Have the priorities of CTG been redefined?

Any step contrary to this would not only hinder the judicial process undermining the much-trumpeted triumph of CTG in separating the judiciary from the executive branch, but would be tantamount to obstruction of justice. The onus now reposes on the government and specially the chief adviser, the prime asset of this CTG, to apprise the nation if the priorities of his government have been redefined since his maiden speech.

MOZAMMEL H. KHAN

IN February 2002, the then foreign minister of Bangladesh visited Montreal in Canada to meet his party's local supporters. He was greeted in the city by a hostile group of protesters, protesting the oppression of minorities and the political opponents in the aftermath of October 2001 general election.

In the same congregation, a local reporter asked the minister if his government had any plan to bring home the absconding convicted killers of Bangabandhu. The minister flatly answered no, since, in his opinion, his government had other important pressing priorities.

In their tenure, the minister kept his words and no effort was ever made to open the death reference in the Supreme Court and consequently no endeavour was made to bring any of the fugitives back to the country.

In his maiden speech to the nation, the CA of the current CTG while outlining his government's priorities emphasised more than once his government's unwavering commitment to establishing "rule of law and justice on a firm footing," "respect for human rights," and letting "the judiciary uphold its dignity."

Contrary to the commitment underscored in the CA's speech, there has been no government move for bringing back the convicted killers of Bangabandhu Sheikh Mujibur Rahman absconding abroad in the last five months. It also did not take any action to bring back Mohiuddin Ahmed, one of the convicted killers who was forced to come back on June 18 as the US government rejected his appeal for political asylum and deported him.

Since the US court stayed his deportation order in May, Mohiuddin was trying to get asylum in Canada. Mr. Irwin Cotler, an opposition Liberal Party MP and former justice minister pleaded his case and was able to bring his case to the House of Commons.

The Bangladeshi community in Canada came to know about it through a sensational news in Canada's most widely circulated daily Toronto Star (May 29) by its Washington bureau chief Tim Harper that read: "Time running out to save man facing 'unjust death.'"

Mohiuddin's family members misled the media and his lawyer by a sensationalised appeal the he would be taken to the gallows right after he lands at Dhaka Airport. His lawyer argued in the media that "the judicial system in Bangladesh was corrupt and trial for Mohiuddin was conducted in a Kangaroo court while his government appointed lawyer never contacted him."

Unfortunately, Bangladesh High Commission in Canada presumably was not instructed to issue any rejoinder vis-à-vis casting aspersions on the judicial system in Bangladesh in general and the openness and impartiality of the Bangabandhu murder trial in particular.

To score points with the Canadian Immigration policy, his lawyer further asserted that the final phase of trial was over and there is no more avenues left for him to prove his innocence.

The reaction of the Bangladeshi community members from all across Canada was swift and categorical, with memorandums, e-mails, phone calls, and faxes to the immigration minister, prime minister, foreign minister, leaders of the both the official opposition and the others, and hundreds of MPs of the House of Commons, by hundreds of our compatriots urging not to give asylum to a convicted killer.

The main emphasis of the communications centred around two aspects: firstly, the trial was conducted in a open court with full access to both national and international media, with absolute legal access on the part of the accused, which deliberated for almost two years with hundreds of witnesses and thousands of documentary evidences before the verdict was issued. The Supreme Court of Bangladesh has still to hear the appeal before the sentence is carried out.

Secondly, Canada is a country where rule of law always reins over everything else and this great country must not be transformed into a den for any convicted killer who has taken away the right of his fellow humans' right to live, in cold blood.

As the convener of Canadian Committee for Human Rights and Democracy in Bangladesh, I was interviewed by a number of electronic and print media, including CBC and Toronto Star, to hear the other side of the story.

In Toronto, a protest demonstration was held in the city's Bengali inhibited area and a group of our citizens also met with the opposition Liberal leader and Irwin Cotler and explained to them the factual side of the story. The leader for the Liberal party was convinced and immediately instructed his party's MP to withdraw from the case. The Conservative government of Canada also yielded to the overwhelming demands of its own citizens, by rejecting the appeal for asylum, re-emphasising, once again in clear terms, the greatness of Canadian democracy.

It was indeed a great sigh of relief to see the fugitive landing in Dhaka's central jail. In conformity with the high expectation of our people, it was expected that the stalled trial process for the convicts would roll once again in consonance with the re-emphasised commitment of CA to upholding rule of law and respect for human rights.

This expectation of the nation has received a severe jolt through a comment of the law adviser of the CTG when he said: "The case as an old one and political in nature, dating back to 1975, and something that is not on the list of priorities of the caretaker government."

