

# A Way Out of Hartal Equilibrium

by Dr M Khaled

**Regardless of what the first party does, the optimal policy for the second party is to indulge in hartal. By a similar reasoning, hartal is also the optimal policy for the first party regardless of the second party's behaviour. What is the likely outcome for the economy then?**

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Instead, if the first party renounced hartal, the payoffs would be (2,2) when the second party cooperated, and (0,3) when it did not. Again, the second entries in these two sets of numbers show that hartal is the better policy for the second party. Thus, regardless of what the first party does, the optimal policy for the second party is to indulge in hartal. By a similar reasoning, hartal is also the optimal policy for the first party regardless of the second party's behaviour. What is the likely outcome for the economy then? (H,H)! Not surprisingly, this is exactly the hole we are all in at the moment. This is the so-called 'Nash Equilibrium'.

Clearly, the best outcome for the economy is (NH,NH). This is also the 'Pareto-optimal' outcome for the two parties, i.e. they can gain mutually by moving to this outcome from the hartal equilibrium—payoffs of (2,2) rather than (1,1). Unfortunately, the outcome (NH,NH) is difficult to sustain. Even if one party tried to achieve it by renouncing hartals and calling upon the other party to do the same, it is in the interest of the

other party not to cooperate. Unless the (NH,NH) policy is legally enforceable, it is likely that the party which finds itself in the opposition will renege on the deal.

It can easily justify such behaviour by saying that there was a 'valid issue' for that particular hartal. Whether an issue is valid or not is a highly subjective matter. Defining 'valid' is practically impossible. Hence, unless hartal is outlawed—with or without 'issue'—calls for renouncing hartal are not credible.

There are many who are against banning hartals anyway. They claim that being able to call hartals is a democratic right. It is of course a right to withhold your own services, or perhaps even to call a hartal if a large majority of the people (not just of the party supporters) are in favour of it, but hartals in Bangladesh succeed by creating fear amongst the people. As if the terror created by the hartal activists was not enough, we now have 'anti-hartal shanti michil'. How can this be a shanti michil (peace procession) if you are deliberately looking for confrontation?

This extra dimension of a hartal scares the daylight out of the people and makes hartal even more of a 'success'. Recent surveys have supported what most people already knew, that an overwhelming majority of the public are sick and tired of hartals. It is not a democratic right to obstruct the majority. The last hartal (13 Dec. 98)—may not be the last by the time this note is published—didn't exempt even the BCS Computer Show to which wide-eyed enthusiastic youngsters were flocking.

They are the future of Bangladesh, they are the ones who will make a difference, they are the ones who will make us proud to be Bangladeshis. Can't we at least spare them, if not give them a helping hand? Given their public statements, I am convinced that the prime minister and the leader of the opposition both sincerely believe in the damage hartal is causing, but they are both caught up in the game. They realise that the (NH,NH) outcome is best for the country, but the dynamics of the game is dragging them down to the hartal equilibrium.

If hartal cannot be outlawed, or if outlawing it puts other democratic rights at risk, is there any other way out of this hole? A suggestion by Dr N Islam writing from the Emory University (in a recent issue of the DS) to reduce the term in office from the current 5 years ties in nicely with a well-known solution to this game. What if the game was played more frequently, i.e., a party could end up in the opposition through elections every 3 or 4 years, and a 'tit for tat' strategy was followed as they seem to be doing now? This strategy is both punishing and forgiving. If by one party is followed by the other party's H, and similarly, NH is followed by NH. The frequency of the game is likely to teach the two parties that the (NH,NH) outcome is the best for them in the long run. If so, this will emerge as the dynamic equilibrium for the economy.

If most of the economy is in the safe hands of a competitive private sector, economic stability should not be at risk owing to change of government every 3 or 4 years as in this equilibrium. Over here in New Zealand the three-year term of office has worked fine for years. Perhaps this is one of the ways out for us.

Shall we give it a go?

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A typical hartal street scene: Risk of confrontation never ruled out.

