

CA's interview

Government must fulfill its agenda

CHIEF Adviser Fakhruddin Ahmed has told the BBC emphatically that it is his government and not the nation's military which runs the country. One does not disagree with him here. Though many facts indicate things to the contrary, yet we will not pick any argument with him on this score. But we do feel it necessary to let the administration know that the degree of public support it enjoyed earlier has lately been weakening. That is one reason why the government must get its act together.

The Chief Adviser has made clear his commitment to holding general elections before the end of the year 2008, a move that we have welcomed already. We will note here that already much time has been lost regarding the drawing up of concrete election plans. Without further loss of time, the government must briskly move into taking the necessary steps in this regard. The long delay in arriving at a decision on a voters list must now be replaced by quick action. A positive move has come from the army through its stated intention of assisting the process of a preparation of a voters list. Indeed, the interaction between an army team and Election Commission officials a few days ago on the issue is a good indication of how things might be speeded up in the electoral arena. Overall, the emerging picture is one of the country's moving cautiously towards a restoration of the democratic process. But, in a very real sense, for politics to get moving again, it is imperative that the reforms the government has set for itself actually get under way. It is now time for practical steps to be taken toward their fulfillment.

Those steps are quite a few. As a beginning, the government must initiate, without much ado, a dialogue with the political parties in acknowledgement of the fact that they are the major stakeholders in any reform programme. Such a dialogue presupposes, however, a lifting of the ban imposed on indoor politics at the earliest. We have noted that the ban has quite prevented the Election Commission from establishing any link with the parties. Even if the ban cannot be lifted now, the government must find a way of reaching out to the political class. As for the authorities linking up with the parties, there is a crucial matter the administration must clarify in the larger national interest. It is basically the public perception, backed as it is by an observation of the reality, that restrictions have been thrown around the movements of Begum Khaleda Zia and Sheikh Hasina. The sooner the authorities satisfy public curiosity here, the better off will they be in their mission of cleansing politics of its many ailments.

Shoring up the PSC

New chairman's job is cut out

THE new Chairman of the Public Service Commission, Saadat Hussain, has said that his mission is to restore the image of the highest agency for recruiting the Republic's officials, which lost its credibility -- thanks to allegations of corruption and nepotism.

Furthermore, wholesale politicisation of an organisation that is supposed to uphold the principles of merit and equal opportunities for all took place on a such scale that prospective candidates began to believe that there was no future for them if they had no political connection or money to bribe the recruiters. Nothing could be more disastrous for the entire civil service than such a degeneration of the government's highest recruiting body. Take for example the doubts that have crept in over the fairness in conducting the 27th BCS. The PSC's failure to remain above controversy has created a situation in which it will very difficult to ensure justice to all the candidates, regardless of what is done about the 27th BCS.

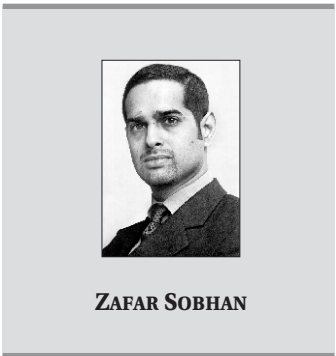
The PSC's standing in the public eye could well be gauged by the fact that a number of 27th BCS candidates, who attended a TIB seminar, openly complained that they were victims of gross irregularities and corruption. Whatever might be the basis of such allegations, it is now generally believed that the PSC has long abandoned its policy of making merit the sole criterion of recruitment.

So, the new chairman's job is well cut out. He has to ensure efficiency and put an end to the corrupt practices at the PSC. There should not be any more reports on question paper leakage or bribing the recruiters.

It is more than an issue of making it a level playing field, it is a question of saving an age-old institution devoted to supplying quality manpower to the administration on the basis of certain rules and regulations. But when the recruiting process loses its credibility, the government has to think in terms of tough measures against the people responsible for such a state of affairs. The PSC is too important an organisation to be tinkered with or reduced to a politically exploited recruitment agency.

We wish Saadat Hussain good luck.

