

Chittagong crime

Business bearing the brunt

RECENT reports suggest that Chittagong is becoming an increasingly difficult place in which to do business. It has been reported that on average at least five business houses a day come under criminal attack in the city, and, in addition to this, that businessmen in Chittagong also frequently fall victim to crimes such as extortion, mug-ging, and abduction for ransom.

This kind of systematic crime is always unacceptable. However, the fact that it is the business community that has been targeted makes it all the more urgent for the local authorities to take steps to bring the law and order situation in the city under control.

We are at something of a loss to understand how such a state of affairs has come to pass. One would have thought that after last year's sensational abduction of business magnate Jamaluddin, that remains unsolved to this day, and that launched a massive shake-up in the port city police force, the city authorities would have given extra attention to the travails of the business community, and be working overtime to ensure that they are free to do business without fear.

However, it is clear that precious little has improved for businessmen in the city. It seems that they are as vulnerable and unprotected as they were before. Indeed, things have got to such a state that the Chittagong Chamber of Commerce and Industry (CCCI) has been forced to set up a cell to monitor attacks on businesses and to help the affected parties.

This is a commendable measure on the part of the CCCI, but only goes to show how far the authorities have abdicated their responsibility to keep the business community safe and secure. When the business community must rely on private means to protect themselves, then it is safe to say that the police are not doing their job properly.

Chittagong has long been the hub of commercial activity in Bangladesh. The country's growth and development depend on the city flourishing and expanding and on the continuing evolution of Chittagong's commercial sector. As such, the protection of the city's business community is vital to the well-being of our economy.

Bomb blast at temple

A mindless act that can't go unpunished

WE find no words strong enough to condemn the hurling of a bomb at a temple in Khulna. Hindu devotees were celebrating a religious festival -- Rath Jatra -- when motor-bike riding gangsters tossed a bomb into the temple compound. This is indicative of some desperate and barbaric attempts being made to unsettle social equilibrium and communal harmony.

An officer of the Khulna Metropolitan Police has said that the attack could have been the work of some extremist group and that the target was not the temple but policemen. It is, however, not known on what basis he drew such conclusions. The deductions are extremely premature; and unsubstantiated as they are, could prejudice the investigation process even before it has been launched. Nor does it reduce the culpability of the offence to know that it is the first ever attack on a temple at the divisional headquarters. The sad truth remains, irrespective of the identity of the perpetrators and their speculated target, that a religious place has come under assault. The ramifications and implications of the crime must not be lost on the law enforcement agencies and the government.

We regard it as an assault on the rights of a community which we are constitutionally obliged to uphold and protect. The members of a community can only feel insecure when a festival of theirs is targeted by the forces of intolerance. Let there be a full-fledged investigation to ferret out the culprits.

It is clearly not enough to bolster security arrangements at the temple; what the law enforcers must ensure is that the culprits are speedily brought to justice. Otherwise, the temple bombing might also melt down under the huge pile of unresolved mysteries. We must not be oblivious of the fact that some enemies of the people are trying to undermine the foundation of this society by committing acts that run counter to the principles of tolerance and equal rights for all citizens. These elements must be reined in before they can cause more harm.

Budgets: Correcting or creating poverty?

NITAI C. NAG

THE words poverty alleviation appears so frequently in Finance Minister Saifur Rahman's budget speech as to incline one to wonder why. According to the proposed budget, 62 percent of the development budget and 42 percent of the non-development budget are meant for reducing poverty, directly or indirectly. This is not new however; all the budgets in recent times are but narrating the same thesis.

The statistics on poverty quoted in the budget documents could also appear confusing. Incidentally, human poverty -- deprivation of human beings of basic amenities of life such as safe water, sanitation, vaccination etc -- has declined in Bangladesh from 50 percent in the early 1990s to 40 percent at the turn of the last century. Income poverty, measured in terms of the number of people earning less than a dollar a day, has declined during the same period from 59 percent to 50 percent. While human poverty fell on average by three percent annually in the 1990s, income poverty declined by less than one percent. The finance minister is proud of the figures, as if they can be attributed to his expertise in making budgets.

