

The squeezed middle class



MD. ASADULLAH KHAN

dominating the scene that brings about a high price rippling from the production field and continuously driving up the price through all the hands it passes. This is not an unfamiliar situation which a careful government must guard. Pathetically true, the agencies concerned in the country, as usual, were not fully alive to the situation that had spread its root much earlier and when the situation went somewhat out of control bringing in public criticism, the respective ministry rose to the

productivity and growth but it has certainly impoverished me," laments Anisur Rahman. Anwarul Haque who retired as a teacher from a government secondary school is in a similar bind. Years ago he invested his entire pension money in the National Savings scheme at an annual interest rate of 13 per cent. After the scheme matured, he had to reinvest only at 9.5 per cent or less. "At a time when the prices are rising steadily every day than a few years ago, my

replaced physical models of savings in the last decade have lost lustre. Returns are also falling in tax-saving schemes. So in effect, part of the uncertainty in the saving community stems from the fear of the failure of the financial institutions. People are asking one another and sometime rush to experts for opinion as to where their money would remain safe. With the announcement of the dream budget and implementation of National Pay Commission award,

that has the capacity to absorb large sums of government expenditure. Despite the fact that funds were made available in many projects like health, education and agriculture and most prominently in power sector in the previous financial years, the agencies concerned found it difficult to utilise these allocations. Because government spending requires plans, estimates, approach, sanctions etc. not to speak of audits. Caught in the unending battle between price hike of daily essentials and meagre resources like fixed earnings, lack of risk-free options for investment and dwindling earning from saving schemes, the middle class including the poor class are getting not only squeezed but totally ruined.

Needless to mention, the price hike of principal food items like rice, salt and pulses causes a shock wave in the stability and efficiency of any government in any country. Reports have it that in the weeks before the 1980 electoral victory of the Congress Party in India under Mrs. Gandhi, the price of vegetables had spurted by a rupee, helping the party to reap huge electoral gains against its rival, the Janata Party. Governments in all countries have to heed these lessons.

Rising China versus rising India

KAVI CHONGKITTAVORN

HOW do you cope with the rise of China? Since last week, it has become very clear that a doable option is to create another rising Asian power. But the chosen country would have to possess distinctive qualities and values that the world's most-populous country does not have, at least for the foreseeable future.

The objective is simple: the new rising power would still function in a democratic, transparent, and accountable way in the years to come. Well, that is how India comes in.

The Bush administration finally made a bold decision to make India a major power in the 21st century. Of course, that was a far cry from Washington's customary Indian bashings of the past. Strange but true, such an approach was pondered for a long time but never before implemented because India has been hard-headed as a nuclear power, refusing to sign the Nuclear Non-Proliferation Treaty and to kowtow to the US.

But somehow Washington got over that and is now willing to go the extra mile with the world's largest democracy. Bush's action has immediate and long-term implications, not only for US global strategy, but also for countries in the region.

For the US, the shift will strengthen its Asian policy, which has been too focused on China. From now on, India is a new player that is distinguishable from China and Japan. Washington's openness towards India was extraordinary and shrewdly calculated. High-level cooperation in nuclear and other sensitive technology transfers is only allowed between democracies; the reasoning is that democracies will not go to war with one another. That in itself is no longer sufficient. As of now, estranged democracies must become friends especially when they are huge and technologically prone. They have to transform into collaborative democracies. Together, they can spread democracy around the world and serve as a bulwark against tyranny.

The new Bush policy towards India is long overdue. Coming as it does, it effectively sidesteps the long-cherished US containment policy towards China since the end of World War II. At present, it is clear no country in the world, the US included, can do anything to cramp China's rise in terms of economic and military power. So what Washington can do is help support India's modernisation and its eradication of poverty, making India a healthy, richer and well-rounded power. It is hopeful with that kind of India, it can counter-balance China.

For decades, the US showed a preference for Pakistan, even before the terrorist attacks of September 2001. But Pakistan is not a democratic country. President Pervez Musharraf came to power through a military coup in October 1999 and has stayed on ever since. He has supported US endeavours in the war against terror and the war in Afghanistan. Their commonalities end there. Beyond these objectives, Pakistan is considered a liability.

