

Watching the world go by

SHAHER ZAIDI

SOMETIME in November 2006: an alternate parallel universe. An East Asian city hosting a mega event for "Young Asian Leaders." Artists, businesspeople, activists, and politicians. All within a vaguely defined category of "young" Asians (an infinitely elastic category!).

The larger purpose was to rebrand the organisers as part of the "Asian century." Everyone wants to get in on the next big thing. And right now, Asia is smoking hot.

As a symbolic exercise, everyone represented perceptions and realities about their countries. Indians are getting asked about technology. Koreans about chaebols. Singaporeans about civil society. Japanese about harajuku style. Afghans about women's rights.

I was there to talk about a business opportunity. But being Bangladeshi, I was inevitably asked about politics. On internet screens, there was fratricide on Dhaka streets. Bloggers seemed shocked by the carnage: the logi-boitha, the dhawa-palta dhawa, the riot police, the rioters, the rent-a-mob. The sticks, the stones, breaking someone's bones. I kept remembering the last line from Bridge on the River Kwai: "Madness, it's madness."

So, tell us about the "situation in your country." I dutifully recited

generic analysis and prediction, and then hastily added: "But I'm not a journalist." I was being polite -- I was flat bored with talking about the same thing, year after year. Hartal, hartal, hartal. How much longer?

Taking a break from being interrogated about incomprehensible political chaos, I was in the toilet when I overheard this conversation at the washroom sink:

"So you're from the Philippines?"

"Yes, representing a telecom company."

"Oh, are you anywhere else in Asia?"

"Yes, we're beginning expansion. You're from Singapore, yes? We're going there."

"Which sectors would you recommend investing in? I represent a fund that is looking for Asian economies on the cusp."

"Oh, I can sit down and give you a grid. There are several industries on the upswing."

"Well, let's talk more in the evening, do you have a business card?"

"Yes, of course, just hold on while I dry my hands!"

It's a tortured and flimsy analogue, but I found in this moment a snapshot for our national position: seeking refuge in the toilet, while two young men smoothly moved into deal-making stage in five minutes at the bathroom sink.

Fifteen years ago, after the fall of the Ershad regime, there was

ubbling excitement about Bangladesh in the world. Newly democratic Asian nation, etc, etc ("populous Muslim democracy" had not yet entered the media vernacular). The then finance minister was invited to speak at Asia Society's swanky investment "breakfast." A room full of fund analysts, and a lonely Bangal in the cheap seat (someone from the society had invited me as a "representative Bangladeshi").

After the standard presentation, a Connecticut fund manager raised his hand. "Tell me, sir, what will you do to reassure investors about these hartals?" A moment of puzzled silence in the room. It was only the first month of post-Ershad hartals under democracy, and many analysts did not (yet) know about this creature. The minister smoothly responded: "Oh, that is nothing. A small disturbance, they will soon stop. No relevance to the investment scenario."

And they were small. And they did soon stop. And yes, they had absolutely no impact on investment into Bangladesh.

When the giant H&M superstores first opened in America, there was a pseudo nightclub feel as hordes of fashionistas lined up for cheap designer knockoffs. I went on a different mission -- I had heard that Bangladesh was a major supplier. Sure enough -- as hordes of Manhattan's stylish lot ran amok grabbing the shiny shirts, pencil

skirts and strappy dresses, I smiled as I turned over labels and spotted, eight out of ten times: "Made In Bangladesh."

Five years ago, things started changing. Suddenly there were labels from Estonia and Sri Lanka. The Bangladesh share kept shrinking, until I could only find that golden label on the cheapest, generic T-shirts. I read Thomas Friedman's op-ed about Victoria's Secret factories in Sri Lanka and worried. How was war-torn Lanka getting this business, and not us? I'm sure some economist will show statistics that garments exports grew in that period. But I kept walking into H&M, seeing new countries on the rack, and feeling a gnawing unease. Is everyone speeding up, catching up and overtaking, while we stand still?

