

The doctrine of total compliance

SYED MAQSUD JAMIL

CONDOLEZZA Rice, the new American Secretary of State, has marked her assumption of office by a whirlwind tour of Europe. She brings academic brilliance to her office. Generally, the academicians are known for conceptualising their professional duties. In American history this is reflected in global political doctrines. The Truman doctrine was sincere in its pious intentions of upholding the sovereignties of Greece and Turkey. Nonetheless it was during President Truman's tenure Atom bombs were dropped on Hiroshima-Nagasaki, America got embroiled in Korean War and witch hunting was carried out under the name of 'McCarthyism' in wholesale branding of liberals as communists. However, in the recent past the doctrine of dé tence carried out by Dr. Kissinger under the leadership of President Nixon is lauded for its constructive engagement. It contributed considerably in easing global tensions and setting in motion a process for the peaceful resolution of the conflicts of the world. Under the Nixon doctrine America did not bulldoze her way through her enemies and among her friends. In achieving her goal America was genuinely sincere in enlisting the support of her allies.

The world after 9/11s witnessing a different America, unremitting in hunting down her perceived enemies, scornful of dissenting allies and asking for unquestioning support for the course she has charted. Condoleezza Rice's predecessor Colin Powell was not an ideologue and as a career soldier pursued honourable exchange. His role was often eclipsed by the brusque bravado of the Defence Secretary Donald Rumsfeld. Dr. Rice would not however suffer such constraints since the President zealously embraces and pursues the conceptual scenario she ardently advocates. The world is going to see much vigorous actions and bellicose pronouncements from her and from her boss during President G.W. Bush's last term. She has her conceptual plan of the kind of world she would like to see for America, and serving America faithfully.

Since she is an ideologue there is much passion and fury in her beliefs and the vision she is working on. Her conceptual plan is impervious to any flexibility and accommodation on the ground of implacable nature of its ideological content. She would brainstorm, cajole, befuddle and browbeat her allies in to her line of thinking. As for those who are regarded by America as evil or in other words a threat to her security, an affront to her leadership, or those who connive with, harbour or breed her enemies would be overpowered by hard eyeballing, by relentless form of constriction or by military might as the last recourse. In simplest terms it is you are either with us as faithful allies or against to be shunned or to be hunted down. America's foreign policy under Condoleezza Rice would pursue a goal of worldwide alliance bound by the doctrine of total compliance. America would be stern about the effectiveness and solidity of the

keeper has placed her neighbours and Israel to take a critical stand against Syria. In the wilderness she could not but form an alliance with Iran. For that matter even Iran is not without her own domestic problem. It is altogether not impossible that few embers are simmering in the culturally vibrant Iranian society about further relaxation of clerical diktats. One can easily understand the security concern of Iran in building nuclear capability, being faced with an inveterate foe in the unchallenged leader of the world. The invasion of Iraq has brought the threat at its doorstep. One must however say that Iranian leadership although clerical in nature is not lacking in enlighten-

such unnecessary brinkmanship. Yes, America can lean hard on Egypt for democratisation. Indeed Egypt has the social framework for a democratic setup. It has seen too long a period of authoritarian rule. Hosni Mubarak intends to carry on dynastic authoritarian rule, grooming his son as a possible successor. However democratic elections may not turn up the way America wants with secular parties ruling Egypt. There are good chances that like Algeria, Islamic parties would come to power. In Middle East, America has a handful of hot potatoes. Dr. Rice can get away with talking tough but should tread softly. Conceptual solutions look attractive and smart on board, but practical application needs common sense and streetwise formulators. Besides it would be grave to take Israel as a partner allowing her to operate on her behalf.

There is no doubt about the importance and the clout of Israel in the resolution of Palestinian problem. But to use Israel as the surrogate power in striking at Iran and Syria would be disastrous, particularly in the case of Iran. It compromises America in countering Iran's nuclear capability, on two grounds, firstly because of the reckless nature of Israel as a surrogate power and secondly one may read it as an admission that Israel already has nuclear weapons. American President's pronouncement on possible role of Israel in striking down Iran is fraught with dangerous consequences.

