

Warding off epidemic

Crying need for planned approach

APPALLING statistics are pouring in from different hospitals about the incidence of diarrhoea and cholera. Absence of potable water and lack of food are forcing people to drink contaminated water and eat anything they can lay their hands on. As a result, diarrhoea has broken out in most flood-affected areas. It is revealed that out of every ten diarrhoea patients six are children. It is also learned that out of every three afflicted by diarrhoea two are becoming cholera victims.

There has been a graphic rise in the number of patients arriving at the ICDDR,B and eight other cholera treatment centres. The usual annual figure of one lac ten thousand patients is likely to be surpassed by thirty thousand this season. The nine cholera treatment centres have their IV fluid supplies from donors, but as far as the rest of the hospitals are concerned they have to depend on local sources. The health directorate claims that the stock position of IV saline is sufficient, but the ground situation speaks of scarcity of ORS and its high market price.

Our suggestion would be to approach multinational companies for supply of saline at low cost to us and have them distributed in parts of the country where there have been shortages of IV saline.

It is important to remember, however that IV saline is not enough to cope a diarrhoeal situation with, what we also need is sufficient antibiotic cover to treat cholera. So the focus should be on getting both IV fluid and antibiotic tablets and vials.

The most fundamental area where we need to pay attention to is providing a reasonable guarantee for supply of pure drinking water. A highly placed Wasa spokesman says that they have launched repair work on tubewells in stagnating or receding waters in and around Dhaka. They are trying to distribute water via country boats as well. The authorities should concentrate on supplying water purification tablets and bottled water extensively in the affected areas, which should be easily done. We should bear in mind the fact that in 2004 a huge quantity of water purification tablets was wasted through lack of preservation.

Not all the people who are afflicted by diarrhoea make it to hospitals. Thus the emergency medical service should not remain confined to hospitals and clinics, rather it must reach out to the interior. The medical teams of the health directorate and the army must be complemented by those from the private sector to fend off and treat water borne diseases on the required scale.

Ban on unauthorised campuses

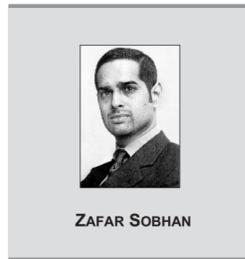
Proper monitoring and evaluation are a necessity

ANUMBER of unauthorised branches or outer campuses of some private universities will soon be closed down. The move clearly points to some of the things that have been going wrong with private universities in Bangladesh, especially where proper affiliation and maintenance of standards are concerned. We at this newspaper welcome the move and hope that the measure will act as a deterrent to the mushrooming of under-quality private universities that has gone on for a very long time.

While we appreciate any action against unauthorised private universities or their branches and outer campuses, we feel it is necessary to point out here that some private universities have in the past many years fulfilled an important national need. Such universities are certainly few in number, but through their quality and academic excellence they have filled a rather big void in higher education. Where the public universities have been hamstrung by a lack of space and have therefore been unable to take in as many students as one would have liked them to, these private universities have shown that they can share the load and at the same time uphold the standards one expects universities to maintain as they impart teaching to the young. It is our view that the authorities, notably the University Grants Commission, will encourage the growth of similar academic enterprises in future.

We recall that in the recent past a number of under-performing universities were identified and proscribed because of their failure to follow regulations. The authorities at the time placed great emphasis on a uniformity of standards for private universities. It now becomes important for the nation to be informed to what extent such uniformity has been applied to the existing universities. This is essential since a profit mentality has seemed to get the better of much of private university education, obviously to the detriment of the young. Vested political and commercial interests have by and large undermined the quality of private university education. Private university education has gone haywire owing to an absence of the necessary monitoring and evaluation of university performance. It is against such a background that the University Grants Commission needs to be strengthened, through a foolproof mechanism of supervision being put in place. The time is here and now for decisive action toward a streamlining of the nation's private universities.

Ten thousand whispering and nobody listening



ZAFAR SOBHAN

STRAIGHT TALK

And so we forget about them. Every few years or so there is a flood and the dispossessed come streaming into the cities to seek shelter and sustenance. Like I said, we do a tolerable job of dealing with the crisis, but then, when the flood waters have receded, and with them the crowds of homeless camping on the city pavements, we cast them from our minds until the next catastrophe hits.



APRIL RAJIV

THE flooding that we periodically suffer and are in the midst of right now are a poignant illustration of both the best and the worst in us as a people and as a nation.

