

Leaders who won't choose



FAREED ZAKARIA
writes from Washington

ADVERSITY builds character, goes the old adage. Except that in America today we seem to be following the opposite principle. The worse things get, the more frivolous our response. President Bush explains that he will spend hundreds of billions of dollars rebuilding the Gulf Coast without raising any new revenues. Republican leader Tom DeLay declines any spending cuts because "there is no fat left to cut in the federal budget." This would be funny if it weren't so depressing. What is happening in Washington today is business as usual in the face of a national catastrophe. The scariest part is that we've been here before. After 9/11 we have created a new government agency, massively increased domestic spending, and fought two wars. And the president did all this without rolling back any of his tax cuts in fact, he expanded them and refused to veto a single congressional spending bill. This was possible because Bush inherited a huge budget surplus in 2000. But that's all gone. The cupboard is now bare.

Whatever his other accomplishments, Bush will go down in history as the most fiscally irresponsible chief executive in American history. Since 2001, government spending has gone up from \$1.86 trillion to \$2.48 trillion, a 33 percent rise in four years! Defense and Homeland Security are not the only culprits. Domestic spending is actually up 36 percent in the same period. These figures come from the libertarian Cato Institute's excellent report "The Grand Old Spending Party," which explains that "throughout the past 40 years, most presidents have cut or restrained lower-priority spending to make room for higher-priority spending. What is driving George W. Bush's budget bloat is a reversal of that trend." To govern is to choose. And Bush has decided not to choose. He wants guns and butter and tax cuts.

People wonder whether we can afford Iraq and Katrina. The answer is, easily. What we can't afford simultaneously is \$1.4 trillion in tax cuts and more than \$1 trillion in new entitlement spending over the next

Hurricane Katrina is a wake-up call. It is time to get serious. We need to secure the homeland, fight terrorism, and have an effective foreign policy to advance our interests and our ideals. We also need a world-class education system, a great infrastructure, and advancement in science and technology. For all its virtues, the private sector cannot accomplish all this.

10 years. To take one example, if Congress did not make permanent just one of its tax cuts, the repeal of estate taxes, it would generate \$290 billion over the next decade. That itself pays for most of Katrina and Iraq.

Robert Hormats of Goldman Sachs has pointed out that previous

presidents acted differently. During World War II, Franklin Roosevelt cut non-war spending by more than 20 percent, in addition to raising taxes to finance the war effort. During the Korean War, President Truman cut non-defense spending 23 percent and raised taxes to pay the bills. In both cases these presidents were

often slashing cherished New Deal programs that they had created. The only period other than the current one when the United States avoided hard choices was Vietnam: spending increased on all fronts. The results eventually were deficits, high interest rates and low growth-stagnation. Bush is not the only one to blame.



President Bush has still to take full responsibility for his administration's many failures.

Congressional spending is now completely out of control. The federal coffers are being looted for congressional patronage, and it is being done openly and without any guilt. The highway bill of 1982 had 10 "earmarked" projects the code word for pork. The 2005 one has 6,371. The bill, written by the House transportation committee, is called the Transportation Equity Act: A Legacy for Users, or TEA-LU (in honour of chairman Don Young's wife, Lu). This use of public office for private whims would seem more appropriate in Saudi Arabia than America. Perhaps next year's bill will include a necklace for Mrs. Young.

The US Congress is a national embarrassment, except that no one is embarrassed. There are a few men of conscience left, like John McCain, but McCain's pleas against pork seem to have absolutely no effect. They are beginning to have the feel of a quaint hobby, like collecting exotic stamps. Today's Republicans believe in pork, but they don't believe in government. So we have the largest government in history but one that is weak and dysfunctional. Public spending is a cynical game of buying votes or campaign contributions, an utterly corrupt process run by lobbyists and special interests with no concern for the national interest. So we shovel out billions on "Homeland Security" to stave off non-existent threats to Wisconsin, Wyoming, and Montana, while New York and Los Angeles remain unprotected. We mismanage crises with a crazy-quilt patchwork of federal, local, and state authorities and jingling paeans to federalism to explain our incompetence. We denounce sensible leadership and pragmatism because they mean compromise and loss of ideological purity. Better to be right than to get Iraq right.