This isn't 1990



ZAFAR SOBHAN

FOR what it's worth, I have some free advice for the Awami League leadership: don't bail out the BNP.

The temptation to turn the clock back to 1990 when a combined AL-BNP led people's movement succeeded in ousting H.M. Ershad from office and paved the way for the restoration of democracy in 1991 (Bangladesh's Fourth Republic) is considerable. But nothing would be more harmful, both to the Awami League's interests and those of the nation.

The BNP, of course, has figured out that joining forces with the AL would work to its benefit, hence Khaleda's opportunistic greetings to Hasina on the latter's return to the country. It is perfectly understandable why the BNP, with its stock sinking lower every day, would seek to join hands with the same party that it has spent the past five years belittling and demeaning.

But such an accommodation or alliance would be rank folly on the part of the AL.

Having faced down the ban on returning to the country, AL leader Sheikh Hasina is now once again in

A coordinated movement with the BNP, identifying the current government as the real danger, would be a blunder of epic proportions. If such a movement were to succeed, then, at the end of the day, the BNP will have effectively been rehabilitated, since the rhetoric of the movement will be that the interim government's clean up was nothing more than a partisan witch-hunt.

the ascendancy. The ill-conceived and ham-fisted efforts of the interim government to keep her out of the country have back-fired quite spectacularly and created sympathy even in quarters where she had none before.

Hasina has played the situation with skill, with a well-orchestrated media campaign that was capped by a polished and statesmanlike appearance on al-Jazeera with David Frost. Whoever has been advising her and guiding her strategy since she left the country in March has done a good job.

Hasina's triumphant return, which was greeted by a several thousand-strong cheering crowd in a show of support that was both impressive but also admirably restrained, and her moderate and conciliatory statements since she has returned, have only increased the current tide in her favour.

Similarly, the government's misguided decision to file cases against the thousands who turned out to greet her arrival, will only further enhance the AL's reputation, while at the same time diminishing that of the government.

Which leads to the question of

what the AL should do at this stage in the game, how it should play out its hand.

Neither the current caretaker government nor its backers in the army have any desire to remain in charge for very long. They want an exit strategy. Until earlier this month, Prof. Yunus provided a plausible one. If he had been successful in putting together a political party, such a formation might have been competitive in the upcoming elections. Certainly, had AL and BNP been decapitated and decimated, Prof. Yunus's party might have emerged as a realistic contender.

Now the calculus is different. Prof. Yunus has withdrawn from the political battle-field, and it seems reasonably clear that the AL is not going to go quietly. Not that this should have come as a surprise to anyone. The party has been in existence, through thick and thin, for almost 60 years, and has withstood many attempts to break it or split it in the past. And it retains a hold and continues to command the loyalty of a very large number of Bangladeshis.

There are internal divisions, to be sure, and much dead wood that

needs to be cleared out, but the AL could well emerge from the current situation in decent shape. Indeed, many party workers and activists feel that this is a golden opportunity to rid the party of its more troublesome and undesirable elements and completely clean house from top to bottom.

Now is the time for the party to institute its own internal reforms. If it is seen to do this, then it will certainly enhance its acceptability, both to the general public and to the interim government and its backers.

This kind of reform is less possible for the BNP to accomplish, due to the fact that for BNP the rot goes far deeper and that the party's first family is so implicated in its wrongdoings. The truth is that, despite efforts to paint them with the same brush, there is a world of difference between the two parties.

Yes, the AL has its fair share of corrupt and criminal elements, and suffers from many of the same deficiencies as the BNP (e.g. a culture of sycophancy, unresponsiveness to public opinion, etc). But the BNP is something else again.

This is a party that burns down the homes of those with the temer-

ity to defect from it. This is a party that has taken corruption to a completely different level. This is a party either unwilling or unable to clamp down on the sponsors and supporters of terror. And, most damning of all, this is a party that is unwilling to let democracy take its course, and made every effort to rig the abortive January elections, which is why we are here in the first place.

Don't get me wrong. The AL are no angels. But, for all their crimes and misdemeanors, in comparison to the immediate past elected government, they bear relatively less blame for the state the nation finds itself in today.