The courage and strength that is shown by those unfortunate souls who see their homes and possessions washed away, leaving them penniless and empty-handed, as they migrate to higher ground desperately in search of food and shelter is one of the wonders of the world.

Bangladeshis are at our best at times of adversity (possibly a good thing, seeing that facing adversity seems to be our default condition) and never is this more apparent than when witnessing the fortitude and resilience of the flood refugees.

The quiet dignity with which the legions of the dispossessed set about uncomplainingly rebuilding their shattered lives is a heart-breaking and extraordinary lesson to the rest of us and a reminder of the steel that runs down the spine of the country.

The floods bring out the best in almost all of us. People from all walks of life work together to raise money and provide food, clothing, and shelter to the distressed. The way Bangladeshis typically pull together at troubled times such as these shows what we can accomplish when we are all working hand in hand for the common good.

Everyone from political party workers to government officials to

NGO workers to the men and women of the armed forces plays their role. The civil administration is busy day and night. The business community steps up to the plate. The NRB community is second to none in raising funding and awareness.

We pull together and the worst is averted. In the past decade there have been two major floods, in 1998 and 2004, and the nation has pulled together and survived them both. In both cases the government of the day did a good job.

No, in many ways, despite the opportunists and predators who exploit human misery to enrich themselves at the expense of the dispossessed (and there are sadly, enough of them in the country, too), and who are thick on the ground at times such as these, floods bring out the best in us as a nation, and I have no doubt that the Bangladeshis people will all rise to the challenge again.

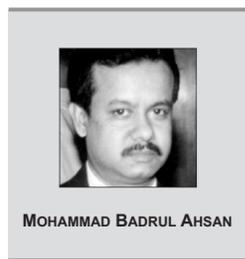
But floods also bring out the worst in us as a nation and as a people. There are those, as I have just

mentioned, who see these and other kinds of human tragedies as nothing more than an opportunity for themselves. Relief is snatched, lands are grabbed, and the homeless and hungry find themselves further dispossessed and taken advantage of.

However, the actions of a predatory few who feed on tragedy and exploitation is not what I am referring to, principally.

The noble and unstinting relief work that is done after the fact notwithstanding, the mere fact that

Open guilt and secret shame



MOHAMMAD BADRUL AHSAN

CROSS TALK

The whole purpose of the amnesty has been undermined in this one instance when NBR failed to stay its ground in the face of resistance from a thankless client. As it turned out in the end, the former prime minister neither showed any qualms for her transgressions nor gratefulness for the opportunity given to her. She turned an open guilt into a senseless showdown and passed the shame down to someone else. In so much as NBR has royally failed to face the challenge, it licked up the guilt and took the burden of shame on its shoulder. The amnesty looked like a travesty.

Hawthorne tells us the difference. A beautiful woman named Hester Prynne, whose husband was lost in the sea, fell in love with a clergyman named Arthur Dimmesdale. When Hester becomes pregnant, the townspeople forced her to wear the scarlet letter "A" for adultery. Arthur became pregnant, the townspeople forced her to wear the scarlet letter "A" for adultery. Arthur became pregnant, the townspeople forced her to wear the scarlet letter "A" for adultery.

This is where guilt stood apart from shame. Hester never questioned the quality of her own person but she questioned if she had acted wrongly. Arthur, on the other hand, judged his own self and found himself to be a person worth nothing.

The morale of the story is simple and straight. Guilt is when you can't hide the wrongdoing from others. Shame is when you can't hide it from yourself.

One expected both to converge

when the former prime minister sought protection under the tax amnesty. First of all it was a shame that she had failed to comply with the law of the country while sitting in its highest office.

She shouldn't have had undisclosed wealth in the first place. If she were to be surprised like rest of the country, she should have been angry, fired her accountant, tax consultant or the lawyer who kept her ill-advised.

Instead the former prime minister shocked us by threatening to go legal against NBR. Well, may be she could do it. May be she had a legal point there and a band of lawyers would have helped her do it. NBR ate the humble pie and changed its mind. But we are not talking about legality here. We are talking about ethics. Anyone asking for a special dispensation under an amnesty should show more humility and less

audacity. To set the perspective straight, amnesty is a kind of mercy consideration, which gives another chance to those who violated the law on the first instance. It is an act of justice by which those who may have been guilty of any offence against the state are restored to the position of innocent persons.

And tax amnesty is offered to tax dodgers because it makes economic sense in an arcane world of growth and incentives. But it doesn't erase the fact that one took shelter of state mercy to escape punishment. A truly repentant person would bear that in mind and feel ashamed that once she had gone to the left hand of law.