Within Southeast Asia, the growing closeness between the US and India is a rare piece of welcome news. Such a relationship is viewed as an additional countervailing force apart from the US-Japanese alliance. India is perceived as having its own mind, with no historical baggage in the region. It is too premature to predict how the US-India partnership will evolve, but one thing is clear: when the world's biggest democracies join hands, they do so for a reason.

That reason is to promote an atmosphere conducive to fostering democracy. India is a democracy since its independence and now its economy is progressing rapidly. This idea is proliferating fast. When Australian Prime Minister John Howard met with Bush in Washington recently, they said they would jointly strengthen Indonesian democracy. Ever since Susilo Bambang Yudhoyono became president last year, the world's third largest democracy has been viewed as the model of a secularised and tolerant Muslim country.

The new US strategy will inevitably put Asean, with which China and India are fully engaged, under the global microscope. By engaging India at the highest level, Washington has already opened a second front to deal with the rise of China.

India backed by the US will have credibility and muscle in the region. Future cooperation between India and Asean will also be altered. At the moment, China cooperates more extensively with Asean in all areas, including science and technological cooperation. Security could emerge as a new area of Asean-Indian cooperation.

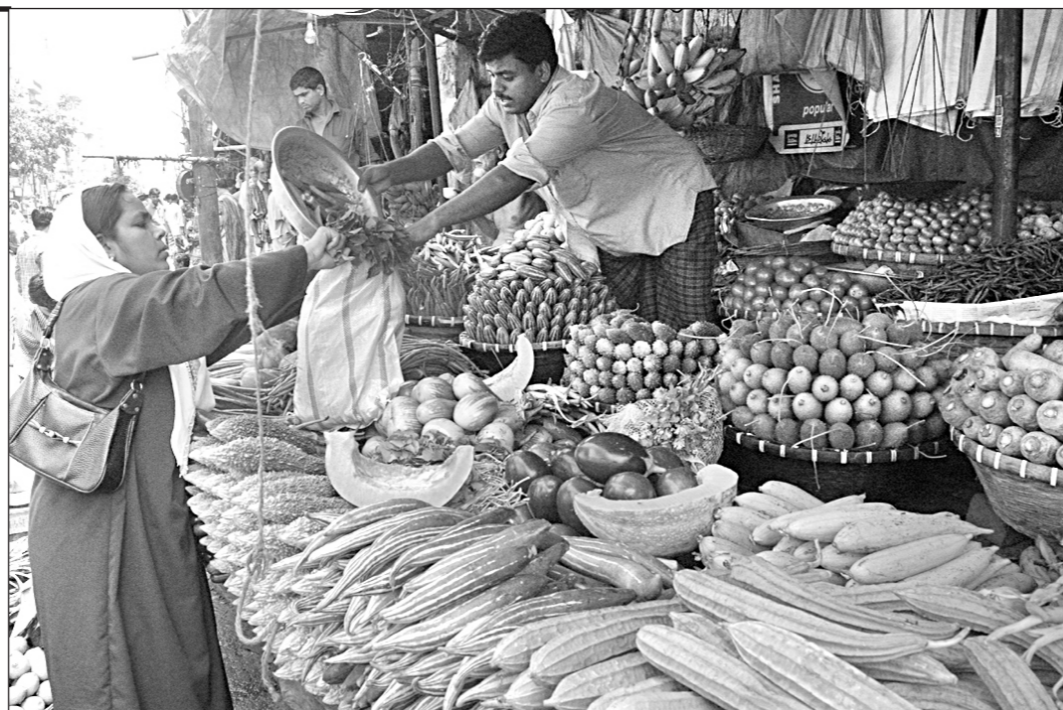
From a global perspective, with India as a trusty friend of the US, Washington will be well positioned in the region to checkmate Beijing. Together with Japan's expanded international role, the US and Asian democracies will rise together, representing a new democratic coalition in Asia.

Certainly, no one in Washington will admit to this being a non-military approach aimed at marginalising China. US neo-conservatives in the Bush administration know full well that China's soft underbelly is not about the military might but the real issue surrounding regional democratic political transformation.

To deal with these challenges, China has no alternative but to become a more open society and move towards broader democratization, under whatever descriptions the top politburo members prefer to use.

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To remain oblivious of people's sufferings and hardship and to live by slogans and rhetoric is to court disaster. Ideology, politics and power must not dull our common sense and must not rob us of pragmatism. The economic strains in any country exacerbate strains in the rank and file of the population and pose a threat to either flowering or growth of democracy and good governance.



