

Image-building by missions abroad

Commercial wings need rejuvenation

FOREIGN Minister M Morshed Khan has hit the nail in the head when he said the biggest challenge the country faces now is to improve its image abroad. Bangladesh has been typically seen overseas as an impoverished country with a struggling economy and a staggering unemployment rate. The image has gotten so negative -- thanks largely to lack of proper projection of our country -- that "Bangladeshis are asked to stand apart when they produce their passport to immigration overseas." Some countries have been extra-stringent when it came to issuing visa to a Bangladeshi citizen. If the country has to dispel such misgivings, it needs to project its strong points to the international community. And this is where our missions abroad have to play a key role.

Moreover, most of the commercial wings of our embassies and high commissions routinely miss the annual targets of procuring business or investment for the country. On the one hand, they are found wanting in playing the desired role to break new export or investment grounds. On the other, they fail to extend adequate assistance to local entrepreneurs on business visits abroad. The private sector could surely do better exploration of markets overseas for their products, if the missions were more forthcoming. Overall, the much-needed rapport between the overseas missions and the private sector is yet to be seen.

Encouragingly, however, the crucial issue has been brought to the fore and hopefully will be addressed in right earnest in the near future. As the foreign minister has pointed out, there are quite a few loopholes to plug. The worst among these is lack of co-ordination. There is not much of it at the inter- and intra-mission levels at the moment. Simply put, coordination between different wings within a mission and between the missions themselves leaves room for improvement. Even there is sometimes communication gap between the missions and the foreign ministry. By the foreign minister's own reckoning, there is also some degree of confusion over supervision of the missions' dealings with trade, foreign aid, defence and overseas employment. There are separate ministries to deal with these issues and they work at cross-purposes at times.

Towards rejuvenation of the missions abroad, the first step to take would be to ensure better co-ordination at home between the ministries that deal with trade, foreign aid, defence and overseas employment. An inter-ministerial cell can be formed to regularly guide and monitor activities of the commercial wings. In this era of greater interconnectivity, it is imperative that our missions are networked with each other or with the government at home. An IT-based network should guide them all. Also, dynamic and skilled people need to be appointed at the economic wings overseas.

Brazil's new President

Will he be up to the tough call?

ALL eyes are on the newly-elected President of Brazil, Luiz Inacio Lula da Silva. His victory commands attention for his meteoric rise in public esteem from a working class background. Secondly, he has ridden on the crest of a free and fair election reflective of democratic strength in a country ruled by the military for two decades until 1985. He has our greetings like from the rest of the world.

There seems to be very little doubt, however, he has a tough task ahead. Especially at a time when the country is in such a deep financial crisis that International Monetary Fund had to rescue its economy with a 30 billion dollar package. The myth of so-called negative initial reaction from the investors to the idea of having a national leader who came from a working class setting with little education has been exploded. It is now clear to all that the business community has placed implicit trust on a man who is widely known for his honesty in a country where corruption and mismanagement have been the order of the day. Also, Mr Lula's pledge to carry out social reforms and aim for a budget surplus might have helped him in securing such a historic victory in Latin America's biggest country. Mr Lula must have touched a chord with all sections of society who probably had strongly felt that a change was needed to reduce widespread discontent over social divide.

We think his victory is a good omen for problem-ridden Brazil where millions of people live in poverty and crime is rampant. It has to be mentioned though, that the leader in office faces a bigger challenge than winning the election while negotiating with the IMF on their prescribed reform programmes. US President George Bush's prompt response to Mr Lula's triumph could be a positive signal but the future actually depends on what course of action he takes, who he chooses as his finance minister and central bank chief.

The leftist former union chief can't afford the risk of losing the faith people have reposed in him. He has to be extremely careful while treading his path now, otherwise the Brazilians would have no choice but to throw him out just like the way they brought him to power. We sincerely hope that the new president would remember it and to the best of his abilities bring about the necessary changes. We know it is a difficult task but we wish that with the new hopes and aspirations, a day would come when Brazil would rid itself from all the negativities.

Revisiting 'old' debates



K.A.S. MURSHID

EVERY so many years we find ourselves confronting new debates on development that hold the stage for a little while and then quietly move on. I can almost imagine a graveyard for old debates and hackneyed ideas out there somewhere -- neglected, unsung and somewhat morose, waiting for the moment when a historian or some eccentric researcher will come along to dig them up to be resurrected once again in full glory! I thought I would quickly revisit three such debates in order to check whether 'discarded' ideas retain any contemporary relevance. You may well ask, why, of course have the right to remain silent, although I should hasten to add that I am no historian nor am I eccentric.