In order to reduce poverty further, the finance minister wants, among others, to implement efficiently the Poverty Reduction Strategy Paper (PRSP). The latter refers to a document which the government readied earlier to be able to borrow funds from the IMF.

It may be noted that during the closing years of the last century, the world's development agents -- the World Bank and the IMF -- began to find their very existence irrelevant in the face of growing criticisms over, inter alia, poverty rising instead of falling. The number of least developed countries more than doubled to forty nine in about two decades. Many of those countries were facing bankruptcy. Governments in those countries began to face bitter criticism; people would brand them as co-laborators of the foreign masters.

At that juncture, the IMF's strategy for its own survival included, inter alia, inventing the so called Poverty Reducing Growth Facility (PRGF). The latter replaced the earlier versions of the IMF's lending facilities, namely, the SAF, ESAF, etc. Under the new facility a country can borrow a certain amount of funds against successful

preparation of a paper called Poverty Reduction Strategy Paper (PRSP). PRSP is the operational framework for the Fund's support to low-income countries under the PRGF. According to the IMF, "[A]lignment of the PRGF (and other donor-supported programs) with the PRSP will only become truly effective when the PRSP itself is closely aligned with the budget process in each country."

PRSP thus is the guide to the budget makers in countries that qualify for PRGF loans. The IMF states that PRGF-supported programmes are based on country-owned poverty reduction strategies adopted in a participatory

process involving civil society and development partners.

But critics argue that the content of the PRGF loan appears no different than past ESAF loans: "The standard macroeconomic targets and structural adjustment conditions make no reference to poverty reduction needs."

Honduras, for example, was given a PRGF loan without reference to a PRSP. There has been no discussion by the Honduran government with members of the civil society to prepare a PRSP.

Bangladesh has been granted a loan of \$52 crores under the PRGF in June 2003. In order to qualify for the loan, Bangladesh had to prepare its PRSP. While doing so, the government also religiously fixed the macroeconomic indicators, such as, current account position, external reserves, etc. It may be noted that current account showed deficit every year between 1998 and 2001. Afterwards current account began to show surplus; it is doing so until now. Also foreign exchange reserve rose from just over \$1 billion in 2001 to \$2.6 billion now.

In the IMF's own evaluation: "Bangladesh's economic performance has strengthened in the first year of implementation of the government's PRGF-supported economic program. Economic growth has picked up, inflation is

in check, and the external position has improved more than expected. The key macroeconomic targets have been achieved."

There is however one misleading assessment about inflation in the quotation; inflation actually rose remarkably while the assessment was published.

One conspicuous aspect of the above IMF assessment is that it is all about macroeconomic targets. In other words, although the government borrowed under the PRGF against a PRSP, what it practically had to do to realise the familiar set of macro targets. Critics already have argued that the PRGF is but a new name for the now

infamous ESAF. As long as the macro targets are met the IMF will approve loans to its client, reserving lip service for poverty alleviation.

In case of Bangladesh, the GOB's fulfilment of the macro targets plus promises to go ahead with such agenda as tax reform, reforming the nationalised commercial banks, and establishment of Independent Anti-Corruption Commission, etc. were enough for qualifying for funds.

And it is under this background that one will have to scrutinise the finance minister's proposed scheme.

The finance minister wants to engage the poor section of the countrymen in income raising activities to reduce income poverty. In conformity with the so called, Millennium Development Goals of the United Nations, the government is implementing a three-year plan (PRSP) of economic growth, poverty alleviation, and social development. In order to reduce poverty by fifty percent within 2015, the country's economy has to grow seven percent annually. It is as a step toward that goal the government has planned to spend as much as 62 percent of the development budget and 42 percent of the non development budget in order to reduce poverty directly, through relief, and indirectly via employment creation for

the poor.

