists react to such a move? These loyalists are already sacrificing dozens of parliamentary seats to the anomalous alliance partners. Now they will have to forfeit more seats if JP is brought under the umbrella of the ruling cartel.

I didn't realise how frantic the BNP leadership had become about its political future until I read about Khaleida and Ershad's possible quid pro quo deal in the making. After some thought, it became obvious that the ruling cartel finds the following developments as worrisome:

-- BNP's popularity has been eroding due to price hike of daily essentials, energy crisis, unabated police brutality on political protesters, labour unrest, and so on.

-- FPA's grassroots level activities, and its followers coming together with the common people, have been helping its popularity.

-- FPA's on-going movement against the government's failure on several pressing issues such as the reforming of the CTG, electoral reforms, voter list manipulations and demands for a new impartial EC are also swaying the common people against the ruling cartel.

-- Allegations of corruption against the PM's family, Hawa Bhaban, and the countrywide perception of the making of "millionaire ministers" during this term of the alliance rule have become an indelible stigma

for the ruling alliance.

-- The looming internal feuds in every echelon of BNP leadership may have also added to the desperation of the ruling alliance to grab any left over political party like the JP.

For the ruling alliance, winning the next parliamentary election is of overriding importance in order to protect the millionaire ministers, MPs and party activists, and postpone potential charges of corruption against them. Losing power may be bearable but the thought of rotting behind bars is unthinkable. So trying to strengthen the ruling cartel with crooks, criminals and the corrupt is justifiable not only for political expediency but to save the very edifice of the party. According to anonymous BNP higher ups, Khaleida is already in pursuit of a number of other leaders of opposition parties including Anwar Hossain Manju, leader of the split JP, to bring into the ruling cartel ahead of the election.

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It is no surprise that people with phoney ideologies and beliefs would always gang up and become servile to "someone" who possesses the capacity to entice them with milk and honey, similar to a cult leader. All these efforts to expand the ruling cartel simply underscores the pervasive notion that "staying in power at all costs" is the only pragmatism the BNP high command professes to.

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INTESHAM M CHOUDHURY

HERE is high political temperature in Kuala Lumpur (KL) these days. It is literally activated by the recent leadership conflict between the former Prime Minister Tun Dr Mahathir Mohamad -- who is considered the father of modern Malaysia -- and the ruling Prime Minister Datuk Seri Abdullah Ahmad Badawi.

Interestingly, the two belong to the same political party, United Malay National Organization (Umno). Mahathir had personally chosen his deputy Abdullah, a mild-mannered politician known as Pak Lah or "uncle," as his successor when he decided to step down from politics in 2003.

He now openly regrets this, saying that he made a mistake and has attacked Abdullah's government over four issues: issuance of Approval Permits (APs) to unqualified candidates for selling vehicles, scrapping of half-bridge (some say crooked bridge) replacing the Causeway, removal of national car Proton's former head Tengku Mahaleel, a Mahathir man, and the sale of MV Augusta, a subsidiary of Proton, at one Euro (\$1.3).

In the 2004 election Malaysians gave an overwhelming mandate to Abdullah shortly after he took over power from Mahathir. The latter declared that he would not participate in active politics anymore the way Lee Kuan Yew was then doing in Singapore, serving the city state as "Senior Minister" after handing over power to Goh Chock Tong. Yet Mahathir was consistently persuaded by his colleagues to play a role in the background as "Senior Statesman" or "Senior President" in Umno. But his only reply: no.

In his bitter criticism of PM Abdullah, who has earned the image of good guy in this region, Mahathir has cleverly chosen nationalistic and pro-bumiputera (son of the soil) stand to argue his allegations. For aborting the half-bridge, he disparaged Pak Lah for being non-patriotic and not standing up against Singapore. He also quashed the explanation of the Foreign Minister Syed Hamid. Trade and Industry Minister Rafida Aziz was also blamed for not awarding APs to deserving bumiputeras.

Dr Mahathir, indeed, organized road-shows to voice out his grievances, inviting the members of

opposition. There, he outrageously criticized Abdullah for sidelining the policies he left with the government and also for rescinding the giant projects (mostly unproductive) that were his legacy. He mocked the cabinet ministers with comments such as "they are like a chorus line; they are all dancing; when one kicks, all will kick."

