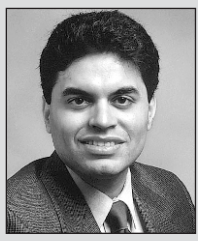


Don't punt on the troops issue



FAREED ZAKARIA
writes from Washington

FAREED ZAKARIA

PRESS accounts of its deliberations suggest that the much-anticipated Baker-Hamilton report will make some intelligent recommendations. The committee will point out that America's strategy in Iraq must be placed in a broader regional context. For three years, America's Iraq policy has largely ignored the rest of

America's only real leverage is the threat of withdrawal. Many outsiders fail to grasp how much political power the United States has handed over in Iraq. The Americans could not partition Iraq or distribute its revenues even if Bush decided to. But Washington can warn the ruling coalition that unless certain conditions are met, US troops will begin a substantial drawdown, quit providing basic security on the streets of Iraq and instead take on a narrower role, akin to the Special Forces mission in Afghanistan.

the Middle East. That was no accident. The neo-conservative vision was always that Iraq would be made anew, shorn of the flaws and ailments of the Arab world.

Before the invasion, senior policy-makers speculated that Iraq's postwar government would recognize Israel. "The road to Jerusalem runs through Baghdad," they were fond of saying. Immediately after the war, a senior international diplomat attached to the Coalition Provisional Authority

was embarking on a trip to Iraq's neighbours, and he asked Paul Bremer what message to deliver to them. The answer: none. The region was the problem, not the solution.

This absence of a regional strategy left Iraq open to its neighbours' most irresponsible instincts. Iran and Syria have helped keep the violence there on the boil. Saudi groups and individuals have funded Sunni militants. None of the surrounding nations would benefit

if Iraq actually did collapse, setting off territorial disputes, sending refugees into neighboring lands and exporting Iraq's instability. Such an outcome can still be avoided, but only with active support from the countries. The Baker-Hamilton commission can be expected to recommend a major regional effort.

The panel will also surely suggest intensive efforts to get the various groups in Iraq to forge a national compact. The elements of

such a deal are clear -- regional autonomy, a sharing of oil revenues, amnesty and the demobilization of armed groups or their incorporation into the Army. And this political settlement would go a long way toward reducing the violence in the country.

But if the commission stops there, it will have missed its moment. These recommendations are the easy ones, accepted by almost everyone but a few ideologues. Some are already being tried. The United States has been pushing hard to get the Iraqis to make a political deal. The administration has been talking more to the neighbors of late and has even made some small overtures to Iran.

That's not enough. Even if Iran and Syria actually agreed to help stabilize Iraq, there's no certainty that their efforts would bring dramatic changes to the country. The violence in Iraq has taken on a life

of its own, and the entire structure of political authority has become fragmented and decentralized. If Prime Minister Maliki and Ayatollah Sistani cannot rein in the violence of their own fellow Shiites, it is likely that Iran and Syria could?

Here is the tough question: What are America's objectives in Iraq and how can we achieve them? More bluntly, what is to be done with the roughly 140,000 US troops stationed there? What is their mission? If they have new goals, do these require more Americans or fewer? Not to tackle this issue is to present a doughnut document -- all sides and no center.

In answering this question, we need to keep three factors in mind:

This is not our chessboard. The Iraqi government has authority over all the political issues in the country. We may have excellent ideas about federalism, revenue-sharing and amnesty, but the ruling coalition has

to agree and then actually implement them. So far, despite our many efforts, they have refused.

There is a desperate neo-conservative plea for more troops to try one more time in Iraq. But a new military strategy, even with adequate forces, cannot work without political moves that reinforce it. The opposite is happening today. American military efforts are actually being undermined by Iraq's government. The stark truth is, we do not have an Iraqi partner willing to make the hard decisions. Wishing otherwise is, well, wishful thinking.

Time is not on America's side. Month by month, US influence in Iraq is waning. Deals that we could have imposed on Iraq's rival factions in 2003 are now impossible. A year ago, America's ambassador to Iraq had real influence. Today he is being marginalized. Thus any new policy that requires new approaches to the neighbours and

lengthy negotiations carries the cost associated with waiting.