— Star photo

# India Weathers Global Crisis, but Reforms Slacken

I Gopalakrishnan writes from New Delhi

LOOKING back on the year 1998, what would strike an observer most is the inherent strength of the fundamentals of the Indian economy which enabled it to survive a series of challenges at home and abroad. Thanks to the calibrated pace of reforms adopted by India since 1991, the country escaped a great deal of the convulsions that shook East Asia and countries further afield. As its economy was not fully integrated with the world, especially with the rupee convertibility confined to the current account transactions, the country escaped relatively unscathed.

But that does not give much cause for optimism. The great Indian economic reform had almost ground to a halt in the pre-election year of 1995 when the initiator of the reform, then Finance Minister Manmohan Singh, applied the brakes. The Congress party lost the national election of 1996 and the United Front governments under H.D. Deve Gowda and Inder Kumar Gujral largely put on hold the initiatives undertaken by the predecessor government.

There has not been much change after the coalition stitched together by the Bharatiya Janata Party (BJP) took office nine months ago. The government is doubly handicapped -- it is heading a coalition of disparate parties with no clear economic vision and the BJP itself is a house divided with the conservative right-wing represented by the Rashtriya Swayamsevak Sangh (RSS), said to be the party's ideological parent, dominating the moderates led by Prime Minister Atal Behari Vajpayee.

This dichotomy has shown itself in the six months since the budget was presented by Finance Minister Yashwant Sinha. His 1998-99 budget unveiled on June 1 made tall promises, but nobody believes that the targets then outlined will be realised during this financial year (April-March).

For instance, Sinha had set a target of reducing fiscal deficit to 5.6 per cent by March 1999 and he had held on to that goal with nothing more concrete than blind faith. Sinha has now been forced to admit that the fiscal deficit will exceed his magic figure and all he is prepared to venture is that it would be less than seven per cent. Sinha has attributed the ex-

pected rise in fiscal deficit to shortfall in indirect tax collections.

The government had hoped to achieve a gross domestic product (GDP) growth rate of 7.5 per cent, but the Reserve Bank of India, the country's central bank, itself had scaled the growth rate for 1998-99 down to some six per cent in its mid-year review. It may still be near about that figure, but not because of clever management of the economy, but other factors. Despite some unseasonal rains and occurrence of drought in some areas, it has been a good year for agriculture which may be expected to grow by three to four per cent. The services sector also has done well and may make up partially for the slide in industrial output. Industrial production in 1998-99 has fallen much below the expectations of eight to ten per cent forecast by the government. The increase for the first seven months of fiscal 1998-99 (April-October) is estimated at 3.6 per cent compared to last year's 6.2 per cent for the same period. The rise in output in October was a mere two per cent compared to seven per cent for October 1997.

Digging deeper into the statistical evidence, one finds that during April-October 1998, the overall growth in the six infrastructure industries is 1.7 per cent as against 5.9 per cent during the corresponding period last year. The growth during April-October has been positive in electricity, cement, coal and oil refinery products and output has shrunk in crude oil and steel. The BJP-led government has no doubt taken some steps to promote investment in industry such as delicensing coal, sugar and petroleum refining. It has allowed 100 per cent equity in the power sector under automatic approval route up to Rs 15 billion. The external trade scene, however, continues to be dismal with exports during April-October 1998 valued at \$18.8 billion, a drop of 5 per cent from the level of \$19.8 billion during the same period last year. (In rupee terms, though, there was an increase of 10.28 per cent).

What is worse, exports during October, valued at \$2.59 billion, is 11.6 per cent lower than the level of \$2.93 billion in October 1997. With imports continuing to rise steeply despite a

lower oil import bill, the trade gap has widened to \$5.79 billion, more than double the deficit of \$2.67 billion during April-October 1997. Oil imports during April-October 1998 cost only \$3.4 billion, 26 per cent lower than a year ago. But the value of other imports rose by nearly 19 per cent to \$21.2 billion dollars.

The poor performance in exports is partly due to the East Asian currency collapse which made Indian goods, competing with the merchandise from Thailand, South Korea and other countries, dearer in the international market. Analysts believe that the rupee, which depreciated by some 16 per cent against the greenback in the last 15 months, will have to depreciate further to kickstart export growth to the level of 20 per cent achieved in 1995-96.

