

FOCUS

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?

bers above.

Instead, if the first party renounces 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 hartals 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) was in favour of it, but hartals in Bangladesh succeeded by creating fear amongst the people. As if the terror created by the hartal activists was not enough, we now have 'anti-hartal shanti mitchil'. How can this be a shanti mitchil (peace procession) if you are deliberately dragging them down to the hartal equilibrium?

If the first party engages in hartal when in opposition, but the second party renounces it in the same situation, i.e. the policy outcome is (H,NH), the first party doesn't have to wait its proper turn at office and yet gets to complete its term the second party waits patiently for a short-lived term, and the economy gets a breather once in a while. As far as the two parties are concerned, the payoffs are like (3,0), i.e. the first party gains the most. If the roles of the parties are reversed, the outcome is (NH,H) with the corresponding payoffs (0,3).

Now, if the first party resorts to hartal when in opposition, the payoffs are (1,1) if the second party responds in kind, and (3,0) if such violence is renounced. Clearly, it is in the interest of the second party to engage in hartal as it can then have a payoff of 1 rather than 0 as can be seen from the second entries in the two pairs of num-

bers above.

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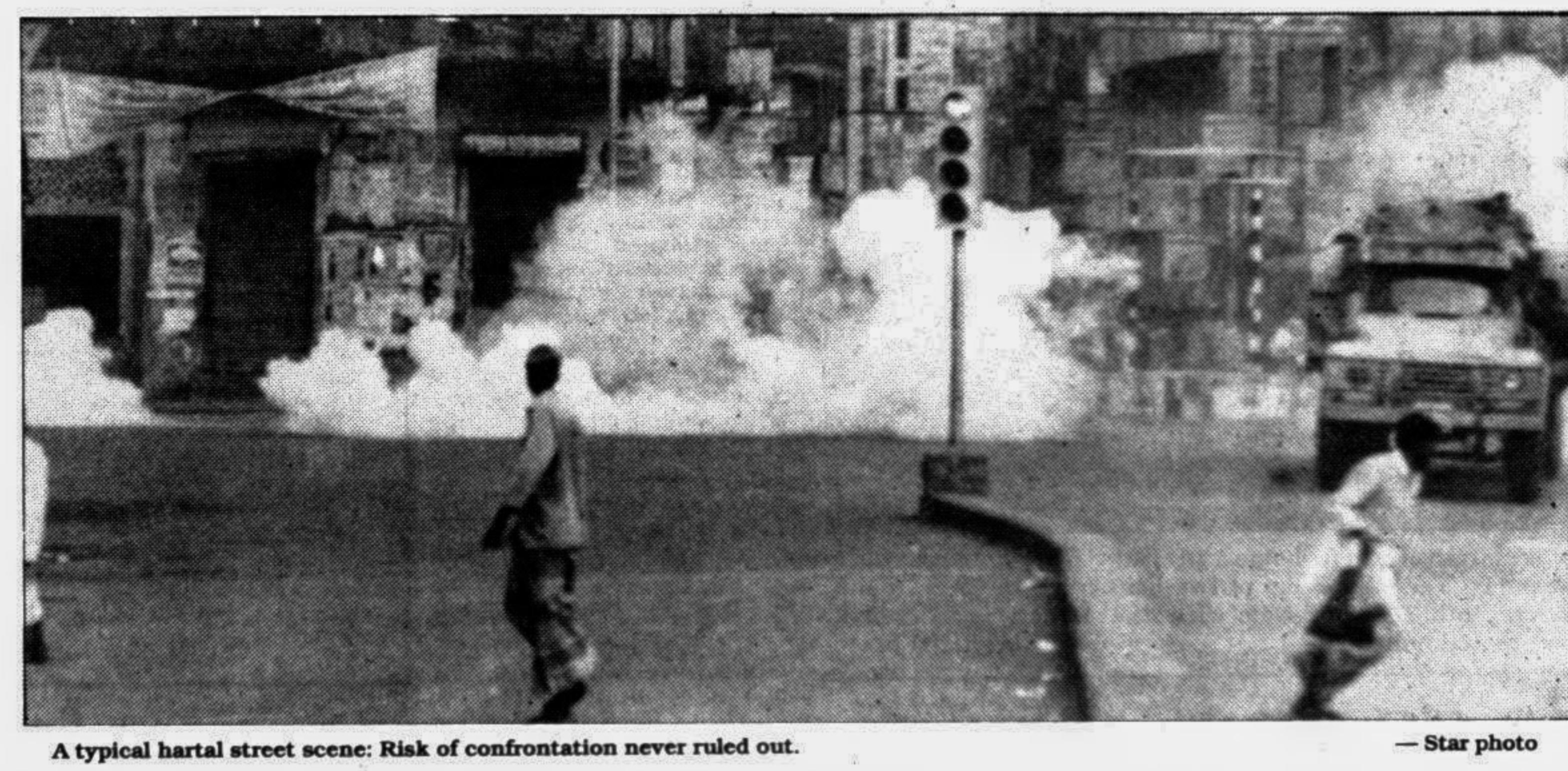
Shall we give it a go?

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

India Weathers Global Crisis, but Reforms Slacken

I Gopalakrishnan writes from New Delhi

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 million, a drop of 5 per cent from the level of \$19.8 million 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 and may hover around 2.3 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.