America's only real leverage is the threat of withdrawal. Many outsiders fail to grasp how much political power the United States has handed over in Iraq. The Americans could not partition Iraq or distribute its revenues even if Bush decided to. But Washington can warn the ruling coalition that unless certain conditions are met, US troops will begin a substantial drawdown, quit providing basic security on the streets of Iraq and instead take on a narrower role, akin to the Special Forces mission in Afghanistan.

And one last thing: for such a threat to be meaningful, we must be prepared to carry it out.

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Disintegration of BNP?



DR. ABDULLAH A. DEWAN

THE country and the month of October 2006 witnessed three events unlikely to replicate ever again in one month. How often a country's son is awarded the Nobel Peace Prize? Who would have expected the president to take the role of the CTG chief as his additional duty? The third event is the birth of the Liberal Democratic Party (LDP). The first one is awe-inspiring, the second is somewhat constitutionally conflicting, and third one may have kicked off a chain reaction triggering the disintegration of an established political party.

The mission to fight corruption, establish the rule of law, maintain good governance, and establish leadership hierarchy are what the

NO NONSENSE

Their wisdom of waiting to breakaway from the BNP's leash was a "no-nonsense" move and warily calculative. The nation saw that no sooner had some of the leaders joined the LDP then their houses were burned or ransacked. It's not hard to envision what could have happened if the exodus of ministers, MPs and party leaders had occurred when BNP government was still in power.

leaders of the LDP espoused as the guiding forces for forming this new party. Even a small success against corruption will uplift the image of the country at home and abroad.

Party literature argues that the emergence of new party depends on three factors: The costs of entry, benefits of office and the probability of receiving electoral support. This simple model was tested using pooled time-series cross-sectional data from 22 OECD countries for elections held between 1960 and 2002. The results show that new parties are more frequent when the institutional structures are permissive (the cost of entry is low), the corporatist arrangements are weak or non-existent (the benefit of entry is high), and the electoral histories of the incumbents are short (the probability of attracting votes is

high). Initial public enthusiasm for a new party which emerged out of a split within an established one is often looked upon with cynicism. As a result, pledges made by the embryonic party aren't immediately taken seriously by the already cagey electorates. Some consider them as "opportunistic personalities" with crybaby syndromes. The leaders of LDP must aggressively plough the political landscape to choreograph their nearly impossible task of swaying public support and trust in their favor by succinctly articulating their visions. The cynical argument: "Why should we believe you at the fag end of your political career?" is a compelling one.

Some newspaper columnists have already characterized those who formed and joined LDP as

"rebel leaders" and "deserted leaders." Others profiled them as "opportunists," because they waited to denounce BNP once their tenure ended. To me, they are neither deserters nor opportunists. Critics fail to appreciate how difficult these politicians' choices were, and how arduous the barriers are to form a new party.

Their wisdom of waiting to breakaway from the BNP's leash was a "no-nonsense" move and warily calculative. The nation saw that no sooner had some of the leaders joined the LDP then their houses were burned or ransacked. It's not hard to envision what could have happened if the exodus of ministers, MPs and party leaders had occurred when BNP government was still in power. Besides, giving up their seats prematurely

would have been a betrayal to their constituencies. So the timing of the emergence of LDP and the good people joining the party couldn't have been any more opportune.

In their resignation letters to BNP's chairperson, they wrote: "The corruption of some ministers, MPs and leaders, led by your son Tarique Rahman, has broken all previous records. This has tarnished the image of the party. It is not possible for any person having personal dignity to continue with the party. The BNP established by late President Ziaur Rahman is now controlled by Razakars, autocrats and corrupt leaders. Against the principle of democracy, Tarique, without having any protocol, has been abusing the state power."

The creation of LDP has generated a lot of rabble rousing reactions from some of the former ministers such as Mannan Bhuiyan, Mosharrif Hossain, and so on. My wisecrack to all these politicians is that if the size and popularity of BNP is so breathtaking then why they have resorted to burning former party leaders houses and why have so many ministers and party leaders bothered to talk about the LDP leaders so deafeningly? LDP leaders haven't yet decided if they would contest the ensuing

national election solo. Are they looking for an invitation to join an alliance? On principle, any alliance with BNP. Jamaat (BJJ) isn't an option. If the short term goal of LDP is to prevent the BJJ alliance from winning the majority seats then the only option is to join the AL led alliance. The pitfalls of joining an alliance are that it may permanently overshadow the mission of the party including its expansion and distinctive identity.

