

State of the habitat

Rethinking must go into urban planning

THE observance of World Habitat Day yesterday ought not to be considered a routine affair. There are, as a matter of fact, some rather grave reasons why the issues raised on such an occasion should be addressed in earnest. When it is suggested by no less an individual than the secretary general of the United Nations that cities should be made safer and greener, it becomes critically important for governments, social organisations, the media and others to look afresh at the problems that have lately been piling up where urban life is concerned.

In Bangladesh's context, it has become obvious that a massive influx of people into the cities from rural regions has not only exacerbated issues of accommodation and employment but have, in the face of the squeeze, given rise to such concomitant matters as crime and a slow but sure degradation of the natural environment. If by the year 2030 more than two-thirds of the global population will be inhabiting cities, as has been predicted, one can be certain that a reflection of the problem will be felt in Bangladesh. Indeed, the nature of the problems we are likely to face has become clear already, with residential areas mutating into commercial regions through a growing number of business establishments, hospitals and educational institutions appropriating spots that once were known for their tranquil atmosphere. A related issue in Bangladesh's urban regions has been a disappearance of such nature spots as parks and trees, the latter not only along roadsides but also in traditional homes which have now been replaced by apartment complexes. Skyscrapers have now created a situation where even the skies have receded from view. Add to all these the difficulties created by a growth of slums, receding utilities and lack of sanitation. Obviously, such issues call for carefully thought-out plans of urbanisation with long-range perspectives.

A major problem in Bangladesh is the unplanned and therefore unstructured manner in which towns and cities have come up. A sign of this is the increasing road traffic and construction of homes and offices without adequate parking lots or any thought to a scientific expansion of cities. Building flyovers will surely be a solution but for such schemes long-term and purposeful planning is called for. In other words, for our towns and cities to be transformed into properly modern areas, serious rethinking must come into security and environment issues. And let us not forget either that a modernisation of cities will necessarily call for an aesthetic as well as a utilitarian approach to be brought into the job.

Splitting Iraq up in three?

Not an option at all

IT is not difficult to make out the level of US despondency with the current situation in Iraq. That is demonstrated in the recently passed non-binding Senate resolution calling for Iraq to be divided into three semi-autonomous regions along sectarian and ethnic lines.

Continued US presence in Iraq is becoming increasingly unprofitable in terms of the strategic dividends that it was expected to provide the Bush administration with. And there is plainly a divide in the Congress as to the future course of action since the surge in US troops that commenced in Feb 2007 has not provided the results the US planners thought it would.

Division of Iraq is the worst of all the options and certainly cannot be an alternative of either the 'cut or run' or 'stay the course' alternative as enunciated in the Baker-Hamilton Report. No wonder that the Shias and the Sunnis have reacted adversely to such a proposal. We feel that opting for such a choice reveals what many feel is the underlying motive behind 'Operation Iraqi Freedom', which is leave Iraq a truncated country with divided resources and dependence on the US.

We feel that such a plan has the seeds of unmitigated bloodshed and perennial conflict within the Iraqi communities. Even for the Kurds, who are the only ethnic group to support a formal division of Iraq, although the division will allow them to retain a large chunk of the oil producing region of the country, a semi-independent Kurd region has wider regional implications that may make its existence uncomfortable.

It is just as well that the Bush administration has distanced itself from the resolution. However, the world waits to see how it will fulfill its goal 'of evolving a united, democratic, federal Iraq that can govern, defend and sustain itself.'

The US ought to keep in mind that it is for the people of Iraq to choose the future of their country, and no right thinking Iraqi even at this time of their painful existence would like to see his or her country split.

Seeking solace in wise words



SHAHNOOR WAHID

LET us have the auspicious beginning with a few time-tested quotations that will appear quite pertinent in the context of what has happened in Bangladesh over the last three decades. The first quotation is from Thomas Jefferson, one of the founding fathers of the United States of America. It goes like this:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain Unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed."

That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such

principles and organising its powers in such form, as to them shall seem most likely to effect their Safety and Happiness. -- (The Declaration of Independence of the United States of America, July 4, 1776).

The history of Bangladesh shows that the people have done this on a number of times when they felt that their 'Life, Liberty, and the pursuit of Happiness' have been threatened by the governments, which had turned oppressive, non-democratic, unilateral and utterly corrupt. People have gotten together and abolished those governments.

This is the lesson of history, but politicians in this country hardly took lessons from it and kept creating the same mess over and over again to perpetuate their immoral hold on the people.

