

CIA Report

A highly sensitive classified CIA report on ethnic cleansing has been published by the New York Times (NYT), which concludes that 90 per cent of ethnic cleansing in Bosnia were carried out by the Serbs and that "leading politicians played a role in the crimes." An AP report on the NYT story published in the journal yesterday holds the Serbs responsible for making a systematic attempt to wipe out all traces of all other ethnic groups living in the area. Ethnic cleansing surfaced as a policy in former Yugoslavia. The genocide, which the CIA report deals with, began after the Serbs in Bosnia rebelled against the republic's secession from the Serb-dominated Yugoslavia.

What the CIA report refers to as ethnic cleansing in Bosnia by the Serbs is in reality the killing of Bosnian Muslims by the mainly Christian Serbs. Following the holocaust of the Jews, during the Second World War, it is the genocide of the Muslims of Bosnia that stands out as the greatest crime against humanity. We had hoped that slaughter of groups of human beings due to religious, cultural or ethnic differences was a thing of the past. But the Bosnian genocide brings it home again in a most cruel and heart-rending fashion. For it to have occurred in the so-called liberal and advanced Europe must remind us all as to how thin the veneer is of our civilization that we are so boastful about.

What has stunned the world at large, especially the Muslim world, and the people of Asia, Africa and Latin America was the timid, ineffective and hesitant response of Europe and the United States to what is clearly the most heinous crime against humanity. What was known all along, but now the CIA report makes clear, is that it was only to please the Serbs that Europe opted for a muted response to the genocide. This sacrifice of principles and fundamental values at the altar of prejudice and narrow interest will exact a heavy price from us all. The Bosnian ethnic cleansing, and the Western response to it, have greatly eroded our general faith in universal principles. It will take a lot of convincing, spread over a length of time, to bring us all together again. The irony is that it is only through global unity that we can defeat the forces which created the Bosnian genocide.

An Unliving Land?

Bangladesh is not unfamiliar to top-of-the-world positions — only it always comes from the reverse side. National poverty and the density of illiterate masses and of the national population were areas we have long been unbeatable. But some improvement has been effected on these fronts — production and manufactures, birth and mortality rates, literacy, etc. Now we have been presented with a new kind of reverse championship — new but the most dangerous of all of Bangladesh negative parameters. Seventy-five per cent of Bangladesh's total land base is being degraded relentlessly. Making it progressively infertile. If things are not addressed correctly and meaningfully with the right magnitude of efforts — the degradation will spread to the remaining one-quarter. With time, the process, if unattended, will pass into irreversibility. Bangladesh will be a dead land — which is no land at all: unliving and unliveable.

An FAO report reaching Dhaka last week painted a grim land degradation picture for South Asian countries. And Bangladesh's was the grimmest. For Bangladesh water was cited as the major agent of degradation. This straightway means that all school texts would need to be revised to say that the yearly inundation doesn't anymore enrich the soil with *poli* — alluvium — but washes out to sea the elements that for million years have made it fecund. This all-enveloping flooding with its erosions must be stopped.

But Bangladesh's traditional land use-pattern, the way land is exploited here for farming purposes, also strips the land bare to its sterile bones. Land is also being abused here badly by large-scale defoliation resulting in fast-receding forest lines.

All this has to be reversed if Bangladesh is to live. Up to the present our challenges were on the planes of social organisation, culture, politics, economics. Unawares of us all the challenges have undergone a qualitative jump — a part of them now are grave physical ones — land and water, trees and weather. Now is the time to engage the new adversary. But sans knowledge and sans a cemented national will our battle would be only foredoomed.

A Great Gesture

The 179-year-old prestigious daily newspaper suddenly changed the name it has introduced itself on 20,000 million copies it has printed over 65 thousand consecutive days, excepting Sundays. But the change was made for a single day — last Wednesday, March 8 that is. And the great Scottish journal was back to its great name the very next day — Thursday, *The Scotsman*. What made it go for such a change? Must it be a mighty cause, as weighty as a mountain. The day was incidentally the International Women's Day and that held the clue to the change. And the other clue needed for unravelling the reason behind was what was the name it changed into for a day. You have guessed right and have proven the house publishing the journal hit it absolutely right with its little game. On Wednesday morning the highlanders got their morning newspaper titled *The Scotswoman*.

To take the game a little further than a mere symbolic gesture would require, the newspaper introduced — again for that day alone — female hands into key editorial posts. The great gesture rung a bell in the subcontinental mind. *Ek-din-ka-sultan* was an episode enacted some four hundred years back by the second Great Mughal Humayun. He made a *Visti* — water coolie — emperor for a day.