America's foreign policy stance is continually shifting, in the beginning it started as a campaign to defeat terrorism, later during the Iraq War it shifted to WMD and now it is democratisation of Middle Eastern countries and even of Russia. This speaks of the lack of ethical steadfastness, which can be a great blow to the credibility of a country leading a unipolar world. One may ask did America speak for democracy, when the generalists deprived Islamic Salvation Front that swept the Algerian election from forming government, and the election result was nullified?

There is nothing wrong for the leader of the world to have her own vision of the world and for her to shape it accordingly so long it unites the world in peace and prosperity. Indeed knowledge can be a valuable implementing tool in fulfilling this vision. But it would be a completely different proposition if the leader wants to establish it with might. Unfortunately that is an autocratic conduct at the highest level, which does no justice to America.

The opening salvo from President Bush when he made the critical observation on the need of democratisation of Saudi Arabia and Egypt in his state of union speech. The strike has been at the very foundation of Saudi monarchy. Western democracy based on the rule of the plurality is not the constitutional panacea for all societies. It must have a compatible social set up as an essential condition for it to work as a sustainable system of governance. Democracy as we know is essentially a political system of western society necessitated by the need to make absolutist monarchy deferential of people's wishes. It developed over the centuries as a working arrangement among the three important sections of the society, monarchy, feudal-agrarian society and the clerical section or the warlords in some parts of the world. There are other variations as well. The British legacy is generally much successful in this regard. In other parts, particularly in the Latin America, former communist countries and the former republics of USSR, the process is often disrupted by long periods of autocracy, regimented democracy and by ethnic squabbling. Peninsular Arabia has a demographic mix of its own dominated by tribal loyalties and pride. It constitutes the heritage of Arabia and it functions on consensus, not on plurality. Saudi government may buckle in a bit by some degree of relaxation of Islamic laws without rendering it vulnerable to be overwhelmed by western pestilence. One cannot sensibly expect the law of plurality in Saudi Arabia without plunging the country into an unending bloodletting of tribal conflicts and feuds. The Saudi society is not compatible with it. Obviously the Saudis would stonewall and Dr. Rice would be committing the outrage of creating a broader conflict and a third of the humanity would be drawn into it. Dr. Rice should do well to stay clear of

Assessing capital market Issues and prospects

MAMUN RASHID

It is encouraging to see that the capital market of Bangladesh is growing, though at a slower pace and is still at a nascent stage. The market has faced a lot of developments since the inception of Securities and Exchange Commission (SEC) in 1993. After the bubble and burst of 1996, capital market has attracted a lot more attention, importance and awareness that have led to whatever infrastructure we have in the market today. This flow of experience for the market further improved the awareness and knowledge level of investors as well as issuers. Take a fresh look Today - about eight years after 1996 - we now have improved versions of rules relating to public issue, right issue, acquisition, mergers and so on. On the secondary market, surveillance is more active and particular than before. These developments, that we appreciate, are actually the fundamental requirements that are in place today resulting from the continuous efforts of the government and multilateral agencies. The capital market plays various roles in an economy. It acts as an intermediary between surplus units and deficit units of the economy and facilitates savings into investments. By also providing liquidity of these investments, the capital market ensures optimum allocation of resources. All these activities make it the engine for the growth of the economy. The financial market is organised into money market and capital market. Financial instruments have less than one-year maturity trade in the money market, while instruments have more than one-year maturity trade in the capital market - though certain exceptions exist. Let us take a fresh look at the market to analyse the reasons behind this underdevelopment.