Trickle down theory

This was the subject of much debate during my undergraduate days. There was a time when most people accepted that growth in itself was

enough -- as an economy expanded the fruits of growth would be passed on to all sections of the people, even to the poorest. It was argued that although initially growth could lead to greater inequality, ultimately its benefits would trickle down, resulting in a superior distribution of income. The theory came under virulent attack, especially from the newly emerging breed of 'development economists' who pointed to the experience of Pakistan and Brazil in the 1960s to show that high growth was not only associated with

am not entirely certain that it has been buried. I am even tempted to declare that it has been resurrected quietly, unnoticed by most people -- possibly by the World Bank, which has now discovered that growth has a powerful impact on poverty reduction, after all. Trickle Down is dead. Long live Trickle Down!

Land reforms

This has been a debate that died a slow and rather painful death -- despite the fact that virtually everyone (I am of course talking of ac-

redistribute to the small, and in the process to dismantle the entire structure of rural exploitation that land ownership gave to the big landlords. It was a good theory. Unfortunately, no one seemed to quite know where the big landlords actually lived. After all, if you want to appropriate somebody's land you have to first catch hold of him, and this became somewhat problematic. It soon dawned on us that Bangladesh was not Latin America. It wasn't even Pakistan or India. There were no haciendas here, not

sharecroppers, driving them into ever deeper penury and destitution. Rural Bangladesh once again refused to play ball: it seems that there weren't THAT many sharecroppers in the first place. Of those who did undertake sharecropping, they were not usually the poorest of the lot -- indeed a significant proportion were better off than their 'land lords'. Undoubtedly, a few cases did conform to the archetypal image of the big, bad landlord sharecropping out his land to poor, miserable, landless tenants -- but such cases

all, in the absence of a class enemy it became urgent that we invent one. As it turned out, there were few people with capital, some even had innovative ideas I believe, but no one it seemed, was prepared to take any risk. These people therefore did not qualify as true capitalists. I remember how we agonized endlessly about the problem of transforming these non risk-taking, rent-seeking, opportunistic agents (Robber Barons) into well-grounded, dynamic entrepreneurs! THAT debate is no longer heard. Does that mean we now have a 'true' capitalist class? Things certainly have changed -- but essentially in terms of quantity rather than quality. Thus today, there are certainly many, many more people with 'capital'; a few undoubtedly have some good, innovative ideas, but risk takers remain as elusive as ever. In other words, like every other thing in Bangladesh, we have a sort of capitalism (as reflected by the RMG sector, for example), just as we have a sort of cricket team or a sort of governance. The dominant instinct of our entrepreneurs remains unaltered: WE will take the profits but let the government shoulder the risk!

Do old ideas have contemporary relevance, then? The answer clearly is not unambiguous.

Dr K A S Murshid is an economist and Research Director, BIDS.

BETWEEN YOURSELF AND ME

Things certainly have changed -- but essentially in terms of quantity rather than quality. Thus today, there are certainly many, many more people with 'capital'; a few undoubtedly have some good, innovative ideas, but risk takers remain as elusive as ever. In other words, like every other thing in Bangladesh, we have a sort of capitalism (as reflected by the RMG sector, for example), just as we have a sort of cricket team or a sort of governance.

sharp increases in inequality but in an absolute worsening of the situation of the poor, mainly due to the 'dualistic' nature of development that promoted urban industry at the expense of (rural) agriculture. Trickle down thus came into disrepute to yield to calls for growth with redistribution. The discovery of poverty as the central problem of our times was only a short (but tortuous) step thereafter. In the process, a good ten to fifteen years quickly elapsed.

Clearly trickle down is dead, but I

democratic economists and social scientists) agreed at the time that the big, bad landlords had to be stopped in their tracks and the landless labouring classes had to be rescued from their clutches. The main cause of poverty was viewed within a (borrowed) framework of 'class exploitation' in which the landlord kept the landless in a perpetual cycle of poverty through their complete domination of land, labour, credit and product markets. The obvious answer to this complex problem was to appropriate land from the big to

even a measly *dera*. Grand visions of a redistributive land reform thus had to be discarded and gently buried. But of course all of us were sorry to see it go -- it was after all such a good idea, and one only wished they hadn't abolished the Zamindari system soon after independence in 1947.

