

## View from the brink

Every system must have backup support if it is to survive the test of time. The nation should return to making the president a true guardian of the country. It is, again, the mistrust and the fears of our political parties that have come to the fore in making the president a mere figurehead. The office of the prime minister has been given all the powers to make it a prime ministerial form of government. In the process our political parties have forgotten that the president is the unifying symbol of the sovereign powers of the state and the solidarity of the people.

SYED MAQSUD JAMIL

OUR national politics is on the brink. That is all one can read from the two grand rallies held at the Paltan. Now it boils down to whether we have time or not. As far as the 90 days time-frame goes, there is around one month left for the national polls. The stands of the two alliances are far apart, but they hold the same view; that a failure will lead to national crisis.

It is comforting in a sense that the two contending alliances have a clear perception of the consequences that will follow from a failure. This will not, however, produce any result without affirmative action.

The deadlock can be resolved. The two principal players, the Awami League and the BNP, know it well that it can be. Bangladesh will have to carry on with democracy because this is the only sensible option for the country.

So long as these two do business with each other, as all good partners to a process should,

democracy can overcome any problem as and when it comes. The democratic process is a shared task, not an autocratic exercise of absolute will. The right to govern may be a singular privilege, but its exercise is best served by dialogue.

A democratic system has a parliament because the need for multilateral dialogue is at its centre. A heartening camaraderie and unanimity marked the country's return to parliamentary democracy. But it ended in a bitter legacy of mistrust and stubbornness over the caretaker government. That rendered dialogue into an ineffectual tool among those who would have profited most by it.

Accord and compromise, the two vital elements of dialogue, are seen as instruments of capitulation. That is at the core of our political crisis.

In the last 15 years, both the Awami League and the BNP have suffered on account of their inability to see their vindication in dialogue. BNP's performance was by far the best in its first term, according to all the indexes. Yet, it lost the election

in 1996. It did not see the wisdom of wholeheartedly joining the rest of the parties in working out the caretaker government formula through a successful dialogue.

They muddled into early polls, a farcical one at that. Ultimately conceding to the caretaker government demand in an ignominious manner saw its ouster. A successful dialogue could have been a good beginning to emulate.

The Awami League also did not show much faith in the usefulness of dialogue when it was in power. Instead, it drove the BNP onto the streets, and went to polls in 2001 with great nonchalance.

Unfortunately, the BNP also did not learn from its first term. This time it acted in a manner as if its large mandate had given it all the legitimacy in the world to do anything without sincerely engaging a party whose seat strength had been drastically reduced.

In the beginning it appeared from the salutary tones of Mrs. Zia's maiden address that BNP had embarked on a sincere course of national harmony through dialogue

and constructive engagement. Professor Badruddoza's ouster brought BNP back to the familiar imperial stance.

All through the second term BNP gave the impression that its two-thirds majority would translate into another term. Here was the time for uniting the country, and BNP was to take the lead. Instead, it squandered the opportunity in a display of aloofness, and disinterest in engaging the major opposition.

The partnership would have been very useful in building the two vital national institutions -- the Parliament and the Election Commission. Sadly, our political parties view partnership with the opponent as an erosion of their eminence. The art of the possible that we know as politics cannot take place without give and take.

BNP embarked on a course of crafting an election combine of its own to contest the next election. They did what others had done in the past. The difference was, however, in quality. True, M. A. Saeed the CEC at the last polls was from Gopalganj, but he carried with him the excellence and experience of a successful bureaucrat.

