

Poverty reduction figures

We need to reduce inequality too

A World Bank (WB) report prepared on the basis household income and expenditure survey of the period between 2000 and 2005, conducted by the Bangladesh Bureau of Statistics, depicts a positive picture of our poverty reduction endeavours; our rate of poverty reduction is only second to India's in South Asia. We must take heart in the findings since poverty remains the gravest of our problems, and to bring the country completely out of it occupies the greater part of the government's efforts.

However, notwithstanding the reduction related statistics, the fact is that with a constant increase in our population the absolute number of indigent in Bangladesh still remains staggering.

There is yet another aspect of this issue, which has to do with the rich-poor gap. Although the percentage of hardcore poor has decreased our economic growth has not led to equal distribution of wealth thereby escalating the iniquitous social configuration. The WB report suggests that rural inequality increased slightly while it remained stable in the urban areas which is to say that the figures are not indicative of decrease in the inequality. It has actually increased where it matters most viz. the rural areas.

Another factor that we should do well to keep in mind is the increase of regional disparity within Bangladesh, wherein the incidence of poverty is more severe and endemic in the northern districts in places like Lalmonirhat and Rajshahi than in other areas of the country. We should also keep in our reckoning the small pockets of severe poverty all too often overlooked, for example the 'monga' prone areas. The disconcerting aspect of this phenomenon is that poverty in such areas is attended by highly enhanced maternal and child mortality rates, almost five times that of other areas of the country.

We must not feel complacent about the findings of the study since the random sampling in the case of Bangladesh has taken only 10,000 cases into consideration while in countries like Sri Lanka and Pakistan almost double or seven times that number have been studied.

While we exult at having one of the fastest rates of poverty reduction in South Asia our task will be completed only when we bring every single person out of the cycle of abject poverty.

Post-flood agriculture rehabilitation

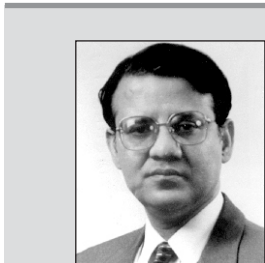
Sense of immediacy and realism is called for

THE news relating to post-flood rehabilitation that we have from ten northern districts of the country does not seem promising. That is because of the meagre allocation that has been made for compensatory agricultural recovery in these districts. An unbelievably low figure of Tk. 672 per hectare has reportedly been earmarked as the cost toward a cultivation of Aman crops.

In very real terms, the costs involved per hectare amount to no less than Tk. 5,600 on average. Even that figure is disputed by farmers (and they should know, intricately involved with agriculture as they are), who believe that because of rising costs of agricultural inputs post-flood rehabilitation measures on a hectare of Aman crops will be anywhere between Tk.13,000 and Tk.15,000. In the circumstances, the authorities should be reconsidering the overall policy of allocation for post-flood rehabilitation throughout the country. As we note, the floods have not yet gone away and indeed there are signs of their returning in certain areas. Chandpur and Nilphamari are in the grip of fresh new floods. In the ten northern districts we speak of, no fewer than 300,000 farmers have been left fully impoverished by the waters. That figure rises when one brings into the calculation the number of those affected elsewhere.

A sense of immediacy as well as realism must come into this entire issue of post-flood rehabilitation. One must remember that in large areas of Bangladesh, the floods have left much of the seedbed ruined. In such a condition, the matter of an availability of seeds, seedlings and fertilisers for farmers has become an imperative. The good news is that a number of public sector banks have spoken of the plans they have on the anvil regarding a provision of loans to affected farmers in order to enable them to begin afresh. Such agricultural loans on soft terms need to be ensured at the earliest. Additionally, a well-ordered distribution of seeds, seedlings, fertilisers and all other inputs necessary to enable farmers to recoup their losses is essential. In this connection, coordination among the ministries of agriculture, finance and disaster management is of the essence.