Right now, with Tarique Rahman in jail and more details of the misdeeds of the past five years coming to light every day, the BNP remains in serious trouble. The only thing that can save them now is the AL.

The AL, to my mind, has made a tactical mistake by suggesting that things are no better today than they were on January 10 and in identifying the current government as its principal adversary. The truth is that things are far better than they would have been had the BNP returned to power following a rigged election.

Ultimately, I think it would be a mistake for the AL to take the line that the interim government is illegitimate and that the anti-crime and anti-corruption drives are little more than motivated undertakings.

A better tactic would be to say that, yes, it is important to clean up politics, but that the BNP should be the main target. To agree with the

interim government that far-reaching reform and a thorough cleansing of the system are necessary after the shambles of the past five years. To point to the BNP and say: they're the ones you want, not us.

Why the AL would want to stand shoulder to shoulder with the BNP and lend them its current credibility and popularity is beyond me.

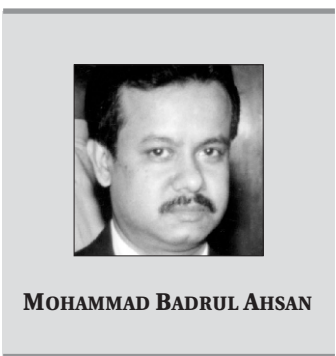
A better approach would be to put pressure on the government to really go after the crooks and criminals. The simple fact of the matter is that the BNP were in power for the last five years -- the bulk of the corruption that has crippled the country has been BNP corruption and the BNP will bear the brunt of the clean-up.

A coordinated movement with the BNP, identifying the current government as the real danger, would be a blunder of epic proportions. If such a movement were to succeed, then, at the end of the day, the BNP will have effectively been rehabilitated, since the rhetoric of the movement will be that the interim government's clean up was nothing more than a partisan witch-hunt.

At the rate things are going, AL will be in much better shape for the next elections, whenever they will be held. The AL would have won a fair election on January 22 and, with Tarique in jail and the BNP on the run, a reformed AL will be in a good position to triumph at the polls. That would be the smart game-plan.

Zafar Sobhan is Assistant Editor, The Daily Star.

Three gates of Busyrane



MOHAMMAD BADRUL AHSAN

WHEN Don Quixote attacked the windmills, he told Sancho Panza that those were ferocious giants. The moral of the story is that even the best of fights can be ludicrous if you fail to identify the enemy. The leaders lead and the followers follow. But the end result is tragedy. In his case, Don Quixote became disenchanted. He renounced his chivalric fantasy and died a broken man.

Let us not go into the details of who is who in the drama, but we may be heading for a similar climax. It means exactly what it means. We are taking on corruption, but we don't know the real enemy. The bottom line is that we are fighting the fight for the sake of fighting. We don't know if it is against the giants. We don't know if it is against the windmills.

The very basic lesson for those who don't know it is that given an inch, corruption takes a whole yard. It works like a hole in the shirt, which gets bigger and bigger, given indulgence to a twiddling finger. And it happens from indulgence to indulgence, condoning to condoning until the wrongs look right and mind is overtaken by delusion. Don Quixote may have been right in the ultimate analysis. Corruption makes the giants disappear and what is left to see are the windmills.

The concern has its basis. A man was arrested on the charge of managing fund for a top dog and then he was held in custody. But lately he has been released because he is said to have agreed to help the government recover the stolen money. Bet your life, your servant was not going to get so lucky. He would have gone to jail for being an accomplice to much smaller theft. Then there is the story of a man who is asking for interest exemption and his case has been recommended to the central bank for favorable consideration. This man is a chronic defaulter of bank loans and once falsely claimed oil in containers filled with water.

We are talking about a respectable man, who holds a high office in one of the apex bodies for businessmen. He does not refund bank loans, asks for interest exemption, and gets not even a scratch for any

of his misdeeds. If life is so good, what is wrong with corruption?

So, here giants morph into windmills as Don Quixote marches on, because it is not clear what standards are being applied in the fight against corruption. When you keep some and leave some, it doesn't tell where you stand on the whole thing. Right now it looks like we are fighting at random. Nobody is paying any attention to it.

