

Bracing for the Morrow

Thanks to Dhaka's unfinished protection dam, the south-western parts of the city remain generally dry. But the basic services — electricity, water, gas, conservancy — are under tremendous strain.

If the Dhaka protection dam gives in or water rises by another foot, have we thought about preparing for that? It seems all things are still within same tolerable limit of disaster failure, although those affected would not agree to that.

We cannot say we have been thoughtful in filling up the waterways in the city — some hundred miles of these — and evicting the water bodies that gave Dhaka a romantic tint.

Now to brace for the last horrifying week. The citizens cannot do a thing to help the water, gas and electricity services hold out against the extreme pressure of the coming week, if it is happily a week more of rising water.

The ordinary man is plugging the breaches in the dams and bunds and building machas for their families and scouring the day-long for water and food. A third of our population is living as if in the Water World of Kevin Costner.

The present waters have very decidedly drowned our power of even imagining how our compatriots are fighting it out and what awaits them when the overwhelming waters would go.

We can of course do a precious thing. If that comes to that and the whole of Dhaka goes under water — we can guard against becoming anarchic placing personal needs above everyone else's.

Follow-up on SOS Call

The government's emergency relief programme with its massive international assistance component is currently undergoing a teething phase. It is not merely keeping in touch with the resident donor community in Dhaka that suffices but what is crucially imperative at this juncture is maintaining a flawless coordination with them as well.

In his latest briefing session with donor community representatives in Dhaka, Finance Minister S A M S Kibria sought to carry two points with them: first, they must specify their commitments to the pipeline enabling the government thereby to adopt a holistic approach to food management under calamitous circumstances; secondly, the food aid has to be rushed to Bangladesh to make a meaning of the 'high priority shipment' presumably scheduled otherwise for materialisation in one and a half months' time.

The government for its part ought to place all the cards on the table by way of displaying complete transparency as far as perfecting the distribution system and determining the criteria and the areas of distribution are concerned.

We very much expect that in tune with the government's appeal, the ambassadors of donor countries and the resident chiefs of UN bodies and other multilateral agencies would spare no efforts with their home bases to ensure that the deliveries are made on an emergency footing. It strikes as a good idea that a few high-powered teams of special emissaries be sent out to select donor capitals and headquarters of important multilateral organisations to engage them in a dialogue for impressing the gravity of the situation and the urgency of our requirements upon them.

It is a matter of auspicious coincidence that the present Under Secretary-General for Humanitarian Affairs — Sergio Vierra de Mello — is an old friend of Bangladesh. He started his career as an official of UNHCR in the refugee camps of the Liberation War, and as such knows our people and our development challenges very well.

Last Thing Malaysia Needs

Prime Minister Mahathir Mohammed is at loggerheads with somebody he had groomed as his heir apparent, a person once widely believed to be taking over from him when the tough-talking leader left the stage. Anwar Ebrahim is what one would look in a successor — popular, charismatic and unquestionably able.

We want an immediate denouement in the whole drama of tension. At a time when the region is in the grip of economic instability and recession, Malaysia has remained some sort of a lighthouse for its struggling neighbours.

After all it is the unity of vision of this dynamic duo which has helped Malaysia achieve some spectacular successes over the years. All on a sudden, what is it that threatens to skittle this inspirational South East Asian country from its growth path? It is true Mahathir's is a doctrinal mind but then all his conservatism, fierce nationalism is focused on Malaysia's ascent as an economic powerhouse of the region and few would contend that Mahathir's formula has so far proved right for his country.

CAMPAIGNING against the Chittagong Hill Tracts (CHT) accord, the top BNP leaders charged that Prime Minister Sheikh Hasina's peace agreement with the Shantibahini leader Shantu Larma was actually a surrender to the Indian hegemony, and some critics forboded that ultimately New Delhi would take over the hills. Those who found fault with the settlement also alleged that Dhaka failed to work out a deal with the rebels before the Awami League (AL) returned to power because of New Delhi's sway over the CHT separatists.

A vicious cycle of tribal violence, separatist revolt and military reprisals reigned over the northeastern states of India, and from time to time, the Indian government blamed Bangladesh for harbouring its fleeing tribal rebels. All the three districts of the CHT shared common border with India's states in the Northeast whose separatists allegedly took shelter in the forests when chased by the Indian soldiers.