Soaring price of daily necessities constrains the middle class most.

monthly income would be falling", remarks Haque. What will he do in the event he or any member of his family is down with any serious illness? Lamentably, the country till now does not have any elaborate health care system to take care of such unfortunate people who served the government while in service with competence, commitment, dedication and last of all with integrity. With prices spiraling every day, these people with no means to bridge the shortfall in their earning are now in a desperate situation. Bank deposits account for the largest share of financial savings of households and interest rates on deposits of different maturities have come down to an astounding low mark in the last few years pushing them on the edge. The fear of falling returns cuts

saving options", he says. After the shocking crash of the stock market in 1998, nobody feels the least of desire to take that line of business. Falling interest rates are only one cause of growing despondence among middle class savers. A bigger but less expressed cause of worry is the shrinking of saving options. Real estate and gold have ceased to be tools of investment. Rightly so, more than 90 per cent of middle class people have neither the know-how nor the proper faith in the financial system now in place in the country and they are a distressed lot. In the new global economy, savings in financial assets (deposits, bonds, mutual funds, stocks) are more productive than savings in physical assets (property, gold). But the financial instruments that

there is a sting biting the common people. Before the money has come out of the safe vault of the banks inflationary trend haunts the country. Inflation that now hovers on 7.3 per cent is an indirect tax and hurts the poor most. Inflation erodes savings. It keeps interest rate high. If there is anything growth-enhancing about inflation, many developed countries would have embraced it and made it part of their economic philosophy. Mentionably, in most countries alarm bells will ring if the rate of inflation cruises just 2 per cent.

With the dream budget just 're-leased' a dangerous idea of jump starting the economy with larger expenditure has set in. No one seems to have paused to ask what the government will spend on? There is no other sector other than roads

could have leveraged these terrorist acts to strike Iran or Syria or both. But these plans are now on hold. Even Mr. Friedman admits that "there is no obvious target to retaliate against." One has to add, the targets are obvious enough, but they look much harder after Iraq.

In desperation, Mr. Friedman has now issued two new threats. He is warning Muslims living in the West, "If your coreligionists do not stop their terrorist attacks against us, we will hold you hostages here." To the Muslims living outside the Western world his message is equally sanguine, "Smash the terrorists or forget about ever setting foot in the United States."

Perhaps, judging from the endless rush of visa applicants at US consulates in Muslim countries, Mr. Friedman thinks this will bring the Muslim masses to their senses. In every street, every neighbourhood, Arabs, Pakistanis and Indonesians will form anti-terrorist vigilante groups, and hunt down the terrorists. If this works out, it could be the cleverest coup since the marketing of Coke and Pepsi to the hungry masses in the Third World.

Regrettably, the visa proposal will not work. The United States has already mobilised nearly every Muslim government -- with their armies, police and secret services -- to catch the Muslim terrorists. Not that the Musharraf and Mubarak have failed. Indeed, they have caught 'terrorists' by the truck loads, and dispatched many of them en post haste to Washington.

In this enterprise, it is the United States that has failed. It has been producing terrorists much faster than the 'good Muslims' can catch them. Perhaps, after Madrid and London the rhetoric about fighting the terrorists in Baghdad is beginning to strain even the ears of the faithful in the red states. Perhaps, the faithful are now ready for a new tune. Perhaps, in time the Muslim world will take Mr. Friedman's advice, suppress terrorism, and deny business visas to Americans unless the United States pulls out its troops from every Muslim country.

After that Mr. Friedman might wish he had thought a little harder about the law of unintended consequences!

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A Muslim problem

M SHAHID ALAM

It appears that Mr. Thomas Friedman has a Muslim problem. He has a great deal of trouble thinking straight when writing about Muslims; and, as the New York Times' resident expert on Islam, he displays this malaise frequently, often twice a week.

In the wake of the recent bombings in London -- as atrocious as bombings get anywhere -- Mr. Friedman sums up his thoughts on this terrible tragedy in the title of his column of July 8, 2005, "If it's a Muslim Problem, It Needs a Muslim Solution." The conditional "if" is merely a distraction. I could say that it is a deceptive play, but I will be more charitable. It is perhaps the last gasp of Mr. Friedman's conscience, mortified by his own mendacity.