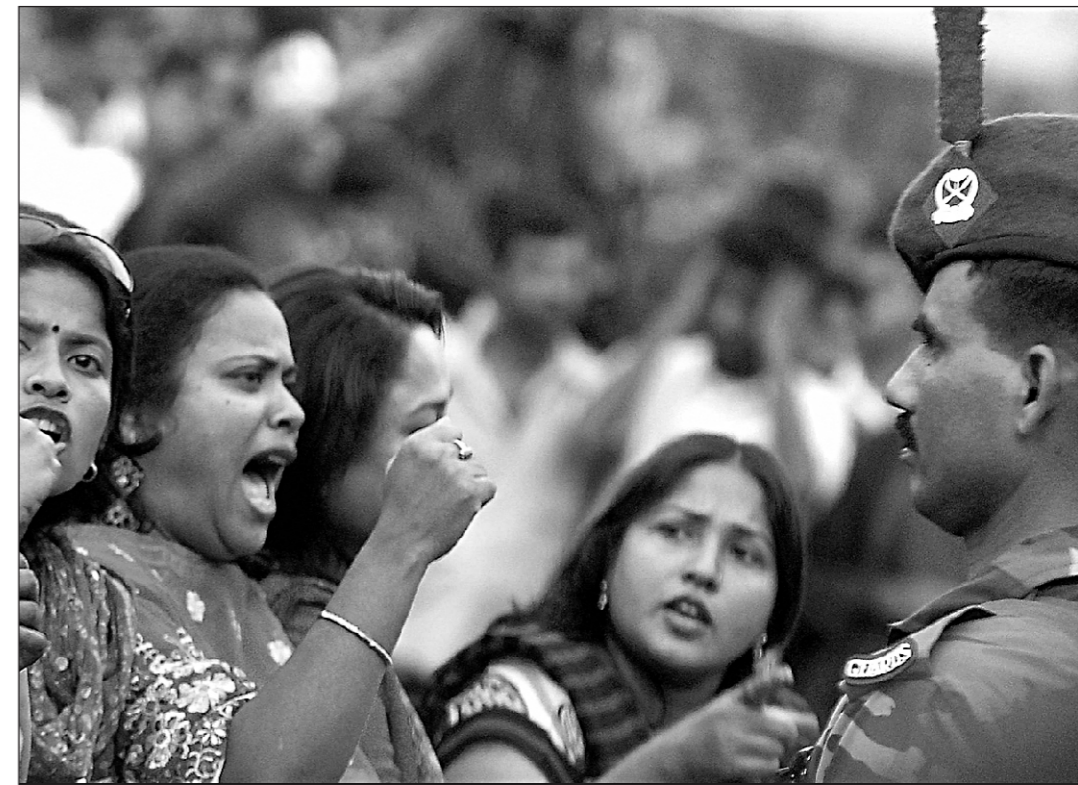
Justice M.A. Aziz, on the other hand, was a disappointment, prone to bumbling histrionics. He started muddling things up with incremental regularity. It was indiscreet to plan things in such a manner that a person of Justice K.M. Hassan's partisan past was to become the chief adviser. These decisions made the road to the national polls a doomsday ride.

A handpicked president was the unlikeliest of choices for the office of chief adviser. Professor Iazuddin is handicapped by a partisan profile. It is natural that he will falter, and he is faltering, caught between the consciousness of not reneging on his patrons and the demands of the duty.

His best intentions, hampered by constraints, are not producing results. The political crisis before us is the sum total of the failure of the two political parties. They have not been able to build the Parliament, the Election Commission and the office of the president into institutions of national support. The parties' invasion of these institutions has been at the cost of the democratic build up of the country.

We are witnessing a groundswell of popular disenchantment with the two political parties. This disenchantment has definite grounds. The widely held resentment holds the two parties liable for unbridled appetite and greed for power. Power is used as a licence for plunder and mindless acrimony, and it is the people that bear the cost of this unscrupulous pursuit. Understandably, their political conduct, driven by mistrust, intolerance and contempt only breeds misery and hardship.

Of the two leaders, one speaks of establishing the right to vote and to get food, and the other says that the people are the source of all power. It is in the nature of things that a need that involves the lives of millions never goes unanswered for all time. Alternative sources spring up to fill



the need. That is a prospect that may render the political parties into endangered species. There is no dearth of such examples in this world.

Every system must have backup support if it is to survive the test of time. The nation should return to making the president a true guardian of the country. It is, again, the mis-

trust and the fears of our political parties that have come to the fore in making the president a mere figurehead.

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It is the lesson of the times that a respectable degree of power should be returned to the president. The election commission and the judiciary can be well served under the president. We can also do well to think about an upper house of the Parliament so that the country may not have to return to the brink again.