Since 1975 (after the assassination of Sheikh Mujibur Rahman and overthrow of the AL government), the Bangladesh governments headed by General Ziaur Rahman, General H M Ershad and Khaleda Zia, respectively, are accused of offering facilities to the Pakistani military intelligence to supply arms to the northeastern dissidents. It is in the Indian strategic interests that the CHT tribal groups remain well disposed to New Delhi, and do not coalesce with the rebels from the seven neighboring states.

Through the CHT combined with the Chittagong district, Bangladesh is at the threshold of a regional framework of a growing international trade with the Indian Northeast, Burma (Myanmar), Nepal, Bhutan and Southeast Asia. But, on the other hand, with the implementation of the peace accord and the delegation of more administrative powers to the tribal leadership, the economic, political and military clout of Bangladesh in the CHT will wane.

The CHT, India and the Volatile Northeast Geopolitical Stakes for Bangladesh?

by M Rashiduzzaman

against further insurgency, of one sort or the other, in the CHT, which has been confirmed by the scattered incidents of violence since the treaty was signed. The tribal leaders will need the government of Bangladesh (GOB) to enforce their newly found authority.

The Northeast of India is the strategic vicinity of Bangladesh, and any future unravelling of insurgencies in the neighbouring Indian states can be dangerous to the security of the CHT in particular, and ominous for the territorial integrity of Bangladesh, as a whole.

Arguably, both New Delhi and Dhaka can cooperate on a common policy to prevent any possible unified separatist movement in the Northeast India and the CHT. However, any overt cooperation with India to suppress the northeastern dissidents is also fraught with dangers. Earlier this year, when

tion to that conceptual framework of an insurance policy, the CHT separatism might, at some historical moment, change its course, and the secessionists could be driven by a new territorial configuration in the Northeast. It is not unrealistic to visualize that the CHT-imbroglio may galvanize support to join an India-sponsored confederate entity of all the tribal states in the Northeast.

Tribal self-determination vs state's territorial integrity will be the core security challenge for Bangladesh in the future; and it may be difficult for all sides to agree on the same goals. Most observers are aware that a 'powerful segment' of the Shantibahini opposed the accord, and several minor tribes have already rejected it for different reasons.

Notwithstanding the rival hyperbole between the government and the opposition over the treaty, both the BNP and the ruling Awami League are expected to share common concerns for national integrity, although they may not agree on the methods of dealing with the CHT crisis.

the ULFA (United Liberation Front of Assam) leader Anup Chetia was arrested in Bangladesh, his followers were threatening the Awami League government with severe consequences if their leader was handed over to the Indian authorities. Should Bangladesh actively collaborate with New Delhi in containing the tribal separatists, the deepening conflict could engulf the Chittagong Port, the industrial areas and even other parts of the country.

Embroidered by any future resumption of hostilities and a broader insurgency by the CHT separatists and the guerrilla groups from the neighboring northeastern states, Bangladesh may be forced to seek New Delhi's help to put down the secessionists in the region. Or India might intervene on its own as a preemptive strike against CHT separatists joining with northeastern fighters seeking independence. Sri Lanka-like situation when in July 1987, Colombo capitulated by inviting the Indian peacekeeping troops to maintain law and order against the Tamil rebels. Earlier this year when the BJP foreign policy advisor Ambassador Jha stated that India might be more involved in the ethnic conflicts of the neighboring countries, many Bangladeshis viewed it with fear and suspicion.

A separatist campaign is a variable and changeable political phenomenon, and the CHT tribal movement is no excep-

challenges. Usually, the strongly institutionalized states manage such separatist conflicts better than the weakly institutionalized countries. Using its military power and state coercion against the separatists, and by harnessing its strong political institutions, both at the centre and the periphery, India has been able to hold back, so far, most of its tribal, regional, ethnic, linguistic and religious conflicts, within its borders. Even without propelling themselves into a violent conflict, the new CHT institutions will further politicize the hill population, and possibly the inter-tribal as well as the Bengali-tribal relations will sour even though they already have a formal accord at hand.

The CHT, comprising three districts located between 21.25 and 23.45 North latitudes, and between 91.45 and 92.50 longitudes, has a total landmass of 13,181 square kilometers (5,089 square miles) and about one-tenth of total Bangladesh territory. The strategic importance of the CHT is further underlined by the considerations and possibilities that the navigation of the Chittagong seaport

depended on the water level in the river Karnaphuli that meanders through the CHT. Also the facilities of the port, industries, Chittagong city and the adjoining towns depended on the power generated by the hydroelectric capability situated in the CHT. The navigation and irrigation through the rivers Karnaphuli, Sangu, Mata-muhuri, Haldia, and their tributaries will also depend on the CHT. The economy, geography and living standard of the CHT and the entire Chittagong region are closely intertwined, and most of Chittagong and even parts of Noakhali districts are vulnerable if the CHT breaks away from Bangladesh or if a relentless insurgency threatens that region.