Detractors already dubbed LDP as yet another party of renegades. They profess that its initial brunt will fade away with time. By joining in an alliance, its leaders will essentially feed into that prophesy.

Party literature stresses that new parties must overcome a host of barriers before becoming significant political actors. To succeed, a new party must have:

- A distinct party appeal that addresses salient political issues;
- Sufficient human, financial, organizational, and media resources;
- Strong mass appeal to be elected;
- The ability to take advantage of their electoral environment.

The country's current predicament is multi-faceted and too deeply ingrained to be resolved by

existing political parties. As prime minister, Hasina gave an impression that her party comes ahead of the country while Khaleda showed that her family and friends get precedence over that of the country's interest. As opposition leaders each had proved to the people that democratic process and people's interest can take a back seat until they bring down the party in power as in a merry-go-round cinema vérité.

Current politicians (exceptions apply) have cosseted themselves into an extravaganza of greed and thievery. Common citizens have virtually no alternatives to look up to. Some observers are already casting reservations about how LDP would run a crusade against corruption if corrupt people with money and muscle power tiptoe into this party.

In the past, major parties (BNP, JP) were formed by military usurpers turned into politicians to perpetuate in power. Other parties were formed by deposed leaders without followers. All indications are that BNP created by Ziaur Rahman, a person admired throughout the country, has started its disintegration at his wildly ambitious son Tareque Rahman's ineptitude in politics. The other party, JP, will become faceless after HM

Ershad becomes inactive or after his bank account is emptied.

The country needs a radical leader to innovate radical ideas. Who knows if Oli Ahmed is that leader? As a founding member of BNP he has been at odds with his party colleagues for a while and initiated bold, yet futile campaigns against corruption and the party structure within the party leadership.

To his former party colleagues, Oli Ahmed declared: "We cannot allow the rule of a corrupt prince or dynasty in the country -- Bangladesh is not for any queen or prince." It is true that to some BNP lawmakers, BNP means the Zia family (see, e.g. August 27, NEC meeting). They consider their party chairperson a "symbol" like the "queen" and her son as the "prince" -- an heir to the throne. This may be the single most important reason why Oli Ahmed and others have been making so much noise culminating in their exit from BNP and the birth of the Liberal Democratic Party.

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Caught in a jam



MD. ASADULLAH KHAN

THE concept of caretaker government was conceived to rid the country of confrontational politics, and give it a break from unremitting violence and lingering pessimism. With Justice KM Hasan declining to head the caretaker government this time, in the face of public protest over his link with the past BNP government, controversy again arose after President Iajuddin Ahmed assumed that office, without exercising the options laid out in the constitution.

Public disenchantment grew further as the septuagenarian president, without realizing the limitations of his capacity to handle such a delicate job at such a critical time, chose to retain 11 ministries in

BITTER TRUTH

If the chief adviser (the president) fails in this task, and a flawed election is foisted upon this nation, it will be him that the electorate will blame. Maybe President Iajuddin Ahmed firmly believed that he could occupy the hot seat without ever getting burnt, but after the nightmarish experience of the last few days we need a chief of the CTG who speaks less (as President Iajuddin Ahmed, by nature, does), and delivers more. Better still: we need one who, during the next 76 days, will fear no one and favour no one.

addition to his routine job as president of the republic, presumably egged on by his mentors in the past government.

With the chief adviser issue still being debated by all sections of the population including the civil society members, different human rights groups and a host of professional bodies, the CEC issue is also back in the news. Despite all his failings in the past year, including defiance of the High Court verdict, preparation of fake voter list and wastage of public money, CEC Justice Aziz wants to cling on to his post, defying public protest and anger over his incompetence and rough manners which were widely publicized in the media.

With conduct unbecoming of a judge, CEC Aziz has often resorted

to lies regarding his meeting with some advisers of the CTG, as reports suggest, and also in disclosing the nature and subject of the discussions he had with the American ambassador in Bangladesh, Patricia Butenis, in the last few days. Recalling the behavior does not behoove that of a judge who once adorned the appellate division of the country's highest court.