All the sectors of the economy - education, health, agriculture, etc-- will be covered by the finance minister's poverty reduction strategy. Rural development will find more special attention than was given earlier. The issue of social security will find enormous extra care.

The means to the end in sum is the following:

Allowances for the old, widows, divorced women, and poor freedom fighters, are to be raised. All the existing relief programs, such as, VGD, VGF, Food for Works, Cash for Works, test relief, etc will receive enhanced allocations.

Expansion of the micro-credit system through enhancing allocation among them is the other means with which poverty will be reduced. Activities of organisations like PKSF, NGO-foundation, Karmasangsthan Bank, Bangladesh Agricultural Bank, etc. will be expanded with the aim to create employment facilities among the rural poor, and also create small and medium entrepreneurs in rural areas. Agricultural subsidy will be doubled to Tk 6 billion and agricultural loans will become cheaper.

According to the budget speech, credit flow to the rural area will double as a result of the new provisions in the budget, and employment facilities will also flourish in a commensurate manner.

It seems that the finance minister presupposes the existence of an automatic mechanism in the rural economy that will translate the proposed credit flow into employment. Also inherent therein is the expectation that there exists as much idle capacity in the credit distributing machinery as can handle instantly the delivery of the various funds among the rural people. One could be legitimately curious to have an impression as to what, if any, the PRSP's position is about this very issue, i.e., delivery of public service in the rural economy.

It must be too much to expect

that by the next ten years income poverty will decline on average by two and a half percentage points yearly owing to these measures. Of course the finance minister himself does not base his expectations on these measures alone.

He expects to find support from the rest of the economy too. An export processing zone and industrial area will be established in the now deserted sites of Chittagong Steel Mills and Adamjee Jute Mills. Over 0.9 million new jobs will be available as a result. Reduced interest rates on bank lending and lower duties on imported raw materials will stimulate private investment, which in turn will

create jobs. There will follow six or seven percent rates of GDP growth. The latter, together with the large list of poverty alleviation measures will ensure achievement of the Millennium Development Goals.

It may be remembered that the decade of the 1990s was one of global economic boom. The world's largest economy was doing exceptionally well by posting growth rate over three percent annually on average. Europe too was doing nicely; average growth rate during the said period was 2.1 percent per year. Things have changed for the worse since; both US and Europe are in much lower growth paths. The US and Europe, incidentally, buy the lion's share of our exports. Also, Bangladesh, where textiles and related goods comprise over 80 percent of total annual exports, will soon enter the post-MFA era. So the prospect of the external sector looks rather bleak.

Developments in the Middle-East, by pushing petroleum prices up, could prove to be another drag on the economy. The finance minister cannot be held responsible for developments beyond his control. But there should have been his concern expressed in the budget to this effect.

One will also wonder if the minister has exercised in an appropriate manner his judgement over factors that are supposed to be

within his control. It is worth noting that in keeping with tradition, the proposed budget lowered tariffs on import. Research findings show that employment consequence of Bangladesh's trade liberalisation is generally negative. In the decade of the 1990s, the observed growth in the manufacturing sector has been due to growth in the garments and pharmaceutical industries; trade liberalisation as such did not have much to do about that. Again, the import promotion that followed those tariff reductions ruined many previously existing industrial units in terms of output and employment. Researchers also find that there followed a significant decline in employment in the informal manufacturing industries consequent upon the rampant tariff reduction in the last decade.

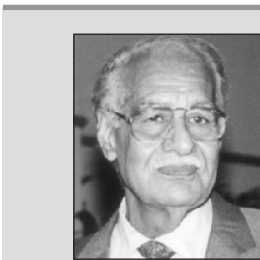
Another unfortunate consequence of Bangladesh's excesses about tariff reduction is that she can expect to benefit least by joining South Asian Free Trade Arrangement (SAFTA). As a member of the WTO, Bangladesh will have to accord its lower tariff facilities to the members while the latter will reserve their right to bargain with Bangladesh on the basis of respective higher tariff structure.