The trade gap will add to the current account deficit, but thanks to the better inflow of invisibles, the current account deficit will be well below the danger mark of three per cent of GDP. The rupee has risen 2.3 per cent against the dollar in 1997-98 and 1.7 per cent in 1997-98 and 1.2 per cent in 1996-97. Inflation has continued to be the government's bugbear, rising at one stage above 8.5 per cent against the actuals of five per cent in 1997-98. The benchmark used here is the wholesale price index, but a more relevant and accurate measure of inflation is the consumer price index which had gone up by around 16 per cent in November. Prices of onions, potatoes cooking oil and lentils shot through the roof and with the cost of primary articles also rising sharply, the BJP paid a heavy price in the state elections held in November by losing Delhi and Rajasthan.

The trade gap had an impact on the foreign exchange reserves, which fell from around \$27.5 billion in August to around \$26 billion now. But what has cast a sinister shadow over the external financial sector are the May 11 and 13 nuclear explosions. The U.S. administration imposed economic sanctions in the form of trade restrictions and stoppage of aid by multilateral institutions except for humanitarian purposes.

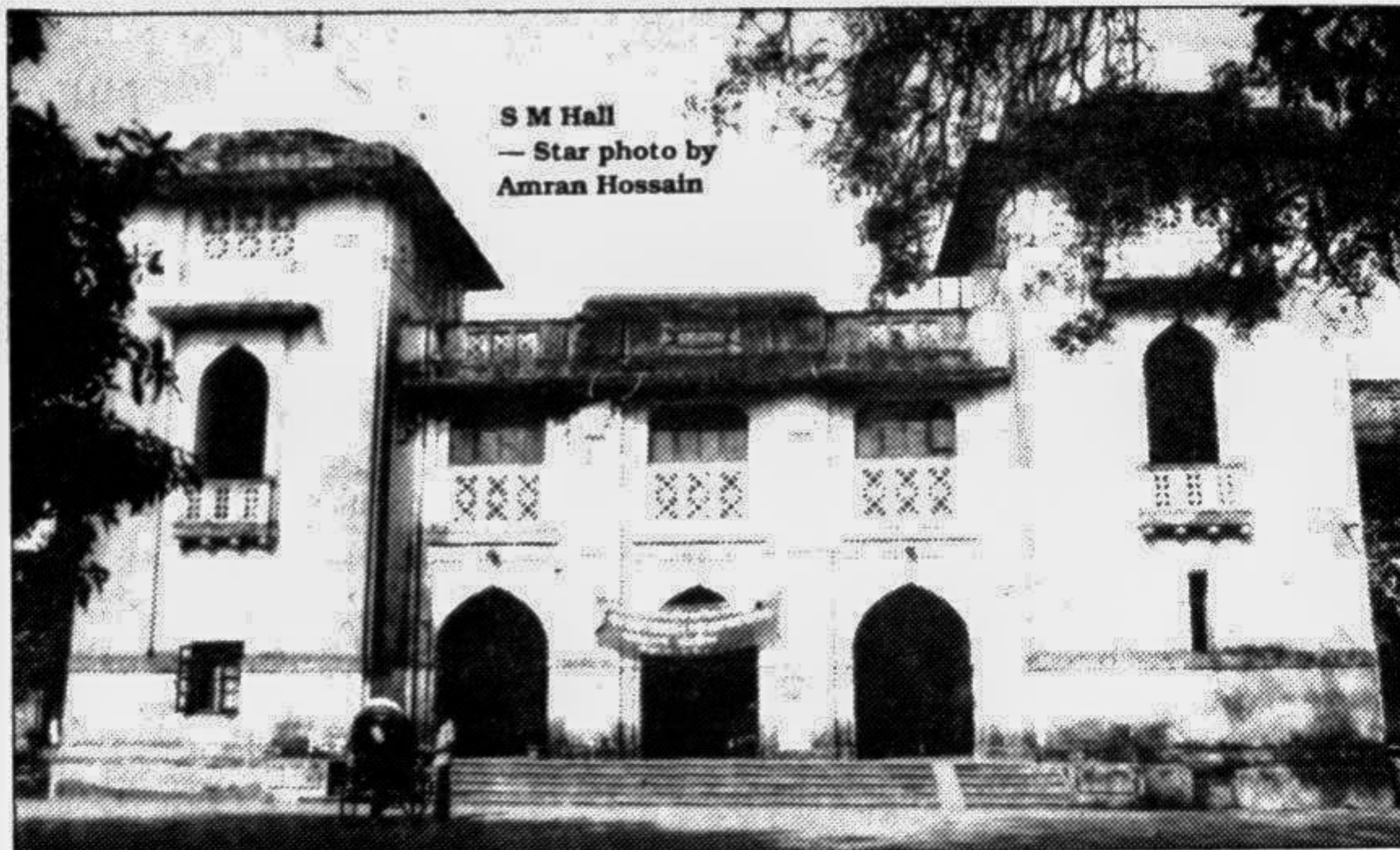
— India Abroad News Service

## LETTER FROM EUROPE

# Reminiscing about Salimullah Hall and the University of Dhaka

by Chaklader Mahboob-ul Alam

**The University of Dhaka, not only helped to create and nourish an identity for the Muslims of East Bengal, provide human resources for the sustenance of Bangladesh as a viable political and economic entity, but also made human sacrifices whenever called upon to do so.**



S M Hall  
— Star photo by  
Amran Hossain

ALTHOUGH I was born in Dhaka (or Dacca as it used to be called then), I grew up as a little boy with my parents in West Bengal. After the Partition in 1947, we moved to Faridpur, 'the tiny little green-gold village', (as described by the American writer Bharati Mukherjee) which was my parents' birthplace. My father had wanted to send me to Calcutta for university studies. But now that Calcutta was part of a foreign country, he decided to send me to Dhaka instead. So, on a sultry summer afternoon, when I got