Shockingly, the situation prevailing in the country is mind-boggling. Anyone taking a look at Justice Aziz's activities in the EC for the last one year, just on the strength of the constitutional immunity he enjoys, would feel convinced about the saying that power intoxicates the best hearts, as wine the strongest head, but then nobody can thrive on corruption and lies.

People have observed during the last one year that Justice Aziz is notoriously allergic to any criticism. Since our judges, whether they are in the bench or away from it, are so

articulate when it comes to attacking other organs of the state like the legislature and the executive, will they let us have some of their thoughts on the process of their own doings?

It is time that the president-cum-chief of the caretaker government, who holds the dual job as dispenser and arbiter of his own actions, went back to work to streamline the administration and restructure the EC which were, so long, working at the instance of the past government. And if he doesn't stem the rot, things might go out of hand. There are disturbing signs that this is already beginning to happen in many parts of the country, including the capital city.

Given the fact that Professor Iajuddin Ahmed is the president of the country as a party's choice, public speculation or misgivings about his soft-pedaling with the 4 party led alliance may not be unfounded. While there are accusations and counter accusations about the visit of two advisers of the CTG to Sudha Sadan, and their interviews in the electronic media where they said that the decision had been taken at a meeting of the council of advisers headed by the chief of the CTG, the Bangabhaban sources remained conspicuously

silent when BNP General Secretary Abdul Mannan Bhuiyan decried this move as being a violation of their neutrality.

Most importantly, the president, as the chief of the CTG, needs to take control of the political moves so that the country can go back to constructive things like making the election free, fair, smooth and credible. He needs to take measures to evolve a policy for the country for the next three months, instead of the destructive hate-filled nonsense we have been witnessing of late.

The answer lies in the CTG's, especially the chief adviser's, efforts to avoid controversies about his handling of delicate issues, including allowing a level playing field for all the parties. Despite the reservations the people and the 14 party-led opposition had about President Iajuddin Ahmed's assuming the office of the chief of the caretaker government, they accepted the new chief amid hopes that he, at least this time, would address the issues that rock the country.

But alas! It seemed from day one that an "invisible hand" was at work in the government and elsewhere to disappoint the hopefuls in the country. On the other hand, Begum

Khaleda Zia, away from power now, still believes that she is a law unto herself. The way she blasted the opposition for their demand for restructuring of the EC, and castigated the advisers for holding a meeting to know each other, spoke of her arrogance and the power she still enjoys. Fully aware of the fact that most of the advisers are powerless, with no important ministries in their hands, she even asked for the removal of some of them for reasons not substantiated by facts.

As it appears the president and chief adviser, Professor Iajuddin Ahmed, has been gripped by a political death wish. He has been spectacularly non-assertive till now in his efforts to reshuffle the politically linked bureaucrats and law enforcement officials from key administrative positions.

People in the country know him as an educationist, and, most of all, a gentleman. But there are moments in life when it does not pay to be a gentleman. If the president-cum-chief adviser has to lead the transitional government, deliver the goods and free the nation from the mess it is in, he has to overcome his image of a good man who is unwilling to hurt a fly.

It is more than somewhat ironical that the very personal attributes

which made Professor Iajuddin Ahmed the most venerable person in the past days have now made him vulnerable. Egged on by the past government that installed him as the president of the country, he chose to take on a monumental responsibility without realising his limitations due to old age and sagging health after his recent heart surgery.

Even so, this is no time to ponder on such profound paradoxes, it is time to give the country decisive governance in a bid to hold a free, fair and credible election. If the chief adviser (the president) fails in this task, and a flawed election is foisted upon this nation, it will be him that the electorate will blame.

Maybe President Iajuddin Ahmed firmly believed that he could occupy the hot seat without ever getting burnt, but after the nightmarish experience of the last few days we need a chief of the CTG who speaks less (as President Iajuddin Ahmed, by nature, does), and delivers more. Better still: we need one who, during the next 76 days, will fear no one and favour no one.

