

## Zia's legacy

*What remains of it within BNP now?*

THE observance of President Ziaur Rahman's death anniversary yesterday brought back memories of how important a personage he is in our national history and how much of his legacy has been lived up to by the party he has bequeathed to the nation.

He has his detractors and he has his admirers, but any objective evaluation of his life and works is bound to be a universal recital of some of his obvious achievements: his dismantling of the monolithic Baksal structure, its replacement by a multiparty system, free publication of newspapers beyond the four state-owned ones and his initiation of the Saarc idea. His active role in rejuvenating the rural economy and in foreign policy affairs enhanced our image abroad.

In the present context what is of great relevance is to remember one of his most enduring qualities of head and heart which is his personal honesty, integrity and his outright dislike for favouritism and nepotism. The pristine and impeccable corruption-free image of President Ziaur Rahman is a far cry from what his wife and son have done in their turns. The blame for the utterly beleaguered state in which the BNP finds itself today must ironically now be shared by his wife, his progeny and no less by the veteran leaders of the party who failed to dissuade Begum Zia from a path of filial ruin.

Those who helped Zia to build the party and Begum Zia who wore his mantle are the ones who have brought the party to its present state of disgrace. All those who paid respect to Zia on his death anniversary have virtually destroyed everything he stood for. One wonders whether those who went to his grave to pay their homage to the great leader yesterday had a right to go near his mausoleum because of their misdeeds having basically undermined his image.

It is high time they went for intense introspection and be self-enthused to bring about a series of intra-party reforms focused on electing party councillors from the grassroots upwards and giving them effective voice in running the party.

## International Peacekeeping Day

*We remember the martyrs of peace*

BANGLADESH joined the international community in celebrating the International Day of UN Peacekeepers on May 29. The day is especially significant for us, as we now have the second largest contingent of peacekeepers from the UN member states deployed in various trouble spots around the world. And our peacekeepers, comprising mainly the members of the armed forces, have established themselves as professionals with the highest degree of commitment and discipline.

It all began in 1988 when 31 officers of the Bangladesh army went to Iraq as peacekeepers with observer status. Since then there has been no looking back and the number of our peacekeepers stands at 9,683 deployed in 11 countries in the noble mission of upholding peace. Despite the constraints and limitations, we have always been forthcoming in rendering our service to world peace, a job which has its hazards too. We have so far lost 76 members of our peacekeeping missions. Their sacrifice for the cause of peace has been supreme. We are proud of those who laid down their lives and strengthened our bond with the humanity at large.

Bangladesh has not yet succeeded in carving out a niche for itself in the forefront of global developments in some areas. But peacekeeping is a glorious exception. Here, an economically-challenged and disadvantaged country is doing the job of peacekeeping beyond its own frontiers with great commitment. The credit goes to our armed forces who have impressed the world with their brilliant performance. They are highly regarded as soldiers for peace in the host countries.

Our armed forces have been supportive of the democratic movement at home also. At the moment, they are playing a commendable role in the highly complex task of democratic transition. That easily sets them apart from the armed forces of many developing countries. We are looking forward to a free and fair election and the armed forces have expressed their willingness to help the nation at every step along that journey.

Finally, we pray for the departed souls whose contribution to world peacekeeping will ever be remembered by all.

## Blessed are the peacekeepers



Brig Gen  
SHAHEDUL ANAM KHAN  
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THE world community knows Bangladesh for many things but most of all for its peacekeepers. One was again reminded of the yeoman role that its armed forces are playing in keeping peace beyond its borders when Bangladesh observed the International Day of UN Peacekeepers on May 29, along with the other troop-contributing countries to UN peacekeeping operations.

If one looks at the countries that the Bangladesh forces are deployed in at present, most of them are in Africa and all of them are ridden by violence of the worst nature, driven by internal conflicts that are more difficult to handle than those that require interposition of UN troops or observers between belligerents. It needs no repetition that Bangladesh's participation in peace support operations on behalf of the UN has enhanced its image globally.

A very interesting feature of our participation is the readiness to take on varied responsibilities, from

## STRATEGICALLY SPEAKING

**There is much that the nation owes to our peacekeepers. Our peace missions, of which there are 11 at the moment, have played the role of that of our ambassadors. They have accorded us diplomatic dividends, but more than that they have demonstrated our resolve and our commitment to peace, both at home and abroad, and ensured that the sacrifice of 76 of our peacekeepers who gave up their lives has not gone in vain.**

missions that involve only a few observers to peace enforcement missions involving more than a brigade group of composite force. And, in spite of critical challenges at home, our contribution has continued unhampered. Even reverses in the form of casualties suffered by our officers and men have not affected the level of our participation in UN peace missions.