Columbia University Professor Sree Srinivasan recently compiled 80 major US magazine covers that featured South Asia. These are the big majors, and there are many omissions. But even accounting for gaps, Bangladesh shows up four times -- all for 1971. Pakistan shows up for wars with India. Tibet shows up for the Dalai Lama. Afghanistan shows up for the Taliban. India used to show up for Amritsar, Indira's death, riots, and License Raj. But ten years ago, it all changed dramatically. Tiger Burning Bright, India Inc., Will India Fly, The New Consumers, India Heats Up, Bollywood Rising, Pepsi

chairman, McKinsey guru, software whiz kids, Hollywood wunderkind, silly supermodels, the list was endless. Yes, yes, US media is biased, and India has a heavy PR machine. But what's stopping us from doing the same? I look at India Rising, and it just reminds me of how far behind WE are.

Yes, the dark side of "Shining" India is abject poverty and farmer suicides. Yes, capitalism creates incredible chasms between rich and poor. Yes, in developing nations, it often creates a looter class. Yes, a "free" market that shreds safety nets, lays off workers, and privatises essential resources is a scary specter. But there must be, there has to be, another model. The only way to find our way to a path that brings equitable, just and sustainable development is to participate in the global system. On our terms, and with precautions and protection, but we must participate.

Amazingly, in spite of everything, there are signs of progress. Intel's CEO is visiting Bangladesh the next month -- the same Intel whose modest venture into Vietnam in 1997 has grown to a \$1 billion investment and transformed the "sleeping dragon." I hope the latest violence won't make him cancel his trip (please let's not miss this chance as well, as we did with the submarine cable).

Goldman Sachs' 2006 report



Singapore

named Bangladesh as one of the N-11 ("next 11") -- countries likely to be as significant as the BRICs (Brazil, India, China -- estimated to have higher GDP than G6 by 2046). On that list was also Egypt, Indonesia, Iran, Korea, Mexico, Nigeria, Pakistan, Philippines, Turkey, and Vietnam. But that report reminds us of wasted poten-

tial. In the 1960s, Korean delegations used to visit Adamjee Jute Mill to see "modern industrial setup." Jessore Airport was supposedly built even before Singapore's main commercial strip. What exactly went wrong?

Bengalis are proud people, it's one of our assets. But the dark side of pride is the hubristic notion that we can stumble on for decades in this manner, and then when we

finally get our house in order, the world will rush in to do business with us. No, the world won't actually wait. Too many countries already have a head-start, and it will take superhuman, collective effort for us to get a place at the table. To get a share, any share, of global trade, business and investment.

Time to wake up, start running, and catch up.

Across the Myanmar border

LARRY JAGAN writes from Rangoon

SMALL public protests have broken out right across Burma's main commercial city, Rangoon, in the wake of last week's sudden increase in fuel prices. There have been regular, sporadic protests marches every day since Sunday, when the former student leaders, known as the 888 Generation -- as they led the pro-democracy demonstrations in the streets nearly twenty years go -- initiated the first protest rally against the petrol price increases.

These protests are very rare in Burma as the military regime keeps tight control. But the numbers joining these marches has grown since more than a hundred people joined the first demonstration demanding that the government immediately lower fuel and food prices.

"The government has raised fuel prices without giving any prior notice, and due to this hike, all the people are suffering. Therefore, we, the 88 generation students, NLD members, university students, high school students and civilians are protesting and demanding an immediate roll back in the prices of fuel," said one of the protestors at Sunday's march.

More than three hundred protested on Wednesday, in a guerrilla action in several parts of the city, according to eye-witnesses. "We are marching to highlight the economic hardship that Myanmar people are facing now, which has been exacerbated by the fuel price hike," one of the protesters told local journalists covering the march. Later there were clashes with pro-government vigilantes; some were beaten and several whisked away in cars.

"More than 3,000 people have been on the streets in the last few days protesting against the government's economic policy," one of the protest organisers, Htay Kywe told this correspondent shortly before

he was arrested by the authorities.

The police have arrested more than a dozen key 888 generation student leaders and, including the internationally renowned activist and poet, Min Ko Naing and the charismatic Ko Ko Gyi, and organisers of the demonstrations from the recently formed Myanmar Development Committee. They were detained for "undermining stability and the security of the nation," according to the state-run media.