A half-hearted attempt was made to resurrect land reforms in the guise of what came to be known as 'tenurial reforms', based on the notion that those big landlords were mercilessly exploiting their poor

seemed few and far between. And that was that. I have a sneaking suspicion that the current disarray of the Left is related to the fact that it was SO difficult to locate the class enemy in rural Bangladesh!

Entrepreneurial class

For much of the seventies and eighties we searched in vain for a true entrepreneurial class to emerge -- a class that had some capital to invest, perhaps a few innovative ideas and, above all with a burning desire to take risk. After

EU Rapid Reaction Force and NATO Quick Strike Force

Will they be on coalition course or collision course?

A M M SHAHABUDDIN

A NEW politico-security scenario seems to be in the offing, centring the decision by the 15-member European Union (EU) to launch its long-stalled Rapid Reaction Force (RRF) of some 60,000 strong-army next year and America's proposal to create NATO's Quick Strike Force (QSF) of some 20,000 troops to conduct military operations anywhere in the world. While the idea of having the EU force, a sort of 'putative' European army of its own was launched in 2001 but was slowed down for the time being, the NATO proposal has been made by US Defence Secretary Rumsfeld in Warsaw recently. Many have already raised the question whether the two proposed forces would compete with each other or they would be complementary. Britain's Defence Secretary Geoff Hoon had already rejected reports that there would be 'conflict' between the EU and NATO forces. A US Pentagon official had also declared that the NATO force was not 'designed' to compete with EU's plan to create a separate force. So far so good. Still there comes a rat smell for some reason or other. After all who is NATO? It comprises the 15 members of the EU, headed by America, since its creation in 1949. When the same group of countries that comprise the EU? is in the NATO and it is they that would create the Quick Strike Force, then why the same group would create a parallel force for the EU. There is some 'snag' or 'rut' somewhere but much deeper than the eyes meet, otherwise why the question of 'conflict' between the two forces has come up at all?

Let us have a brief analysis of the birth and growth of the US-sponsored NATO based in Europe and the two newly proposed rapid/quick action forces to get a closer view about their working motivation and the cross-currents and interactions of the commercial interests and political ambitions of those who will be running the show.

NATO

The mastermind behind the creation of NATO (North Atlantic Treaty Organization) was America which took the initiative in the post World

War II cold war period for its establishment comprising mainly the European countries to serve as a powerful deterrent force against the 'growing aggressive' posture of that west-designated 'evil empire' of then Soviet Union. It became more imperative on the part of the Allied powers when west Berlin, then occupied by the Allied powers, was totally blockaded by Soviet Union, depriving its citizens food, drink and other essential items. However food materials and essentials were air dropped there by the US and British Air Force and thereby the blockade was successfully broken. This unique example of joint action by US and British forces prompted an agreement signed in 1949 between the US and most of the Western European nations, that stood liberated following the humiliating defeat

Union. However, NATO rose to action in 1999 in Kosovo. But this episode of NATO brought more discredit than any tangible credit to the organization. I will come to it later.

New Europe

What a tremendous change has occurred during the last fifty years or so since NATO was established as a defence shield for the Western European countries against Russian possible aggression. Much water had flown down the Thames and the Danube and the Rhine since then with a lot of socio-political and economic changes, running a new European 'psyche' all around. Today's Europe is not the same old Europe of 40s or 50s, or even 80s. The whole 'psyche' has gone under a radical change with a new vision

It is, however, too early to comment on the over-all working of the two new special forces to be launched -- one by EU and the other by NATO headed by America. Undoubtedly, the two forces carry very high profile potentials for the future. But only time will show whether while discharging their duties, will they be on 'coalition course' or 'collision course', in dealing with the horror of terrorism. Of course it all depends on how they reconcile with the definition of terrorism.

of Hitler. It was headed by Gen. Eisenhower who had been leading the Allied forces in the western front to invade Germany. Thus NATO became a timely signal for Stalin to be cautious about his any move towards Western Europe, after grabbing whole of East European countries.