At this time, however, the law adviser is representing a government which is determined to erase the black chapter of the history and wants to move ahead with firm determination to uphold the rule of law and dignity of the judiciary. Moreover, if the judiciary has been made independent, as boasted by the CA in his speech, it is the prerogative of the of the Supreme Court to wrap up the trial process if there are enough judges in the appellate division to hear the case.

Any step contrary to this would not only hinder the judicial process undermining the much-trumpeted triumph of CTG in separating the judiciary from the executive branch, but would be tantamount to obstruction of justice. The onus now reposes on the government and specially the chief adviser, the prime asset of this CTG, to apprise the nation if the priorities of his government have been redefined since his maiden speech.

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The Battle of Palashi

In independent Bangladesh, we have got no reason to be emotional about the Battle of Palashi. That battle was fought for forceful transfer of proprietary right over Bengal, from one foreign ruler to another foreign ruler.

FARUQUE HASAN

ALMOST exactly 250 years ago, on June 23, 1757, a battle was fought in the mango groves of Palashi (Plassey) on the bank of the River Bhagirathi near Murshidabad -- now a district of the Indian state of West Bengal.

The battle took place between the nawab of "Sube Bangla," which was the province of Bengal comprising Bengal, Bihar and Orrissa, and the East India Company -- a trading house from Great Britain. At the end of the battle, the East India Company came out as the victor. The Battle of Palashi was one of the pivotal battles which led to the formation of the British Empire in India.

Two and a half centuries later, how shall we, in independent Bangladesh, look back at that battle and its outcome? To get a clear picture of what happened at Palashi, let us take a look into the racial identities of the people who were on the battlefield.

Let us start with Nawab Sirâj-ud-daulah -- the ruler of Bengal at that time. The father of Alivardi Khan, who was the grandfather of the nawab, was an Arab, and his (Alivardi's) mother was a Turk. The mother of the nawab was the daughter of Alivardi Khan, and the father was the son of Alivardi's elder brother. So we can say that from the racial point of view, Sirâj-ud-daulah was a Turk-Arab. The nawab was born at Patna in Bihar. He used to speak in Farsi. So in no way -- by parentage, or by birth, or by mother tongue -- was he a Bengali.

Mir Jafar Ali Khan, the commander-in-chief, was an Uzbek. He used to drive a mule-cart in Uzbekistan before he migrated to Bengal in his youth. The Bengalis, as a race, have got nothing to be ashamed of the treachery committed by Mir Jafar Ali Khan.

Neither of the two commanders, Mohan Lal and Mir Madan, who fought so bravely on the battlefield, were Bengalis. Mohan Lal was a Kashmiri, and Mir Madan was a Turk.

The only Bengali who was present on the battlefield, Raja Manik Chand of Bikrampur, fled away on hearing the first gunshot.

Let us now look into the racial identities of the ordinary soldiers of both sides in the battlefield of Palashi. There were 800 Europeans (English, Portuguese, etc) and 2,200 native Indians, known as sepoys, in the British army which took part in that day's battle. Most of the sepoys were from Madras -- present day Tamil Nadu. They were also known as Telengal.

The rest of the sepoys belonged to the Bengal Native Infantry. They were also known as Lalpaltan. The sepoys of Lalpaltan were Pathans, Rohila Afghans, Jats, and Rajputs. The majority of them were Muslim by faith. It may be mentioned here that the British conquered India with the help of none but the Indians -- the people of this land. They even subdued the Sepoy Mutiny of 1857 with the help of Sikh (Punjabi) and Pathan sepoys.

The number of soldiers in the nawab's army at Palashi was 50,000. Of them, only 12,000 took part in the battle, and the rest 38,000, under the command of Mir Jafar, stood like dolls in the battlefield.

Among the 12,000 soldiers who were loyal to the nawab, and fought under the command of Mohan Lal and Mir Madan, 5,000 were Mughal cavaliers, and 7,000 were Pathan and Rajput foot soldiers. The 38,000 soldiers who did not take part in the battle were Mughals, Turks, Afghans, and Rajputs. On the battlefield, the nawab had on his side 45 French artillerymen under the command of Sinfray -- who himself was French.

We can see that though the Battle of Palashi was fought to determine the fate of Bengal, none of the commanders or soldiers on the battlefield was the son of the soil of Bengal. The soldiers were foreign mercenaries who worked under anyone who would pay them money. These days, young people of Bangladesh go to Middle Eastern countries to seek employment. In those days, young people from impoverished Central Asia and different parts of India used to come to Bengal, at that time the richest land in the world, to work as mercenaries.