Always the faithful acolyte of Bernard Lewis, Mr. Friedman interprets every Muslim act of violence against the West (and that includes Israel) as the herald of a clash of civilizations. In his own words, when "Al-Qaeda-like bombings come to the London underground, that becomes a civilizational problem. Every Muslim living in a Western society suddenly becomes a suspect, a potential walking bomb."

First, consider the inflammatory assertion about every Muslim in the West suddenly becoming "a potential walking bomb." If this were true, imagine the horror of Westerners at the thought of some 60 million potential walking bombs threatening their neighbourhoods. Thankfully, the overwhelming majority of Westerners did not start looking upon their Muslim neighbours as "walking bombs" after the terrorist attacks in New York, Madrid or London. Despite the high-pitched alarms raised in very high places, the overwhelming majority of Europeans and Americans knew better than Mr. Friedman.

It appears that Mr. Friedman is propounding a new thesis on civilizational wars. "The Muslim extremists," he charges, "are starting a civilizational war. It all begins when they bomb our cities, forcing us to treat all Muslims here as potential terrorists. This is going to pit us against them. And that is a civilizational problem."

The terrorist acts of a few Muslims are terrible tragedies; but do they have a history behind them? Is there a history of Western provocations in the Muslim world? Does the Western world at any

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point enter the historical chain of causation that now drives a few Muslims to acts of terrorism? The only history that Friedman will acknowledge is one of Western innocence. There is no blowback; hence, no Western responsibility, no Western guilt. Mr. Friedman speaks on this authoritatively and with clarity. The Muslim world has produced a "jihadist death cult in its midst." "If it does not fight that death cult, that cancer, within its own body politic, it is going to infect Muslim-Western relations everywhere." His two-fold verdict is clear. Inexplicably, the Muslims have produced a death cult, a religious frenzy, that is driving those infected by it to kill innocent Westerners without provocation. Equally bad, the Muslims have done nothing to condemn, to root out this death cult they have spawned.

There is not even a hint of history in these words. The historical amnesia is truly astounding. Does Mr. Friedman know any history? Of course, he does; but the history he knows is better forgotten if he is to succeed in demonising the Muslim world. The oppressors choose to forget the history of their depredations, or substitute a civilizing mission for their history of brutalities, bombings, massacres, ethnic cleansings and expropriations. It is the oppressed peoples who know the history of their oppression; they know it because they have endured it. Its history is seared into their memory, their individual and collective memory. Indeed, they can liberate themselves only by memorializing this history.

Which part of the history of the Muslim world should I recall for the benefit of Mr. Friedman? I will not begin with the Crusades or the forced conversion of the Spanish Muslims and their eventual expulsion from Spain. That is not the history behind the "jihadist death cult." I could begin with the creation of a Jewish state in 1948 in lands inhabited by Palestinians; the 1956 invasion of Egypt by Britain, France and Israel; Israel's pre-emptive war of 1967 against three Arab states; the meticulously planned destruction of Palestinian society in

the West Bank and Gaza since 1967; the Israeli occupation of Lebanon, stretching from 1982 to 2000; the massacre of 200,000 Bosnian Muslims in the 1990s; the devastation of Chechnya in 1996 and since 1999; the deadly sanctions against Iraq from 1990 to 1993 which killed one and a half million Iraqis; the pogrom against Gujarati Muslims in April 2002; the US invasion of Iraq in April 2003 which has already killed more than 200,000 Iraqis. Clearly, there is a lot that Mr.

Friedman has to forget, to erase from his history books. Mr. Friedman's memory only goes back to the latest terrorist attacks of Muslims against Western targets. That is not to say by any stretch that these terrorist attacks are defensible. Clearly, they are not. But they will not be stopped by wilfully and perversely erasing the layered history behind these acts. They will not be stopped by more wars and more occupations. If Mr. Friedman would unplug his

ears, that is the clear message flowing everyday from the American or American-supported occupations of Palestine, Iraq and Afghanistan.

Frustrated by what he sees as the unwillingness of the Muslim world to smash the "jihadist (read: Islamic) death cult," Mr. Friedman issues a dire warning: "Smash your cultists or we will do it for you. We will do it in a 'rough and crude way,' by denying visas to Muslims and making every Muslim in our midst "guilty until proven innocent." This clinches my point that Mr. Friedman cannot think straight when he talks about Muslims. Apparently, he does not realise that his proposal to deny visas to nearly a quarter of the world's population would seriously jeopardise globalization -- his own pet project. Incidentally, this also raises another question. Why wasn't Mr. Friedman pushing his visa proposal after 9-11? But, in those heady days he was too busy peddling the war against Iraq as the panacea for the troubles of America and Israel.