Hurricane Katrina is a wake-up call. It is time to get serious. We need to secure the homeland, fight terrorism, and have an effective foreign policy to advance our interests and our ideals. We also need a world-class education system, a great infrastructure, and advancement in science and technology. For all its virtues, the private sector cannot accomplish all this. Wal-Mart and Federal Express cannot devise a national energy policy for the United States. For that and for much else, we need government. We already pay for it. Can somebody help us get our money's worth?

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Delhi's electric debacle

The government has learnt no lessons. The Electricity Act, 2003 reflects its continuing irrational fascination with privatisation. But states which have resisted privatisation (especially the Southern ones), are doing better than Orissa or Delhi.

PRAFUL BIDWAI

LAST fortnight, India's capital witnessed an unprecedented revolt by the upper and middle classes against a proposed 10 percent rise in electricity tariffs. Affluent residents burnt effigies of the "demon" of privatised power embodied by three distribution companies (discoms), including two owned by Reliance and one by Tatas.

Shaken, the government cancelled the hike.

This happened three years after the Delhi Vidyut Board was "unbundled" into a generation company, a transmission corporation, and three discoms, and privatised. The arrangement was meant to promote efficiency, reduction in power thefts, and better consumer service, including accurate billing and prompt complaints redressal.

The middle classes celebrated the DVB's demise thinking that "governments are bad and the private sector is good;" the discoms would remedy the DVB's "greatest malady" -- theft of power by slum-dwellers -- and eradicate inefficiency and corruption.

The opposite happened. As one privatisation votary says: "We are back to the DVB days [in service]. But pay twice as much."

All privatisation assumptions have proved false in Delhi. Power theft continues at 30 percent-plus despite harsh action against slum-dwellers. Numerous surveys show that it's the rich who steal power. They also tamper with meters.

The government pampered the discoms with "sweeteners" in violation of contracts, including interest-free loans (Rs 1,416 crores) and a Rs 850-crore subsidy. Rates were raised 10 percent last year and six percent in 2003-4.

Yet, most of Delhi suffers loss of power two to three times daily. The discoms have been installing faulty and fast digital meters. Many residents are refusing to have the old ones replaced.

Hopes that complaints redressal would improve have turned sour. Earlier, you at least got a belated response after dialling the DVB. Now, after many more attempts, you get a call-centre operator. The discoms give you plenty of information on where to pay your bill, but not a number for complaints!

Less than half of Delhi residents polled by the Times of India believe that privatisation has improved matters. Thirty-nine percent want the DVB back! (Only 43 percent say

no). After the Delhi debacle, it's time for a rethink on power privatisation in India and the world. India's privatisation record is more than a decade old.

India tried two different routes: buying electricity from independent power producers (IPPs) like Enron, AES, and Spectrum; and more radically, "unbundling" integrated state electricity boards (SEBs) and selling them off, beginning with Orissa (1996).

Both routes have proved costly, inefficient, and damaging to public welfare.

Take the IPPs. Eight projects were put on the "fast track." Only three materialised -- all scandals. The worst was Enron.

Enron set up a 2,140 MW gold-plated plant with costs padded up by 100 percent. There was no competitive bidding and the power purchase agreement was opaque and loaded against the Maharashtra SEB. Dabhol's guaranteed high plant-load factor meant the MSEB had to back down its own cheap hydro stations and pay Enron eight times more.

Dabhol was only partially operational, for under two years. But that inflicted a Rs 1,000-crore loss on MSEB. The country's best-run board was driven into insolvency.

Enron is now being "revived" under United States and corporate pressure -- at our public's expense.

The "unbundling" route, favoured by the World Bank-Asian Development Bank, has fared no better. In Orissa, it was to produce low-cost electricity. Instead, it led to a doubling (and more) of tariffs, endless disputes between gencoms, transcoms, and discoms, revenue shortages, and persistent transmission losses. There was no efficiency improvement.

The government has learnt no lessons. The Electricity Act, 2003 reflects its continuing irrational fascination with privatisation. But states which have resisted privatisation (especially the Southern ones), are doing better than Orissa or Delhi.

