

## Sheikh Hasina's arrest

A wrong and unacceptable decision

POLITICS enters a heightened state of tension and confrontation with the arrest of former prime minister and Awami League chief Sheikh Hasina. The government must now explain, to the satisfaction of the public, why the Awami League chief needed to be detained. While it is true that cases of extortion have been filed against her, it is not understandable why a leader of her stature must be taken into police custody for the cases to be gone into. The cases can run their course without her being in prison. The law is certainly to be applied to everyone equally, but in Sheikh Hasina's case, the action of the government smacks of an arbitrary use of power.

We believe that at a time when the Election Commission has just announced a roadmap for the next general election, the arrest of the Awami League chief sends out all the wrong signals about the nation's democratic political future. Indeed, the arrest may turn out to have been a highly injudicious act given the reforms program the caretaker government has undertaken. The timing of the AL chief's arrest, against such a background, is inexplicable. It appears to us that her internment is a political move that does not warrant her being taken into custody. Therefore, for the country it is important that the government explain the action it has taken. This is important since the former prime minister's arrest now threatens to put at risk the very reforms the administration has propagated and promoted since it assumed charge in January this year. Although reasons have been cited over the months about the alleged misrule resorted to by the major parties in their years in office, the question is still dubious as to whether such reasons can serve as sufficient grounds for the internment of Sheikh Hasina at this critical stage in national politics.

It is our considered opinion that, whatever the charges laid at her door, Sheikh Hasina's arrest is a major mistake on the part of the authorities. Public outrage at her arrest cannot now be ruled out, with a consequent slide in the law and order situation. The government cannot ignore the fact that politicians of Sheikh Hasina's and Khaleda Zia's stature, for all the criticism of their brand of politics, still enjoy a well-spring of support in Bangladesh. Taking action against them in such ill-conceived manner, therefore, cannot but fuel suspicions among large sections of the population that moves are truly and really on to hound them out of politics and emasculate their parties. Sheikh Hasina's arrest now also places the government on the wrong foot as it will now have to explain its action to governments abroad and donor institutions keen about a return to democratic government in Bangladesh.

We find the arrest of the Awami League chief unacceptable. It only makes the future of democratic governance murkier than it already is. A government pledge-bound to restore democracy ought to stay away from all temptations of handling conditions in an undemocratic manner.

## Ghastly crime

Punish the acid thrower

Acid-throwing is a ghastly crime, and everyone will agree that it is, its enormity increases further when it is committed by a *pir* -- a spiritual leader. That is what happened in a village in Brahmanbaria. A young girl, who came under a vicious acid attack, has complained that the beastly act was perpetrated by none other than her family *pir*.

The girl is now suffering through the extremely painful aftermath of acid burns. Acid throwers have ruined the lives of many innocent girls. And it is a shame on the law enforcers that they could not stop this barbaric practice often resorted to by frustrated young men after their amorous overtures are turned down. Whatever may be the reason behind this social malady, it cannot be allowed in a civilised setting, particularly if people have an iota of sympathy for women and their rights. The reports of acid-throwing show that the rights of women exist only on paper, not in practice.

Something must also be said about fake *pirs* or spiritual leaders who ruthlessly exploit the sentiments of their highly gullible followers. There is no place for a person in any religion who seeks worldly pleasures or possessions in a manner that borders on debauchery. But the devotees often get impressed by such people and are cheated. Obviously, the acid-throwing *pir* didn't deserve to be a spiritual leader and the price that his followers have paid was a rude shock to all and sundry.

So, the Brahmanbaria incident has brought into focus two social issues. First, acid throwing continues unabated and its victims suffer silently as society fails to deal firmly with this dastardly crime. The victims are by and large poor rural women. They need direct support from both the law enforcers and the NGOs working in this area to protect themselves or fight legal battles against acid-throwers. Second, a greater awareness has to be created among people to remain alert against frauds and swindlers masquerading as *pirs* or religious gurus.



SHAHNOOR WAHID

## Clean candidates remain elusive

## SENSE & INSENSIBILITY

To be candid, clean candidates remain as elusive as ever, hence what we fear is the misfortune of seeing the same old faces back on the political track, kicking up dust to start the rat race. Already we are witnessing politicians with questionable antecedents jumping around with reform agendas, hoping to come to power once again. It is like saying for the umpteenth time: "Old wine in new bottle." Or shall we say, we get leaders we deserve. Don't we really deserve anything better than what we have in the cold storage?