Avoiding the path to chaos



KAZI ANWARUL MASUD

IF Walzerian concept of war between nations (Michael Walzer -- *Just and Unjust War*) is modeled on conflict between section of the people and the government in power at any given time one would expect that the coercive powers that only a government can legitimately possess would be used according to the principles of proportionality and reciprocity keeping in mind that we no longer live in a Hobbesian world which is "short, nasty and brutish" but in a world of regulated sovereignty where the sovereign (the government) is accountable for its actions to the entire populace and the international community.

GOING DEEPER

What is important is the benefit the country has drawn from its knowledge of the language, both monetarily, in international interaction, and in transforming the country into a knowledge-based society. In our case, consultative process among people, in the words of German philosopher Jurgen Habermas, of "opinion and will formation in which free and equal citizens reach an understanding on which goals and norms lie in equal interest of all" would be a good option.

Admittedly the responsibility to act rationally devolves upon the people as it does on the government. But the German born philosopher Hannah Arendt contrasts power and violence in the following words: "Power and violence are opposites; where one rules absolutely, the other is absent. Violence appears where power is in jeopardy, but left to its own course it ends in power's disappearance." In many Third World countries, however, the governments in power, certainly in the past and even now though in lesser number, tend to use violence as an instrument of power to subordinate popular

expression of resentment against the government to its interpretation of law.

One can trace this authoritarian attitude of the governmental response to popular wish for "social coordination" in the form of gathering popular support and organize itself to exert political influence in the determination of social goods in addition to economic goods that an authoritarian regime can provide its people with ease from the colonial past of the Third World countries.

Many of these governments have also tried to use dependency theory of Latin American economist and former UNCTAD

Chief Raul Prebisch that puts the blame for Third World underdevelopment on exploitation by the center or the colonial powers of the periphery reducing them to the status of "hewers of wood and drawers of water." Francis Fukuyama, (*The end of history and the last man*), however, argues that the late comers to the development process have the advantage of borrowing the technologies of the developed nations that had taken the West centuries to develop. In support of his thesis Fukuyama advances the fast growing economic development of countries like Singapore, Taiwan, South Korea, Thailand

and Malaysia caused by their identification of obstacles put by dependency theory and import substitution and their pursuit of open market economic policies.

But since Fukuyama's theory of liberal politico-economic system as the "end point of mankind's ideological evolution" has become controversial his examples of some command economies as bearing testimony of the victory of capitalism over the now discarded Marxism does not answer the continued ills of the ailing economies of the developing countries, many of whom have now become victims of climate change in addition to unfavourable terms of trade for their goods in the international market almost totally controlled by the developed world.

The world has already crossed over the period of mercantilism as an economic language, notwithstanding its emphasis on full employment, without which an economy could not achieve its full potentials and its advocacy of public works and regional policies to fuel employment, not dissimilar to the later theories promoted by

twentieth century economists and also its emphasis on surplus in balance of payment.

In today's period of globalization, albeit defined by Ziauddin

Sardar as a rubric for "colonialism," where the West has the power to define political and economic terms that the developing world has to accept or be defined out of existence(*Developments and locations of Euro-centrism*), echoed by others as "the rise of supranational global institutions and market oriented global networks (that) has increased the power of core capitals to subjugate the peripheral regions."

The dichotomous contrast between the rich and the poor easily demarcated in terms of regions of the world shall continue to fuel frustration among the have-nots as the transmission of pictures of a prosperous world takes only seconds to be seen by the have-nots.

If the recent riots (when Nicholas Sarkozy was French interior minister) in France and the religious profiling in the West in post-9/11 world are any indica-

tions of a global rich-poor divide then the root of the recent unrest at Dhaka University and elsewhere in Bangladesh should be seen as the result of inequality in the living standards of the middle and lower middle classes (the ultra-poor having already been washed out in the current floods), and the fear of the students of any future for themselves in the years ahead.