I understand that there was a time in this country when some people were busy making money and they didn't have the time to count it. One business-man-turned-

floods of this magnitude continue to occur every few years and that we have no long-term national policy in place to avert -- not deal with or handle or manage -- such catastrophe tells us volumes about our priorities as a nation.

Now, we can say that Bangladesh is a victim of its geography and climatic conditions and that there is nothing we can do to avert flooding during seasons of heavy monsoon rainfall, and to a certain extent this is true.

Much of the problem is not of our making and there are limits to what we can do to avert massive flooding every few years. But, that said, there is much more that we could do that we have not done and are not doing.

Yes, we are a low-lying delta, and, yes, we are irretrievably flood prone, but there is much that we can do to so that it floods less frequently and much that we can do to minimise the fallout once floods do happen.

There are many reason for the flooding, and many are beyond our control. There is not much we can do about logging and deforestation in upstream countries, and there isn't much we can do about climatic changes that mean more rainfall every year.

But we can do something about the network of canals and waterways that have been filled up over the years so that the natural drainage channels for river water are clogged up and the water levels keep rising.

There is plenty we can do before the monsoon season to ensure that excess silt does not build up -- another factor in rising water levels.

We can devote serious resources to beefing up embankments and cutting channels to ensure that the river waters can flow rapidly down to the sea with a minimum of overspill.

There is plenty we can do to build affordable housing so that the poorest of the poor do not find themselves with nowhere to seek shelter other than the most flood-prone and vulnerable plots of land.

How much of our resources have we put into this kind of effort? What money have we spent on solving the flooding problem when we compare it to the money we have spent on other things such as beautification of Dhaka city? What steps have been taken to bring to book and outlaw the activities of rapacious developers and their collaborators in the administration who are responsible for the drainage and filling in of wetlands and water bodies the length and breadth of the country?

The very least we can do as a people, surely, is to ensure that the poorest among us are saved the misery and degradation of having their meager worldly possessions swept away every few years, leaving them with nothing.

And it is the poorest among us who get hurt the most. The landless who have to build on embankments or the flood plains or in areas adjacent to waterways because there is nowhere else for them to go.

And therein lies the real reason we have done so little. These people have no voice, no power, no rights that any government has ever seen the need to respect, nothing.

And so we forget about them. Every few years or so there is a flood and the dispossessed come streaming into the cities to seek shelter and sustenance. Like I said, we do a tolerable job of dealing with the crisis, but then, when the flood waters have receded, and with them the crowds of homeless camping on the city pavements, we cast them from our minds until the next catastrophe hits.

Zafar Sobhan is Assistant Editor, The Daily Star.

politician had stashed away 220 million taka worth of savings certificates, which was forgotten until his family found it after he went to jail.

What can you say? This is where the line is drawn between two classes of people. The poor spend more time counting money, whereas the rich spend more time making it.

But we don't know where to place the former head of the government. We don't know if she was busy making or counting money. Let us give her the benefit of doubt because, as it looks, she had more supporters to count than the money she kept in banks.

It is possible she forgot that she had undisclosed money, that people who were entrusted with bookkeeping didn't do their job. So she got upset with NBR for making a procedural fuss over what may have been an honest mistake on her part. And better late than never, NBR realized it and agreed to accept her tax submission. This should be end of the story.

Yet there was something about the whole thing that left a bad taste in the mouth. The former prime minister could have showed more respect to law being more patient and tolerant instead of threatening to take legal action. And this is where she failed to show the moral gratitude for the generosity extended by the state. This is where she behaved like a bully who tried to

push her way through the whole thing.

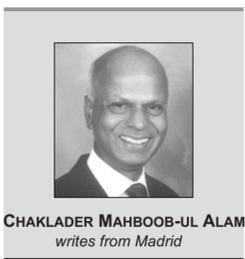
This is why I am not in favor of tax amnesty, because it gives a perverted view of shame and guilt. It convinces the tax dodgers that there is nothing to be ashamed of their offense. The state recognizes them as patron saints of the economy and, sooner or later, exonerates their guilt. It is also gives wrong message to those who pay regular taxes. If you pay up the penalty, dirty money gets squeaky clean.

The whole purpose of the amnesty has been undermined in this one instance when NBR failed to stay its ground in the face of resistance from a thankless client. As it turned out in the end, the former prime minister neither showed any qualms for her transgressions nor gratefulness for the opportunity given to her. She turned an open guilt into a senseless showdown and passed the shame down to someone else.