Again, not unlike in the past, import promotion will put its pressure on foreign exchange reserves, which under the ongoing system of economic management will only necessitate further belt tightening. Public investment will become the number one casualty. Already, the size of the proposed ADP is the lowest ever in real terms. The current fiscal year's ADP had to be slashed. Studies show that cuts in public investment unnerv private investors. The proportion of private manufacturing investment has reportedly fallen lately.

What will be the employment consequence of all these? Will poverty thus be corrected or created? It is only unfortunate that while the finance minister is meeting the IMF's demands no matter what the consequences may be, he also wants to assert that the same exercise is the best of all possible alternatives that the nation can expect.

Nitai C. Nag is Professor, Department of Economics, University of Chittagong.

Gunning for talks



KULDEEP NAYAR
writes from New Delhi

THE army on the Indian side of Kashmir says that infiltration from Pakistan has increased. The Home Ministry reports in a 30-page document that training camps have been reopened on the Pakistani side of Kashmir and some 500 militants are undergoing training. This is nothing unusual. Militants' camps have never been completely wound up and infiltration takes place after the melting of snow at the passes straddling over the mountains.

Yet, it was expected that in view of the ongoing talks between New Delhi and Islamabad, Pakistan would stall infiltration. This impression got strengthened after President General Pervez Musharraf gave such an indication after meeting with former Prime Minister Atal Behari Vajpayee last year at Islamabad. The quantum of infiltration is still small. One cannot say for certain whether it would reach the proportion which it had in the past decade. Nor can one be sure about how far Pakistan was behind it. There are some jihadis who, even Musharraf admits, cannot be checked since they are like a loose gun beyond anybody's control.

But if infiltration is beginning in

the same old way, it is an unfortunate development. It will be a clear message from Islamabad that it is not happy over the content of talks. The Pakistan spokesman in his last week's briefing dropped a hint: "There are some differences. Pakistan has its own position and India its own. We have been talking about it for quite some time without reaching any conclusion."

Was the hush-hush meeting between Security Advisor J N Dixit and Musharraf's advisor Tariq Aziz at Amritsar meant to break the deadlock? Surely, the resumption of infiltration was too rapid a reac-

pressure on Islamabad for accepting the Line of Control (LoC) as the international border. Still that was the general impression in Pakistan. An angry reaction from the least expected quarters, the Lahore Bar Association, told all. The association said that "a well contemplated plan by America on Kashmir" was in the offing.

Such a sharp observation by an organisation like the Bar Association meant two things: either it did not know what it was talking about or it was speaking somebody's voice. Whatever the truth, it served no purpose. If Washington had

become weightier just because this part has Muslims in a majority. New Delhi cannot afford to reopen partition and pose a threat to its ethos of secularism. Had the state acceded to Pakistan when the British rule lapsed in August 1947, India would have taken the development in its stride.

But now, after 57 years, how can it accept a solution on the basis of the two-nation theory which even its exponent, Qaid-e-Azam Mohammad Ali Jinnah, had discarded after the creation of Pakistan? He said that the Hindus and Muslims in Pakistan were Paki-

BETWEEN THE LINES

One way is to silence the guns of militants as well as those of security forces. New Delhi may be willing for a complete ceasefire but Islamabad is not likely to do so because even after ordering a ceasefire on the LoC it has looked the other way when the militants from Pakistan have operated in India. Such an approach is unproductive and only encourages the militants. The basic thing, I believe, is that wrong means will not lead to right results and this is no longer merely an ethical doctrine but a practical proposition.

tion even if the two had failed to find a way out. One should not, however, underestimate the interest, which Washington was taking. Secretary of State Colin Powell's statement at Washington was significant. He said: "We continue to monitor the rate of infiltration and that we continue to express our concern about the structure that remains behind." That he made the remark in the presence of Indian Foreign Minister Natwar Singh assumed greater significance.