off the train at the Dhaka railway station, I was virtually a stranger there with nothing much to count on except plenty of my mother's blessings and some of my father's hard-earned money. There was no one to receive me at the station. I did not expect anyone either. But the ever helpful (but never self-less) rickshawwallahs, taxi drivers and 'garowans' were there. As I got out of the station, they launched an all-out offensive on me. I was confused. One of the rickshawwallahs came to my rescue. He grabbed my bag, shoved me into his rickshaw and declared to the assembled crowd of shouting, jostling men that he and I came from the same village. I do not think anyone believed him but this was a fait accompli. I was already settled in his vehicle. So they let us go. In a way I felt relieved.

Impatient to reach my journey's end, I was thrilled when my friend, the rickshawwallah turned his face towards me, smiled and pointing his finger towards a beige-coloured semi-Mughal structure said, "Shahib, this is the Salimullah Hall". At the gate, I was greeted by a handsome young man with an over-sized turban. This was Nazim Khan (I hope, I remember his name correctly), the Head "Darwan", who guided me to the Provost's office. Once the initial formalities were over, I was taken to a room in the East House and introduced to my room-mates. But as I stood in the room, I felt tremendously homesick. I was overwhelmed with nostalgia for my family. I did not really want to stay there.

I stayed at the Salimullah Hall for the next five years (four years as a student and one year as a guest in one of the corner flats) and today, when I am an old man, I remember those years with warmth, gratitude and fondness. Those were definitely some of the happiest years of my life. Salimullah Hall offered opportunities to its students to participate in a number of extra-curricular activities (both cultural and sports) and I availed myself of these opportunities. Although I was not really good at anything, I plunged myself in most of these activities with great enthusiasm. My years at Salimullah Hall and my alma mater, the University of Dhaka, not only contributed to the formation of my character and personality but also basically launched me into a career of questing, questioning, experimenting and learning.

