

# Imperial tyranny or implosion of western powers?

## Pre-Ramadan market

**Concrete measures to hold the priceline needed**

THE Bangla daily Prothom Alo reports it is widely believed in the business circles that except for sugar, prices of all other commodities are likely to increase in the month of Ramadan beginning September 25. Since there is no organised market forecasting system, we have to make do with what the businessmen are predicting by way of a starter. The international price of sugar having fallen sharply from US\$500 to US\$361 per tonne, its import price has markedly fallen. By contrast, international prices of other commodities that are Ramadan essentials have been on an upswing, with the result that their import prices are set to go up.

The Trading Corporation of Bangladesh (TCB) as the government sector warehouse was supposed to be importing essentials like sugar, onion, gram keeping in view the Ramadan market demands. But in reality, it has not imported any of these yet. The private sector businessmen for their part refrained from importing the essentials anticipating that the TCB would do it. Concomitantly, what has happened is that the supply side of these commodities remains abysmally weak in view of the high demand situation of the approaching month of Ramadan. Time is also running out; rush import will exact heavier prices with the brunt having to be taken by consumers in the end.

Pakistan and India are said to be reducing import taxes on some essentials so that their prices at the consumer level are kept low. But fiscal adjustment is not the only option for bringing down the prices. In our peculiar situation much of the price spiral is directly linked to hoarding, market manipulation, profiteering, and extortion every step of the way during transportation of goods.

The fact of the matter is, there are only 200 importers in the country of whom 15 to 20 large ones hold control of the market. This is an open invitation to forming syndicates. Unless the price manipulators are singled out and dealt with we will continue to live with higher prices.

## Agitating garment workers

**Accept their legitimate demands**

GARMENT workers have begun to agitate once again in support of their demand for the minimum wage, after the deadline for fixing the same ended on Thursday last.

The situation in the garment sector went almost out of control in May this year when violent labour unrest hit many garment factories. The government responded to the crisis by constituting a board that was supposed to recommend a pay structure for the workers within three months, but it has failed to do so. We feel that an issue of grave importance has not been handled with due urgency.

The result is that the workers have returned to streets and are threatening to go for a tougher movement, which in our opinion could only spell disaster for the sector as a whole. The question that cannot be evaded at this point of time is, why the issue of a minimum wage for the very poorly paid workers could not be settled in three months? A large number of owners, who are apparently not ready to accept the workers' demands, have failed to explain why they cannot pay enhanced salaries, though they are making huge profits. If some of the owners can afford to pay better salaries and even re-invest the money earned from the factories, why can't others?

The problem, as it stands now, seems to stem from the owners' dismal failure to take a broader view of the workers' miseries. Do the owners really believe that they can continue to have the best services of the workers by denying them of their rightful demand? Their position is both professionally and morally untenable.

The RMG sector leaders and all other concerned should address the issue in light of modern management practices which fully guarantee the rights of workers. They should further think of introducing other facilities like food at a subsidised rate, medical and child care, education for workers' children etc.

Finally, the issue of fixing a minimum wage for the workers should be resolved amicably in order to maintain the maximum operational efficiency of the garment sector, the country's premier foreign exchange earner.

## A reason to smile

**In nothing less than a minor miracle, the euro zone is back. The Continent's major economies beat GDP expectations in the second quarter of the year, resulting in the strongest growth in six years. The euro zone grew almost 1 percent last quarter, outperforming the United States, Britain and Japan. The upshot is that the euro zone will likely grow about 2.5 percent this year -- up from 1.3 percent in 2005.**

RANA FOROZHAR

TAKE a drive around Munich or Frankfurt, fly into any German airport or cruise the rust belt of the Rhine, and you will see the same thing -- contractors in hard hats slapping up new buildings. Germans are building everything from offices to factories. For the first time since the mid-1990s, construction is adding to economic growth, not weighing it down. "Industry is investing in Germany again," says Heinrich Weitz, an analyst for the country's largest building-trade group, HDB.