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## Rupali Bank sell-off in national interest?

In an EGM, the private shareholders of Rupali Bank went on a rampage, protesting the proposal of amendment of its articles of association on privatizing the bank. Police reportedly baton-charged the shareholders. The shareholders were against the sell-out move and got a High Court decree asking the Privatization Commission to stop the process.

MUSTAFAZUR RAHMAN

THE Bangladesh Privatization Commission's frantic maneuver to sell-off 67.26% of government shares in Rupali Bank to a Saudi prince for \$330 million is being pushed to the final stage by hood-winking the public. Rupali Bank Ltd. is a public limited banking company where the government holds 93.26% of the shares, while the remaining 6.74% is held by private investors.

With the plausible excuse that the World Bank and IMF want the government to privatize the four nationalized commercial banks (NCBs), the government appointed PriceWaterhouse Cooper (PWC), which is basically an accounting firm with an influential local agent, as the consultant to prepare the NCBs for privatization.

Bangladesh has more knowledgeable bankers than PWC can provide. PWC, which had to pay \$5 million to settle charges brought against it by the SEC in USA for

wrong-doing, was given the consulting job, reportedly for about Tk 100 crore.

Ironically, this company finally engaged some local bankers. Spending foreign exchange for the consulting job is naturally questionable because our people can do it much better, once the government decides for reform, that is.

The government could easily sell off Rupali Bank shares through the stock exchange because it is a listed public limited company, but it went for tender through the Privatization Commission. The Bangladesh Board of Investment (BOI) dubbed the bank share sale to a foreign party as a Foreign Direct Investment (FDI). Both, the Privatization Commission and BOI are under the PMO, and their decisions involve the prime minister, whereas the decision to sell 67.26% of government shares involved the Ministry of Finance and the Bangladesh Bank.

The decisions to hire a foreign consultant and to sell 67.26% government shares through tender to a

foreign private individual investor were not necessarily in the interest of the country which has less than \$500 per capita GDP. It is not creating any employment; rather it is poised to drastically cut existing employment. Banking is a service sector of semi-public nature and not a manufacturing sector involving higher technology, nor it is a heavy capital-intensive sector beyond our immediate capacity.

We need comprehensive reforms in banking, monetary policy, exchange rate improvement, interest rate regime suited for industrialization, loan budgeting system, formation of nationalized banking holding company, etc before we allow any kind of foreign investment in financial institutions. An amount of \$330 million is peanuts for a nation. Moreover, nationalized banks provide important leeway to the government for promoting industrialization at the early stages.

To further justify the sale, the bank was not being repaid the loans by public corporations and state-

owned enterprises (SOEs). As of June 30, Rupali Bank's total classified loans reached Tk 867 crore, 20 percent of the bank's total outstanding loans.

If the government is not bankrupt, the public corporations and SOEs cannot be defaulters, unless the Ministry of Finance deliberately acts improperly. The responsibility of Bangladesh Bank and the Ministry of Finance is to see that NCBs function properly and are profitable, without making loss the reason for fabricating an excuse for privatization prematurely and in a hurry.

No government is supposed to sell out state property to foreigners for the self-interest of some quarters. Banking is a service, which we are capable of providing in foreign countries, if we are allowed to.

In an EGM, the private shareholders of Rupali Bank went on a rampage, protesting the proposal of amendment of its articles of association on privatizing the bank. Police reportedly baton-charged the shareholders. The shareholders were against the sell-out move and got a High Court decree asking the Privatization Commission to stop the process. The Privatization Commission secured a Supreme Court stay order for a week.

The Privatization Commission chairman intended to bulldoze the whole deal before he had to leave office by November 15. There was

hoodwinking with prospects of large investment in human resource development, recapitalization and buying up of the remaining government share of 26% for \$134 million at about Tk 2700 per share, etc.

Due to objection by some officials regarding responsibility and liability of bad debts and classified loans of Tk 867 crore, retirement pension, transfer of ownership of Rupali Bank headquarter building, etc the deal could not be signed before November 15. The Privatization Commission is now searching for an opportunity to make the deal some how by the end of the year.