The access to the information remains a major problem in the market. While handful of institutional investors may enjoy certain benefits since they have an investment unit manned with qualified officers, nothing exists for retail investors. And, in the absence of independent research houses, retail investors primarily focus on advices given by their brokers, and rumours. This is frightening and it often leads to enormous losses for small investors who are vital for a low-income and pre-emerging market like Bangladesh. Filtering of information among different types of investors may leave scopes for manipulation, this assumption has been proven in 1996 at the cost of many individuals and households. One of the biggest disadvantages of our capital market is the absence of a long-term debt market. Without a proper long-term corporate debt market, the dependence on bank financing to facilitate investment is very high. Also, it creates fundamental imbalance in the ratio of equity to debt financing in the economy. All these results in the market not having adequate number of fundamentally sound scrips and exert rampant price distortions in the market. Authorities are enforcing companies to list in the stock market. However, it should not be the ideal scenario. In that case why not publicly held companies list themselves, why not privatisation takes place by listing through stock market or government releases some of stakes with the very profitably run multinational companies? Authorities should think about introducing the government debt instruments to transact in the capital market. That will help in developing a market yield curve and bring in transparency in the valuation of debt and equity scrips. A portfolio investor will then have the option to reduce his average portfolio risk by adding these risk-free opportunities or vice versa.

An estimate suggests that the ratio of institutional-to-retail investors is between 20-25 per cent, this is considered low for a developing market like ours. Institutional investors bring long-term commitment hence stability in the market. The presence of institutional investors also ensures better level of valuation due to

The Bangladesh capital market still has a long way to go. It is growing, but the pace needs to be faster. With the support from government and multilateral institutions for capacity building this market has every possibility to improve.

Their specialised skills. While we do have public sector as well as private sector institutional investors in the economy, proprietary investment from these institutions is not significant - other than Investment Corporation of Bangladesh that was created in 1976 and currently manages several mutual funds. Transparency builds trust The level of corporate governance of international standard is lacking. Multinational corporates and institutions operating in Bangladesh often adhere to very high international standard compliance regime. Parent companies of most of these corporates and institutions have their scrips listed in developed markets. Unless the local market adheres to and effectively enforces a standard corporate governance system, there will not be a level-playing ground for international business houses vis-à-vis local operators. The supply of securities can be increased if the SOEs are allowed to operate through stock exchanges. Floatation of SOE scrips is expected to expand the market by a couple of times. Corporatisation of SOEs will bring in transparency as well as confidence on the government financial system. In a more developed market, institutional investors such as merchant banks, commercial banks, insurance companies, are major traders of securities. We need enforceable and more effective laws and rules to attract foreign institutional investors. Inadequate disclosure requirement and culture of family-owned conglomerates deter the expansion of corporate governance into the local industry. The regulators need to play an active role in removing the bureaucratic bottlenecks and promote rules that provide incentives to these groups of companies to list.

Fair valuation is the key An important aspect for capital market is reflection of fair value of scrips. We find analysis touching the rise or drop in stock prices on a post-facto basis, but investors would be glad to receive projections and recommendations from research analysts. This is not adequately present in the current scenario, and due to this reason the market is not receiving attention of an important segment of investors, both foreign and local. Quality analysis needs to address this valuation issue in a more pro-active manner. The independent analysts should raise the flag when scrip is overvalued or undervalued, the intrinsic value of a traded security should be covered in the research paper. Investors are perhaps depending much on speculative analysis resulting into volatility in the market as opposed to fundamental analysis, which could attract more stable long-term investors who are sure about their investment tenure and expectations. Given the developments in the regional capital markets, we believe, it is now a matter of time for Bangladesh to initiate privatisation through capital markets. SOEs that have profitable track record or have potential for turn around shall be properly valued. Privatisation through public floatation creates the most public awareness, widespread ownership, and this process can be easily used when large amounts of capital need to be raised. We need to develop capacity to price these issues by using acceptable valuation practices so that the subscriptions are acceptable to international investors. In the final analysis, the Bangladesh capital market still has a long way to go. It is growing, but the pace needs to be faster. With the support from government and multilateral institutions for capacity building this market has every possibility to improve. We are yet to have in place several missing parts of the vital market infrastructure, and valuation and appropriate rules are essential segments of this expected infrastructure.