Understandably, Mahathir's lambasting of the ruling party has well been received by the leaders of opposition: especially Patri Islam SeMalaysia (PAS), an Islamic fundamentalist party, trying to implement Shariah Law and a rival of Umno, has found it as good omen for them to fish in the troubled water. Last time, with same strategy, they defeated Umno in Terengganu state election after Mahathir expelled his deputy Anwar Ibrahim in 1999.

In fact, the former premier's road-shows, with audience of PAS members, have become a serious issue within the leaders of Umno. In support of PM Abdullah, cabinet ministers and Menti Besars instantly expressed their regrets over Mahathir's association with the opposition, they say he is sleeping with enemy, and advised him to stop his attacks on the government.

They said his insensible comments could be used by the opposition to weaken the government and disarray the people and thus, they questioned his loyalty to Umno. One Nazri Aziz, a minister in the prime minister's office, who also served the former premier, has even gone further asking him to leave Umno. If Mahathir belongs to an opposition camp, asserts Nazri, it will be easier for the administration to deal with him.

Malaysia's deputy PM Najib Razak, whose loyalty is widely believed a key factor to defuse this explosive situation, also rallied behind his embattled boss Abdullah and appealed to the party members and the rakyat (people) to give full support to Pak Lah.

Throughout the political struggle in his life, Mahathir never ran away from the battlefield of politics. In his 22 years rule, he picked up political fracas with Malaysia's kings, judicial authorities and party members in Umno. Every time he came out the winner. Mahathir, now 80, is still strong enough to take on his opponents.

In his early days of doing politics, Mahathir wrote a fierce letter, criticizing the then Prime Minister



Tunku Abdul Rahman soon after the deadly race-riots in 1969 for his (Tunku's) failure to uphold the dignity of Malays. This led to his dismissal from Umno. The following year he wrote a book, The Malay Dilemma, for which Mahathir became champion as "Malay ultra." The book was, however, banned for sometime. He was later readmitted to Umno when Tun Abdul Razak was prime minister.

A challenge by the former finance minister Tengku Razaleigh Hamzah for the position of Umno president in 1987 was muted by Mahathir with narrow victory. He immediately sacked Razaleigh along with five Cabinet ministers who sided with him, including Abdullah who was then defence minister. Later he (Abdullah) was reappointed after he won the post of Umno vice-president. Sacking of lord president of the supreme court of Malaysia, Tun Salleh Abas, together with three other judges by Mahathir in 1988 is largely viewed as an interference with the judiciary.

Malaysia's kings were seen to pay the price for abusing their powers in 1992. Mahathir took them to task by implementing a code of conduct for them, getting it approved in the parliament.

Abdullah's recent measure to investigate the past cases of corruption and other financial irregularities among government officials, says one analyst, perhaps provoked Mahathir in the past weeks. The prime minister is seen not only going for new policies having more

transparency to attract foreign investments but at the same time looking into the cases of misappropriation, corruption, and mismanagement of Mahathir.

As it is expected, former deputy premier Anwar Ibrahim, who was framed by the then Mahathir's government for sodomy charges and later acquitted by a panel of three judges of the Federal Court in 2004, has urged Malaysians not to be unduly distracted by the political drama, saying that Mahathir's criticisms are not addressed for the reforms but to suit his personal benefits. His recent victory over former police chief, Rahim Noor, infamous for giving Anwar a black eye, and possible defamation suit against his ex-boss are perceived by political observers in KL as another possible ground for Mahathir to be rancorous with the administration.

Even if Mahathir hardly lost any battle with his opponents in the past, some analysts suggests that the times are different now and the Cabinet ministers are solidly behind the Prime Minister Abdullah. Exactly. Much depends on how Mahathir, a shrewd strategist, will maneuver his political game-plans in the months ahead to see if he can remain as a stalwart in Umno.