The question is not money; it is the protection of national interest first. Rupali Bank has over 493 branches. The worth of the bank was estimated at \$1.07 billion as of December 31, 2005. It is common practice all over the world to restrict foreign investment in banking. We have experience of the difficulties we have to face to open even a branch of a bank in a foreign country. We have to think seriously about not entering into any premature deal against national interest, or to embitter our relations someday by cancelling an undesirable sale contract with Saudi Arabia.

We may sell up to, say, 10% of the share every six months through the Stock Exchange, restricting foreign investment to, say, 10% in total. We may float convertible

bonds in foreign exchange for expatriate Bangladeshis, if so required to meet foreign exchange needs and satisfy capital adequacy conditions. We may encourage Saudi investors to invest in petroleum refineries, automobile manufacturing, steel plants, Bangladesh Biman to some extent, and other capital-intensive projects.

Now the government must urgently review the Rupali Bank share sale process before great irreversible damage is done. It is reported that railway land is also being leased (long-term) to Hilton Hotel, which will build about 50 luxury apartments. We cannot arbitrarily sell our land like this without offering the opportunity to our own people for genuine purposes. The administration must keep vigilance on unscrupulous sell-out spree by vested interests with power, to safeguard our national interest.

All these cannot be justified by wrapping them in the cover of FDI. All FDIs are not necessarily in the interest of the country. They need to be evaluated from our national perspective and long-term vision. Let us hope we make the right and educated decision for protecting vital long-term national interests.

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## India: Eastern or Western power?

India can follow in the footsteps of Japan or China or even forge its own path

The West believes that it alone championed "freedom" and "tolerance." But Amartya Sen points to the Indian emperor Ashoka, "who during the third century BCE covered the country with inscriptions on stone tablets about good behaviour and wise governance, including a demand for basic freedoms for all indeed, he did not exclude women and slaves as Aristotle did.

KISHORE MAHBUBANI

PUNDITS agree: India will be the third great Asian power to emerge, after Japan and China. Japan emerged self-consciously as a Western power. China has made no pretensions in that direction. What will be India's path?

Figuring India's direction is not easy. What is the nature of era we are living in, Eastern or Western? Also what is the nature of Indian civilization itself?

A century ago, we lived in the Western era of human history. Japan emerged as a Western power because there seemed to be no alternative to Western power in 1868. Japanese Meiji reformer Yukichi Fukuzawa said: "Our immediate policy, therefore, should be to lose no time in waiting for the enlightenment of our neighbouring countries in order to join them in developing Asia, but rather to depart from their ranks and cast our lot with the civilized countries of the West.1

Sun Yat Sen also acknowledged superiority of the West: "We, the modern people of China, are all useless, but in the future we use Western civilization as a model, we can easily turn weakness into

strength, and the old into the new.2 Similarly, India's first Prime Minister Jawaharlal Nehru said: "The search for the sources of India's strength and for her deterioration and decay is long and intricate. Yet the recent causes of that decay are obvious enough. She fell behind in the march of technique, and Europe, which had long been backward in many matters, took the lead in technical progress.3

Would these Asian statesmen, if alive today, readily acknowledge the superiority of the West?

Many in the West have never felt so insecure, both in their daily lives and sense of future. Remarkably, one man sitting in a cave in Afghanistan has unleashed much of this insecurity. A few young English Muslims aggravated it further.

Lou Dobbs has convinced many Americans that outsourcing to Asia is the next big threat to America. Europeans, by contrast, feel threatened when a British citizen of Indian ancestry, Lakshmi Mittal, tries to buy a European steel company, all the while playing by European rules. All these are examples of insecurity.

If the Goldman Sachs BRICs study is accurate, three of the four largest economies in the year 2050 will be Asian: China, USA, Indian

and Japan. It is hard to engage in Western triumph if this triumph does not rest on a conviction of perpetually superior economic performance.

Something equally important has occurred in the moral dimension. If anyone had suggested 15 years ago that Western countries would allow the use of torture, he would have been dismissed out of hand. But this has happened.