As Bengal was a foreign country to them, the mercenaries were not defending the independence of their motherland on the battlefield of Palashi. 38,000 of them stood still like dolls while the nawab was defeated by another group of mercenaries serving in the East India Company under the command of Robert Clive.

These soldiers had no personal attachment to, or sympathy for, the nawab -- a Turk-Arab -- as he was a foreigner to them, in the same way that the English were foreigners. During the flight from the battlefield, the nawab could not manage even a small contingent of bodyguards. When, in the battlefield, the fight turned against the nawab, the 12,000 mercenaries who had fought for him for sometime fled away with the wind.

The nawab, fleeing in disguise from the battlefield, was recognised by a Bengali farmer who handed him over to the English. To the farmer, it was as simple as handing over a foreign ruler of his country to some other foreigner.

It is said that the nawab of Bengal was an independent ruler. In fact, he was not. At that time Bengal was treated as a province of the Mughal Empire, so it was known as "Sube Bangla," or the province of Bengal. According to the law of that time, after the death of a nawab of this province a new nawab was appointed by the reigning Mughal emperor in Delhi. The nawab also needed to pay an annual tribute to the Mughal emperor. Even the English followed these rules, the system of appointment and the paying of annual tribute, till 1857.

After the death of Alivardi Khan, Shaokat Jang -- an elder cousin of Sirâj-ud-daulah, and the son of the eldest daughter of Alivardi -- was appointed as the nawab of Bengal by the Mughal emperor in Delhi. So he, not Sirâj-ud-daulah, was the legitimate nawab of Bengal.

In independent Bangladesh, we have got no reason to be emotional about the Battle of Palashi. That battle was fought for forceful transfer of proprietary right over Bengal, from one foreign ruler to another foreign ruler. The interpretation of the history of the sub-continent from the Bangladeshi point of view differs from the interpretations from the Indian or Pakistani points of view.

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Capitalism with special Chinese characteristics

The way out seems clear: financial reforms, including a more competitive banking system, inducing the creation of a bond market, a more flexible exchange rate, giving farmers clear ownership of their land, generally redressing the unfavourable terms of trade for rural China, and a willingness to accept a cooled 6 to 7 percent growth rate, appropriate for a middle-income emerging country.

GUS RANIS

ON the surface, China's economy glitters. Yet the double-digit growth that entices investors from around the globe is only one of many symptoms of a troubling economic phenomenon that wreaks havoc with political decision-making.

China has an overwhelming vigour, its teeming millions all scrambling for individual success with widespread anticipation of the upcoming Olympics and Expo. Clearly, China wants the tallest buildings, the biggest dam, the fastest train, and the largest foreign-exchange reserves. Equally clear, China has less concern about mounting environmental degradation as well as income and gender imbalances.

While accelerating rates of income and employment growth in recent decades have lifted 300 million Chinese out of poverty, the condition still persists for 200 million in the rural interior. The gap between the two Chinas, urban and rural, is palpable, growing, and receiving increased attention.

Indeed, China's overall income distribution as measured by the Gini coefficient (perfect equality is 0, perfect inequality is 1) is fast approaching 0.6, the highest anywhere in the world, and a far cry from the 0.2 level, one of the lowest, at the time Deng Xiaoping introduced his market-oriented reforms in 1978. Much of this growing inequality is geographically based, with the coastal provinces enjoying high rates of growth and the interior lagging substantially behind.

While the industrial construction "crane" has become China's "national bird," life for 50 percent of the population -- the farmers who don't have medical coverage or assured pensions, who don't own their land and are taxed in direct and indirect ways -- remains harsh.

In fact, farmers cultivate land on long-term leases, and governments could sell it out from under them. These local bodies can then use the proceeds, augmented by local bank credit, to continue investing at high rates, despite Beijing's current efforts to cool the economy.

The basic cause of these anomalies in a country that continues to call itself communist -- and is currently engaged in an effort to enhance "social harmony" in the context of 10-percent-plus growth rates -- is a particular type of Dutch disease.

The economic ailment acquired its name from the1960s natural-gas boom in the Netherlands and is generally defined as the impact of a raw-material export spurt, possibly along with related foreign-capital inflows, on strengthening the exchange rate.

Such an appreciation of the currency implies a shift away from labor-intensive export sectors that are becoming less competitive internationally and toward domestic non-traded goods, also enhancing inflationary pressures.

China has thus far resisted letting its exchange rate appreciate much -- despite international pressure -- and instead continues to accumulate foreign-exchange reserves resulting from her mounting trade surpluses. As a consequence, China has managed to postpone most of the negative impact of the garden-variety "Dutch disease."