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Contradictions in economic policies

MA TASLIM

ECONOMIC policies of the government in the recent past are a good example of the contradictions and dilemmas faced by a government in policy-making. In a resource-scarce world it is difficult to frame policies that are congenial to policy-makers' interests and also garner maximum electoral support. The government seems to have a genuine desire to accelerate economic growth and reduce poverty. The Ministry of Finance (MF) takes pride in adopting a well-publicised Poverty Reduction Strategy (PRS). It will supposedly push up the rate of growth and bring down the poverty rate significantly.

The PRS lists a number of key indicators that must be improved upon in order to reduce the impact of poverty. These are: employment, nutrition, quality education, local governance, maternal health, sanitation and safe water, criminal justice and monitoring. A little thought will reveal that no improvement in these indicators is possible

without a significant increase in GDP. In the absence of any radical redistribution of income, a reduction in poverty will also require a high economic growth.

The pattern of development of Bangladesh in the recent past has followed the classic textbook case where greater development comes at the expense of greater income inequality. Given the political landscape of the country, there is little prospect of this situation changing substantially in the foreseeable future. This would imply that the only way to reduce poverty quickly would be to accelerate economic growth. The current growth rate of 5-6 per cent would reduce poverty at a painfully slow rate.

It is widely believed that a substantial dent in poverty cannot be made without a growth rate of 7 per cent or higher. The PRS does strategise for such a growth rate beyond fiscal year (FY) 2007. This would require an investment ratio of about 30 per cent, i.e. an increase of 5.6 per cent from the PRS benchmark. (The PRS envisages an increase in investment ratio to only 26 per cent; it is not

clear how 1.5 per cent GDP growth can be achieved with an increment in investment ratio of only 1.6 per cent.)

It is a proven fact that the government does not have the capacity to undertake much productive investment except in some infrastructure activities. Thus the bulk of the required investment will have to be done by the private sector, both domestic and foreign. This would require a conducive investment environment. According to a number of studies, investment climate in Bangladesh is not sufficiently business-friendly.

Even before the PRS was launched, some of the other policies of the government negated its fundamentals. Although the PRS clearly suggested a growth target of 6.5 per cent for FY2006 rising to 7 per cent in FY2008 for making a small reduction in poverty possible, the MF decided in early 2005 that economy suffered from an excess demand (inflationary) situation although the growth rate was only 5.5 per cent. It deliberately held back the economy by putting on monetary brakes. The liquidity

crunch that followed raised the interest rates by 1-3 per cent. In particular the market lending rate increased by 2-3 per cent. The higher borrowing cost must have reduced investment in the formal sector.

Although we shall not know the rate of investment until later, we can get some feel of the situation from the import data since most of the capital machinery needed for investment is imported. LC opening for import of capital machinery showed a reduction of 7.3 per cent during July-March 2005-06 over the same period in 2004-05 while that for import of intermediate products declined by 4.2 per cent. These figures would suggest a downturn in business investment in the country.

It is known that domestic credit and imports are highly correlated, and so are imports and output. A reduction in credit reduces imports (as has been the case during the first three quarters of FY2006). Falling imports in turn reduces the growth of output. Thus, a tight monetary policy prevents any acceleration of economic growth.

We may expect the growth rate this fiscal to be lower than that last year (6.5 per cent), which in any case was one of the lowest in the SAARC region.

It is an unsavoury indictment of our economic policy and management that the country is growing at a slower rate than the civil war ridden countries of the region. The modest growth rate of Bangladesh economy all but eliminates the prospect of reducing poverty significantly as envisaged in the PRS.

Prices of fuel oil increased very markedly in the international market last year and show no sign of declining. The MF seems to have misread the situation; it stubbornly resisted raising domestic prices of fuel oil in line with the import cost. This was ostensibly not to displease the electorate before the election.

However, as the prices of oil climbed, the cost of financing the implicit subsidy mounted. The public commercial banks and Bangladesh Petroleum Corporation were seriously stressed financing the galloping subsidy. When it became apparent

that the subsidy was unsustainable, the MF finally raised the prices of fuel oil just a few weeks ago. The damage done to the electoral fortunes of the coalition due to the higher oil prices will obviously be greater now than if the prices were raised last year.