The second one is from Confucius, and reading it one would wonder how could he write about Bangladesh in circa 500

B.C. He wrote:

"In a country well governed, poverty is something to be ashamed of. In a country badly governed, wealth is something to be ashamed of."

If Confucius had the opportunity to visit Bangladesh in recent times and witness a group of people sleeping on mattresses made of currency notes and owning wealth worth millions of dollars within five years, he would have patted his own back for having said those words so long ago.

But what would have shocked him beyond comprehension is finding the same group of people not feeling ashamed at all for amassing that kind of wealth, despite their bad governance of Himalayan proportion.

And the third quotation we offer is from a politician of more recent times. He is the assassinated US president John F. Kennedy. Kennedy is known for

some of his beautiful four-liners. Here is one that will again remind us of the situation at home.

"Our progress as a nation can be no swifter than our progress in education. The human mind is our fundamental resource."

How much have we done to make our education progress to the level that was desired by us when we fought our liberation war? How much have we invested to extract the best of products from the human mind in this country? Albeit, these are questions easier asked than answered.

The above quotations will perhaps make one go back in time and urge one to do some soul-searching. When the people were fighting the Liberation War in 1971, they had entrusted some people with the responsibility of materialising some of their dreams in the independent Bangladesh.

Since poverty was pervasive in the infant country, we did not

dare to dream big, so our dreams were small and poverty-stricken too. We wanted basic education, simple food, basic healthcare and a humble shelter above our head. But, can the majority of the people say that they have these basic amenities of life?

Today, everyone is talking about how most of those politicians we had trusted with our dreams failed to create an environment where rule of law existed to facilitate establishment of a philosophically progressive, scientifically forward looking, intellectually endowed, and economically thriving society. Today we see "in a country badly governed, wealth is something to be ashamed of."

And decades of misrule and bad governance have resulted in total chaos and disorder that is reigning supreme in every nook and corner of our society. When money-minting coaching centres keep multiplying, when shoddy pathological labs operate openly, when used medical supplies are sold in markets, when trashy clinics sprout in every lane and by-lane, when adulteration of food items goes on in full gusto, when contaminated blood is pushed into human bodies in hospitals, can we say we have achieved progress? When peddlers sell drugs in every street corner, when dilapidated buses and trucks are given fitness certificates, when small vehicles are

given route permits to haul humans on highways, when rotten wheat and rice is allowed to be sold in the market, when duty-free garment raw materials are sold openly in shops, when counterfeit currency notes are traded in abundance, can we say we have achieved the ideals of our liberation war?

When some members of law enforcing agencies extract money from both the accused and the victim, when innocent people are picked up, kept in the lock-ups and released after money has been paid, when smugglers, extortionists and murderers are given nomination to contest MP elections, when young girls are coerced into prostitution, can we say that we ever had something remotely resembling good governance?

Those small dreams of ours have not been materialised. Wealth un-accounted for in the hands of a few groups does not mean we have progressed at all. So, we shall dream on to see that each and every citizen of the country eats equally well and enjoys the fundamental rights to health, education and shelter.

Until that is ensured, we shall seek solace in the wise words of the magnificent people who walked on this earth once.

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Parameters of good governance



ABDULLAH A DEWAN

NEVER before in its 36 years has the nation ever faced the prospect of running under good governance. The pandemonium and pre-election bedlam that brought the nation to the brink of a civil war -- averted at the last moment by imposition of the 1/11 state of emergency -- must never creep in again.

However, some of the players of those sordid politics, who nearly emptied the nation's exchequer, and are now seemingly tiptoeing out of the on-going anti-corruption net, are raising a hideous call for a joint movement to free the allegedly corrupt party chiefs who are in detention awaiting trial.

Former chief whip Delwar Hossain, infamously identified with "splitting parliament cafeteria-groceries," is calling for a joint movement with AL to free both former premiers from detention before they're tried by legal processes. The idiocy of such a scheme would only prolong the state of

emergency, to the detriment of party politics and democracy.

Delwar's premise, having Khaleda and Hasina in prison will retard the advancement of democracy and political reforms, is simply preposterous. One wonders how anyone can make a prognosis that democracy will be debased by the absence of those who only gave lip-service to democracy for power and self-aggrandisement.

Although there's no alternative to democracy and elected government, the transition from current governance to the rule by political faces may beget an uneasy optimism amongst the people as the 2008 election approaches nearer and nearer. The nation has to be assured that the next political party or political alliance coming to power will follow all the parameters of good governance instituted by this CTG, and then some.