WITH the roadmap given by the Election Commission (EC) on Sunday, the prospect of holding the next general election(s) looms large before the nation. For the people who have opted for democratic governance as the method to run the affairs of the country, there are reasons to rejoice at this definitive plan of action. Hence, all eyes will be focused on the deadlines given in the roadmap, especially on December 2008, when the much-awaited general election is expected to be held.

We are aware that the EC is pledge-bound to bring about some qualitative reforms of the existing electoral laws, by-laws, rules, Acts etc., which have been nakedly misused by the political players for the past fifteen years to pave the way for an unstoppable merry-go-round of plundering.

Therefore, should we not hide our faces in shame that a nation of 15 crore people could not stop about two thousand men and women committing such heinous crimes in broad daylight! Ponder a while, only about two hundred people have flattened our hills and forests in the last ten years!

The roadmap has made it mandatory for the political parties to register themselves by mid 2008, otherwise they will not be allowed to take part in the elections. Surely, most of the political parties of the country will find it ego-busting.

"Isn't the EC going overboard in its attempts to regulate political parties? Isn't this a free-for-all country? Didn't we attain our freedom in 1971 to do anything as we please, like grabbing lakes, forests, hills, tigers, deer, peacocks, government houses, and even the longest beach at Cox's Bazar? Who needs to register for doing this?" -- some politicians would wonder aloud.

But think about it dear readers. Registration of a political party is a propriety that is observed by politicians everywhere. This

rather gives a party more credibility and prestige amongst its followers, and even before the opposition parties.

Similarly, doctors have to register, engineers have to register, university professors have to register, business houses have to register, every birth, marriage and death has to be registered. Then why didn't the major political parties of Bangladesh ever think of following the good practice? Are they above the laws and regulations that make them answerable to some authority?

We welcome such reforms because these were the demands of the saner section in society for

many years. So, now, after the expected reforms, elections will be held. Fine. Then what? Have we been able to throw all the corrupt-to-the-bone politicians into the dustbin of time? Are the political parties totally clear of the people who had plundered the public exchequer for so many years? Have we found the clean candidates to contest the elections and form the next government? What kind of people will come as elected representatives to form the government?

To be candid, clean candidates remain as elusive as ever, hence what we fear is the misfortune of seeing the same old faces back on the political track, kicking up dust to start the rat race. Already we are witnessing politicians with questionable antecedents jumping around with reform agendas, hoping to come to power once again. It is like saying for the umpteenth time: "Old wine in new bottle." Or shall we say, we get leaders we deserve. Don't we really deserve anything better than what we have in the cold storage?

Many questions haunt our

minds today, when we look back and think of what had happened throughout the length and breadth of the country in the name of democracy and development. The people have been cheated right and left in broad daylight, and we simply watched from a distance. But what is the alternative? We cannot live in limbo forever, can we?

The other questions that haunt our minds is why honest and competent people are not coming forward to join political parties to contribute to nation building? We do not have any shortage of such respectable people. Then what scares them off?

Is it the age-old muscle-power-dependent and black-money-driven political system that still exists, from the cities to the village levels? Can we change the system through installing a new one, where only true patriots will come forward and where money will be not be the decisive factor? Is it really asking for too much?

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## Stagflation and monetary policy



ABDULLAH A. DEWAN

## NO NONSENSE

To counter stagflation the CB can make one of two choices, each with negative outcome. First, stimulating the economy by increasing the money supply (monetising the government debt) entails the risk of fueling the pace of inflation. Alternatively, a tight monetary policy (reducing government debt and raising interest rates) to reduce inflation involves the risk of slower output growth. The choices for fiscal policy are far less clear. However, increasing prices of fertilisers and energy products are not only counterintuitive -- they will also make the price spiral self-propelling.

price spiral is cost-push.

Sandwiched in the controversy is the IMF resident representative Jonathan Dunn, who dodged the accusation of IMF's heavy-handedness in twisting the arms of BB to pursue a contractionary monetary policy -- one that was outright denied by the Finance Adviser Mirza Azizul Islam, Energy Adviser Tapan Chowdhury and BB Governor Salehuddin Ahmed. However, I interpret the statements of the IMF economist differently.