There was another most visible good impact of NATO. A large-scale humanitarian programme, called 'Marshall aid', named after an American general and a statesman, who had launched it in 1947 and the aid amount in 1949 rose to US\$4,800 million. It was a great boon for the shattered economy of Western European countries and it went a long way in re-building and rehabilitating a new Europe. So, when the NATO proposal came, the Western European countries offered unstinted support to it, thus strengthening its vitality tremendously. Since then NATO has been in existence, without any visible action any time anywhere, almost forgotten as 'irrelevant' in the context of the demise of the in of Soviet

and a new perception for a new united Europe, rising almost from the ashes of the past. The past has been buried, so to say, and left behind. So the new generation of today's Europe has a different socio-political and economic language. In short, it is not the same old 'yes sir' pattern. This new language of Europe has literally become red-rug for America and a big body blow to NATO. The rhythmic 'heart-beat' of Europe and America, so far heard, has been disturbed. It found a strong expression when the 15-nation EU (which virtually makes the body and soul of NATO), decided to import banana from the Caribbeans, known as banana Republics, in 1993, instead of from its traditional America. This hit the US' commercial 'ego' and since then America has been grumbling about EU's banana policy and the dispute had occupied most of the time of the WTO (World Trade Organization) discourses. America bounced back by raising tariff wall against imports from Europe. And America was at the receiving end when WTO asked

in 1999. The EU discontent surfaced because they considered the so-called NATO air action as ill-planned or half-planned, which made million of Kosovo Muslims refugees and killed hundreds of innocent civilians. The Serbs, taking advantage of air operation or Pristina without any support of NATO ground forces, intensified their violence and terror on the Kosovo Muslims.

NATO and war in Afghanistan

Then came the US war on terror in Afghanistan, following the terrorist attack in New York and Washington. It was more or less an Anglo-American military operation, with, of course, Pakistan as a front-line key-player providing logistic, and intelligence services, port and other facilities. But NATO had no role to play here although the alliance involved its "all-for-one and one-for-all" mutual defence clause for the first time. But for some reason or other, America went to war against terror in Afghanistan without seek-

ing its participation as a military force. Perhaps NATO has not been called in because, according to some analysts, it has been "kind of reticent" to deal with "out of area" operations. And that is why the current US move to create NATO 'quick strike force' for action against terrorism anywhere in the world. Even if the new NATO strike force is created by the time America declares war against Iraq to remove that "homicidal dictator" (quote from Bush) and that "international outlaw" (Blair) difference of opinion, rather a split, between the EU members and America is bound to arise as Europe has unequivocally declared that it "is not in favour of regime change in Baghdad", to quote EU Foreign Policy chief Solana. So NATO will be divided if there is any attempt to drag it in any

Now let us see as to what had prompted the US Defence Secretary to make the proposal for launching this new NATO force. NATO Secretary General George Robertson, in his recent statement, had given a broad hint, when he had literally raised a 'danger alarm' by saying that the world would face "more instability, more terrorism, more failed states and more proliferation of weapons in the decade ahead," adding that the Caucasus, Central Asia, Northern Africa, and the Middle East offer "a rich current and potential cocktail of instability." He was, of course, making such a sharp statement stressing the urgency for revamping NATO's old-style cold-war period military capability, bringing in new allies, including Russia, in the NATO as members to make it a powerful war machinery with a quick strike force of about 20,000 troops to conduct military operations anywhere in the world.

Which way?

It is, however, too early to comment on the over-all working of the two new special forces to be launched -- one by EU and the other by NATO headed by America. Undoubtedly, the two forces carry very high profile potentials for the future. But only time will show whether while discharging their duties, will they be on 'coalition course' or 'collision course', in dealing with the horror of terrorism. Of course it all depends on how they reconcile with the definition of terrorism. While President Bush and his most obedient 'lieutenant-general' Blair who recently had a 'close shave' with Russian President Putin, are all set for war against Iraq and that "international outlaw" who has been hiding in his palace the 'weapons of mass destruction', the EU foreign policy chief Javier Solana had rebuffed questions about the threat of US military action against Iraq. Solana had signalled a basic difference with Washington by saying that the EU was not in favour of regime change. If this is the position then where is the meeting-point of the two new rapid action forces? America is no more in the driving seat. EU has already taken it over. Now who will obey whose command? So either a show-up or a showdown, let's wait and see.

AMM Shahabuddin is a retired UN official.

OPINION

The limits to neo liberalism

NASREEN KHUNDKER

AS the Bush and Blair administrations prepare the world and do the groundwork for a possible attack on Iraq an eye-catching news makes it to the press (The Daily Star, October 16). This is the statement by the Nobel laureate US economist that a war on Iraq will not help the US and world economy pull itself out of a recession. The reason as Stiglitz puts it, is that a war on Iraq will not lead to the scale of mobilization and by implication an increase in expenditures of the same proportion as World War II, which successfully pulled the US economy out of the deep recession of 1929-33, and had similar effects in Europe, also through the Marshall plan. Mr Stiglitz is of course right. But he tells only half the story. The other half of the story, and perhaps the more important, is that this imperative to wage war as a panacea to the current economic crisis, is the

outcome of a neo-liberal philosophy, which has gripped the centre stage since Reagan and Thatcher came to power, and with the collapse of the socialist world order, and a simultaneous rejection of the welfare state in Western countries.