In 2005, Irene Khan, the head of the Amnesty International, said: "Guantanamo is the gulag of our times." If her statement was untrue, there should have been a rush of denials from the West. If her statement was true, an equally strong chorus of voices would have demanded that this had to stop. Apart from a few flutters of regret, nothing really happened. The gulag continued.

This silence of the West has resulted in a profound shift in how leading Asian minds view the West. Instead of seeing the West as a paragon of virtue, they now see an emperor with no moral clothing.

The good news here is that many of these "Western" values may not be uniquely Western, and other custodians could emerge.

The West believes that it alone

championed "freedom" and "tolerance." But Amartya Sen points to the Indian emperor Ashoka, "who during the third century BCE covered the country with inscriptions on stone tablets about good behaviour and wise governance, including a demand for basic freedoms for all indeed, he did not exclude women and slaves as Aristotle did.

Sen's point is that the great divide between the East and West may be artificial, that the values of freedom and tolerance, reason and logic, may not be uniquely Western.

Against this backdrop, let me offer concrete predictions about how India will emerge:

My first prediction is that Indians, unlike the Japanese, are going to wear less rather than more Western clothing. Clothing helps define one's identity. Try to imagine another Mahatma Gandhi or Jawaharlal Nehru without their trademark Indian garb.

Second, India will gradually drift away from the West. The West will continue to lose the magical place it has enjoyed in the global imagination. Part of this is will be a result of relative economic performance.

There was a time when many Asians believed that Westerners were inherently superior. Today, the cultural confidence of Asians is immense. Most people in the West have not noticed this because cultural confidence is intangible. But Asians are fully aware, no longer amazed to see Asians top the lists of leading global entrepreneurs or academic achievers in leading American universities.

But there is another practical reason why many in the West have not noticed the rising cultural confidence of Asians. Most Western opinions are generated by a small group of Western pundits whether they be in "The New York Times" or "Financial Times." A deep conviction of Western civilizational superiority seeps through their writings.

Strangely enough, in our information-rich universe, Western voices continue to speak to other Western voices on the basis of deep-seated assumptions of Western superiority, while the rest of the world drifts from these assumptions.

With the West losing its magical place in the human imagination, it is also likely that the desire to emulate the West will diminish in India and the rest of the world. India will continue with some of the finest political traditions it has inherited from the West: Democracy, a respect for human rights and respect for the rule of law.

But increasingly, Indians will claim these traditions as their own, just as Western philosophers happily accepted the work of Islamic rationalists and claimed their ideas as their own.

My third prediction is that, with the growing detachment between the West and the rest, India will once again resume its natural role as the meeting point for the great civilizations. At a time when many in the West are convinced that the West cannot co-exist in peace with the Islamic world, they will increasingly marvel at how India has

accommodated many civilizations including the Hindu, Buddhist, Islamic and Christian civilizations and how most live in peace with one another most of the time.

A spirit of inclusiveness pervades Indian political and social culture. While the West often tries to discuss the world in black-and-white terms, the Indian mind sees nuances.

Take Iran as a case study. The West cannot see beyond the relatively new and brief theocratic rule of Iran. Indians however see a rich and deep Persian civilization that has contributed so much to the development of both Asian and Indian cultures.

Hence, while the West insists on cutting itself off from Iran, Indians naturally believe in engagement, even though the Indian government disapproves of the Iranian nuclear program.

This capacity for engaging other cultures may well mean that India could play a bridging role between the West and the East. Or, it could play a bigger role of convincing leading Western minds that they should stop seeing themselves as guardians of one leading civilization. A great crusade is needed to convince the West that it is essentially no different from the rest. India may well play a leading role in this crusade.

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## Pakistan and Afghanistan

HUSAIN HAQQANI

A MIDST spiraling violence in Kabul and the Afghan countryside, Afghan President Hamid Karzai has stepped up his criticism of Pakistan's role in supporting the resurgent Taliban. "Pakistan hopes to make slaves out of us, but we will not surrender," Karzai told schoolboys last week. Three days earlier, a fearful Karzai had grieved over Afghan children being killed by Nato and U.S. bombs, and by "terrorists" from Pakistan.