Jonathan said IMF had advised Bangladesh on several occasions to take tighter monetary measures. He added, "Now we are encouraged to see that the central bank has adopted an appropriate policy." (DS July 16).

About the CPD's contention that the IMF is imposing its policy prescription on the BB he said: "I would like to say the discussion that is going on regarding monetary policy is part of a healthy debate."

Jonathan suggested that the country should adjust fuel and energy prices to the international level on a regular basis. My rejoinder: What about people's income, and the affordability of products that are energy based.

Citing the inflation rate in May, he said the highest rate of inflation wasn't in food items or transport. My rejoinder: How could any one make such an observation by watching just one month's food prices?

The IMF economist argues that furniture, household appliances, and some other services and goods were affected by inflation, which is actually not related to the supply side. Is he suggesting that making these products domestically does not need labour, energy, and raw materials, which constitute supply side factors? My rejoinder: Maybe I went to the wrong school to study economics.

In my analysis, the IMF economists' comments are rhetorical, rather than empirical economics based.

The rise in the prices of energy products causes an increase in the variable costs of firms for which energy products are an essential input for the production process. This has an inflationary effect on the general price level, but a deflationary effect on real output.

The final magnitude of the effect of energy price increases (or any other important supply-side factors) is dependent on the

price elasticity of aggregate demand (AD).

Aside from sustained money growth that encourages sustained growth in AD, government borrowing can also put upward pressure on the AD within certain limits and, hence, induce upward pressure on prices (See DS April 21, 2005,

"Corruption, budget deficits...").

Beside any policy-initiated money growth, persistent budget deficits and enveloping corruption can also increase money growth and, hence, inflation. For example, as budget deficits are monetised by the CB, the money supply increases. These deficit-induced increases in the money supply cause AD to increase, and the resulting supply-demand imbalances in the goods market drive up the general price level.

Before resorting to a contractionary monetary policy the BB must assure that the inflationary pressure is demand-pushed. Otherwise, the policy would be counterproductive -- as Debapriya passionately and plausibly argued.

The experience of the confluence of excess liquidity in the banking system and sluggish investment demand suggest that the price spirals are not being

triggered by increases in AD.

The interim government's all-encompassing campaign against corruption must have dampened some corruption induced increases in the AD. Besides, the government's relentless efforts to regulate the market by eliminating non-price competition such as hoarding, price gauging, and market manipulations by syndicates may have also held back the potential for accelerated inflation (See DS March 25: Market failure and price spiral). These measures are expected to have some mediating effects on inflationary expectations as well.

Why hasn't the price spiral responded significantly to the government's anti-inflationary measures? I suspect that in addition to externalities contributing to "market failure" the economy may be experiencing some degree of what is known as "stagflation" -- a word coined in the 1970s to describe simultaneous experience of slow growth and high inflation.

Stagflation had not been experienced previously in the industrialised economies because decreased AD resulted from a recession that usually produced lower, or at least stable, prices. Large US government deficits and sharp rises in the cost of energy prices have been cited as the principal causes of stagflation in the 1970s. Don't both budget deficits and high energy cost prevail in Bangladesh?

In neo-classical economic theory, stagflation is rooted in the failure of the overall market (market failure) to allocate goods and services efficiently. Other theories view stagflation as an adverse-

supply shock (a sudden increase in the price of oil, natural disaster, labour strikes etc.) induced phenomenon.

Prior to 1/11 the Bangladesh economy had been subjected to persistent adverse-supply shocks due to fertiliser shortages, higher energy costs, hartsals and lockouts. Hence the persistent price spirals may be largely due to adverse-supply factors -- a precursor to stagflation.

To counter stagflation the CB can make one of two choices, each with negative outcome. First, stimulating the economy by increasing the money supply (monetising the government debt) entails the risk of fueling the pace of inflation. Alternatively, a tight monetary policy (reducing government debt and raising interest rates) to reduce inflation involves the risk of slower output growth.

The choices for fiscal policy are far less clear. However, increasing prices of fertilisers and energy products are not only counterintuitive -- they will also make the price spiral self-propelling.

What's instructive for Bangladesh Bank is that if CPD's recommendations for supply-side stimulants are implemented and CPD is mistaken, the economy would still benefit from increased investment, lower cost of production, and lower product prices, but implementing BB's contractionary policy without correctly identifying the sources of price spirals would drag the economy to a recession - an impeachable action.