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second quarter of the year, resulting in the strongest growth in six years. The euro zone grew almost 1 percent last quarter, outperforming the United States, Britain and Japan. The upshot is that the euro zone will likely grow about 2.5 percent this year -- up from 1.3 percent in 2005. What's more, Slow Europe is now creating jobs faster than the United States: France and Germany in particular saw strong jumps this spring and summer.

And not a moment too soon -- with growing signs of a US slowdown, led by new evidence of cooling in the critical housing sector, the world economy can no longer rely on American consumers as the buyers of first and last resort. "I see a healthy

rebalancing," says Harvard economist Kenneth Rogoff. "For so long we were on one engine, and now that the US is sputtering, we have Japan growing nicely and Europe is outperforming for the first time in recent history. For now, all the surprises are on the upside."

Even more impressive than the figures are the reasons behind this performance. For the first time in years, European consumers -- not just companies -- are fueling growth. Thanks to low interest rates and falling unemployment, consumer demand is up, savings are down and, for the first time in years, Europeans are hitting the shops, fueling further business investment in everything from new retail spaces to

warehouses. Of course, the big question is, "Will it last?" The answer hinges, as ever, on Germany. Economists are predicting about 2.2 percent growth this year, double the rate of last year. Since Germany is practically every European country's biggest export market, this is good news for everyone from Italian auto executives to French luxury-goods purveyors. Some of the growth is event-driven -- sales of flat-panel TVs and beer boomed during the World Cup in Germany, for example. However, there are also signs of fundamental changes that should help sustain consumer demand, including a fall in the rate of German savings from 10.7 percent in the fourth quarter of 2005 to 10.4 percent now. (This is real -- people are less afraid to lose their jobs than they were two years ago, and so they are less willing to save for a rainy day," says Bank of America economist Holger Schmieding.

The new optimism is in part the result of tough sacrifices. German unions have made well-

publicized compromises, allowing businesses to keep more jobs at home. In France, more-flexible labor laws are having a real effect: as a result of a new rule allowing businesses with fewer than 10 employees to fire workers at will in the first two years of employment, small-business payrolls are rising. Even the failed attempt to introduce new temp contracts for younger workers, which was killed by mass student protests, had a positive effect, says Morgan Stanley economist Eric Chaney, who is based in Paris and London. "Everyone was talking about the labor market -- in cafes, at work, in the home," says Chaney. "That's something new. There was a real debate, and a sense that things couldn't continue on as in the past."

The savvy of European central bankers has helped make the debate a bit easier. Low interest rates have played an important role in propelling the euro-zone economy, resulting in double-digit housing-market growth, increased capital spending among companies and more

consumer credit. While Europe still enjoys satisfactory growth with subdued inflation, the United States is now threatened by both rising inflation and slower growth. In particular, the real-estate downturn is likely to drag down an economy in which a big share of recent employment growth has been tied to the housing sector. Many forecasters now expect a slowdown, if not a recession, in 2007.

If the United States gets a cold, will Europe contract its usual pneumonia? Not necessarily. Increasingly, there's a decoupling of the trans-Atlantic trade relationship, as Europe exports more of its key products -- like capital goods, transport equipment and luxury clothing and accessories -- to Asia and the Middle East. Likewise, stronger European domestic demand will help buffer any decline in spending on the part of US consumers. "This notion that when the US stagnates, the rest of the world does, too, is misleading," Rogoff says.

That's not to say that 2007 won't be a challenging year for

keeping of the neighbouring Arab states in thrall of the US and itself.

Even if it is not spelled out, the new Middle East is obviously intended to be built in place of, or on the ruins of the old order, because they can not co-exist. In other words, the death knell of the old order will certainly be heard before the birth pangs of the new are felt in the region, and beyond.

The existing order is already in the throes of turmoil and is likely to give way to a new one anytime. In fact, a prelude to it was written jointly by the imperialist powers, Britain and its muscle flexing successor, the United States, at the end of the Second World War. Its prominent feature was the patronage by the imperialist powers of local monarchies, autocrats, and unrepresentative governments, since this was considered a safe bet to contain the challenge from the rival Soviet power during the Cold War.