Most students of economics are aware of the theories of John Maynard Keynes, which advocated a central role for state expenditures to counteract the business cycle. The idea is simple. When the economy is in a down turn, one needs to increase state expenditures to keep demand high, since consumer expenditures and private investment are remarkably shy during such times. Similarly, the principle is to reduce state expenditures during booms, when economic activity is at a peak. The Keynesian principles of macro economic management also advocates the welfare state, because measures such as unemployment benefits, old-age pensions, other welfare payments, are considered to be "built-in stabiliz-

On purely economic terms, what becomes necessary is a much closer look at corporate behaviour, to find models which do not simply take into account profits, but has built-in principles of welfare, at least towards their own employees, as well as that of ethics in business operations. For the economy as a whole, the principles of social justice cannot be ignored.

ers", as they automatically increase during recessions, or help maintain consumer expenditures, and are paid out of state coffers. The state may also have to take some additional active measures to increase expenditures such as building bridges (parallel to pyramid building by Ancient Egyptians), and also reduce taxes to encourage consumer spending. During booms, on the other hand, the "welfare" expenditures are automatically reduced, while the wisdom would be to raise taxes and reduce other components of government expenditures. (Income taxes also automatically fall during recessions and rise during

booms). As mentioned in earlier paragraph, Keynesian economic principles as well as the notion of the welfare state waned with the resurgence of liberal ideas in the West in the 1980s. The focus was on supply-side economics (enhancing growth in productivity and using tax reductions as incentives to supply greater labour), with its focus on efficiency and growth. The central proposition was also a reduction in government expenditures and a massive withdrawal of the state from many areas, including manufacturing. Hence also measures such as privatization. The state was seen to be inherently

wasteful, and the idea gained currency that the role of the state should be confined to a few unavoidable areas such as defence and the police, enforcement of contracts, etc. These ideas, it may be mentioned, were also used as the cornerstone of economic policy in developing countries, popularised or enforced by institutions such as the World Bank, the International Monetary Fund, the Asian Development Bank, etc. The system of laissez faire with a minimal role for the state thus took the place of the ideas of Keynes or those who advocated the welfare state. Thus we were back to the vision of Adam

Smith and the "invisible hand" guiding economic activity ensuring the social good, without state interventions. This is despite the fact that Keynes' writings were a response to the Great Depression in the United States and the failure of classical laissez faire principles to come to grips with this crisis.

The remarkable gap in neo-liberal thinking is now very clear. While state expenditures can be reduced and free enterprise given a free hand (forgive the pun), there is nothing which can counteract the business cycle. The business cycle, it may be emphasised, is part and parcel of the advanced capitalist

economy system, linked to the bunching of technological innovations (the economist Schumpeter made the major contribution in this analysis), and is clearly unavoidable. The recent IT boom proved to be no exception. Hence the need for wars, big or small. As Stiglitz rightly points out, this may indeed be a delusion, since the scale of expenditures and the spread effects of such localised global conflicts will be confined to the few such as defence contractors, not making a dent on massive unemployment or sufficiently boosting consumer spending, so as to pull the US and global economy out of a recession. It also requires massive diplomacy, compliance, and theories of the "clash of civilizations." Most people will also not be convinced that civilizations, and cultural, religious pluralism, cannot co-exist and enrich each other, because history proves the otherwise to be equally true.

On purely economic terms, what therefore becomes necessary is a

much closer look at corporate behaviour, to find models which do not simply take into account profits, but has built-in principles of welfare, at least towards their own employees, as well as that of ethics in business operations. For the economy as a whole, the principles of social justice cannot be ignored. It may well be true to an extent that the welfare state and government institutions bred inefficiencies. The current situation however underscores the point that the role of the state cannot be ignored. What neo-liberalism has done wittingly or unwittingly is simply to argue for a reallocation of state expenditures from the social sectors to defence, not reduce state expenditures as such. The outcome is likely to be much more inefficient and cataclysmic.

Nasreen Khundker is a Professor of Economics at the University of Dhaka.