The history of the University of Dhaka is closely linked

to the history of the plight of Bengali Muslims (most of whom lived in the eastern part of the province), their quest for a clear identity, their struggle for equal educational opportunities and the birth of Bangladesh nationalism. By late eighteenth century Bengal, Bihar and Orissa had come under the firm control of the British. To administer this huge territory it was necessary to build new alliances and create a privileged class of "natives", whose power and prosperity would depend entirely on the invaders. It was not difficult. The British simply adopted the Mughal hereditary Zamindari system with one important modification. While under the Mughals, the Zamindars were basically tax collectors with the right to retain a certain percentage of the tax collected, the British under the Permanent Settlement in 1793 turned the Zamindars into owners of the land. In return, the Zamindar had to pay a fixed annual revenue to the government. Some of the lesser landholders became his tenants, while the vast majority of the cultivators were reduced to the rank of landless peasants. The peasant class was already poor. The new system reduced their income even further. There was only one catch for the Zamindar in this system. If he fell into arrears in paying his quota of the revenue (which was often quite high and fixed arbitrarily by the British collector), his land was liable to be sold in auction by the government. This system had far-reaching effects on the society and the government. Most members of the landed aristocracy became loyal supporters of the British presence in India. Although Lord Cornwallis, with great pomp and ceremony, proclaimed the rule of law in this territory, the vast majority of the people were left to the mercy of this aristocratic class. The British were thus further alienated from the ordinary people. The introduction of this system also benefited the rising professional class, who spoke English and worked as agents and bankers to the British. Most of them were upper-caste Hindus and used their wealth to acquire Zamindaris which came up for auction for the collection of past-due land taxes. Thus many merchants and bankers also became part of the landed aristocracy which really meant displacement of the existing classes. It is interesting to note here that many leaders of the Indian independence movement came from the future generations of this wealthy educated class. In many cases it happened not because they were fervent patriots but because of the racial policy of the British government. In spite of the fact that these Indians had received British education, were of high intellectual calibre and prepared to serve the government with utmost loyalty, they suffered discrimination and humiliation. In the eyes of the British they were nothing more than 'anglicised

quirring Zamindaris. This strategy was so successful that the family soon became the largest Muslim Zamindar in East Bengal. Since the Zamindaris produced huge annual income, the family gradually abandoned its business activities, but maintained an excellent relationship with the British government because it knew that the British were its principal source of wealth and power. The family's role in suppressing the Sepoy Rebellion in 1857 was so significant and its financial contribution to this effort so generous that in 1877, the British government conferred upon Khwaja Abdul Ghani, the then head of the family, the hereditary title of Nawab and made him a member of the Legislative Assembly. This, in a way, launched the family into the arena of provincial and national politics. I think, it is relevant to mention here that although most members of the family lived in East Bengal and actively participated in the city (Dhaka) and provincial politics, did not identify themselves with the local population. In fact, they considered themselves superior to the local population and basically identified themselves with the Urdu or Persian speaking non-Bengali Muslims of North India. Then how did they achieve the political right to represent the East Bengali Muslims? Actually, there were basically three reasons. We have already seen how British patronage and the family's wealth had turned them into the largest and most powerful Muslim Zamindar in East Bengal. In turn, the family used its power and patronage to build up feudal connections with the prominent Bengali-speaking Muslim families in most of the districts, which gave them a solid political base. Thus, in the eyes of the British

they came to be perceived as the natural leaders of the Bengali Muslims. The family also achieved support and sympathy from the ordinary people by making timely and handsome donations to charities and other welfare causes.

We have already seen how Lord Curzon (viceroy from 1899 to 1905) had become worried about the growing power of the Hindu nationalists and why he had decided to pursue openly a policy of divide and rule. The Nawab family fitted nicely into Curzon's scheme of things. In 1904, he visited Dhaka and other districts of East Bengal to whip up support for his plan to partition Bengal. The vast majority of the East Bengali Muslims were poor illiterate peasants, ruthlessly exploited both by Hindu and Muslim Zamindars. They had neither the educational nor the cultural background to be conscious of a collective identity. Mere survival was their main concern. Nawab Salimullah after an initial period of reticence because of his close connection with the Hindu-dominated East Bengal Landholders' Association, embraced Curzon's idea wholeheartedly, because it would make him the "unofficial viceroy" in the new province. So it is ironic that a power-hungry British colonial administrator and a non-Bengali political opportunist, whose primary intention was to extend and perpetuate their power, inadvertently put forward an idea which eventually led to the disappearance of the principals they represented from their respective political scenes. (The partition plan infuriated the Hindus in such a manner that they started the Swaraj movement which gained such momentum over the next decades that it eventually forced the British to leave India and the

Nawab family's identification with the Pakistanis during the Bangladesh War of Independence in 1971, which completely alienated it from the East Bengali Muslim community, eventually led to its disappearance from Dhaka after more than two centuries.)