No, I am not talking about sinners. They are already getting lot of attention. Every day we are bringing fresh charges against fresh names. More people are going to jail. But the success of the drive against corruption will not depend on how many people are going to be held. Rather it may depend on the number of people who are going to be held back.

This will be difficult unless we

also pay more attention to sins. The man couldn't have been released or the loan defaulter would have been nabbed, had we not gone by the sinner but by the sin.

A former minister was allowed to go abroad, while others were embargoed to leave the country. Perhaps, there is a basic flaw in our understanding of corruption. It may take a thorn to pick a thorn, but corruption can't be removed by corruption. Common sense, a room can't be airtight if there must be a crack in the window.

May be this government is coming to see the wisdom that was spelled out years ago by US baseball legend Yogi Berra. He said, "In theory, there is no difference between theory and practice. But in practice, there is."

There is no doubt that those who came to power on January 11 had a theory. They wanted a change for

the better, a clean up drive by thrashing out all the dirt which had gathered in our national life. They wanted a spring cleaning, a new start for this country.

But somehow their hands fumbled and feet faltered like the army of Spartacus who lost courage at the gate of Rome when they saw the statues of the Roman gods. We don't know what has happened in our case. It is possible that the government has realized it is indeed difficult to practice the difference between theory and practice.

They wanted to keep the two political leaders out of the country. They tried to prevent one of them from returning home and send away another. The rest is history. There is one building still standing tall at the heart of the city, thumbing its nose at all of us.

Hard to explain why. It could be foreign pressure. It could be bad planning. May be they have been betrayed. May be there has been a rift amongst them. May be they know now what they didn't know before. Prophets came, messiahs came and then the reformers came. But the percussive march of virtue since the dawn of Mankind has not been able to eliminate vices. So why blame anybody else?

But blame or not, it now appears

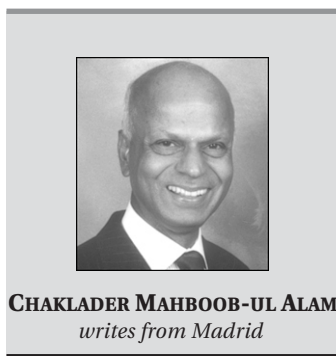
as if the government has slowed down. And if it goes like this, it might come to a grinding halt, getting reformed by the same forces, which it set out to reform. In that sense, corruption is a treacherous thing. If it can't fight the enemy, it often joins them.

The very basic lesson for those who don't know it is that given an inch, corruption takes a whole yard. It works like a hole in the shirt, which gets bigger and bigger, given indulgence to a twiddling finger. And it happens from indulgence to indulgence, condoning to condoning until the wrongs look right and mind is overtaken by delusion. Don Quixote may have been right in the ultimate analysis. Corruption makes the giants disappear and what is left to see are the windmills.

Emerson writes about the inscriptions on the gates of Busyrane: "Be bold!" was written on the first gate; "Be bold, be bold, and evermore be bold," read the second gate; and "Be not too bold!" the third gate. It seems that what started with a bang is getting ready to end with a whimper. Who wants to be bold before we cross the third gate?

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Sliding dollar and dangerous deficits



CHAKLADER MAHBOOB-UL ALAM
writes from Madrid

LAST week, the euro rose to its all-time high against the US dollar (1.3681), with the expectation that the difference between the US and the euro-area rates will narrow in the near future. Actually, the dollar fell against all the major currencies because of the weakening economic situation in United States, its fourth consecutive below-trend growth. On the other hand, the euro-area economy is showing signs of unexpected strength.

While the European Central Bank and the Bank of England are expected

LETTER FROM EUROPE
As far as economic consequences are concerned, if the Asian central banks decided to diversify into other currencies or spend more at home, it will have an adverse effect on American living standards. There are indications that the central banks are already switching to this policy slowly. A quick change in allocations can have devastating effects on the American economy.

to raise their current benchmark interest rates (3.75% and 5.25% respectively) soon, it is widely believed that the Federal Reserve will lower its rate (5.25%) by August. According to some analysts, if the current economic trend continues, the euro could rise to \$1.40 by summer, which would mean the sharpest fall ever in exchange rates for the dollar.