In tandem, the Anglo-US powers also actively opposed and uprooted progressive Arab forces wherever possible. Gamal Nasser's Arab nationalist movement, the first truly pan-Arab movement, was singled out for destruction, just the way Saddam's regime was made the bete noir in our time. At the same time, the supine, conservative, and autocratic regimes were pampered. However, the second prong of the US agenda of domination of Middle East was the sponsorship of Israel.

The success of the 1979 Islamic revolution in Iran changed

the old equation. Although the US lost in Iran it gained in Algeria with the apparent success of an organised imperialist backlash against a genuinely democratic Islamic movement. But the rise of Israel as Washington's praetorian guard has invited its own backlash and spawned movements, such as Hamas and Hizbollah, which are different in their roots and structure from the traditional movements that the Arab world had been exposed to before. These are grassroots movements drawing their sustenance and staying power from the ordinary people. They are people-oriented and run by ordinary men without pretension of elitism.

The disaster unfolding in Lebanon is not a tableau of imperialist tyranny at work. The discerning observers see in it the vision of western power imploding. According to the last available figures the US spent \$422 billion on defense, annually. The remaining two "Axis of Evil" nations, North Korea and Iran, together spent \$8.5 billion. Yet the West is not winning its conventional war against other states -- let alone prevailing against "terrorist" groups whose infrastructure and targets are not amenable to destruction by military force.

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## PERSPECTIVES

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M ABDUL HAFIZ

ONLY three years ago, amid predictions that the US soldiers would be greeted with sweets and flowers, the ebullient commentators promoted the notions of a new Pax Americana, commonwealth of freedom, and even a form of "cooperative imperialism."

This benign empire -- the first of its kind, it was said -- would tutor distant peoples in the ways of modernity while winning their compliance and earning their gratitude. It was then that the US launched its unprovoked invasion of Iraq, just by branding the country as a threat for its alleged possession of WMDs, although the attack was universally considered anachronistic in a post-colonial world of early twenty first century.

Neither the ruse of WMDs, nor the mantra, chanted by George Bush, of the dawn of democracy in the region could cut much ice. It was then that the claim of democracy was unveiled by Bush, with so much elan three years ago, to create a new order in the Middle East that became his sole justifi-

cation for invasion and occupation of Iraq, especially when his earlier claim of Saddam Hussain being the doomsday merchant of WMDs had fallen by the wayside. But soon his experimentation with democracy also turned sour within the scripted framework of Washington.

In Palestine and Lebanon, democracy brought into the government people who weren't exactly to the liking of the US and its surrogate Israel. Both publicity avowed to subvert Hamas in Palestine within hours of its electoral victory. In Lebanon, Israel is waging a proxy war for the US to destroy Hizbollah despite its impressive electoral gains in the last election. Even in Egypt, the most compliant and servile of America's satellite Arab states, an open-door democratic experiment was quickly abandoned when it became clear that incumbent president Hosni Mubarak could be seriously embarrassed by it.

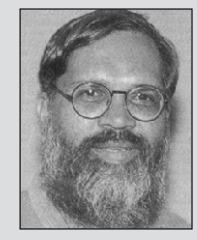
The unraveling of earlier US plans and assessments in Iraq and the region sent its neo-con policy planners scurrying back to their drawing boards. What emerged from there as an end-product is what is now being articulated by Condoleezza Rice as being the new objective of American policy in the region -- the birth, even if caesarian, of a "new Middle East."

This shifting of goal posts was necessary for George Bush as his earlier ploys did not work. Consequently, Dr Rice is now hawking the idea of a new Middle East. So much so that -- against the mounting death toll and blood-bath in Lebanon -- Dr Rice, while attempting to justify them, has described the mayhem as the "birth pangs" of the new Middle East. It has already taken the toll of one thousand civilian deaths, almost a million displaced, four UN peace keepers killed, and sixty percent of Lebanon's infrastructure destroyed.