Global experience with privatisation is unhappy too. Private companies aren't inherently more efficient, nor produce power more cheaply.

Private companies look for "regulatory bargains" through extra-quick returns, and indulge in cherry-picking affluent customers. Private firms won't go to rural areas.

So there have been grass-roots

anti-privatisation revolts in Australia, Brazil, Canada, Colombia, France, Indonesia, Mexico, Senegal, South Africa, South Korea, Thailand, and the US. These have reversed or modified policies.

In South Africa, there was a mass campaign to reconnect disconnected power lines to poor shantytowns. In Sri Lanka, South Korea, Mexico, Brazil and parts of Canada, Australia and the US, privatisation has been halted. In Western Europe, it has been slowed down. Countries like Indonesia and Britain, which went to headlong into privatisation, have come a cropper.

Privatisation hits the poor especially hard. Private companies sharply raise rates and cut off those who can't pay. For details, visit www.tni.org (Lights Off and Lights On) and the work of Public Services International Research Unit (website www.psiu.org) and India's Prayas Energy Group (www.prayaspune.org).

Even the World Bank now admits privatisation is "no panacea." An official report (2003) notes that its power portfolio has become one of its worst performers. Another report (2004) acknowledges failures, warning that unbundling "makes the regulatory task more complex, which is likely to be a problem in most developing economies" -- so governments shouldn't "oversell the benefits."

Earlier, the Bank lent between 75 percent and 93 percent of all power sector loans to sustain privatisation.

Power multinationals too are withdrawing the world over because of high currency risks, demand volatility and political risks. Examples are US companies Edison International, NRG, Aquila, CMS Energy, Duke Energy, Powergen and TXU, and Canada's Hydro-Quebec.

The real issue in power is not ownership, but governance and accountability. There is no evidence anywhere that private ownership produces better results.

India must reform its SEBs and public enterprises like NTPC. We must stop power theft, meter all electricity (only half is currently metered), and improve efficiency. We must root out corruption through cooperation with power workers' unions. We must promote conservation and low-cost options.

That's the way out of darkness and inequity -- into light and reason.

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Suicide bombers: Why do they do it?



HARUN UR RASHID

Avery thought-provoking and analytical book has been released in recent days. The book is titled *Dying to Win: The Strategic Logic of Suicide Terrorism*, and is written by Robert Pape, Associate Professor of Political Science at the University of Chicago, where he teaches international politics and is the Director of the Chicago Project on Suicide Terrorism.

Professor Pape has the advantage of being able to draw from a comprehensive international database developed by the Chicago project. The project and the book are indicative of the value that can be gained from having well-supported academic terrorism research centres. They can do the kind of in-depth analysis that intelligence agencies do not generally have the time, inclination, or resources to undertake.

Pape's book looks at the growing suicide-terrorism that has plagued many countries in recent years, including the recent bombings on London's transportation system.

The author explains in his book why suicide terrorism has come to be the chosen methodology, the strategic logic of suicide terrorism and those who commit it, and the individual logic and demographic profile of suicide bombers. He concludes by proposing a practical strategy for the future.

Pape believes that going into Afghanistan was the right thing to do for the Bush administration after 9/11 to deny al-Qaeda a sanctuary in Afghanistan, but he strongly believes that all of those gains were squandered by the decision to invade Iraq.

BOTTOM LINE

Pape argues against what President Bush and Prime Minister Blair have been saying about the mind-set and motivations of suicide attackers. He suggests what is required is that political leaders should change their strategy and steer a bold new course for international peace and stability.

Political not religious motivations

Pape does not engage in a partisan debate. Rather he lays out the facts and evidence and draws obvious logical conclusions. He believes it is difficult for a terrorist group to continue suicide attacks once it has attained its main objective, citing the example of Hezbollah not continuing suicide attacks against the US, France, or Israel once they had withdrawn from Lebanon.

He believes that suicide attacks have political objectives, and that once the objectives are achieved, they do not continue. Furthermore he argues that when a weaker party, with no matching arms and ammunition against an opposing party, finds that injustice cannot be remedied through conventional means, they go to the last resort of suicide attacks. Suicide attackers think living and dying has no difference for their situation as they have been pushed to the wall from where they cannot get out of the intolerable situation.