A more cogent and socially more significant parallel can be traced to the Bacchanal feasts of wild feminine excess observed in the Orphic traditions of classical Greece. The loss of women's primacy in everything social and domestic was attempted to be compensated by a single day's freedom in a year.

But one needn't take *The Scotsman* gesture in that light. This year's observance of the International Women's Day has been lent an unprecedented significance by the unusual departure made by the great newspaper.

THE Barings' collapse that shook and unnerved financiers all over the world last week should go down in history as one of the most significant events of financial catastrophe that the world could ever imagine. The 233-year oldest merchant bank of Britain, owned and managed by Barings brothers, fell apart with its estimated 6 billion pounds of fixed assets and an enviable worldwide reputational network. The ups and downs in financial institutions are no exceptions, and at times, such happenings feed newspapers with interesting analyses. But, this time, Barings hit the headlines not for its rise from an old dip (or vice versa), but for its alleged dive into a deep dip that knocked it off the tournament. More vividly, a single person is alleged to be responsible for the entire crack on this giant ship. The architect is reported to be a 28-year-old "man named Nick Leeson who is presented as 'very young, very vain, good-looking, tolerably rich and quite uncontrolled'". This chief trader at the Singapore office of Barings Futures used to draw, till the moment he was without handcuff, an annual salary of \$150,000 plus a bonus. This amount, of course, excludes his entitlements to a fashionable apartment and tour expenses to wherever he wanted to be. However, the world-famous news magazines like the *Economist*, *News-Week* and *Time* came up with interesting cover-stories relating to Barings Bank and Nick Leeson.

How and Why it Happened

Most of the losses for which the bank is said to have gone broke allegedly came from Mr Leeson's "overambitious" and "unscrupulous" trading of two ordinary derivative instruments based on the Nikkei share index. Like others, he was also "arbitraging", i.e., seeking to profit from differences in the prices of Nikkei-225 futures contracts listed on the Osaka Securities Exchange (OSE) in Japan and the Singapore Monetary Exchange (SIMEX). "Arbitrage" is simply a business that involves buying futures contracts on one market and simultaneously selling them on another. And, in between, the actor gets the premium. The margin from such trading should usually be small in to-day's highly competitive and hi-tech world. Hence the arbitrageurs, quite obviously, need to place huge volumes in buying and selling to harvest home a fat profit. Theoretically, arbitrage can hardly make any broker broke if he/she takes the text book prescribed optimal strategy: to take a long position in one market (i.e. betting on a rise) and then offset that by a position in the short market (i.e. betting on a fall) and thus minimizing the risk. Small risk, small gain; but no risk, no gain, — that is the crux of the game of arbitrage.

Leeson used to fiddle around with just the same. On many occasions, his trump cards paid him dividends and as a result, Barings also earned quite handsome amount from futures trading. Quite rationally, everybody in Barings family was happy with his diligence, articulation and knowledge about futures markets. But like the famous saying, "greed breeds sin and sins lead to death", death suddenly seemed to have visited Barings for its utter greed. Leeson was so much obsessed with his success in the game in recent years that he soon forgot to realize that it was a gambling where one cannot continue to face losses unless one is endowed with limitless wealth. He allegedly began to move beyond arbitrage and instead of "hedging" his positions, went on gambling on the future direction of the Japanese markets. The "animal spirit" of his "capitalism", perhaps, led him

Beneath the Surface

by Abdul Bayes

to buy \$7 billion worth of stock-index futures and sell \$20 billion worth of bond and interest rate futures contracts till the 23rd February, according to news-reports.

Then came the Kobe earthquake in January that seemingly "wobbled" the Nikkei index and shattered Mr Leeson's strategy. Analysts tend to argue that to keep Leeson and his bank safe and sound, Nikkei had to stay in the 18,500-19,500 range but it was going down gradually. Leeson, instead of remaining quiet after the slide following the quake, began laying huge "naked" (not hedged against the possibility that Nikkei might not go up) bets on a subsequent rebound in the Nikkei. Even Tokyo and Singapore traders were tensed and watched Leeson's (or for that matter, Barings') game with mounting puzzlement and possibly pondered over the plunder he was going to make then. In a regime of falling prices, usually one should try to "cut the loss and lick the wounds", but Leeson of Barings seemed to have done just the reverse: adding salt to the injury by buying more after the January 23rd slide. When Leeson could visualize that the index might roll down to low again, he wanted to buy more shares to kick out competitors, monopolize the market and thus push up the price index to pay for his mammoth loss. But as ill luck would have it, the wind blew otherwise and Leeson's sheer ego to control the world's second largest Tokyo stock market miserably failed and at that time the index plunged 1000 points to under 17,800. Thus the massive loss, reported to be amounting to \$1 billion, just within a month or two, allegedly sank the bank and laid all cosy wishes of Leeson to rest.