Several university students who took part in one of the protests have also been detained. The authorities have been using thugs armed with sticks, from the pro-government community organization -- the Union, Solidarity and Development Association -- to stop and disperse the demonstrations.

"The junta is not scared of public statements or press releases by opposition groups, but they really do not want the public to come out to the streets, for this type of movement can get out of hand," the student leader, Ko Ko Gyi told this correspondent recently, before his arrest.

The arrests have only further fuelled public anger at the price increases. "More demonstrations are likely to follow, as Rangoon's residents are already fuming at the increase in fuel prices," according to western diplomat based in the country's capital.

At midnight last Tuesday, Burma's ruling military junta unexpectedly raised the price of rationed fuel by as much as 500 per cent. Compressed natural gas, which the government has been promoting especially for commercial vehicles, was increased five fold, while diesel and petrol prices were more than doubled.

Transport costs have already more than doubled throughout the country and the prices of essential goods are beginning to skyrocket.

"The poor people have been hit hardest," a European diplomat told

this correspondent. "They were already finding it hard to survive, and the increase in fuel charges and the knock-on affect on food prices will make it even harder," he said. "It can only fuel further social unrest," he added.

Bus fares and taxi charges doubled immediately in Rangoon, Mandalay and Moulmein. Already there is a substantially reduced service in many parts of Rangoon. Traffic generally in the city is substantially reduced as a result of the astronomical rise in the cost of black market petrol, which many Rangoon residents depend to fuel their cars.

The increase in bus fares will severely affect the poor, said a financial analyst in Rangoon, who did not want to be identified. Manual workers and day-labourers in the country's main cities, who earn less than 2,000 kyat (\$ 2) a day, will now have to pay more than half their wage in travel costs, he said. In some cases it may even be as much as three-quarters of their daily income.

"The increase in fuel costs will mean a rise in transport charges generally, which will then cause food prices to rise," said Win Min, an independent Burmese analyst based at Chiang Mai University. "Inflation is already running at more than 40% a year and this could now more than double," he added.

"There will be an increase in layoffs as businesses are forced to close and we are likely to see a significant rise in the prices of food, clothing and basic commodities," he said.

Already in Rangoon food prices have risen steeply. Rice has risen by nearly 10 percent, edible oils by 20 percent, meat (pork and mutton) by around 15 percent, garlic and eggs both by 50 percent, according to aid workers in Rangoon who monitor the local market. A plate of Burmese noodles has tripled in the last week, an aid worker said.

"These price rises are crippling for most residents in Rangoon," a Burmese economist told this correspondent. "They could hardly afford food before, now their weekly budget for essential foodstuffs is going to buy even less -- their purchasing power has been reduced by more than 25 percent virtually overnight."

The people worse hit though are the retired government employees whose meagre pensions will now be almost worthless. One very elderly retired office worker complained to this correspondent that her pension now barely covered the taxi fare needed to go and pick it up.

These price rises are bound to lead to increased demands for salary and wage increases to meet the inflationary impact on workers' incomes. It is highly unlikely that the government will increase these in the near future, having only recently granted government employees a major salary increase. The private sector is also going to find it hard to meet employees' demands to increase the wages bill.

Businessmen are already complaining bitterly and some have even had to close their businesses -- at least temporarily. Besides running motor vehicles, diesel is also used by many families and shopkeepers to run small power generators which they use to combat the power blackouts that frequently hit Rangoon.

An owner of a small printing works in Rangoon, who wanted to remain anonymous for fear of government reprisals, said the increase in diesel costs now made his business unprofitable. "In the coming weeks more and more businesses, which use natural gas and diesel, are likely to be forced to close," a Burmese economist in Rangoon told this correspondent on condition of anonymity.

Already restaurants and cafes

are feeling the pinch. There is far fewer customers now than a week ago. The more up-market places have not been affected as badly as the lower priced establishments, according to a foreigner working in Rangoon, who wanted to remain anonymous.

The main market in down town Rangoon, Scot market is comparatively empty -- though not yet deserted -- an eye witness told this correspondent.

"It is difficult to fathom why the government has increased fuel prices, and why they have done it at this time," according to a western diplomat based in Rangoon. "It can only mean the government is strapped for cash."