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We need to focus on SMEs

KHAN FERDOUSOUR RAHMAN

SMALL and medium enterprises (SMEs) are those industries whose headcount, or turnover, falls below a certain level which varies from country to country. In the European Union (EU), the current definition categorizes industries with less than fifty employees as "small," and those with less than 250 as "medium."

SMEs, which can absorb an unlimited number of small investors, are a highly cost-effective route to industrial development. They, in contrast to large-scale industries, have a reputation for innovation. The SME sector plays a very important role in a developing country through employment generation, poverty reduction and

achievement of overall economic growth. SMEs enhance competition and entrepreneurship, are generally more productive than large firms, and boost employment more than large firms.

They are basically labour-intensive industries, with relatively low capital, which enjoy a natural comparative advantage in a labour surplus and capital scarce country like Bangladesh. Nearly six million SMEs play a significant role in generating economic growth and employment, with a contribution of about twenty-five per cent of the total national income. Given the importance of this sector in the economy of Bangladesh it is evident that policies to support the development and growth of SMEs are necessary.

In order to achieve poverty

reduction, development of the SME sector is very important. This sector has also been recognized for pro-poor economic growth among the seven important sectors in the Poverty Reduction Strategy Paper (PRSP) of Bangladesh. The future of economic development of Bangladesh rests partially on the development of the SMEs, as large-scale industries could not achieve the planned targets of industrial and economic growth.

Globally, access to credit has been recognized as a right of the people. But the SMEs are the "missing middle" of funding as they can neither access formal lending from the financial institutions, in absence of collateral, nor are they entitled to borrow from the micro-finance institutions.

Access to credit enables them to use their full potential for contributing to sustainable economic growth and poverty reduction. For various reasons, among which economic problems come first, the development of the SME sector has been obstructed. Other than that legal, administrative, technological and infrastructural guidelines, and skilled human resources etc. are also important.

Insufficient capital is considered to be the major constraint in this sector. The commercial banks are somehow reluctant to disburse loans to the SMEs because they do not consider such disbursement profitable. The banks consider SMEs as high-risk borrowers due to their low capital, insufficient assets and absence of collateral. The administrative cost for close

supervision of SMEs is also considered to be high. Even then, it is highly appreciated that a few banks and financial institutions are regularly disbursing loans to the SMEs. Of late, a few private commercial banks have been disbursing more loans to SMEs than nationalized commercial banks and financial institutions; though a few of them are charging comparatively more interest rate on these loans.

Presently, the SME sector is not restricted merely to the technology-poor and out-of-date agricultural activities. Rather, it has expanded to the service sector. This sector has created its own position by the side of large-scale industries.

Among them timber, jute, thread, readymade garments (RMG), food and beverages are

important; which provide an alternative to import. Export oriented production in SMEs has gained momentum in the past few years. Further development of these industries will certainly offer various investment opportunities.

The SME sector has been declared as a priority sector in the Industrial Policy of Bangladesh, 2005. Our poverty reduction efforts can be accelerated through promotion of the SME sector. Due to globalization, only quality products can meet the challenges of the global market. SMEs face increasing competition from an increasingly globalized market.

To compete in such a situation, SMEs need to upgrade their technological capabilities and production facilities to produce quality products at a competitive price. For

innovation and diversification in products, SMEs can be better managed by the entrepreneurs. When the SME sector experiences significant growth, non-financial instruments will also emerge as the primary stimulants, including well-targeted technology transfer, and the fostering of forward and backward linkages.

Development and growth of SMEs in Bangladesh can be supported by a few steps. First, by declaring SMEs as a "priority sector," which should be backed by a pro-active SME development policy. Second, by creating an enabling environment for SMEs with sound macroeconomic and structural policies, good infrastructure, fair policy of competition, and efficiently functioning institutions. Third, by promoting the growth of

targeted business support services, i.e. skill development, research and development, etc.

A vibrant SME sector is one of the principal driving forces in the development of a market economy. SMEs cannot withstand competition without being provided some sort of protection by the government. As part of a development strategy, all out efforts should be intensified to develop the SME sector as an industrial base. The government should create an environment where entrepreneurship can flourish; and adopt policy based on a positive developmental aim with a view to assisting SMEs by promoting their efficiency and sustainability.

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