Although Lord Curzon had to leave India in 1905, in the same year Bengal was partitioned along the lines marked by him and Dhaka was made the capital of the new province of East Bengal and Assam. In spite of the fact that the partition plan was annulled in 1911 because of the violent reaction against it of the Hindus in general and the Indian National Congress in particular, this, in my opinion, can be considered as probably the single most important event in the contemporary history of the East Bengali Muslims. First, it gave them a viable national and territorial identity and second, it opened up opportunities for educational advancement of the community. The annulment created disappointment and frustration in the Muslim community of Dhaka. Lord Hardinge, the then viceroy of India came to Dhaka in January, 1912 basically to allay Muslim fear of Hindu domination and Nawab Salimullah and A.K.Fazlul Huq urged the viceroy to set up a residential university in Dhaka to give ad-

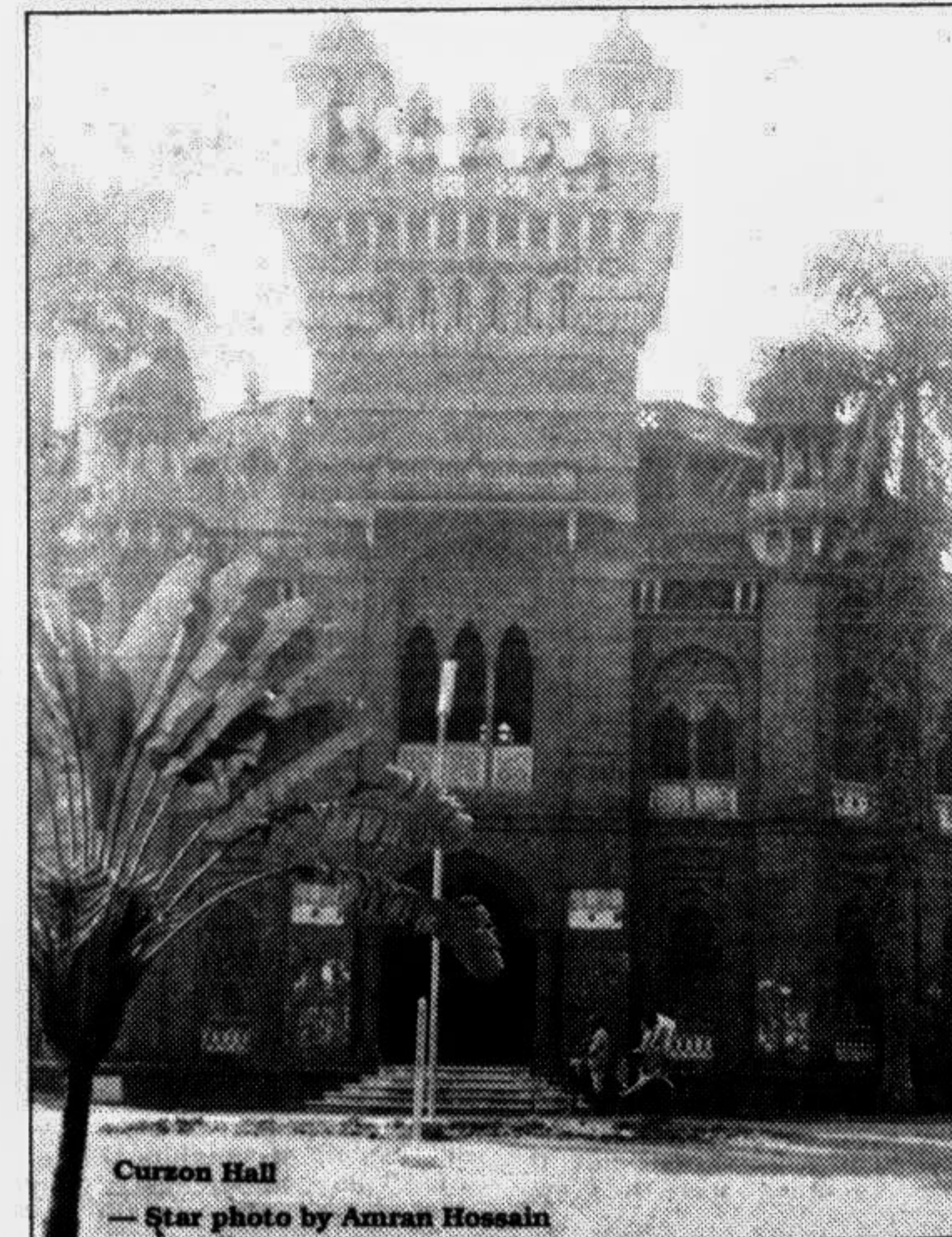
vanced education to the disadvantaged Bengali Muslims. I think, it is only fair to place it on record here that they did a great job. Lord Hardinge left Dhaka convinced that the establishment of a separate university there was absolutely necessary for the progress of the educationally backward people of East Bengal. On his return to Delhi, the new capital of British India (1911), although he took all necessary steps for the establishment of the University of Dhaka as quickly as possible, it took nearly eight years for the Indian Legislative Assembly to pass the Dhaka University Act (1920) mainly because of vehement opposition from the Bengali Hindu community. Finally, in July 1921, the University of Dhaka started functioning.