The Burmese government is reportedly finding it difficult to find the funds to finance the massive expenditure on the new capital Napyidaw -- some four hundred kilometres north of Rangoon. Now they are heavily committed to the construction of a new Internet and Communications Technology centre -- along the lines of the US's Silicon Valley -- known as Yadanapon Cyber city near the new capital.

"I have long suspected that the cost of building Napyidaw was bleeding the government's coffers dry," a specialist on the Burma economy, Sean Turnell at the University of Macquarie told this correspondent.

"The government is acutely short of revenue Napyidaw is itself absorbing more than the increase in income from gas revenues. On top of that there is the dramatic pay rises in government salaries of last year, as well as now the potentially large expenditure needed for the planned nuclear reactor," he said.

Over the past year the government has been trying to introduce a measure of financial regularity into government economic policy. The main aim has been to reduce government expenditure and



Protest in Rangoon.

increase government revenue.

"In the past the Burmese government regularly just printed money when funds were needed, but over the last year or so there has been a greater effort to introduce fiscal responsibility into government economic policy," Sean Turnell told the Daily Star. "Instead of simply printing money they have also tried to reduce expenditure on subsidies (on goods and fuel) and improve revenue collection."

This rise in fuel charges will only increase the level of poverty in Burma. "More than ninety percent of the country's population already lives in dire poverty," according to a Burmese economist. "It is not so much a case of food shortages as families' incomes being insufficient to purchase their daily needs," he added.

UN country-wide surveys in last few years have revealed this trend of increased poverty in Burma and

the growing income gap. "More than ninety percent of the population live on less than 300, 000 kyat (around \$300) a year," a senior UN official told the Daily Star, but declined to be named.

"Food security has become a significant issue in many parts of the country, especially in the remote and border areas," he said. The worst areas are in Chin, Kachin, Rakhine and Shan states, according to a recent UN report seen by the Daily Star.

By far the worst area is Chin state, according to the UN surveys, where 40 percent of the population just do not get enough food to live on. In Chin state nearly three out of four people live below the poverty line, according to the UN's resident humanitarian co-ordinator in Burma, Charles Petrie.

In eastern and northern Shan state more than half the population live under the poverty line. "They

just do not have sufficient income to ensure food security, let alone provide a balanced or varied diet," according to one of the UN researchers.

In the meantime the protests in the streets of Rangoon are likely to increase. Some Rangoon-based analysts are drawing parallels with the period prior to 1988, when the demonetisation with sparked mass protests for democracy and brought the country to a standstill until the army brutally crushed the movement and seized power.

"There is little likelihood of a new people's power movement emerging," said a senior Burmese analyst, "as the military learned their lesson last time and will try to nip it in the bud this time before it gets out of hand." What is certain is that there will be an dramatic increase in repression.

Larry Jagan is a former Current Affairs Editor, Asia, BBC World Service.

On the cusp

SUMIT GANGULY

TWO years of careful and protracted negotiations between India and the United States have finally culminated in an agreement on a unique civilian nuclear deal. The significance of this agreement cannot be overstated.

With tenacity and dexterity, the Bush administration has dramatically ended 30 years of a failed non-proliferation policy toward India. The policy had sought to punish and quarantine India for its pursuit of nuclear weapons without any regard for its legitimate security concerns. The results were nothing short of perverse: India continued with its clandestine nuclear-weapons program, acquired and tested nuclear weapons and India-US relations suffered.

The two sides could still find themselves at odds unless some key foreign-policy players

in the US Congress display greater sensitivity toward India's acute concern about maintaining its autonomy in making critical foreign-policy choices.

Several congressmen, both for reasons of personal convictions and constituency pressures, have chosen to publicly pillory and hector India about its ongoing ties to the Ahmadinejad regime in Iran. Worse still, they have even sent a collective letter to the prime minister of India, exhorting him to disperse with these links.

Few individuals in India's foreign- and security-policy establishments hold a candle for the understandably deplorable regime in Teheran. Yet they can ill-afford to dismantle India's connections with Iran for a number of compelling reasons. India, though few Americans are aware, has a substantial Shia population -- and thereby cannot easily ignore their sentiments.