But another version of that disease could be more relevant in China's case, one defined as the massive inflow of foreign exchange, from whatever source, adversely affecting decision-making throughout the body politic.

The Chinese version of this phenomenon results from the continuing large-scale export surpluses caused by massive labor-intensive exports, associated with the maintenance of an undervalued exchange rate, and accompanied by large-scale foreign direct investment flows as well as some speculative portfolio capital.

As labor surpluses in the coastal provinces are gradually exhausted, these "vent for surplus" activities move into the interior, continuing to fuel the overall investment boom.

China's cumulative export surpluses since the late 1980s have amounted to $386 billion and inflows of FDI to $994 billion. With foreign-exchange reserves well above the $1 trillion mark, the Chinese government finds itself unable to cool down the boom -- investments currently still run at 40 percent of GDP -- all of which has led to lower levels of efficiency, i.e. falling rates of return and rising industrial capital-output ratios.

With saving rates nearing 50 percent and consumption continuing to lag as families worry about the need to finance their own health care and pensions down the road, we witness Beijing's inability to rein in local governments' continuing investment binges.

Households have two choices: put their money into government banks which continue to lend to local bodies -- regardless of what the central government's monetary and fiscal authorities have to say on the subject -- or chase stocks or real estate in highly volatile asset markets.

In other words, this version of Dutch disease is not caused by a natural-resource bonanza but massive labour-intensive exports plus large-scale capital imports, which affect not the exchange rate but the decision-making process.

With enough resources around to buy off any and all stakeholders, incentives to push for reforms or pressure for care in lending and rational decision-making are reduced. Foreign investors remain anxious to maintain a competitive foothold in a market that continues to promise large future returns, and domestic financial institutions at the center are not sufficiently mature to impose their will on local bodies. No one feels obliged to blow the whistle as long as the bonanza lasts.

Such an unremitting avalanche of foreign exchange in the presence of a relatively fixed and undervalued exchange rate plus weak financial-sector institutions not only renders the central authorities incapable of restraining the continuing investment boom, but also encourages rent-seeking, corruption and rural unrest, all publicly lamented and hopefully beginning to be addressed.

Momentum for reform is difficult if most important actors see little reason to overcome a comfortable state of inertia. Quite the opposite, the continued accumulation of reserves provides incentives for influence peddling and inefficient investment activity.

Other nations have had to cope with the phenomenon. Prior to the discovery of large oil reserves in the 1990s, Nigeria once was a reasonably well governed society with balanced growth between agriculture and non-agricultural activities.

Since then, Nigeria, once a grain exporter, has neglected agriculture so completely that it now must import most of its food needs. The Transparency International Index lists Nigeria as the most corrupt developing country.

Indonesia's historical experience during the Suharto regime is equally relevant. There are two Indonesias, a heavily populated Java, capable of exporting labour-intensive industrial goods, and some of the outer oil-rich islands.

Over time, whenever oil prices were relatively low, governance was generally sound, reforms were encouraged, including the maintenance of a realistic exchange rate favourable to Java's light industry exports.

On the other hand, whenever the oil price was relatively high, the head of Pertamina, the state-owned petroleum company, had Suharto's ear; reforms were reversed, corruption boomed, with directed credit, white-elephant investments and other manifestations of crony capitalism rampant.

In other words, a massive reserve build-up makes it politically difficult to change policy. No urgent pressure emerges, and few want to offend politically powerful stakeholders.

Thus, strange as it may seem, the "natural resource curse" has a counterpart in a labour-surplus plus foreign-investment inflow condition -- if a system is institutionally incapable of accommodating such a potentially beneficial bonanza.

What emerges is the phenomenon of "crony socialism" or, as I'm sure Beijing would prefer, "Dutch disease with special Chinese characteristics."

The way out seems clear: financial reforms, including a more competitive banking system, inducing the creation of a bond market, a more flexible exchange rate, giving farmers clear ownership of their land, generally redressing the unfavourable terms of trade for rural China, and a willingness to accept a cooled 6 to 7 percent growth rate, appropriate for a middle-income emerging country.

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Deciphering Sarkonomics

Sarkozy was finance minister for a mere 235 days, but he made them count. One of his most famous moves was the rescue of the near bankrupt engineering giant Alstom. German arch rival Siemens was circling for the spoils. The state took on 21 percent of the firm in a debt-equity swap, and Sarkozy got credit for saving 25,000 French jobs.