Ego and the Go

It is quite astonishing to know as to how a single person of Leeson's age and education (never he crossed college level) could be worth so much of responsibility of such a famous bank. The answer, as noted earlier, is that in the past, such futures trading through him brought forth good fortunes to the bank and he has long been greeted for his astounding success in this line of trading. For example, it is reported that last year Barings, profits from futures trading originating most from Leeson's efforts, rose from \$82 million (\$1.2m) to \$820 million.

There are a number of factors that seemed to have contributed to this dash. It is being said that in usual practice, two persons should be at the helm of two important but interrelated affairs. The head of settlements of a financial institution of Barings kind should not, at the same time, be the head of trading of the same bank because in doing so, one forbids any check and balance so much required for the two wings to operate efficiently and with less risks. While in most other banks these two functions are reported to be segregated, for unknown reasons, Barings empowered Leeson to carry on with two responsibilities and thus allowed him to hide the risks he was taking, or to put bluntly, the amount of money he was throwing into the ocean. It is also alleged that there was no "control system" excepting the fact that "Leeson was the system". Barings had been beginning to realize the odds recently, but it was too late to help avert the crash.

Mr. Leeson and the Lesson

The Barings disaster raised important questions that could have fruitful bearings on financial system of the world. First, Osaka and Singapore markets failed to ferret out why Barings futures was racking up unusually large positions. This obviously points to lack of proper information-feeding across markets. Second, international regulators should have worked more closely to avert such a grave crisis. Third, Barings' biggest problem is said to be its desire to hold into the antiquated tradition of its founders. Barings

grew slow to respond to the global financial peaks and troughs and displayed its "inability to integrate its old line merchant banking skills with its newer, rarer securities side." The chief lesson is, perhaps, that few firms are "too big to fail, in the roaring rapids of '90 finance." Fourth, no matter what the levels of profits are, a single person should not, perhaps, be entrusted with the task of grappling with such a huge futures involvement. Financial institutions can remain healthy and wealthy, only if a properly aware team of talents works together. And finally, a "hedge" is a must for futures trading so that all eggs are not placed in one basket. Barings, experience thus calls others to keep their ball-bearings tight.

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Untying the Gordian Knot of Our Politics

A SERIES OF INTERVIEWS AND ARTICLES ON THE CURRENT POLITICAL CRISIS

'This Government has Failed to Handle Very Basic Issues Facing the Nation'

An Interview with Jatiya Party leader Moudud Ahmed

by Chapal Bashar



The Daily Star (DS): What, according to you, are the reasons for the present political stalemate? What is the way out? Please elaborate your personal views on what should be the next step.

Moudud Ahmed (MA): The present political crisis has a long background. It has actually originated from the way the government, the Parliament and the organic institutions including the judiciary have been handled by the ruling party from the time they have assumed power. I would like to summarise them as follows:

(I) The regime being inexperienced and incompetent failed to handle some very basic issues facing the nation. For example, terrorism both inside and outside the campuses, law and order situation including random killings of students and businessmen, Farakka issue, Babri mosque issue and its effects in Bangladesh, the problems of the farmers and industrial workers, lack of investment in the industrial sector and the overall slackening of the administration. When the opposition took up these and other vital issues in the Parliament there was no serious effort on the part of the government to either mitigate these issues or to arrive at a consensus with the opposition to handle such issues collectively. When the Parliament debated these issues, the Prime Minister being the key figure of the regime, used to remain absent. The Prime Minister did not make any statement on any of the four budgets presented by this government.

(II) So the Parliament's primary function to control the government was substantially diminished due to the continuous absence of the Prime Minister and the non-serious casual approach of the ruling party to the Parliament as a whole. Whereas the Parliament should have been the focal point of accountability. On the contrary we have seen how the authority of the Parliament has gradually eroded and how it has lost its importance. Since the Parliament failed to control the government and scrutinise its misdeeds, widespread corruption, indiscipline in respect of vital matters of development, lack of cohesion in the administration, party-based patronisation in all spheres of administration, business and development, and above all its making laws by way of Ordinances by-passing the sovereignty of Parliament, caused a great amount of loss of confidence in this highest national forum amongst all sections of people.