Shocking though her "birth pangs" theory may have sounded to some it wasn't for the first time that the world had heard such callous justification of a partisan policy. Another female predecessor of Dr Rice, Madeleine Albright, when asked to justify the death of quarter of a million Iraqi children because of her country's vengeful sanction, glibly defended the toll as being worth the price for keeping Saddam Hussein on a leash. Rice's justification is in spite of her country's complicity in the crimes committed by Israel against humanity.

In the meantime, the fact that Bush and his associates are getting geared up for a new brand new Middle East, after the reverses of their flirtation with democracy, indicates that democracy will certainly not have pride of place in the new Middle East they are envisaging. At best it will occupy the back seat. And Israel, as a regional bully, will ensure the

# Lessons from Amsterdam: How not to fight terrorism



PRAFUL BIDWAI  
writes from New Delhi

**The most vital reform pertains to the composition of Indian security agencies, including Research & Analysis Wing, Intelligence Bureau, National Security Guard, etc., where religious minorities find hardly any representation. There are no Muslims in RAW and SPG. It is utterly communal to presume that Muslims cannot be trusted with security. This raises grave doubts about these agencies' integrity. Counter-terrorism cannot succeed unless these agencies become more inclusive, more Muslims are recruited into the police, and all forces are sensitised on the Constitutional value of secularism. We cannot combat terrorism unless we fight communalism up-front.**

THE harassment and humiliation of 12 Indians travelling on a Northwest flight from Amsterdam to Mumbai has shocked the public's conscience because it revealed gross racial and religious prejudice.

The men were talking among themselves, and they exchanged seats and cell-phones shortly after take-off. But a half-way intelligent sky marshal would have known that terrorists don't purposely attract attention in this manner. However, American sky-marshals are trained to shoot rather than differentiate between light-headed and "suspicious" behaviour by "aliens."

Some of the victims violated flight rules. Such infringements are common and are usually rectified through polite interaction with passengers. But the cabin crew sounded an emergency. The plane returned to Amsterdam.

The Dutch authorities further humiliated the victims. Said a Dutch co-passenger: "They were treated like dogs." They were denied drinking water, and consular and legal access for hours. They weren't allowed to contact

their families. They were put in solitary cells.

This violates international and European Union conventions. Therefore, the Indian government must secure an unambiguous apology and adequate compensation for the victims. It must show exemplary solidarity with them.

That'll also send the right message to the broader Muslim community when it is feeling vulnerable following the Mumbai blasts and imposition of the Vande Mataram "loyalty test."

The Amsterdam episode should set a global anti-racist precedent. However, it's even more important that we turn the mirror inwards. Just imagine what would have happened if the 12 men were poor Muslims -- not international travellers -- and were engaging in "suspicious" behaviour on a domestic train.

They would probably be detained, insulted, and beaten. The police would probably claim they have "links" with Lashkar-e-Tayyeba, Students' Islamic Movement of India, Tablighi Jamaat, whatever. National Security Adviser Narayanan would give interviews alleging

that they were part of Lashkar or al-Qaeda " sleeper cells."

Such things routinely happen, especially to poor Muslims. After the Mumbai blasts, even top-level Muslim multinational company executives were harassed by the police over their recent travels abroad!

Many Indian Muslims don't get, or expect, fair treatment from the police. A Hindu-CNN-IBN poll says only 42 percent of all Indians expect such treatment!

Muslims form 30 to 35 percent of the prison population in most Indian states -- a proportion two-and-a-half times higher than their population share. This reflects a deep anti-Muslim bias. If there's institutionalised racism in the West, there's institutionalised communalism in India.

Communal sentiments are particularly pronounced in Indian intelligence and counter-terrorism agencies. They follow Western models of terrorism, and characterise the main terrorist threat as "Islamic." They emphasise military and technology-intensive means of tackling terror.

However, terrorism's principal manifestations in India are

related to regional issues like Kashmir and the North-East. Even in Kashmir, they only secondarily derive from fundamentalist Islam. Even in the West, terrorism isn't exclusively "Islamic." (Remember Tim McVeigh and the IRA?)