Last week, on September 23, the Law Adviser Mainul Hossain told reporters that the interim government was working on two ordi-

NO NONSENSE

To achieve good governance, efficient functioning of these four bodies cannot be over-accentuated. However, they must be complemented by four other institutions - two from the public sector, the National Board of Revenue (NBR) and Bangladesh Bank (BB), and two from the private sector, the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI), and the news media. The four constitutional bodies, plus the BB, are currently headed by individuals with unassailable qualities.

nances: introduction of government attorney service to make the separation of the judiciary functional, and formation of the National Constitutional Council (NCC) for appointing qualified individuals to constitutional offices in a "transparent and accountable manner."

This august body, the NCC, will be entrusted to recommend qualified individuals for appointment as justices to the Supreme Court (SC), Election Commission (EC), Public Service Commission (PSC), and Anti-Corruption Commission (ACC) -- a move that, once it becomes a reality, is expected to shield these institutions from mucky politicisation and manipulation by the politicians.

Both ordinances are highly significant on many counts. The existing system appoints attorneys on political considerations, who are usually discharged with the change of the party in power. This system frequently fashions the judiciary into a politicised tool of

the government -- one that has now painstakingly evolved into the much-desired shape of an independent judiciary.

The interim government's move to form the NCC (under the chairmanship of SC chief justice) is a bold and progressive move. A properly functioning NCC will certainly relieve the nation and the future CTG from the sordid controversies over the appointment of individuals to constitutional bodies of the country.

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Sadaat was my year mate at Dhaka University -- a long time friend and an outstanding guy who used to act as if he was the smarter one, although I am the one who studied physics. I have no doubt that he will leave his imprint in the PSC, with reforms which the nation will admire long after his retirement.

I believe the ACC chairman is a rare personality -- one whose penchant for doing "what is right" cannot be surpassed by anyone except by him. The same can easily be labeled about the CEC, NBR chairman, and BB governor.

Freedom of press is the ultimate guarantor of a well functioning democracy reflecting the voices of the people while efficient and honest businesses operations guarantee economic growth and poverty reduction through investment and employment expansion. The FBCCI must, however, strive to disassociate businessmen from mixing business with politics.

One may wonder how we should assess the contributions of the six institutions vis-à-vis good governance. It must be realised that none of the bodies can deliver good governance in isolation -- they must work in unison and accordingly I assigned their importance (total weight is 1.0 or 100%) as follows: Judiciary (30%), EC (20%), ACC (20%), PSC (20%), NBR (5%), BB (5%). The contributions of the

FBCCI and the news media would count only if the six institutions function as expected.

To avoid possible misinterpretation of the percentages in parentheses by any reader I may reiterate that they merely reflect my prior subjective hunch (subject to empirical proof) that if we had achieved good governance, then 30% would be attributable to the operation of an independent judiciary, while EC, ACC, and PSC would account for 20% each and so on. Once again, these "priors" are meaningful only if all these institutions function efficiently as team players.

The subjective priorities will change (called parameter shift), depending on the introduction of new rules or ordinances affecting the modus operandi of these institutions. To a statistician (or an econometrician), the "dependent variable" here is "good governance," and the remaining six institutions are "explanatory variables."

To re-emphasise, the EC with the help of political parties must ensure that truly honest and altruistic people are nominated for parliamentary elections. Otherwise, nothing would matter much. "No man's life, liberty, or property is safe while the legislature is in session," Mark Twain once said in abhorrence of the US Congress.

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Time to clean up financial products

There are a number of possibilities, including improved reporting by hedge funds and other complex financial products, now largely exempt from effective oversight. While securitization does make markets more efficient by spreading risk, there is a need for better information on what's inside the debt packages being sold to investors. The rating agencies could use new rules. Rating agencies participated in the design of complex financial products and rated them. Investors counted on the rating agencies to provide objective assurance, but the agencies depend on the originators of these same financial products.

DAVID CRANE

AMERICANS, quite rightly, are concerned about the safety of products they import from China. This is why they have insisted that the Chinese adopt stronger standards for toys, for example, and even let Americans conduct factory inspections there. Emerging as a new issue is whether similar supervision should be applied to other international transactions in order to ensure the safety of the financial world.

As we see with continuing turmoil in world financial markets, a leading US export -- complex financial products -- has also produced a threat for the world economy. And other nations now demand that the United States adopt improved regulatory oversight for those financial-product exports.

China is already moving to improve regulatory oversight to assure the safety of its exports. Now, the US must take its turn to upgrade quality assurance and transparency of US financial products.

Investors abroad, including pension funds, have lost billions of dollars, a result of a lack of financial oversight in the US. At the same time, foreign central banks have been forced to inject billions of dollars into their banking systems to offset a dangerous credit squeeze and even prevent bank failures.