(III) One of the preconditions for an effective and workable parliamentary system is to cultivate and sustain mutual trust, respect and confidence between the ruling party and the opposition, notwithstanding ideological or policy differences. But unfortunately the ruling party failed to maintain the principles of minimum ethics in their dealings with the opposition. The ruling party signed a 4-point agreement with the Awami League in order to bring them back to Parliament when they were boycotting the session in 1993. But once the Awami

League returned to the House this agreement was not implemented by the treasury side. Similarly commitments were broken with the Jatiya Party and Jamaat-e-Islami on various issues. This unreliable behaviour only caused further mistrust and widened the distance between the ruling party and the opposition parties.

(IV) In any government of this world to-day, be it a developed or a developing society, whenever there is any political crisis in the Parliament, the primary responsibility falls on the ruling party to resolve such crisis because of its higher stake involved in staying in power. It becomes incumbent on the ruling party to initiate reproachment in order to stay in power and run the government effectively. The philosophy of a good government is and can never be aimed at isolating itself from being accountable. An existing government also works to a great extent for the benefit of the next government in terms of the tradition and values it leaves behind. Unfortunately we find, on the contrary, just the opposite.

(V) As far as the strengthening of the democratic values and institutions is concerned, the ruling party adopted a highly arrogant attitude towards the opposition. Public meetings called by the opposition were broken up by the ruling partymen with the help of the police, section 144 was used at random to close down the proposed meetings of the opposition in hundreds of places and finally we have seen how much the judiciary has undergone political interference in the course of its functioning. We have seen how the very foundation of democracy i.e. a free and fair election process, has been distorted by the ruling government. The attitude to win the election by any means is very much a negation of a very important democratic value. Since the ruling party was not willing to lose various Poursahava elections and the by-elections in national constituencies, they adopted all kinds of measures to win them by misusing power, false voting and vote rigging, which eventually destroyed the very basic requirements of a representative government.

(VI) So the opposition political parties having seen the behaviour of the government and its failure to improve and strengthen the democratic values and institutions, came forward with a Political Reform Programme so that democracy can take its root in the country on a permanent basis. It was suggested that let all the future general elections be held under a non-partisan neutral caretaker government so that every government or political party can be freely tested by the voters at the time of election. The general elections ought to be held without any political party being in power. This will free the Election Commission and the Administration from the influence of the ruling party. This will create a better environment for the voters to exercise their right of franchise more freely and without fear, intimidation and undue political or administrative influence from any quarter. It is on these premises, the demand was raised by the opposition to bring necessary changes in the Constitution so that every ruling government is aware that during the election period it will not be in power and this will make the government more accountable for its performance while in power. It will in a way force the ruling government to try to do its best to perform well and restrain itself from indulging in

corruption and malpractices while administering the country. Unfortunately the ruling party did not look at this proposed Reform in the right spirit, which in fact has led to the rise of the present crisis. On the contrary the government took an arrogant position on this issue. Although they have put forward various constitutional and social arguments against such a proposal but the fact is that the main reason of the refusal was its own lack in self-confidence and loss of popularity so much so that they came to realise that once they are not in power they will not be able to win the election and return to power again.

(VII) Since the opposition members have now resigned, notwithstanding what happens in the court rooms or what political role the Speaker goes on playing, the fact is that the Members who have resigned cannot go back to the Parliament. The only way out for the government will be to immediately resign, dissolve the Parliament and hold general elections under a non-partisan neutral caretaker government. Once it is agreed in principle between the parties, then the details can be worked out in consultation with the opposition and if there is any constitutional lacuna in effecting such an arrangement, the same can be agreed upon by all the contending parties to have the same removed by way of an amendment to the Constitution in the next elected Parliament. Although, I must admit, that if it is not a good practice but since the opposition was forced to resign and the ruling party did not respond to the Reform prior to their resignation, this method remains to be the alternative to resolve the issue.

(VIII) If the government proceeds to hold by-elections, the time of which has almost run out, or the general elections, without the participation of the opposition parties, it will only plunge the country into more uncertainty and chaos leading to disruption of the democratic process as a whole.

DS: Everybody is talking about elections — but when should it be held — within the next few months, or later in the year, or at its scheduled time early next year? Suggest measures to be taken for the timing of your choice.

MA: The general elections should be held as early as possible in order to free the country from the present state of uncertainty. It will be to the best of interest of all as well as the nation. The elections ought to be held latest by the month of May.

DS: How to ensure an independent Election Commission? What are the pros and cons of the EC Bill passed?