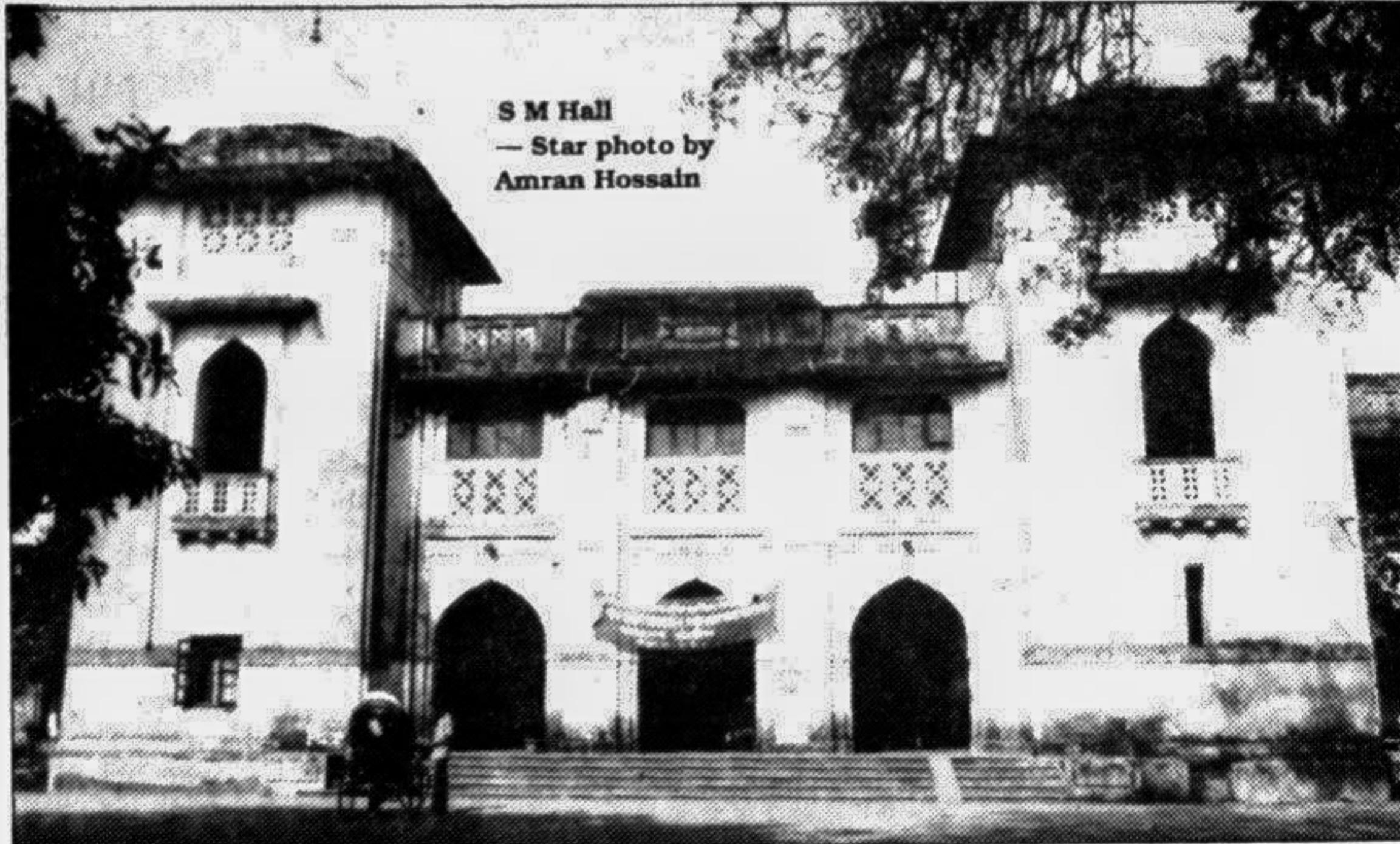
— India Abroad News Service

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) rickshawallahs, 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 rickshawallahs 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 rickshawallah 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 Nazzu 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 home-sick. 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 heavily to the formation of my character and personality but also basically launched me into a career of questing, questioning, experiencing 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 Bangladeshi 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 most 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

natives'.

Lord Curzon, whose name is familiar to everyone who lives in Dhaka, was the first to realise the growing importance of this group in Indian politics. In order to deprive them of a solid political base, he decided to partition Bengal and in 1905 created a province composed of East Bengal and the newly annexed territory of Assam, which was predominantly Muslim. Dhaka became the political capital of this new province. West Bengal, Bihar and Orissa were lumped together to form a Hindu majority province, where the Bengal Hindus, whose increasing influence Curzon wanted to neutralise, became a minority. This decision had far-reaching consequences. Surendranath Banerjee, (dismissed from the I.C.S. for demanding a more dignified treatment of the Indians), the brilliant editor of The Bengalee and the convenor of the first Indian National Conference in 1885, started a nation-wide movement for the boycott of British manufactured goods. Terrorist activities multiplied and anti-British feelings ran high. It is to this politically motivated decision to partition Bengal and subsequent revocation of this plan to appease Hindu nationalism in 1911 that the University of Dhaka and the Salimullah Hall owe their birth. In my opinion, the eventual rise and consolidation of Bangladeshi nationalism are also to some extent due to this accident of history.

The ancestors of Nawab Salimullah came to Bengal in mid-eighteenth century from Kashmir and started businesses in Dhaka and Sylhet as traders in indigo, hides etc. They followed the footsteps of the Hindu merchants of Calcutta. With the money earned in diverse business ventures, they started ac-

Nawab family's identification with the Pakistanis during the Bangladesh War of Independence in 1971, which completely alienated it from the East Bengal 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 Bengal 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, then their viceroy of India came to Dhaka in January, 1912 basically to allay Muslim fear of Hindu domination and Nawab Salimullah and A.K.Fazl 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 separate universities 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-

Curzon Hall
— Star photo by Amran Hossain

er 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 students' paradise.

As planned, the establishment of the University of Dhaka in 1921 turned out to be major step forward in the educational advancement of the Muslims of East Bengal. Over the last seventy seven years 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.

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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. 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.