TRACY MCNICOLL

NEW French president Nicolas Sarkozy has been labeled a free-market fan, a shameless interventionist and a spendthrift opportunist. So which of the labels fit? All of them. Sarkozy's economics are nothing if not eclectic. But in spite of that, or perhaps because of it, the new president has a better chance of galvanizing growth than any leader in decades.

With a 65 percent approval rating, Sarkozy neared war hero Gen. Charles de Gaulle's record Inaugural score. Consumer confidence leapt to a five-year high in May. And Sunday's impressive win in lower-house elections gives him plenty of lawmakers to back his program of economic reform.

But what, exactly, is Sarkonomics? His mix of free-enterprise friendliness and state-coddling can seem erratic. But it's a pragmatic way to get results from the globalization-leery French, who need to be reassured as much as they need to get moving.

The president has won kudos from economists by promising supply-side reforms like the end of the 35-hour workweek, a curtailing of union power and more-flexible work contracts that would make firing easier.

But his first steps have been muddled with some gratuitous spending, and they've tended toward demand-side change, boosting purchasing power via things like a too-generous mortgage-rate cut, instead of fixing French firms' competition problems.

A look back at his history does little to clear up the picture -- as finance minister in 2004, he privatised key state-owned businesses but bailed out others; he strong-armed supermarkets even as he tried to increase competition in the retail sector. Still, Sarkozy's brand of fair-weather laissez faire has the backing of the people (67 percent of voters say they are ready for major reform all at once), a crucial first step.

Sarkozy was finance minister for a mere 235 days, but he made them count. One of his most famous moves was the rescue of the near bankrupt engineering giant Alstom. German arch rival Siemens was circling for the spoils. But Sarkozy took up the torch of "national champions," and cut a rescue deal with Brussels' competition chief. The state took on 21 percent of the firm in a debt-equity swap, and Sarkozy got credit for saving 25,000 French jobs.

Three years on, the deal looks pretty smart -- the state sold its stake in the reinvigorated firm last year for a tidy €1.26 billion profit. Predictably, this was a huge boon on the campaign trail.

"In some economic sectors, the market isn't the be-all and end-all," said Sarkozy during a TV interview in March. "The market sees short term." But former Sarkozy adviser Jacques Delpla says the Alstom deal made sense, even to a free-marketer, since Alstom, saddled with debt from previous management, essentially had a cash-flow problem.

"The long-run business was viable," Delpla explains. Meanwhile, experts like David Spector, of the Paris School of Economics, argue that Sarkozy's success with Alstom is less important than the message it sends, which is that French companies can still expect bailouts: "It doesn't incite great efficiency in the market."

Even more appalling to economic liberals was Sarkozy's use of state power to bully mass retailers like Carrefour and Leclerc to drop prices. Delpla defends his old boss, noting that years of bad laws regulating retail competition have artificially raised prices. Delpla contends Sarkozy tried to go the free-market route, changing the law, but was vetoed. "[Former president Jacques Chirac] is the most backward person you could imagine on this. He hates la grande distribution (volume retailers)," he says.

So, with little time left at Finance to send a public message on a key issue, Sarkozy resorted to arm-twisting, says Delpla. Outsiders, like Morgan Stanley economist Eric Chaney, say he did the best he could with a bad situation: "The system before was absolutely Stalinist. So it went from Stalinist to Leninist," Chaney jokes.

For all his statist noises, Sarkozy also partially privatised plenty of key businesses, most notably the power company EDF. "What he did that I thought was clever is that he managed to get a deal with the CGT, the union that (dominates) at EDF and that could switch off the lights in the whole country," explains Delpla. "He kind of bought their approval by (promising) shares at a very low price, at a discount."

This sort of political savvy and pragmatism is crucial in France, where economic debate is still built around the state. But the toughest battles are undoubtedly ahead. France's arcane labor, tax and social systems don't lend themselves well to quick fixes.

And economists are still waiting for promised supply-side reforms, particularly labour-market liberalisation, which some believe could turn France into another Germany by better leveraging a strong skill base to boost growth.

Pushing them through won't be easy -- already, a new draft fiscal package is being bashed by unionists. Still, Sarkozy's chief advantage over his predecessors, argues Chaney, "is the fact the strategy has been thought through in advance."

No previous president has so clearly laid the groundwork with a specific reform agenda during a campaign, he says. And with a strong and stable majority, he has a clear mandate to push it through.

While the agenda leaves out some crucial issues, like the liberalisation of trade and services, success may beget future opportunities. "I think it will take two terms to do reforms in France," says Chaney. No doubt this consummate politician is already thinking about that.