MA: It is not whether the Election Commission is independent. The pertinent point is in a position to exercise its independence — it is a more important question in the Bangladesh context to-day. The issue is how to enable the Election Commission to function freely from any political control or influence. Notwithstanding what extent of power is given to the Election Commission, it will not be able to exercise its power unless (a) it is free from any political government; (b) it has control over its own finance; (c) it has a total control over the entire election machinery down to the grassroots level; (d) The Chief Election Commissioner and other Commissioners are debarred from taking up any other job and (e) re-constitution of the present Election Commission and its overall reorganisation takes place. So the Election commission

Bill passed recently is not of much relevance as none will really dispute the necessity of strengthening it further. No one will also disagree that there should be a Code of Conduct for political parties which can be prepared by mutual consultations and once all political parties agree to such a Code it should not be difficult to implement it.

DS: What are your views on the need for a computerised voters' list and Identity Cards? Can we ensure fair election without them? If we want them, then what should be the time frame for elections?

MA: The idea of a computerised voters' list and Identity Card is very good and it will certainly help in ensuring a fair election but we do not have to wait for them, in order to hold an early election to resolve the present crisis. An immediate general election in the line suggested above is more important for the nation than the preparation of the Identity Cards. We did not have any Identity Cards at the time of the last elections held in 1991 yet that election was considered to be generally free and fair.

DS: We hear a lot about black money being a factor in the next election. What are your suggestions to make election funding transparent and accountable?

MA: This is not going to be an easy task to resolve. It will take time before we can develop a tradition in the country in this regard and all the major political parties decide to spend less for the election. Although new laws can be made for strict control on spending but it will more depend on awareness on the part of the political parties and their candidates. In order to achieve this objective the leaders at the national level as well as the candidates at the constituency level can come to a mutual agreement with regard to the respective spending schedule and can take decisions to cut down their respective expenses.

DS: What are your views on the mechanism under which the next election should be held? What about constitutional amendments?

MA: The next general elections should be held under a non-partisan neutral caretaker government. As the ruling party has refused to bring any amendment to the Constitution in terms of the political reform suggested by the opposition parties for which they waited for nearly 10 months, and since the Members of Parliament belonging to the opposition parties have now resigned, there cannot be any amendment to the Constitution in the present Parliament. So the elections held under a non-partisan neutral government will have to be ratified by the next elected Parliament by way of amendment of Constitution in line with the 11th Amendment of the Constitution passed in the Parliament in 1991.

DS: Do you think that there should be some sort of political understanding between the ruling party and the Opposition to ensure a free and fair election? Is such an understanding possible? If yes, then what should be the next step? If not, why not?

MA: Once it is agreed that the general elections will be held under a non-partisan neutral interim government, the ruling party and the opposition should sit together to work out the details. They can also come to an understanding as to re-constitution of the Election Commission, preparation of Code of Conduct and any other matter that may be relevant to ensure a free and fair election.

Public Pollution

Chaotic traffic and emergency vehicles

Sir, It was 1:30 pm I was walking along the footpath of one of the most busy roads, the Science Laboratory crossing of Dhaka city. All the vehicles bound to New Market, Azampur or Nilkhet area were standing still due to red traffic signal. Among the vehicles there was an ambulance which was also motionless, carrying a patient. The siren of the vehicle was announcing its hurry-ness. But no one seemed to notice that. Isn't it a callous act?

But it is a common scene for the Dhaka city dwellers. Not only ambulance but also other emergency vehicles face these kinds of situations. Moreover, sometimes these emergency vehicles have to standstill along with other vehicles in a traffic jam due to some unnecessary reasons (i.e. quarrel between two rickshaw pullers). But everyone acts normally as if it is not a situation to be concerned about.

I don't know of any such country which has got this kind of problem. Traffic jam occurs in many countries. But they have a separate traffic rule

for these kind of emergency vehicles. I have not seen anywhere other than our own country that an ambulance is kept at a standstill carrying a serious patient.

Many seminars, symposiums, processions etc were held demanding a remedy to the traffic problem in our country. But nobody took the necessary steps to solve it.

So, I request to the proper authority to solve this problem so that these vehicles can serve their duty properly.

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'Strong Takā'

Sir, Ref letter 'Strong Takā' (Feb 20), the solution lies not on devaluation, but on increasing efficiency by one-third, plus decreasing system-loss (infrastructure) by one-third.

Our labour leaders and management understand these simple solutions (?). Simple in idea, but we have to work harder to implement it. Lazy leaders who seek quick short cuts are no good for the country.

A consumer  
Dhaka