The solution lies in price control that would reduce the avarice of a section of business people, increase supply of goods matching their demand at affordable prices through governmental agencies, encourage private sector importers, and increase employment if necessary by following the Keynesian advice of digging holes and filling them up, albeit unproductive work at the first flush but increasing wealth of the people for the time being, and more importantly by increasing the quality of the working force through infusion of technological knowledge with smattering of liberal arts as an icing on education and really learning a foreign language instead of being totally immersed in the mother

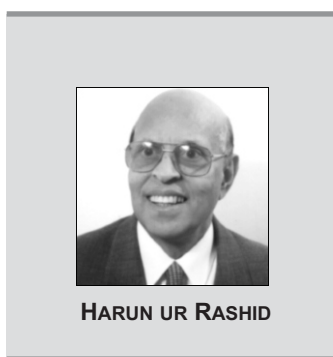
tongue that, in our case, has little monetary value beyond our border.

The newly emerging economies, particularly India, have learnt that politico-economic development is intractably connected with learning a foreign language, in particular, the English language. That a multi-linguistic, multi-racial, multi-religious, and multi-cultural entity like India has to depend on English for social cohesion and unity of the country is not a negative argument against the English language.

What is important is the benefit the country has drawn from its knowledge of the language, both monetarily, in international interaction, and in transforming the country into a knowledge-based society. In our case, consultative process among people, in the words of German philosopher Jurgen Habermas, of "opinion and will formation in which free and equal citizens reach an understanding on which goals and norms lie in equal interest of all" would be a good option.

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Why did a small incident turn into large-scale violence?



HARUN UR RASHID

THE recent incident of large-scale violence in the country was a bolt from the blue, which no one could possibly predict, although some commentators detected some simmering discontent among some sections of the people. Mob violence is like a bush fire -- it is easily started, spreads rapidly, and is somewhat indiscriminate about who or what it damages.

On August 22, the chief adviser, in an address to the nation, indicated how "a few evil forces and opportunity-seeking rowdy elements" took advantage of a trifling incident at Dhaka University, and resorted to vandalism and chaos in different places in the country.

He further said that even after the government's expression of deep regret, withdrawal of the army camp from Dhaka University campus, formation of a probe body, and commencement of a judicial inquiry, untoward incidents and vandalism continued.

Regrettably, violence on the streets has been the form of protests in the country for some years. Politicians in the opposition, instead of debating the issues in the parliament, brought them out on the streets and, thus, a culture of violence was introduced as a

method of protest.

Indiscriminate attacks on vehicles and passengers, destruction of public and private property, and disturbing of public life have become routine during protests. What is not understood is that there are other ways of ventilating the grievances. It comes down to, sadly, one conclusion -- "lack of tolerance and mutual respect" for others. Violence begets violence.

There is an overwhelming view among the silent majority that the government's reaction had been commendable, including the reported meeting between teachers and representatives of army.

Let us wait for the reports of the probe body and judicial inquiry to find out what actually occurred and who the culprits were.

Today's students are the future administrators, social and business entrepreneurs, academics, and leaders in art and culture. What students now view through their prism is likely to change when they themselves become part of governance. In real life, left-wing students have become capitalists, abandoning their earlier ideology. This is quite natural. Values and ideology change, and are not stagnant.

BOTTOM LINE

The government must now tread carefully and consider which steps they had taken had unintended consequences and need to be revised, so that a sense of "feel-good" is perceived by people. Abraham Lincoln once said : "With public sentiment, nothing can fail; without it, nothing can succeed." Many suggest that the government may consider holding a series of meetings with stakeholders for adopting strategies that are appropriate and sensible.

They march with the times

It is noted that there is an implicit social contract between the generation of today and that of tomorrow. In laymen's terms, this means that the people give up some rights to a government in order to receive social order. Social contract theory provides the rationale behind the historically important notion that legitimate state authority must be derived from the consent of the governed.

There are rights and obligations on both sides. Rights without obligations descend into license. Future leaders must appreciate and understand the underpinnings of a social contract of governance under democracy.

Possible causes

Why did the minor incident at a sports ground suddenly turn into large-scale violence? Political observers believe there are many reasons, and some of them deserve mention:

First, a section of influential people, who never complied with rule of law, would never like to be subject to an environment characterised by rule of law. They have been used to the kind of life, which disregards rule of law for many years, and it has become a

norm for them.