The huge quantity of known gas reserve and oil prospects in the CHT, in the northeast and southeast of the country has elevated Bangladesh as a prospective partner in the growing regional economy. But the seismic survey for oil and gas in the CHT cannot continue without peace and cooperation in the region. The Shantibahini harassment forced the Shell Oil Company to abandon its oil exploration in Bagalchari (CHT) in 1981. In 1984, the tribal in-

ment. The accord lays a 'foundation of peace' since the Shantibahini, the warring faction of the Chakmas, formally surrendered their arms, and the civilian institutions created by the peace undertaking. The international community has also applauded the peaceful compromise, and the Bangladesh government has launched a campaign for economic assistance to develop the hill districts, and the UNDP recently held an international conference for planning future economic development of the CHT. Escalating secessionist activities and ethnic militancy cannot be met only by the military means, which has been tried in the region for the last two decades.

The existence of the Bangladesh military and the border police in the CHT, though down sized, has a significant security worth since the government did not yield the operational control of the armed personnel to the RC. It will be a strategic advantage under the circumstances although it may not be easy to implement and capacity of the armed services. There are government owned reserve forests, hydroelectric power stations, telecommunication towers and numerous government properties to be protected. The presence of the military will facilitate protection for the innocent and peace loving hill dwellers who may be victimized and harassed by the criminals, fleeing rebels from India/Burma, illegal gun smugglers and drug dealers.

Finally, the CHT compact is a triangular partnership between Bangladesh, the Chakma-led Shantibahini and India as the absentee actor. Both diplomatically and strategically, the concurrence symbolizes a pro-Indian tilt, which New Delhi welcomes not only for acquiring a greater regional leverage, but also for having 'friends' in the CHT preferably with the compliance from Dhaka or even without it. The treaty itself does not stem the potential for more separatist aspirations in the CHT, which may transmute the presumed harmony into a violent backlash. In many ways, the CHT accord is still an unfinished business, and its goals are still far from being achieved through the cooperation of all the actors concerned.

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The Asian Currency Crisis: What Went Wrong

True, there were some sceptics who regarded the claims of an Asian economic miracle as overstated and argued that Asia was bound to run into diminishing returns eventually. But it would be fair to say that even in early 1997 nobody suspected that such a calamity was remotely possible, although all of what are now described as the fundamental flaws of these economies were evident even then.

LAST week I was in Japan attending a conference on the currency crisis in Asia. Economists from various Asian and Western countries exchanged views on the current state of the crisis and the future outlook for the region. Although the participants differed in their analysis, one thing was clear. The crisis is having a far-reaching impact, not only on the countries directly affected but also on the prospects for world economic growth and stability and on the international financial markets.

Unless some concrete steps are taken to reverse the existing economic malaise in Asia, it would definitely spread to other regions across the globe. Economic chaos in Russia and last week's stock market slump in the United States and Europe can only further this view.

In a two-part series, I would like to make an objective evaluation of this crisis discussing what might have gone wrong, what can be done to fix the immediate problems and, how similar crisis can be prevented in the future. This week's column is devoted in trying to understand the causes of this crisis. Next week, the policy responses of the IMF, Hong Kong's currency dilemma, and Mahathir Mohammad's dramatic shift to jumpstart the Malaysian economy will be analysed.

The financial turmoil in Asia is the third major crisis during the last decade. It followed the crisis in the European Monetary System in 1992-93

and the Mexican peso crisis in 1994-95. However, unlike the previous two crises, the scale and depth of the Asian crisis has surprised everyone. One obvious reason for this is East and Southeast Asia's track record of economic success.

Given so many years of sustained economic performance, the obvious question is: how could events in Asia unfold as they did? True, there were some sceptics who regarded the claims of an Asian economic miracle as overstated and argued that Asia was bound to run into diminishing returns eventually. But it would be fair to say that even in early 1997 nobody suspected that such a calamity was remotely possible, although all of what are now described as the fundamental flaws of these economies were evident even then.

A great deal of effort has been devoted to trying to understand the causes of this crisis. One view is that there was nothing inherently wrong with East Asian economies. It was the sudden and mostly arbitrary shifts in market expectations and confidence, i.e., financial panic, and the wrong policy responses of the IMF and other international financial agents that caused the crisis.