More importantly, the particular features of the present Iranian regime aside, India needs to court Iran to counter the Pakistani-Saudi strategic nexus and their mutual coziness with Wahhabi Islamic zealots. Their closeness to the Wahhabi cult causes acute concern in New Delhi because India is also home to the second-largest Sunni population in the world, the vast majority of whom have not evinced any interest in the siren call of radical Islam.

These strategic concerns alone make it imperative for India not to alienate any regime in Iran, however unpalatable its pronouncements on a variety of international issues. India is hardly alone in pursuing a policy of such ruthless pragmatism. The United States, we should remember, chose to court the reprehensible (and murderous) regime of Chairman Mao in its attempt to contain and hobble

the menace of Soviet power.

More recently, it has had few, if any qualms of pursuing a robust commercial and military relationship with Saudi Arabia, a regime whose domestic arrangements can hardly be viewed as conforming with cherished American values. Nor has Saudi Arabia's mostly intransigent attitude toward Israel, a key American ally, significantly inhibited the US-Saudi nexus.

Since the end of the cold war, Indian politicians, in their attempts to forge a new relationship with the United States, have overcome their long-standing propensity to moralize and preach; for the most part they've chosen to maintain a studious public silence on a number of issues of American foreign policy.

Will the United States now display similar pragmatism and show some sensitivity to India's concerns? The nuclear agree-

ment is worth saving. Once ratified, it would allow India to maintain its nuclear-weapons program, purchase nuclear reactors and technology from the United States and other suppliers, and place 14 of India's 22 nuclear reactors under full-scope International Atomic Energy Agency (IAEA) safeguards.

Thanks to this historic deal, Indo-US relations are at cusp of revolutionary change. It would be tragic if insensitive public grandstanding in Congress, without an awareness of the potential costs, were to undermine that moment of transformation.

Sumit Ganguly is a professor of political science and the director of research of the Center on American and Global Security at Indiana University in Bloomington.

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Lollywood blockbuster

FASIH AHMED

FATWAS and Islamist fury have not deterred Pakistani audiences from queuing up in record numbers for "Khuda Kay Liye" ("In the Name of God"), a slickly packaged three-hour-long polemic that is riling the mullahs and has become the Pakistani film industry's biggest blockbuster, counting even Pakistan's president, Gen. Pervez Musharraf, among its fans.

A musical, "In the Name of God" opened in Karachi and Lahore on July 20, amid tight security. Weeks earlier, the radical cleric and Red Mosque leader Abdul Rashid Ghazi had issued a fatwa against the film and its makers. And though Ghazi was one of more than 50 killed in the mosque assault in early July, copycat clerics continue to make the filmmakers and cinema-

owners nervous. Fearing the worst, the film's writer and director, Shoaib Mansoor, has taken an

extended vacation with his family outside Pakistan. And cinemas like Lahore's DHA -- located in a toney military-run neighbourhood -- are secured by armed sentinels, with ticketholders having to pass through metal detectors.

The film itself is heavy on message and touches on a number of taboo topics: marital rape, forced marriage and jihad, tapping into Pakistan's anti-mullah mood as well as the customary popular disenchantment with the United States. Its plot centers on two brothers, one who goes from jeans-wearing musician to jihad-fighting fanatic; the other, arrested in Chicago after 9/11, is tortured into paralysis by US interrogators.

Despite the controversy, "In the Name of God" has created such a buzz that the injunctions against it are largely being ignored; it's selling out movie houses across the country, and it's being credited with the revival of Lollywood, as Pakistan's film industry is called.

Playing on 11 screens in 10

cities (including cinemas either run by the military or situated in Army cantonments), it has prompted debate on Islam on talk shows and op-ed pages and is breaking box-office records: it took in \$180,000 in its opening weekend and grossed \$500,000 in its first three weeks -- good cues, considering the film was Lollywood's most expensive production ever, at \$3.5 million. It's slated for release in the United States, Britain and India in the coming months.

"It's heroic for the population to want to see this film," says Mir Ibrahim Rehman, who heads the GEO TV network, the Pakistani media conglomerate that produced the film. "We didn't want to make a popcorn film. We wanted this film to prompt a dialogue and discussion." If its popularity is any indication, they've got an impressive start.

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