The moral crusade against suspected corrupt people by the caretaker government has alienated many influential people, and their relations and friends. They are unhappy with the new regime that insists on compliance with rule of law. Some of them thought that the arms of the law would never touch them.

Second, many eminent political leaders have lost their face before the people. People were surprised by the allegations that some of the national leaders did not pay taxes, raised money through extortion, and used muscle power. Some of them were convicted, and sentenced to long-term imprisonment. They have a sizeable following because of past patronage, and their followers are displeased with the actions of the interim government.

Third, musclemen thrived under political patronage. They cannot survive now because the patronage is gone. These musclemen cannot enjoy wielding power against ordinary people anymore. They are now lying low, and looking for any opportunity to get their roles back.

Fourth, the demolition of slums, although seen as an action against poor people, led to crime-free zones within the community

because criminal gangs controlled the slums. The poor slum dwellers were helpless, and could not say anything against them.

According to a World Bank report recently released, the vast majority of slum dwellers, some 93 percent, reportedly said that they had been afflicted with the vice of crime and violence. A total of 33 different types of crime have been identified.

Among the most commonly reported crimes are toll collection, musclemen-induced violence, drug and alcohol trade, land grabbing, gambling, violence against women and children, illegal arms business, arson, murder and kidnapping, sexual, physical, and psychological torture, and wife bashing. These criminal gangs have lost their influence on slum dwellers and are idle.

Fifth, the checking of rickshaw licenses in the city has annoyed many unlicensed or fake-licensed rickshaw pullers and owners. So there is resentment against the authority among them.

Sixth, the clearance of hawkers from pavements has angered them as they cannot do business as usual. The pedestrians should have been happy with the free pavements to walk on, but they also do not appear to sympathise with the government's action, rather they empathise with the hawkers. This disgruntled section also looks for an opportunity to vent its anger.

All these above factors have been compounded by the high rise of the prices of essential commodities.

Observers argue that there should have been a series of advertisement in the media, or posters in key places all over the country, in which the government could clearly explain why the price rise has been

occurring and what actions the government is taking to meet the challenge.

Over and above, floods have devastated infrastructure, and destroyed people's houses, cattle, and crops. It has been a daunting task for the government to address all these issues in a short period of time with limited resources. Therefore, there is a perception in some quarters that the government is failing the people.

Against this background, sociologists believe that the trifling incident became the spark of a wider conflagration because these dissatisfied elements joined the students.

As is the case with most human endeavours, they do not conform to the neatness of mathematics. Human reactions often do not tend to follow a rational guideline because human beings are "rational animals." The trait of animality often gets priority over that of rationality.

The government must now tread carefully and consider which steps they had taken had unintended consequences and need to be revised, so that a sense of "feel-good" is perceived by people. Abraham Lincoln once said : "With public sentiment, nothing can fail; without it, nothing can succeed."

Many suggest that the government may consider holding a series of meetings with stakeholders for adopting strategies that are appropriate and sensible.

Many observers believe that the government must get on with the job to which they are committed, i.e. holding a free, fair, and credible election by the end of 2008, on a level-playing field and without the influence of black-money, musclemen and weapons.

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The moneylender twins



ANM NURUL HAQUE

TWELVE top business bodies of Bangladesh resented the interference of international lending agencies, especially the IMF, in the economic management of the country. The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and eleven other business bodies, in a joint statement on August 1, urged the government to reject the IMF prescriptions.

According to business leaders, IMF is trying to impose conditions and dictate terms in every trifle detail of the economic management of a sovereign country. The recent IMF instruction for further trade liberalisation will be a suicidal decision for the economy if it is implemented. They have also cited as examples, Malaysia, Thailand, Singapore, Philippines and South Korea, which have ignored the IMF's and WB's prescriptions and achieved remarkable progress.

The speakers at a roundtable titled "World Bank and IMF in Bangladesh," held on August 22 in

the city, severely criticized the interference of WB and IMF in the economic management of the country. They castigated the IMF for prescribing contractionary monetary policy, when the country's economy was expanding. The speakers also called for forging a citizens' alliance to stop WB and IMF dictating economic policy as they reckon that Bangladesh's economy has matured enough to grow without foreign aid.