There are 115 UN members who are contributing, or have contributed, to a UN undertaking, peacekeeping, which was not originally in its charter to start with. The concept of "peacekeeping" subsequently emerged when the need was felt to provide diplomatic space to the belligerents to sort matters out, by interposing the Blue Helmets between the contesting parties in a situation that was short of peace enforcement as stipulated in Chapter VII of the UN Charter.

The whole concept of keeping peace has transformed into broad categories of peace activity that is now very appropriately called peace support operations, that include

peacekeeping, peacemaking and peace enforcement, performed and participated, broadly speaking, by military observers and contingents with robust defensive capabilities.

Although the first call to Bangladesh to participate in UN peace mission was made in 1980, the Namibia mission fell through eventually, and it was not until eight years later that a contingent from Bangladesh army participated in a UN mission, as a part of the military observer group in Iraq-Iran in 1988. The rest is history.

Since then, it has for many years been one of the leading troops contributing countries in the world, and is currently a very close second. It was in 1988, too, that the Nobel Peace prize was awarded to UN Peacekeeping, which means that the peace prize was bestowed upon every one of the peacekeepers who had participated in the UN peace missions till then.

In other words, to restate what the UN Resident Coordinator in Bangladesh, Renata Dessallien, said in this regard, that there are 30

Bangladesh army officers who had won the Nobel Peace Prize almost 20 years before Prof Yunus. This is something that very few in Bangladesh are aware of.

This was for the first time that we celebrated the International Day of UN Peacekeepers, since the UN first declared it in 2000. And there could not have been a more befitting way of celebrating it than recognising the services of our peacekeepers, who died in the course of keeping peace in four continents of the world, by honouring the fathers and mothers and wives and children of the martyred soldiers.

Many were killed in accidents, and many were victims of hostile actions of one or the other party that they had gone to keep peace between. It is a pity that very few among the most informed in our country are aware of the valour of these young men. But that is only to be expected from a society whose members (some of them) not very long ago were calling for doing away with the armed forces, it being totally unproductive and all expen-

ditures on its account, according to them, were wasteful. Just for the record, our peacekeeping operations will fetch us close to Taka two billion this year.

What make the Bangladesh peacekeepers stand out amongst the more than 80,000 international peacekeepers in 15 countries? My experience of UN peacekeeping tells me that Bangladeshi officers and men are fully aware of the background of the conflict, and extremely sensitive about the psyche of the different warring factions involved in the conflict. They are firm and fair in handling situations where each of the parties thinks that it is the only one, which is right and it is the other party that is in violation of the terms of the peace agreement.

There is no dearth of efforts by the warring parties to seek loopholes in the agreement, which they then most adroitly exploit. And it is done to test out not only the resolve of the peacekeepers in upholding the mandate but also the UN system itself. And it is a matter of great pride for us that never have our troops let our country or the UN down, in spite of heavy odds.

Several instances stand out as shining examples of the dedication and courage of our officers and men. There is Bilah in former Yugoslavia where, under siege by both the Croats and the Bosnians for long ten weeks, they did not give up on their duty nor yield to hostile pressure. And Somalia stands out as another instance of their integrity

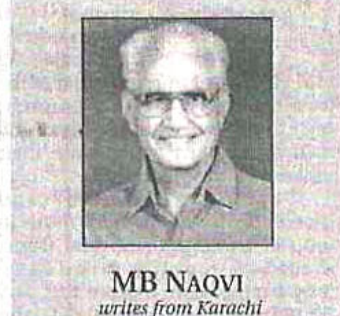
and guts. At a time when some countries known for their military might decided to withdraw, the Bangladeshis were the last to pull out, having provided safe passage to all the others, and after having successfully protected the US base, all by themselves. But for the role of the Bangladeshi contingent in the pacification program that helped the holding of a successful election in Sierra Leone, a different saga would have been scripted about it.