He notes that contrary to popular belief, today's suicide bombers are not mainly depressed, lonely individuals on the margins of society, nor are they religious fanatics. In fact, he says, most are socially integrated, productive members of their community. That is why ordinarily neighbours are surprised that persons who looked normal and sensible in the community have turned out to be suicide attackers. All the London attackers of July 7 were normal people, belonged to middle class, some were students and one was a teacher.

Most are walk-in volunteers who are not long-time members of a terrorist organisation. They are often "cleanskins" as was the case of the London suicide attackers. Most join the cell only a matter of months before they conduct an operation. They don't necessarily hate Western

values or Western society, but they are angered by the West's strategic and foreign policies.

Pape's thesis is that Bush's America has misread the primary motivation of suicide attackers. The faulty premise being that suicide terrorism, and al-Qaeda terrorism in particular, is mainly driven by an evil ideology based on Islamic fundamentalism. Tony Blair also came out with this belief after the London bombings and denied any link with the Iraq war in which he took Britain along with the US to invade Iraq in March 2003.

Pape asserts that since 1980, more than half the suicide attackers have been secular, and nearly all have not been about religion, (for example, Tamil Tigers or Irish Republican Army) but about a specific strategic purpose, namely to compel a country to withdraw their military forces or occupation from territories. He cites that until 2004, Tamil Tigers have carried out 76 suicide attacks in Sri Lanka and outside, more than Hamas (54) in Israel. He has also demonstrated that suicide attacks are not confined only to Islamic militants.

US policy and suicide bombers

The author underscores that suicide terrorism today correlates with US military occupation of countries or where the US supports dictators and one-party rulers. This is in turn frustrating for those seeking political change. They may come from working classes or from middle classes like the London bombers of July 7 or the 9/11 attackers.

Ironically, almost all the suicide terrorists attacking the US or Britain come from countries that are allies of the West (it is reported that by far the largest proportion of suicide bombers by nationality in Iraq are Saudis, coming across the border from Saudi Arabia, not al-Qaeda fighters coming in through Syria). Iraq had no history

of suicide attacks before the US invasion.

Pape argues that a long-term solution in political terms is imperative, and the military occupation should cease for the "spread of freedom and democracy." Democracy cannot be imposed on a country from outside. It has to grow from within a country and it depends on history, culture, societal structure, and presence of educated class. Tribal loyalty is not an ideal basis for democratic values as the West understand it. Most of the countries in the Middle East belong to tribal-based society, and it is difficult to forge strong bonds of nationalism, disregarding tribal loyalty.

He recommends the best US solution as one of returning to a policy of "offshore balancing," while the US works towards winning heart and minds of people in the Middle East. He believes a return to that policy of "soft power" as distinct from "hard power" that would secure US interests without spawning a new generation of suicide attackers.

Conclusion

Professor Pape has shown with convincing evidence that the stereotypical profiling of suicide bombers is wrong and that the war on terrorism cannot be fought the way the US and Britain have been waging it.

Pape argues against what President Bush and Prime Minister Blair have been saying about the mind-set and motivations of suicide attackers. He suggests what is required is that political leaders should change their strategy and steer a bold new course for international peace and stability. In recent days, in an interview with BBC, Afghanistan's President Hamid Karzai voiced similar sentiments.

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Israeli pullout from Gaza



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writes from the Nile bank

SUNDAY, 11 September 2005. The blue and white Israeli standard with David's star was pulled down for the first time from a territory held by Israel for the last 38 years. Prior to that, the illegal Jewish settlements built there were evacuated forcibly by Israeli troops. It was a two-faced drama with both tragedy and comedy playing a simultaneous role of pathos and exhilaration. While most orthodox Jewish settlers and a larger number of outside volunteers had to be dragged out amidst shouts of despair and abuse, the overwhelming majority of the people in Gaza, the fellow Palestinians, marked the occasion with unprecedented jubilation and festivity.