Ignoring all these criticism the caretaker government is going to enter into a new deal with the IMF under which Bangladesh will get its economy reviewed by the IMF for attracting foreign aid. The new agreement called Policy Support Investment (PSI) will be signed soon as another such agreement, Poverty Reduction Growth Facility (PRGF), expires. Only four African countries, Nigeria, Uganda, Cape Verde and Tanzania have so far adopted PSI.

Bangladesh is the only Asian country which is going to adopt the

PSI. Our caretaker government should be more cautious while dealing with the WB and the IMF as they had obliged the successive governments to carry out a series of anti-poor reforms.

IMF advised the government to increase the rate of interest to curb inflation and credit growth. Leading trade bodies of the country, including FBCCI, expressed deep concern over the IMF prescription to adopt a contractionary monetary policy by increasing the lending rates to check inflation. By following the meticulous IMF prescription the country's economy had to endure a double-digit inflation.

A recent newspaper report said that the government was under heavy pressure from the IMF and the WB for another increase of energy prices. The raising of power, oil and gas prices is seriously inflationary, as transportation and power generation are essential for production and distribution of goods, and will add fuel to our volatile price

situation.

Former finance minister M Saifur Rahman strongly criticized the WB and IMF, saying that the two donors treat the finance minister as a clerk for adopting policy, particularly of raising the fuel prices. He also blasted the donors for their meddling in the domestic affairs of the country and said: "Donors must understand that the development programmes of our country are owned by us, not by them, and we will decide how we will implement them."

There was a time when it seemed as if the whole economic affair of Bangladesh was run by the WB and the IMF. The government was then compelled to go for many reforms that did not suit the needs of the country under the pressure from the WB and IMF. The donors' dictation in policy formulation increased significantly during the regime of the BNP-led alliance government compared to any previous regime since independence.

The economists claim that Bangladesh has now almost

achieved the ability to implement its development programmes without lending from the WB and IMF. If it is a fact, then the government must not capitulate to any pressure from the moneylender twins, rather it should administer a befitting reply.

Though the pressure and prescriptions from the WB and IMF were not a new phenomenon for a country like Bangladesh, their dictation and direct involvement in the government's policy formulation added a new dimension because of the immediate past government's submissive attitude. The government possessed a lesser degree of sovereignty over economic policy making, which is still continuing.

The foreign lenders' direct involvement in the government's policy formulation is indeed a factor that has humiliated the nation. Everyone will agree that no sovereign government should be dictated to by the multilateral lending agencies in formulating its economic policies. The caretaker government must not be subservient to the WB and IMF for a paltry amount of \$ 1 billion, while the expatriate Bangladeshis remit more than \$ 6 billion a year.

It would not be an exaggeration to say that WB and IMF were the cause of many miseries in many developing countries, as the river Hwang Ho was in China. Experiencing this harsh truth, many developing countries are now moving away from the WB and IMF and refusing their services and loans. Argentina, Brazil, Indonesia, Turkey, Thailand

and India, including a good number of Latin American, countries have already announced their intention to part with the moneylender twins. Pakistan is contemplating saying goodbye to WB and IMF.

It was China, India and South Korea that refused to pander to IMF diktats, and have now emerged as economic super-powers, attaining the highest level of growth during the last two decades.

When these two institutions were created at Bretton Woods in 1944, their mandate was to help prevent future conflicts by lending for reconstruction and development, and by smoothing out temporary balance of payments problems. They had no control over an individual government's economic decisions, nor did their mandate include a license to intervene in national policy.

Thanks to the debt crises and the mechanism of conditionality, the Bretton Woods twins have moved from the balance of payment support to being quasi-universal dictators of so-called "sound" economic policies, meaning, of course, neo-liberal ones.

The poorest Third World countries, battered by the structural adjustment programmes, are now demanding abolition of the WB and IMF and establishment of a new International Financial Institute that will operate in a far more democratic and transparent manner than the existing entities.

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