And, contrary to the expressed fear of the language problem, the Bangladesh contingent in Congo has helped not only to stabilize the situation but also in the deployment of other contingents in the country. The ramification of the timely action in preventing the Comfort Zone in Ivory Coast from falling into the hands of the government forces is all too well appreciated by those who were directly and indirectly affected by the event.

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## Is the way out barred?



MB NAOVI  
writes from Karachi

FOR many, the Musharraf regime is at the end of its tether, and will have to depart soon. The reason is the judicial crisis that continues to grow; the CJP has become a symbol of resistance and has won the hearts of the Punjab heartland. Also, the American media and think-tanks now find Gen. Pervez Musharraf to be a growing problem, not its solution; and "with the passage of every day the regime is growing weaker and losing authority."

This is true enough. But does that mean that Musharraf will not get himself elected by the outgoing assemblies; when so elected, will he not nominate a suitably sympathetic caretaker government and proceed to hold an election that will give him a pliable majority without the assistance of any mainstream parties?

Can his constituency (army high command) afford to replace him, considering its institutional interests? And where can the Americans find a better Musharraf? Don't forget that most elite groups -- feudals, bankers, big business, and traditional politicians -- are behind this regime, and the army's own share in the total wealth is at least 25 percent. Isn't all this a dam against change?

## PLAIN WORDS

**The issue of who should be the ministers in an interim government is sure to occasion controversy and some pulling and pushing. While the rich dowager queens -- the PPP and PML (N) -- cannot be ignored, some share has to be given to MMA. One cardinal principle must guide those who agree to an interim arrangement -- it is the lawyers movement that is likely to be the lead force that will persuade the famous three "A"s -- to effect the change.**

Pakistan happens to be engulfed in two separate sets of crises: The uppermost is the immediate existential crisis of the present regime that began with the March 9 events and the subsequent presidential Reference against the chief justice of Pakistan.

The case is now being heard by the full Supreme Court, with the Supreme Judicial Council having been sidelined. This case has polarized the country. The lawyers enjoy full support of the civil society, intellectuals, a large swathe of the media and other professions. The government is also mobilizing its resources, and is showing how popular it is by holding officially sponsored rallies.

Doubtless, this is a first-rate crisis. Just ask the question: where will the regime be if the full Supreme Court finds the Reference to be defective or unproven? The CJP will have to be reinstated. Can President Musharraf and the reinstated CJP Ifthikhar Muhammad Chaudhry, coexist?

Since the SC has to decide, a second question arises: What will happen if the finding vindicates the president's stand? How would the polarized country behave? The common conclusion will be that the Supreme Court has again gone the way of Justice Muhammad Munir of yore and will make the

judiciary permanently subordinate, if not servile, to the executive. The possibilities and popular reactions might create a frightening prospect.

Important as this is, it is not wise to forget the backgrounds of the structural crises. One counts them as:

Islam-versus-modernism is a conundrum for all Muslim states; in Pakistan it has remained unresolved.

Special mention has now to be made of the reactionary and anti-democratic politics of Taliban; factually, there are any number of religious extremists groups that are struggling for political space and power in Fata, NWFP and adjoining districts of Punjab, without forgetting Balochistan.

Then there is the hardy perennial dispute between lovers of a strong central authority and those who demand regional autonomy based on regional nationalism. Aware Pakistanis know it's history and its potential.

Balochistan is facing an insurrection by the Balochistan Liberation Army. The sabotage and ambush activities of the BLA are regular events.

Then there is the structural poverty in the society. A good 30 to 40 percent are decidedly poor by any standard. Another 25 to 30 percent find it hard to make two ends

meet in the ambience of high inflation and growing unemployment.

Total absence of land reforms and growing inequalities of income, both vertically and horizontally, pose major problems. Among other polarizations, there is one over foreign policy.

Another major crisis, also over 55 years old, concerns the losing of power by the political class of 1947 to civil and military bureaucracy. Within less than a decade, the military was able to subordinate civil services and proceeded to assemble a combination of all elite groups -- feudals, bankers, industrialists, and the rest of big business.

An ethnically distinct East Pakistan was an obstreperous claimant of resources from West Pakistan was virtually pushed out, at the first available opportunity. Recent years have seen the apogee of this process. Look at the easy way Gen. Musharraf was able to cobble up the Q League out of PML (N), and draw recruits from PPP and create MMA to win its support. All the grandees of the land, and the moneybags, now constitute a stable ruling elite.