Gaza, the coastal strip of the Palestinian territory on the Mediterranean, was annexed by Israel, along with a much larger territory on the West Bank, following the Arab-Israeli war of 1967. The United Nations since passed resolutions calling for vacation of occupied territories, but Israel has kept on ignobly defying the will and demand of the international community like a prodigal child. It is strange but true that a die-hard leader of the right wing Likud party, Prime Minister Ariel Sharon, pushed through the process of withdrawal from Gaza in the teeth of stiff opposition from his own party led by former Prime Minister Benjamin Netanyahu, who resigned from the cabinet in protest.

CURRENTS AND CROSSCURRENTS

Israeli pullout from Gaza has been recognised by all as a positive first step towards solution of the complex and chronic problems in the region. Almost all countries welcomed and commended, if not publicly, the Israeli action. Pakistan, on its part, took advantage of publicly demonstrating its desire to cease hostility and work towards normalisation of relations with its lifelong adversary. This may incline other Muslim countries to reassess their constricted relations with Israel.

People wonder why a personality like Ariel Sharon would take an apparently appeasing step towards a sworn adversary, even at the risk of losing both party and government leadership? Sharon has a long record of commando activities in his youth, displayed valour as a General in the 1967 war and committed, as Defense Minister, the massacre of Palestinian refugees in Sabra and Shatila in Lebanon in 1983.

Some observers are of the opinion that Sharon did not act solely in a spirit of compassion and reconciliation. They assume he acted with a well defined and thought out strategy, however disputed it may have been. He found the Gaza strip, where Palestinians used to smuggled arms and ammunition from the adjoining territory of Egypt, was being increasingly difficult to administer and control for want of adequate logistical support and in the face of an increasingly hostile population. Again, he preferred to give up a small territory with 1.2 million people for retention of a much bigger land with double the population on the West Bank and the vantage city of Jerusalem. This satisfied, for the time being, the US administration and assuaged, though partly, the international community. Such an act, consequently, might retard the peace process as defined in the "road map" and meet the ultimate design of the Israel Prime Minister. Withdrawal from the West Bank,

despite continuing vociferous demands by the Palestinians and their supporters, would them appear to be farfetched and difficult to attain.

Yet, Ariel Sharon in his address to the UN General Assembly on September 15 expressed his support for the establishment of a Palestinian state, though with provisional borders during the first step of negotiation. He also reiterated demand for Israel's security, including a veiled reference to his plan of stationing Israeli troops, at least, for the time being, on the border at Rafa, the principal route of communication between Gaza and Egypt. With the closure of the airport and a non-functioning sea port, Israel already controls the air space and sea access to Gaza. In spite of these, Sharon renewed his pledge to work for realisation of the "road map" for peace.

Palestinian President Mahmoud Abbas, while ceremonially hoisting the Palestine flag in liberated Gaza, underlined the Israeli actions being the first step towards withdrawal of the rest of the occupied territories. The term "liberation" was claimed by the extremist Palestinian factions of Hamas and Islamic Jihad in whose opinion only the continued armed struggle would compel Israel to withdraw from the other occupied territories. It may be recalled a cease-fire agreed to by them for the last 8 months enabled a smooth pro-

cess of withdrawal by Israel from Gaza. It would be a matter of utmost concern for the Palestinian authorities to restrain the extremist organizations from resumption of armed struggle after the pullout from Gaza. The other significant challenges for the Palestinian authorities would be to overcome the difficulty to administer and to reconstruct the war-ravaged land with a poor and unempowered population to make it economically viable. For this purpose help from the this international community would evidently be solicited.

Notwithstanding varied assessments, Israeli pullout from Gaza has been recognised by all as a positive first step towards solution of the complex and chronic problems in the region. Almost all countries welcomed and commended, if not publicly, the Israeli action. Pakistan, on its part, took advantage of publicly demonstrating its desire to cease hostility and work towards normalisation of relations with its lifelong adversary. This may incline other Muslim countries to reassess their constricted relations with Israel. The Israeli pullout from Gaza thus has a more far-reaching and wide-ranging significance in world politics than being confined merely to an Arab-Israeli exercise in thawing their relations.

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