One policy faux pas usually leads to another. The rapidly deteriorating oil deficit lead the MF to consider instructing BPC to borrow a quarter of a billion dollar from a private foreign bank reportedly at an interest rate of LIBOR plus 1.75 per cent. If the BPC had borrowed say in April when the LIBOR (US\$, 6-months) was about 5.25 per cent, it would have been required to pay back the principal in six months' time with an interest payment of \$8.75 million. The government could also have loaned out the money to BPC on the same conditions from the substantial international reserves of Bangladesh Bank, which earned interest of only about 4 per cent. For six months Bangladesh Bank would have had a quarter billion dollar less reserves and thereby foregone \$5 million in interest income; but at the end of

this period its reserves would have been replenished not only by a quarter billion dollar, but also by \$8.75 million in interest income, a net gain of \$3.75 million. It was never transparently explained why the MF wanted to hand over \$3.75 million net to a foreign bank rather than its own central bank. There was predictably a public outcry from the economists. The MF finally did not execute the deal.

How can such policy dilemmas and mistakes be prevented? If the relevant ministries are manned by well-qualified officers who have the capacity to correctly analyse domestic and international economic trends, and the ministers are wise enough to rise above petty politics and self-interest to take decisions for the general good, such problems need not arise. But this is a tall order even in a highly developed country; it is most unlikely to be realised in Bangladesh.

Noting that the problem arises because the government has a monopoly in oil import, a feasible option is to take away the political element from petroleum pricing by

allowing the private sector to participate in petroleum import. Petroleum price would then be determined by market forces. This should also improve the efficiency of the petroleum market just as the privatisation of agricultural input trade in the early 1980s greatly increased the efficiency of the agricultural input market and the floating of the exchange rate in 2003 improved the functioning of the foreign exchange market.

Incorrect economic policies hold back the economy from realising its full potential. Generations of people may be deprived of fruits of economic development and an opportunity to lead a decent life because of the mistakes of the policy makers. There is no dearth of such examples from both within and outside the country. The nation will be spared large social costs if our policy makers learn from past policy gaffes.

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Have terrorists declared war on India?

RAJINDER PURI

CONSIDER the broad facts. A series of terrorist blasts occurred in Mumbai and Kashmir on the same day. More than half a dozen innocents died in Kashmir. The Mumbai blasts claimed over a hundred victims. The victims in Kashmir were mostly, if not, exclusively tourists.

At the critical time in Mumbai -- peak hour on the suburban rail network -- the mobile phone system was jammed.

And yet the Union home secretary was quoted as having said that there was no connection between the terror in Kashmir and in Mumbai. How does he know? Was such synchronised terror pure coincidence? Can such planned and complex operations effected with military precision be conducted without the resources and planning of a very powerful organisation?

The Union home minister said that Mrs.

Sonia Gandhi had been informed. It's good that the Central government did not forget its priorities. The Kashmir government spokesman said that the terrorist blasts had been planned to divert attention from the PoK elections. Was any great attention being paid to those polls?

The home ministry might, just might, consider another possibility. In early November 2005, Ghulam Nabi Azad replaced Mufti Mohammed Sayeed as chief minister of Kashmir. The change could have been construed as a signal. The door could have been seen as irrevocably shut against any reconsideration of the Kashmir issue.

A Congress chief minister opened up at least the possibility of even the eventual scrapping of Article 370. For the flagging fortunes of terrorists this was like manna from heaven. It gave them an opportunity to drive a deep wedge between the people of Kashmir and the Indian State.

On November 2, 2005, this columnist wrote in The Statesman: "Just four days before

Ghulam Nabi Azad takes over as chief minister, serial bomb blasts in a major terrorist attack have killed scores of shoppers in Delhi markets. Was this the work of terrorists ranged against the Indo-Pak peace talks? If so, why now, and why in Delhi? Is this attack a message to Kashmiris: 'See? India could not tolerate a Kashmir-based government. Delhi must directly rule Kashmir. So forget autonomy. Fight for separation. Now onward our attacks will be focused on India, not Kashmir!'

Could this be the start of something much bigger? In other words, not terrorism in Kashmir but a full-fledged terrorist war against India? If so, the elements that back the so-called jihadis are making their final, desperate attempt. And they might get much more than they bargained for.

The consequences of this action could end up altering the map of South Asia.

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