Here one has to return to the possibilities of the current situation. The simple fact is that the regime has tied itself into knots and faces an impossible situation, both

internally and externally -- its external friends, the US, Nato and pro-US Arab regimes expect it to prosecute the anti-terrorism war in Afghanistan with more vigour.

The American pressure is relentless. Superficially, it would seem that the west as a whole is concerned about the lack, or insufficiency, of democracy in Pakistan. Actually, they are pressuring a beleaguered regime into doing what they please. The regime does not know what to do or where to go.

The regime's structure being what it is, it can only be replaced either by a revolutionary new force that would somehow subdue all the factors that have so far sustained Musharraf's regime, or by another regime of the same kind. Which is where many commentators have been hinting that a change could only be for the worse because, they fear, it would be a Martial Law, probably by another General.

Look at the situation. Three major political parties -- the PPP, PML (N) and MMA -- disagree on the role of Allah and the Army. The PPP cannot sit with the MMA, and has all the commonalities of political objectives with the Musharraf regime; PML (N), however, is close to the Maulvis by itself.

All three are ready to countenance the army's role, while the general's uniform is now hard to accept. The general has so far spurned both Nawaz Sharif and Benazir. Will he continue doing it? Technically speaking, there is a window of opportunity.

All Musharraf has to do is to call a roundtable conference and ask for alternative policies, without ignoring the leading lawyers who have started a veritably revolutionary movement. If the RTC can agree on a genuinely independent Election

Commission and a genuinely impartial caretaker regime, that can lead to free and fair elections.

Should it happen, many doors will open, and the country might move towards resolving some of its older and bigger structural problems. Alternatively, instead of finding caretakers, let the top few party and key lawyers and leaders constitute themselves into a National Government with a one point agenda: holding free and fair election within a short span of time after assuming control over all undercover agencies. That can work wonders.

The issue of who should be the ministers in an interim government is sure to occasion controversy and some pulling and pushing. While the rich dowager queens -- the PPP and PML (N) -- cannot be ignored, some share has to be given to MMA.

One cardinal principle must guide those who agree to an interim arrangement -- it is the lawyers movement that is likely to be the lead force that will persuade the famous three "A"s -- Allah, army and America -- to effect the change.

The leading lawyers' share should not be less than 50 percent of the government, and they should insist on their control over all the undercover agencies to ensure free elections, and a dominant say over a new Election Commission.

If rationality is in sufficient supply, Pakistanis can imitate the Nepalese in agreeing on an interim or transitional government of all parties and new leaders for a limited period, say six months, and for the limited purpose of holding a free election. Let a new set of legitimate rulers emerge from a free poll.

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## Price spirals and austerity



ABDULLAH A DEWAN

FINANCE adviser Mirza Azizul Islam on May 27 claimed that there was no price spiral and the observed upward price fluctuations were due to increasing income and population. He made income elasticity of demand a scapegoat to price fluctuations.

Mirza said that prices of essentials were lower in Bangladesh than in neighbouring countries. In all three statements he sounded like a politician masquerading as an economist.

It's certainly understandable that one of the biggest concerns of this army-backed government (ABG) is the unrelenting upward price spiral of daily essentials. Although this menace wasn't created by the ABG it

## NO NONSENSE

**Obviously, our labour market suffers from at least 30% unemployment rate, the money market is distorted by black money, loan defaults and money laundering, the bonds market is distorted by deficit financing by dumping bonds on banks often monetized by the Bangladesh Bank. So the price spiral isn't income driven -- it's a classic case of calamitous market distortions -- a dreadful market failure brought about by Khaleda's all encompassing undeterred rule of kleptocracy.**

has turned into a distressing liability, threatening to derail all reform measures -- specifically the ongoing anti-corruption crusade -- much to the delight of Hasina, Khaleda and all the criminal wrongdoers.

Now let's examine Mirza's statements. His reference to prices in neighbouring countries overlooked the basic tenet of international economics, that it's the relative rates of inflation (also relative income) in the neighbouring countries -- not where prices are lower -- that's relevant.

How germane is Mirza's income elasticity (IE) explanation as it relates to the price spiral? IE measures the responsiveness of the change in the quantity demanded due to change in income. The IE

value for goods of necessities falls between 0 and +1. For example, IE = 0 means demand is insensitive to changes in income, values of IE less than 1 imply that if incomes increase by say, 10%, then demand will increase by less than 10% (that is, demand increases with income but less than proportionately).