In frequent media interviews, General Pervez Musharraf recounts the ways he has assisted the United States in the war against terrorism, and insists that the Afghans should "avoid the blame game" and work with Pakistan in dealing with a shared problem. Pakistani officials list, Karzai's weaknesses, which they say are the real cause of Afghanistan's current security problems.

It is true that Pakistan cannot fully control its complex 1,125 mile (1,810 kilometers) border with Afghanistan where the international community and the national government have both made a series of mistakes. Karzai's patronage politics has kept Afghan warlords in business, and his reliance on secular, westernized Pashtuns has antagonized the more religiously oriented Afghans.

Afghanistan's current political structure is far from being fully inclusive, and the country is plagued with corruption and governance problems. But it is also a fact that there is no insurgency in Afghanistan's northern provinces, which face the same problems of governance that affect the eastern and southern provinces adjoining Pakistan.

Despite the weakness of their state the Afghans have a strong sense of nationalism, and under normal circumstances they would have resolved their grievances against Kabul without suicide bombings and terrorist attacks. The international and Pakistani media has run credible reports of Pakistani authorities' tolerance, and in some cases active support, for their former Taliban protégés.

Pakistan's powerful security services, notably the Inter-Services Intelligence (ISI), never liked the idea of removing the Taliban from power in the first place. Instead of ensuring a friendly government in Kabul by working with whoever is in power there, the ISI has long been wedded to the idea of installing its clients and allies as Afghanistan's rulers.

Unfortunately, the Pakistani security establishment has repeatedly chosen extremists unacceptable to the international community for that role, including Gulbeddin Hekmatyar and the Taliban. In the aftermath of 9/11, Pakistan became a reluctant U.S. ally, and the ISI has taken some action against Al-Qaeda. But notwithstanding recent official protestations to the contrary Pakistan has done little to fight the Afghan Taliban.

Pakistan's interest in Afghanistan

is rooted in history. The Pakistan-Afghanistan border was demarcated in 1893 as the frontier of the British Raj in India. After independence in 1947, Pakistani leaders had assumed that Pakistan would inherit the functions of India's British government in guiding Afghanistan's foreign policy.

But Afghanistan responded to the emergence of Pakistan by voting against Pakistan's admission to the United Nations. It argued that the treaty that demarcated Afghanistan's current border with Pakistan was no longer valid because a new country had been created where none existed at the time the treaty was signed under British coercion. Since then, Pakistan's establishment says it is fearful of Afghan officials collaborating with India in squeezing Pakistan in a pincer movement.

A lot has changed in Afghanistan's attitude towards Pakistan, and none of Afghanistan's current leaders espouse anti-Pakistan views of the Kabul regimes of the 1950s, 60s and 70s. It is now Pakistan's turn to review its security concerns and change the prism through which it views Afghanistan.

The establishment's near obsession with extending Pakistan's influence into Afghanistan has already lost Pakistan the goodwill that was generated by supporting Afghan refugees and Mujahideen during their anti-Soviet struggle.

Since the fall of the pro-communist Kabul regime in 1992, Pakistan's intelligence community has adopted the attitude of British officers of the 19th century, when Britain and Russia competed for influence in Central Asia in the "Great Game" of espionage and proxy wars.

Karzai was obviously referring to this attitude in his remarks about Pakistan's desire to enslave Afghanistan, though he could have used more temperate language.

Many in Pakistan's security establishment do not consider the Taliban as enemies, and U.S. officials are simply bluffing themselves by failing to see that reality.

The result is the creeping Talibanization in NWFP and the tribal areas, which does not augur well for Pakistan. It is further evidence that intervention in Afghanistan is more likely to weaken Pakistan instead of strengthening its security.

It is time for the Pakistani establishment to give up ideas evolved during the British Raj and the Cold War. Pakistan should befriended Karzai to secure its northwest flank, instead of going for yet another risky adventure involving militancy and terrorism.

The international community, too, must persuade Musharraf to ensure the stability of both Pakistan and Afghanistan by disengaging from the folly of seeking "strategic depth" through dangerous proxies such as the Taliban.

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