What is Mr. Friedman's agenda in all this? No doubt, he will claim he is a man of peace; no less than George Bush or Ariel Sharon. We know that Mr. Friedman is no naïf; neither are we gullible fools. Mr. Friedman can sense that the history he tries so hard to camouflage -- the history of Western domination over the Muslim world -- may change before his eyes. He has been hoping that the United States can forestall this by wars, by occupying and re-making the Arab world, a second, deeper Balkanisation of the Middle East that his neoconservative allies have been pushing under the rubric of democratisation.

Already that project is in tatters. Despite all their inane rhetoric about fighting the terrorists in Baghdad, the policy makers in Washington know that their wars in Iraq and Afghanistan are spawning more terrorists than they can handle, and not just in Iraq and Afghanistan. The terrorists have struck targets in Bali, Riyadh, Istanbul, Karachi, Madrid, and now London. The United States



Unsolicited US presence: Iraqis bearing the brunt.



Indian PM's visit to the US: By engaging India at the highest level, Washington has already opened a second front to deal with the rise of China

The Nobel Prize and Australia

ABDUL QUADER writes from Canberra

THE Nobel Prize, established by Alfred Bernhard Nobel (1833-1896), was first awarded in 1901, a strange coincidence with the year when Australia obtained nationhood and became a federation.

Alfred Nobel was a Swedish scientist who invented dynamite in 1833 and later established many companies and laboratories in more than 20 countries around the world. Nobel executed his last will in 1895 which laid the foundation for what came to be known as the Nobel Prize. He stated in the will, "The whole of my remaining estate shall be dealt with in the following way: the capital, invested in safe securities by my executors, shall constitute a fund, the interest on which shall annually be distributed in the form of prizes to those who, during the preceding year, shall have conferred the greatest benefit on mankind."

Nobel further stated in the will, "It is my express wish that in awarding the prizes no consideration whatsoever shall be given to the nationality of the candidates, but that the most worthy shall receive the prize, whether he be Scandinavian or not." This shows how deep was Nobel's conviction of humanity as a whole, making the prize truly international.

The Nobel prize was introduced for achievements in chemistry, physics, medicine, literature, and peace. It was not until 1968 that the Bank of Sweden (Sveriges Riksbank) instituted the Nobel Prize in economics in memory of Alfred Nobel.

Australia is often called a "clever country" which has achieved many successes in science and technology. While the tyranny of distance has historically disadvantaged Australia in obtaining, collaborating and sharing knowledge outside its borders, the country has not fallen behind in scientific achievements and knowledge creation relative to comparable countries in the world. In Australia, governments (Federal and State) and businesses invest in science, innovation and technology which drive sustainable economic and social prosperity in a knowledge-based economy.

The great achievements of Australia in science have been demonstrated by the Nobel awards it has won so far. Australia is credited with the highest per capita achievement of Nobel prizes in the world. It has nine Nobel laureates in science and one in literature. These Nobel laureates are as follows:

- William Henry Bragg and William Lawrence Bragg: Physics in 1915.
- Howard Walter Florey: Medicine or Physiology in 1945.
- Frank MacFarlane Burnet: Medicine or Physiology in 1960.
- John Carew Eccles: Medicine or Physiology in 1963.
- Aleksandr Mikhailovich Prokhorov: Physics in 1964.
- Bernard Katz: Medicine or Physiology in 1970.
- Patrick White: Literature in 1973.
- John Warcup Cornforth: Chemistry in 1975.
- Peter Charles Doherty: Medicine or Physiology in 1996.

We should keep in mind that many world class scientists often have to live and work at places outside their countries because of research interests and the facilities and opportunities available at such places. For example, John Cornforth was born and educated in Australia, but he carried out most of his work in the UK. Similarly William and Lawrence Bragg did much of their work in the UK.

It is recognised that research is the major source of new knowledge and ideas that lead to creativity and innovation in society. Given its excellent research infrastructure and the skills of its scientists and researchers, Australia is expected to continue to make significant contribution to the creation of new knowledge and ideas internationally, to be known as a country of innovators.

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