An alternative view is that weaknesses in Asian financial



systems were at the root of the crisis. These weaknesses were caused largely by the lack of incentives for effective risk management created by implicit or explicit government guarantees against failure.

While the two views are not mutually exclusive, their policy implications vary greatly. A panic unrelated to fundamental fully explains Asia's financial turmoil, reforms in the economic structure or in financial sector policy are not essential in planning the region's recovery. If, however, weaknesses in the financial sector were important contributors, reforms are indeed essential.

By the mid-1990s, several countries in Asia — using Japan's model of high savings, close cooperation of government and private sector, high level of education, and export-oriented growth — had reformed themselves from underdeveloped states to industrial giants. Hong Kong, Indonesia, Malaysia, Singapore, South Korea, Taiwan, and Thailand be-

came the model for other developing countries to emulate. But while the model was efficient at catching the industrial giants in the West, it also led to a large number of structural weaknesses in these countries including, but not limited to, weakness in corporate governance arrangement, poor regulatory and supervisory arrangements in the financial sector, propensity to high indebtedness and over-leveraging in the business sector, lack of transparency at all levels, etc.

However, these structural deficiencies were present for many years and did not prevent these countries from attaining the high level of economic growth since the 1960s. Hence, they cannot, by themselves, explain the crisis. Several common macroeconomic problems across the region can provide some missing pieces of the puzzle.

First, the high level of continued growth gave rise to a sense of optimism about these countries. Investors abroad considered them to be low risk, well-run economies. As financial liberalisation opened up these markets to foreign investors, a rapid growth of net capital inflows took place. This led to obvious overheating in some economies as reflected in their large current account deficits.

Moreover, most of the capital inflows were short-term, unhedged, highly leveraged, and denominated in foreign currencies. Due to lax regulatory practices in the financial sectors in these countries, the capital inflow was used mostly to finance speculative investments in the real estate sector in Indonesia, Malaysia, and Thailand and industrial sector in Korea. This led to excess-capacity, unsustainable increase in real estate prices, and low, even negative, returns on investments.

Second, the countries in this region, for all practical purposes, pegged their currencies to the U.S. dollar. In nominal terms, the currencies were reasonably stable. However, the risk of overheating due to the capital inflow in the early 1990s raised questions about the sustainability of the exchange rate policy. Starting in mid-1995, dollar rose sharply against the yen. Given that Japan is one of the region's major export destinations and also home of key competitors and investors, the region experienced an erosion of competitiveness in the international market. The rising low-cost export from China and the emerging bottlenecks in labour markets resulting in high real wages in several countries also reduced competitiveness.

the table pot (not kitchen saucepan). What is happening now is that passengers returning from abroad bring a packet of high quality tea as personal baggage. The multinational tea companies are aware of the implications and restrictions. The government may control our local tea bushes how to bring some sunshine on the face of the discriminating tea lovers. It is not a big policy issue affecting all the tea drinkers in the country.

Tea is a part of life, and good tea provides the rapport and empathy for starting the day just right—a cup that cheers but not inebriate.

A Zabr Dhaka

the depreciation of baht created a domino effect. As foreign investors reassessed their portfolio composition, they found that the economic situation in several other neighbouring countries were similar to those in Thailand. This led to a contagion effect by exerting pressure on the currencies in Indonesia, Korea, Malaysia, the Philippines and other countries in the region. Markets panicked, exchange rates and equity markets overshoot, and a round of competitive devaluation took place, as the resulting crisis engulfed the entire region.

This is first of a two-part article on Asian Currency Crisis. The second part will appear next week.

To the Editor...

Experiences of the living memories

Sir, It seems that during the last two years we had been having experiences of a lifetime.

We have had bitter cold in the living memories, 'severest earthquake', 'unprecedented flood', 'unimaginable criminal acts' and 'road and rail accidents' in numbers much higher than ever before.

People have become afraid and distressed not knowing what is in store for them in the future. May the Almighty Allah save us from this sort of experiences in the coming days.

Nur Jahan East Nazimabad Chittagong

A good cup of tea

Sir, A cup of good tea is like breathing, there is nothing like it to start the day in Bangladesh, where each day has become a day for survival, thanks to over-activities on the flip side.

The tea finishing factories in Bangladesh have long back reverted to the CTC process; which means that good quality leaf tea, starting with OP, and ending with FOP and GPOF, are not marketed in the country, whether imported or local made.

The tea experts tell us that our soil, climate and the elevation of the tea gardens are not suitable for the cultivation of high quality tea. The export