Powell's observation was on infiltration and it should have been left at that. There was nothing to suggest that America was exerting

made up its mind to advocate a particular solution, Islamabad could do little because it was too dependent on America. But the Bar Association's other observation in the same resolution it passed was more serious. It indicated that it did not understand even the ABC of the problem. The Association said that Pakistan would not be 'complete' without Kashmir. Once in a while such statements emanated from the other side.

But, by this time it should have been clear that India would not be a party to any solution which recommends the state's division on the basis of religion. Pakistan's claim over the valley does not

stanis and the Hindus and Muslims in India were Indians, free to pursue their religion but not to mix it with the state.

Even today's Islamic state of Pakistan, although preponderantly Muslim, does not follow the two-nation theory. The Pakistan nation comprises Muslims, Hindus and Christians. The minorities are not a separate nation, nor do they have a separate electorate. The solution of Kashmir, whenever found, will be on the basis of Kashmiriyat, which is pluralistic in content and secular in character.

Whatever be the rhetoric on both sides, my impression is that

the talks on Kashmir are taking place behind the scenes. That may be the reason why Musharraf too is silent after having said that he would wait for a solution until August before ending the confidence-building measures. The two foreign ministers after meeting at Beijing have said that the "chemistry" was good. They obviously talked about Kashmir.

However, my conviction is that if ever the two countries find a solution to the Kashmir problem, it would not be at the negotiating table. The settlement would be reached somewhere away from the

public gaze and media glare. And it would be anvilled by non-officials.

This almost appened three years ago when two non-officials, former Pakistan foreign secretary Niaz Naik and former MP R K Mishra met secretly a few times to achieve something "close" to the solution during the regimes of Vajpayee and Nawaz Sharif. Such efforts take time.

What does one do in the meanwhile to lessen the sufferings of Kashmiris? Many books have come out to describe their agony. The recent one, *Kashmir: The Untold Story*, is by Humra Qureshi, a sensitive journalist. She has poi-

gnantly etched the life of ordinary people, sandwiched between militants and security forces. So has nuclear physicist Dr Parvez Hoodbhoy in his documentary, *Kashmir, Pakistan and India - Crossing the Lines*. According to the *Economist*, "a 15-year war has claimed 40,000-110,000 lives." The two countries should ponder how to stop the killings.

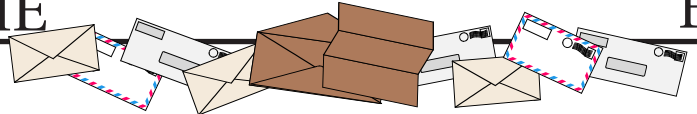
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Violence cannot possibly lead to a solution of any major problem today because violence has become much too terrible and destructive. If the society we aim at cannot be brought about by big-scale violence, will small-scale violence help? It won't because violence breeds more violence and produces an atmosphere of conflict and of disruption. We have too many fissiparous tendencies in the two countries to take risks.

The basic thing, I believe, is that wrong means will not lead to right results and this is no longer merely an ethical doctrine but a practical proposition. I told this to the Kashmiri youth at a seminar in Srinagar. They did not relish the idea. But imagine the impact on Indian civil society even if 1,000 died through a non-violent struggle. It is not too late.

Kuldeep Nayar is an eminent Indian columnist.

TO THE EDITOR TO THE EDITOR TO THE EDITOR TO THE EDITOR



Letters will only be considered if they carry the writer's full name, address and telephone number (if any). The identity of the writers will be protected. Letters must be limited to 300 words. All letters will be subject to editing.

SQ's defeat

It is indeed good news that the candidate of Bangladesh government, Mr. SQ Chowdhury, lost the OIC election and reminded everyone once again that the Liberation War of 1971 was a great event that the people both at home and abroad remember with due respect.