Mamun Rashid is a banker and director of Chittagong Stock Exchange.

5X2

6X2

Biodiversity -- which way?

GAZI NURUL ALAM

By a dictionary sense, Biodiversity is the total sum of flora and fauna in a given habitat that maintains a balanced environment. According to the view points of environmentalists, biodiversity indicates, with regard to the number, ecological status and frequency of all creatures living on this earth including plants and microorganism (bacteria). It is rather a common or popular term that refers to the variety and variability among living organisms and ecosystem complexes where they inhabit. So lastly biodiversity may simply be defined as the number of species of plants, animals and microorganism that live in a particular ecological niche. In a wider sense, the term biodiversity refers to genetic diversity, species diversity and ecosystem diversity.

It is known to general people that the tropical and sub-tropical zones of the earth support the most diverse ecological conditions. Tropic of cancer passes across Dhaka-Narayanganj, thereby placing northern one-third of Bangladesh in temperate and southern two-third in the tropical zone, geographically speaking. The presence of the mighty Himalays on the north and the direction of monsoon winds have tremendous impacts on Bangladesh enabling her to have ecological conditions of tropical nature and share the rich potential of fauna and flora.

Bangladesh is approximately 147,570 square kilometers in area with an estimated total population of 138 million. It is very densely populated country of the world with more than 800 people per square kilometer. Bangladesh is uniquely endowed with rich and potential biodiversity which surprises the observers. Within its 56000sq miles it has a wide variety of biodiversity, the list of which is given below with comparative statement it shown with immediate neighbour India, and far away France and the world as a whole.

Animal Group	World	India (11,27,345 sq. miles)	Bangladesh (56,000 sq. miles)	France (2,13,610 sq. miles)
Mammals	4327	317	199	43
Birds	9672	1500	567	267
Reptiles	6550	389	120	32
Amphibians	4000	206	19	32
Fishes (Fresh water)	8411	1500	260	250

Table showing a comparative picture of vertebrate fauna (Number of Species)

Loss of biodiversity Of course the loss of biodiversity is a global crisis, and such happenings are also common in Bangladesh. new threatened and 50 others are nearly threatened. The most endangered species of birds are white winged duck, camb duck, stork, crane, pheasant and partridge.

But still we have a rich flora and fauna on our soil. We must save them with judicious approach to development. Suggested recommendations The following steps may be taken for conservation of our valuable biodiversity:

- Preparation of inventory of biodiversity including ecologically critical areas and protected areas.
- Promoting environment friendly activities.
- Preserving, protecting and developing natural resources.
- Judicious exploitation of valuable biological resource.
- Promoting participatory, community-based environmental resource management and environmental protection.
- Ensuring active participation of the poor, especially women in environmental protection activities.
- Strengthening the capabilities of public and private sectors to address environmental concerns.
- Creating public awareness for participation in environment protection activities.
- Conserving non-renewable resources and sustaining auto- and eco-generation of renewable resources.
- Promoting sustainable environment management in pursuit of quality livelihood and alleviating poverty.
- Discouragement of mono-culture.
- Protection of domesticated plants and animal species in order to conserve indigenous genetic diversity.
- Support for protecting traditional skills and knowledge for conservation.
- Restriction on introduction of exotic species without adequate investigations.
- Multiplication and breeding of threatened species through modern technique of tissue culture and biotechnology.
- Protection and sustainable use of genetic resources/germplasm through appropriate laws and practices.
- Conservation of biodiversity through network of protected areas including national parks, sanctuaries, biosphere reserves, marine reserves, gene banks, wetlands and coral-reefs etc.

Gazi Nurul Alam is a senior biologist.