The Western model ignores Muslim resentment rooted in imperial policies towards West Asia for a century, and in the Iraq occupation and the Palestinian problem. These circumstances don't apply to India. Yet, our security agencies fall for that model -- hook, line and sinker.

India must radically revise its counter-terrorism strategy. First, it must recognise that the Western counter-terrorism approach has failed. Five years after the global war on terrorism began, terrorism continues to thrive beyond al-Qaeda.

Worse, the Western approach has aggravated racism, xenophobia and far-Right extremism in the West. A recent survey by the European Network against Racism says Muslims face mounting discrimination in 20 European Union countries as a result of counter-terrorist operations.

Tougher immigration laws and security measures, including stop-and-search-practices, have created conditions in which racism flourishes and genuine refugees are victimised. Last year in Germany, almost 15,000 refugees' asylum claims were revoked, compared to 577 in 1998.

Anti-terror "crackdowns" have produced racial profiling -- stereotypes which demonise whole ethnic groups. The report says: "Islamophobia [has] infiltrated all forms of public and private lives for Muslims."

On Britain, ENAR quotes an Institute of Race Relations study which says anti-terrorism laws have been used overwhelmingly against Muslims. "The increase in the number of Asians stopped and searched [is] disproportionately high at 28 percent. In London, there was a massive 40 percent increase...the largest ever recorded. Nationally, Asians are now 2.5 times more likely to be stopped and searched than whites."

Also, "up to a third of Muslims say they or their family members have been victims of hostility," including "assaults, arson, and other violence."

Second, India must not depend excessively on technological means like APIS (Advance Passenger Information System), under which airlines provide information about passengers and crew within 15 minutes of take-off, including name, date of birth, nationality, sex, passport details, permanent residence, and visa particulars.

This doesn't constitute primary data. It can help "connect the

dots" between other, basic, terrorism-related information. But we have to generate and compile the primary data ourselves.

Such data is lacking, or unreliable, in India -- thanks to the ease with which fake identity cards and passports can be obtained.

Equally dangerous is the temptation to use dubious methods like Screening Passengers by Observation Technique (SPOT), developed by a former Israeli official. This involves profiling behavioural clues by watching facial gestures and "suspicious" conduct, such as picking up and putting down one's baggage.

But recent surveys show that facial-gesture profiling has an overall success rate of 56.6 percent -- "slightly better than a coin toss."

The third, perhaps most vital, reform pertains to the composition of Indian security agencies, including Research & Analysis Wing, Intelligence Bureau, National Security Guard, etc., where religious minorities find hardly any representation.

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Praful Bidwai is an eminent Indian columnist.

Europe as well. The triple threat of higher interest rates, a stronger euro and fiscal tightening will put pressure on the euro-zone economy. That includes a 3-point VAT tax hike in Germany designed to cut the deficit, part of the highest tax increase since World War II. Most experts predict that growth will moderate through the end of 2007, particularly after the ZEW index of German economic confidence fell recently to its lowest rate in five years (though it's important to remember that the ZEW is generally right only about half the time). Much depends on whether Europe can continue to reform. The signs are mixed.

The run-up to next year's presidential balloting in France will undoubtedly mean some stalling on reform. After January, the prospects depend on who wins the election -- Chaney is less optimistic about the French economy under Socialist candidate Segolene Royal, but is bullish on Interior Minister Nicolas Sarkozy, calling his economic plan the "most reformist I've seen since 1986." Meanwhile, in Germany,

Finance Minister Peer Steinbrück recently called on his countrymen to take fewer holidays and work harder, even as the cabinet passed a new law securing minimum union wages for the 850,000-strong building-services and cleaning sector, ostensibly to protect against "wage dumping" by foreign vendors.

It's ironic that in the midst of a German construction boom, cleaning staff would be among those scampering for cover. While protectionist laws may help workers in the short term, the clanging and banging of construction hammers resounding through Europe now is ultimately a much more encouraging indicator of future prosperity.

With Stephen Glain in Washington and Stefan Theil in Berlin.

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