Now one may ask: why are we making all this fuss over the exchange rate problem of one currency? Why is it so important to monitor the movement of the dollar in the foreign exchange market? Well, the impor-

ance of the exchange rate of the dollar against other currencies is due to three factors: the dollar is the currency of the world's number one economy, and since the end of World War II it has become the only major currency in which most of world's financial transactions are conducted.

The other important point about the US currency is that most of the foreign exchange reserves of central banks are held in dollars. No wonder that the dollar's relative strength or decline affects trade balances, capital flows, growth rates, and even the relative sizes of the economies.

Actually, the price of a foreign

currency is largely determined by the forces of demand and supply, hence the importance of having a surplus or a deficit on the current account.

Persistent current account deficit of a country creates pressure on its currency. The current account deficit of United States now stands at close to 7% of the GDP (it was 5% in 2003), which can be considered as high by any standard, and is financed by borrowing from the rest of the world. The US needs \$3 billion dollars every working day to finance its current account deficit.

Actually, it is quite normal for a specific country to have small deficits

for a short period of time. What is dangerous is having high imbalances over a long period. Unfortunately, the US has been suffering from high imbalances for a long time, which means that it has a chronic savings shortfall.

As long as America suffers from budget and current account deficits, the dollar will continue to fall in the foreign exchange market.

Now the question is: If the dollar is declining, why does the world lend money to United States? In simple terms, it can be described as a confidence trick. First of all, the sheer size of the economy inspires confidence. And second, since the US is the only remaining super-power, the lenders believe that it will somehow manage to get out of its financial difficulties and will not default.

Asian countries like China and Japan export a lot of merchandise to the US, and, as a result, accumulate a lot of dollars. Then they help finance American deficits by buying treasury bonds, federal agency bonds and private-sector debts.

If they do not, the dollar will weaken further, which will lower the value of their dollar reserves (more than one and a half trillion dollars). It has become a vicious cycle.

These loans have kept prices and interest rates relatively low in the US, and financed Bush's tax cuts and his so called war-on-terror. But, at the same time, this practice has placed the US in a vulnerable position by allowing these countries to have significant economic leverage, which can be used to force the US to make political concessions.

This situation may, in the long run, have other political consequences for the US. At the end of World War II, Britain's devastated economy, together with a plunging pound and a massive post-war debt, forced the dissolution of the empire.

As far as economic consequences are concerned, if the Asian central banks decided to diversify into other currencies or spend more at home, it will have an adverse effect on American living standards.

There are indications that the

central banks are already switching to this policy slowly. A quick change in allocations can have devastating effects on the American economy. If the oil exporters decided to price their crude in euros, with a declining dollar, the financial burden of United States will grow further because it continues to be the world's biggest oil consumer.

Of course, the United States holds a trump card. Asia's reckless willingness to place most of its savings in one basket by buying American debt has also placed it in a vulnerable position. Although it may neither be strictly legal nor fair, the US may decide to change the rules and link the use of these reserves to specific additional purchases of US goods and services as it did in 1971 by tearing up the Bretton Woods system and ending the convertibility of dollars into gold. Whether such an action would make the global economic system more stable or less is another story.

On the other hand, it is true that a weak dollar makes American products cheaper. Therefore, it should

benefit its export market, and will give a much needed boost to the economy.

Since it would make imports from other countries more expensive, it should also help its balance of payments on current account by putting a brake on the profligate consumerism of its people. But it is wise to depend entirely on a weak dollar policy alone to cure all of America's ills? No, as the treasury secretary acknowledged recently: "We have got a low savings rate, and it is a problem in the US. We can do more, and we can do more on deficits."

This, indeed, is a good start. In the words of Nobel laureate Joseph Stiglitz: "Nothing significant can be done about global imbalances unless the United States attacks its own problems." So, for the sake of greater financial stability in the world, including the US, it must take urgent measures to bring its dangerous deficits under control.

The writer is a columnist for the Daily Star.