Often this is because consumers have a limited need to consume additional quantities of necessary goods as real living standards rise (meaning IE value is very low except for very low income people). Examples include the demand for fresh vegetables, and other daily essentials. Thus demand isn't highly sensitive to fluctuations in income. In this sense total market demand is relatively stable, following changes in the wider economic (business) cycle.

Thus, the continuing price spiral is mostly necessity driven, and by supply-demand imbalances, and very little, if any at all, is propelled by rising income. Bear in mind that, unlike the daily upward price movements, the people's income doesn't rise daily.

Price spirals have their own law of motion -- one that can't be reversed by any quick-fix measures. To slow its growth, many governments in the past resorted to an unpopular recourse -- austerity in consumption, which included freezing some "can do without" demand side public expenditures. In this instance, the following quotation from a March 20, 1964 Time magazine article, "The Price of Prosperity," may be of some interest.

"Parliament last week conducted

a lively debate on Britain's high cost of living, while British workers grumbled loudly about its damage to their pay packets. In Italy, where the government has launched an unpopular austerity drive to halt rising prices, the man in the street has found a new scapegoat in la cara vita. And the French, who love to complain, moan relentlessly about la vie chere. In any language, inflation is Europe's foremost economic preoccupation -- and the problem that most threatens its extended boom."

The inflationary spiral was growing so rapidly that political leaders cautioned that unrelenting inflation "may ruin Europe's economy by weakening its currencies and shutting off its world markets." Even Pope Paul, in an unusual message, took note of Italy's inflationary spiral by recommending austerity because of "the Lenten season and the state of things in this country."

Europe's governments took measures to reshape their economic policies with the hope of "persuading free-spending consumers to buy less, borrow less, save more." Some countries raised their bank interest rates. Others, such as France, imposed some price con-

trols on food and manufactured goods, and Denmark had placed a 9% sales tax on most non-food products. In Italy the government's austerity program aimed at raising taxes on cars and gasoline, and restricting installment purchases.

Although Bengalis are proverbially known as "Bhat-dal" eaters, in reality bhat is the first item and dal is the last with a few other courses in the middle, both at lunch and dinner. In an austerity measure, many people could easily cut the number of items they eat on a daily basis, or at least buy only for one day's consumption. Possibly most consumers are already practicing some form of austerity, or the swirling price movements are imposing some discipline upon consumption patterns.

As we know, one important origin of price spirals is inflation expectations. Such price expectations are self-fulfilling: in an effort to beat tomorrow's price hike of daily essentials consumers buy goods today to hoard them, aggravating the already vicious inflationary pressure.

One way to reverse such price expectations is by maintaining austerity in consumption. Here the

consumer's group, including the religious leaders and the media, may take initiatives to preach the virtues of austerity to the citizens.

In a market economy, the government has the obligation to see to it that markets function efficiently, and that the playing field is level for all participants. Market regulation by the government is not about price control, it is to ensure that the operating rules do not discriminate against individual participants or interest groups based on political affiliations, ethnicities, and religious bias.

Barrister Rokunuddin Mahmud's May 27 suggestion on Channel 1 to relax enforcement of market discipline on businesses, withdraw travelling courts, and revert to the old ways of letting businesses operate, may improve the supply chain, but it is unacceptable. This will only perpetuate the old ways of running businesses, disregarding the regulations and depriving the country of the novelty of running businesses while playing by the rules.

In my March 25 article, "Market failure and price spiral," I asserted that the persistence of price spirals is an obvious fallout of what we in

economics call a market failure. Five years of Khaleda's criminal misrule brought everything else to the brink of ruin, so why should the markets for goods be exempt?

The famous Leon Walrus law states that an economy can be considered as a system of four interrelated markets -- those of goods, labour, money and bonds. If any three of the markets are simultaneously in equilibrium (say, the labour, money and bonds markets are in equilibrium) then the fourth market, (the goods market) would automatically converge to equilibrium.

Obviously, our labour market suffers from at least 30% unemployment rate, the money market is distorted by black money, loan defaults and money laundering, the bonds market is distorted by deficit financing by dumping bonds on banks often monetized by the Bangladesh Bank.

So the price spiral isn't income driven -- it's a classic case of calamitous market distortions -- a dreadful market failure brought about by Khaleda's all encompassing undeterred rule of kleptocracy.

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