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Mohammad Badrul Ahsan is a banker.

The complex world of mortgage market



CHAKLADER MAHBOOB-UL ALAM
writes from Madrid

LETTER FROM EUROPE

The mortgage loans are not sold individually. Instead, ever-innovative financiers have found a way to trade them as complex derivatives. They are classified by the credit rating agencies according to their risk factor, and bundled together as blocks of CDOs (collateralised debt obligations) or mortgage-backed securities. The fundamental difference between the old individualised mortgage portfolios of a bank and the CDOs is that it becomes very difficult under the new system to

a mortgage company used to lend a substantial amount of money (could be as high as 90% of the total value of the house) to him on the security of the house/property bought by him.

There were several other variable factors in each operation, for example, the repayment period (10, 15, 20 or even 30 years), the interest rate (fixed or floating), the nature (first mortgage or second mortgage) etc.

Thus, under the law, the debtor, or borrower, became the mortgagor,

who charged or transferred his property in favour of, or to, the creditor or lender, who became the mortgagor. Until a few years ago, the mortgagor used to maintain the loan in his balance sheet.

The history of the loan repayments used to be examined on a quarterly, six-monthly, or annual basis to see if a provision for bad or doubtful debts should be made against the loan. Thus, every mortgage loan came under regular scrutiny.

If the default rate became excep-

tionally high, the regulator used to limit the capacity of the mortgagor to issue fresh mortgage loans. The intention was for the balance sheet of the mortgagor to show a true and fair view of its financial situation.

Now the mortgage market situation is completely different, and definitely much more complex. The banks still give mortgage loans, but they no longer carry them in their balance sheets. Most of the mortgagors now sell these loans in the secondary market.

Since the loans disappear from

the balance sheet of the mortgagor, the need to assess whether a new provision should be made against the loan or the existing provision be adjusted disappears. On the face of it, the balance sheet of the mortgagor looks clean to the regulator. Therefore, he is under no obligation to take any action against the mortgagor.

This is probably the principal reason why sub-prime mortgages came in to being. Since the risk is passed on to the secondary market almost immediately after the formalisation, there is greater incentive for some of these banks to give loans without really making sure that the borrower will be able to make regular mortgage repayments.

For example, during the period 1994 to 2005, some 3.2 million Americans were able to buy homes thanks to these sub-prime mortgages. The lenders loosened the loan standards to such a level that loans were often given to people with no income, no job, and no assets.

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innovative financiers have found a way to trade them as complex derivatives. They are classified by the credit rating agencies according to their risk factor, and bundled together as blocks of CDOs (collateralised debt obligations) or mortgage-backed securities.

The fundamental difference between the old individualised mortgage portfolios of a bank and the CDOs is that it becomes very difficult under the new system to know the real value of the debts at any particular moment.

It is postponed until the CDOs are sold in the open market or the credit rating agencies change their classification, as they (the agencies) have done recently by downgrading a huge number of them. Since the investors do not make provisions for bad debts on a regular basis, they do not know what they are really worth until one of these two situations takes place. Meanwhile the bubble keeps on growing.

When it bursts, as it has now, because of the downgrading of a large number of these securities, it sends shock waves across the

entire financial market. On August 6, one of the largest independent US loan providers, American Home Mortgage, filed for bankruptcy court protection.

In Germany, a government-owned group had to come to the rescue of IKB Deutsche Industriebank with a \$4.8 billion bailout. A co-president of Bear Stearns had been forced to resign when it became clear that the two Bear Stearns hedge funds that had invested heavily in securities backed by sub-prime mortgages were worth virtually nothing.

These are only a few examples. According to some experts, the worst is yet to come. What has been discovered may only be the tip of the iceberg. Many fear that there are hidden losses of many billions of dollars in these CDOs.

Stock markets around the globe have reacted negatively to this mortgage market crisis. House prices are falling and activity in the construction industry (for housing) is slowing down. With the tightening of the credit market, several important leveraged buyout (LBO) deals

have been put on hold.

On August 6, the United States dollar fell to a record low against the euro because of fears that these sub-prime mortgage losses would slow the US economy and force the Federal Reserve to cut interest rates. But the question is: Will such an action alone be able to fix the mortgage mess?

True, the Fed has the capacity to repair the banking system, as it did in the 90s, by lowering interest rates. But since the risks have been spread well beyond the banks and into other parts of the financial market, some experts feel that specific regulatory measures will be required to fix the mortgage mess.

Chaklader Mahboob-ul Alam is a columnist for the Daily Star.