Chowdhury Hafizur Rahman
Lincoln's Inn, London, United Kingdom

Role of DS

It's needless to speak about the great role of The Daily Star in nation building and in shaping up democracy in Bangladesh. But I would like to make my point on a different subject here. I would strongly request you not to publish senseless comments of our

immature political leaders. These comments not only make us feel ashamed of our incompetent leaders, but they also hurt the image of our country. I often read such comments from our so called leaders against each other on any event. The recent comments of SQ Chowdhury on OIC failure, comments of the mayor of Chittagong on the arms haul etc. are some of the examples of how the politicians speak. The top leaders and other lawmakers are known to have made such comments several times in the past. Publishing such comments does not do any good for the country, rather the politicians use the press as their loud speaker. Please don't help them to promote their ugly politics through the media. I would request the DS to ignore such baseless, immature remarks.

Delwar Hossain
San Francisco, CA, USA

OIC election

It is interesting to watch the ongoing debate on the OIC secretary general's election. I personally regret the defeat of Mr. SQ Chowdhury, the Bangladeshi candidate. The Malaysian candidate has also been defeated. It would be interesting to know what kind of reaction he has given.

It is a bit premature to comment on the whole issue of the election. Win or defeat is the end result of any contest. I hope there will be objective analysis of our effort to get the position of OIC secretary general.

I personally believe that OIC is just a moribund organisation. The events of the day will always bypass

this organisation. OIC will just play the role of a 'yes man'. I am not aware what role OIC is playing in the field of world politics and social, economic and educational development of the member countries. Do we need OIC, if yes, why, can someone explain with logic?

By the way, SQ has noted that Turkey has not ratified the OIC Charter. How is that possible?

A Bangladeshi

One-mail

OIC a toothless tiger

The OIC, from the very beginning, is a toothless, benign and valueless organisation which is of no use to the Muslim Ummah. Till today neither the OIC as a whole nor its member states individually had the courage to condemn the massacre of innocent men, women and

children in Iraq and Afghanistan. It has never even protested the Human Rights abuses by the US and its allies on Muslim prisoners of war.

But the scenario has changed with the election of Turkey's candidate as OIC secretary general.

Turkey is yet to ratify the charter of OIC. Some of Turkey's laws are dubious in nature. For example, it is constitutionally forbidden and a criminal offence to use hijab/headscarf in Turkey.

I would request the Bangladeshi government to show courage and withdraw from this useless organisation which is working against the interest of Islam and Muslim Ummah.

Mohammad Sohail

One-mail

Political pride

This is the time for Bangladesh politics to show some pride, after the good example set by India. Amongst the three nations (two new) which faced destiny with the partition of British India in 1947, Pakistan and Bangladesh have to climb up for setting parity that democracy works in the third world also. Missed and failed leadership have been dogging us like the periodic floods and cyclones. The cycles of leadership have to change, to keep up with the aspiration of the masses.

The raw material is there, but the political processing gets bogged down time and again, with the result that the end products fail to deliver. We had the handicap of tackling with two phases (1947 and 1971); but the dedication in the leaders is just not enough to get out of the vicious cycle and take off to

routine anniversaries. Too much systems loss, which saps public confidence in political culture. Original electorate are to back up the right leadership. There are historical reasons for this paucity in moral thrust, but there are twinkling stars in the succeeding generations to act as torch bearers in search of a better way of life. Act now, before the steam pressure fizzes out.

AZ

Dhaka

Import duty on newsprint

New duty on newsprint import may push the costs of newspapers up. I think the existing price of a newspaper is already too much. The number of newspaper readers

is increasing (partly because the news on BTV amounts to entertainment) and that is a good sign. Earlier, we the poor guys without cable network could watch the BBC and CNN on BTV. Now this has been replaced by some garbage programmes of BTV.

The government reportedly failed to pay the arrears advertisement bills to the newspapers for four months in the current fiscal due to fund shortage. Worse still, it is imposing new and increased duty on imported newsprint, which contributes 85% of the total amount required by the newspaper industry.

The government should consider the problems faced by the industry and make sure that people get newspapers at a reasonable price.

Sumon

Dhaka