It was modelled on the University of Oxford (founded in mid-twelfth century), which was in turn modelled on the University of Paris (founded in the first half of the twelfth century). These universities were divided into several teaching faculties and licensed residences for students called halls or colleges. It is interesting to note here that the various colleges of Oxford were originally merely endowed boarding houses for impoverished scholars. The University of Dhaka started functioning with three faculties and three residential halls (Salimullah Muslim Hall being one of them). But it was not until August 22, 1929 that the foundation stone of the building which now houses Salimullah Hall was laid by Sir Francis Jackson, the then gov-

ernor of Bengal. In my time it was a beautiful building set in lovely surroundings, far away from the hustle and bustle of city traffic. If I remember correctly, it had eighty airy rooms, miles of spacious corridors, lovely gardens, a big dining hall, a mosque, a common room, a library, an auditorium, tennis courts, a basketball court etc., etc. and some eucalyptus trees. It was indeed a student's paradise.

As planned, the establishment of the University of Dhaka in 1921 turned out to be a major step forward in the educational advancement of the Muslims of East Bengal. Over the last seven decades thousands and thousands of "East Bengali peasants' children" (as they used to be referred to by the Calcutta Hindu intelligentsia) have obtained higher education in almost every field of human knowledge at this university. It played a vital role in defining the Bengali Muslim identity, which wholeheartedly supported the idea of setting up a separate homeland for the Muslims of the subcontinent. It is relevant to mention here that in the 1946 elections Bengali Muslims voted overwhelmingly for the creation of Pakistan. In 1952, when Khawaja Nazimuddin (Nawab Salimullah's close relative and his political successor) and the rest of the Muslim League leadership wanted to impose Urdu as the only State Language of Pakistan, it was the University of Dhaka which took up the lead in starting a province-wide agitation against this measure. I still remember that fateful day, the 21st February of 1952, when we were protesting against this policy, police opened fire on the demonstrators killing several of us. This was the turning point in the history of East Bengali nationalism.

We were on a collision course. Greed and corruption only hastened the inevitable end. The Pakistan Central government, dominated by a non-Bengali military-civilian clique, in effect, considered East Pakistan as a colony. Not only it was bent on depriving the East Pakistanis (the majority partner in the formation of Pakistan) of their fair share of the economic developments but also of their cultural heritage. There were few Bengali officers in senior categories in the Central government. The Armed Forces were dominated entirely by the Punjabis. Even in the Provincial government in Dhaka, most of the senior officers were of non-Bengali origin. Many Muslim League politicians in the Federal Assembly (like Khawaja Nazimuddin) who represented East Pakistan did not identify themselves with the Bengalis at the grassroots level and sided with the clique against the interests of the Bengalis. So it was inevitable that in March, 1971, East Bengal declared its unilateral independence. And it happened after the brutal massacre of thousands of innocent Bengalis, among whom were many students, employees of the University of Dhaka, and some of my old friends of the student days who held teaching positions there.



Curzon Hall  
— Star photo by Amran Hossain