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## Time for soul-searching



PRAFUL BIDWAI

writes from New Delhi

The world's worst-ever terrorist act was an act by a state -- the nuclear bombing of Hiroshima. This killed 40 times more people than the 9/11 attacks. The time has come for serious soul-searching -- not only among Muslims, but among all Indian citizens. If we are to counter the gathering Right-wing assault on freedom, we must not give the state excessive powers. We must come together -- regardless of faith or creed -- in a huge civil society mobilisation in defence of liberty, secularism, democracy and humanity.

cation.

The episode has shattered the certitude that India's democracy is strong, inclusive, and secular enough to create a reliable firewall against extremism; and that well-educated, talented, middle-class professionals from cities like Bangalore cannot be attracted to jihadi ideas because they don't personally experience the discrimination that underprivileged Muslims suffer.

These notions must be subjected to critical scrutiny if India is to avoid panic-driven responses and fall for a draconian "we-take-no-prisoners" strategy to combat terrorism.

First, much is made of the fact, proudly cited by Prime Minister Manmohan Singh, that "not one" of India's 150 million Muslims has

participated (until last week) in al-Qaeda/Taliban-style activities. This bears a sharp contrast to Pakistan. But this was part complacent self-assurance, and partly a way of chiding Pakistan for its lack of democracy.

Indian leaders now say terrorists have no "religion or country." But for years, they have called Pakistan terrorism's global "epicentre." There was truth in the charge, although Pakistan changed its policy after 2001. However, today, the assertion sounds pitifully defensive.

Complacency about India's moderation is equally mistaken. The world over, fundamentalist movements, whether Hindutva, Christian, or Zionist, have been led by the middle class.

A study of 172 al-Qaeda operatives by forensic psychiatrist Marc

Sageman found that 90 per cent came from relatively stable, secure backgrounds; three-fourths from upper or middle-class families; two-thirds were graduates. In Gujarat, it's the well-off, well-dressed, cell-phone-wielding, fanatical Hindus who led the rampaging mobs.

Bangalore's IT dazzle should not blind us to reality: Karnataka is rapidly emerging as a "second Gujarat," or "Hindutva laboratory." (This is extensively documented by Karnataka's Komu Souharda Vedeke (Communal Harmony Forum).

We still don't know precisely what sowed the seeds of extremism in Kafeel's mind: Was the motivation purely salafi doctrine-driven? Was it India-specific? Or was it the West's demonisation of Islam, and the murderous occupations of Iraq and Palestine?

Without justifying anyone's conversion to extremism in any way, we must acknowledge that a successful anti-terror strategy must analyse and address its causes.

This can only be done by a dual approach: careful police investi-

gation and prosecution of extremists, which upholds civil liberties; and a concerted attempt to win the hearts and minds of alienated minorities through inclusive, participatory democratic practices.

Without the second, extremist ideologies cannot be weakened. It's only when all citizens, irrespective of religion, feel they are full, equal participants in democracy, and no group feels besieged, that extremism can be successfully tackled.

That's where the rub lies. India has tried to fight extremism by draconian means: Tada, Pota, "encounter killings," and other strong-arm methods, largely imitating the US approach evidenced in the "global war on terror" (GWOT).

But GWOT has turned Iraq, an alien to religious extremism, into a magnet for al-Qaeda. Worldwide incidence of terrorism has grown six-fold after Iraq's invasion.

The idea of a military solution to terrorism stands discredited. The language of war has alienated millions of Muslims -- and non-Muslims -- the world over, and

aggravated their sense of injury at the West's treatment of Islam and the Arab world.

Here lies a major lesson. If terrorism is ultimately a tactic or technique, it can be used by any agency -- religious groups, nationalists like the LTTE or Irish Republican Army, or governments.

There is nothing specifically "Islamic" about terrorism. The prejudice underlying the term is highlighted by the absence of "Judaic terrorism," "Hindu terrorism," or "Christian terrorism."

The world's worst-ever terrorist act was an act by a state -- the nuclear bombing of Hiroshima. This killed 40 times more people than the 9/11 attacks.

The time has come for serious soul-searching -- not only among Muslims, but among all Indian citizens. If we are to counter the gathering Right-wing assault on freedom, we must not give the state excessive powers. We must come together -- regardless of faith or creed -- in a huge civil society mobilisation in defence of liberty, secularism, democracy and humanity.

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