The US Federal Reserve lowered interest rates in a bid to ease the credit crunch and prevent a recession. Countries around the world have lowered economic-growth prospects. And individual consumers and small businesses face both greater difficulty in obtaining

credit and higher credit costs. Poor countries will also face higher borrowing costs.

The turmoil in financial markets is due in large measure to the hands-off approach of US regulators toward the introduction in recent years of new and increasingly complex financial products that are far from transparent. They also ignored a deterioration in credit standards for too many borrowers.

American mortgage institutions, many of them unlicensed and operating with questionable business practices, arranged mortgages for some 2 million or more families with poor credit histories, enabling them to buy their own homes and enticing them with low "teaser" rates that made credit seem extraordinarily cheap and easily affordable.

These mortgages were then

combined into large packages by banks, in a process known as securitisation, repackaged in a process known as "slice and dice," with some resold several times over, until they ended up in the portfolios of pension funds, insurance companies, and other investors around the world.

Rating agencies provided assurance by giving generally favorable ratings to these investments, but the originators of these financial products were the paymasters of the rating agencies. This meant that those making high-risk loans passed the risk of default on to others, with the "others" often unaware of the risks they had taken on.

A growing number of families that committed to sub-prime mortgages are defaulting as the "teaser" rates expire, replaced by much higher interest rates. Investors in the securitised packages of sub-prime mortgages have no idea of what they're actually worth.

Fears over these securities have fueled a contagion effect, with investors now shy of a wide range of securitised products. The effect has been to freeze the market for many of these products, and so as they come up for renewal, there are no purchasers. To protect themselves, banks have been hoarding cash.

The end result is a liquidity squeeze and a credit crunch for normal borrowers. Europe has been especially hard hit.

Britain has also taken up promoting many of these same financial products, and like the US, also resisted transparency and regulation, with the two countries representing what might be called laissez-faire Anglo-Saxon capitalism. Not surprisingly, France and Germany have led much of the criticism of this kind of capitalism.

At this year's G-8 summit, for example, German Chancellor Angela Merkel tried to get a consensus on a code of conduct for hedge funds, but was strongly rebuffed by the US and the UK.

Now a number of countries insist on better regulation and improved transparency for many of these financial products. Financial globalisation needs global oversight since regulatory mismanagement in one major country quickly spills over into the rest of the world, putting economic growth and millions of jobs at risk. And other countries have leverage over the US because its economy cannot function without access to large amounts of foreign savings to cover its ongoing current account and budgetary deficits.

French President Nicolas Sarkozy has instructed his finance minister, Christine Lagarde, to draft a plan to compel financial institutions to disclose more information about the financial products they sell. "There is a growing case for better state involvement on a coordinated basis in various areas, one of which is stock markets and financial markets," she has said. Lagarde, with support from Germany, plans to present her ideas to G-7 finance ministers in October.

The good news is that the US seems to take these concerns seriously. Secretary of the Treasury Hank Paulson recently visited Sarkozy and Lagarde in Paris to show his support for greater transparency in financial markets.

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The US president's working group on financial markets, led by the US treasury, the house financial services committee, and the securities and exchange committee, are reviewing the practices of rating agencies, including the conflict-of-interest issue.

The role of the US Federal Reserve in dealing with speculative bubbles must be re-assessed. There are concerns the Fed was too lax in monetary policy in recent years, which encouraged speculative activity, and too slow in addressing problems in the sub-prime market and the proliferation of complex financial products. There's a need for internal soul-searching at the Fed.

A greater role for the International Monetary Fund, the Bank for International Settlements or the Organisation of Securities Commissions is also possible. Barry Eichengreen, US expert on financial markets, argues that the risks to the financial system justify global regulation. "We need to push [these organisations] to act more aggressively and more forcefully, and put a little less faith in the ability of markets to solve their own problems," the International

Herald Tribune reported him as saying.

In many ways the global economy has become finance driven. Such an economy enables small groups of people to become immensely wealthy from financial globalisation. According to a new report from the Institute for Policy Studies, the top 20 private equity and hedge-fund managers in 2006 earned an average of \$675.6 million in 2006, or \$12.6 million a week.

But as financial executives make enormous wealth, millions of others pay through lost jobs and slower economic growth. The globalisation of financial markets can only work if there's adequate oversight to ensure that risk is transparent and understood. That is lacking today.

But just as the Chinese are trying to clean up what they export, it is time for the US to reassure the world that it is serious about taking responsibility for what it exports as well.

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