

## Good neighbours?

**While Bangladesh is attempting to restore a democratic form of governance in the country, its neighbour has thus far shown little inclination to do so; an alliance between a repressive regime and a country with a transitional administration is hardly a recipe for consolidating representative democratic governing systems.**

SIKDER HASEEB KHAN and PERVEZ SHAMS

SEPTEMBER was set to witness the visit of a senior member of Burma's ruling regime, the State Peace and Development Committee (SPDC), who was scheduled to lead a high-profile delegation, hold official talks with the chief adviser, and attend a state banquet on September 10.

Due to the ongoing political crisis in Burma, the trip was postponed. This was not the first scheduled visit of a Burmese official to Bangladesh. In 2002, during Burma's Prime Minister General Than Shwe's visit, both countries pledged to boost bilateral ties to overcome their respective economic challenges. Than Shwe was the first Burmese leader to visit Bangladesh in 16 years.

The Bangladesh-Burma tie has taken a more cozy turn since the discussion began on the Asian Highway Network. Although initially not considering this to be a priority, Burma signed an agreement in July 2007 to establish a direct road link between the two countries.

Ultimately, the road will connect Bangladesh to the Asian Highway network. Under the agreement, Bangladesh will construct 16-mile road including 14 miles inside Burma in the first phase. It will link Guandhum in Cox's Bazar with Baulibazar.

Although Bangladesh and Burma have conducted both informal and official trade for long, the sudden warming of relations between the two countries leaves one with a feeling of unease. After all, Bangladesh, a country long opposed to the state of Israel for its military occupation of Palestine and to South Africa's then apartheid regime is hobnobbing with a country with one of the

poorest records in human rights abuses and suppression of democracy.

For Bangladeshis, the most visible ramification of Burma's repression is the continued presence of the thousands of Muslim Rohingya refugees from the Arakan state dispersed along the Cox's Bazaar coastline, who flee religious persecution at the hands of the Burmese military junta.

The porous borders have also meant that Bangladesh's forests provide refuge for Arakanese military factions; in addition, the border areas remain a hotbed for the trafficking and trade of weapons and drugs.

### Slide since 1990

Burma's move to democracy, like Bangladesh, took place in 1990, when the National League for Democracy (NLD), led by Aung Sang Suu Kyi, won democratic elections by an overwhelming margin, capturing more than 80 per cent of the popular vote. The military junta, however, refused to honor the results and subsequently placed Aung San Suu Kyi under house arrest and sent other NLD members to prison.

Since 1990, the junta has blatantly denied political freedom to its citizens while repeatedly ignoring international pleas to release Nobel laureate Suu Kyi and other political dissidents. Till today, several protracted armed battles continue between the SPDC and ethnic minority factions.

Many of these conflicts are fought along the country's borders. Among the most prominent ethnic minorities being prosecuted are the Rohingyas, from the state of Arakan, who have historically lived as refugees on the Cox's Bazaar frontier and in Thailand.

As part of its effort to shut down democratic politics, the junta relies

on measures that are replicated by dictatorships everywhere. It has either arrested or driven NLD's top leadership underground. Since the sixties, the army has maintained a presence in the main universities, after blowing up the student centre in the University of Rangoon and killing hundreds.

To suppress political movements by students, SPDC kept Rangoon University closed throughout the 1990s. Lengthy imprisonment for political opposition is commonplace. Last year, for example, SPDC sent four young men to nineteen years in jail for publishing "anti-government" poems.

The human rights situation in Burma is one of the worst in the world. Many who are not imprisoned are forced into labour. As early as 1998, the International Labour Organisation (ILO) described forced labour in Burma as "an endemic abuse affecting hundreds of thousands of workers who (are) subjected to the most extreme forms of exploitation."

Forced labour practices, which involve men, women, and children, include coerced combat, mine-sweeping, construction work, and sexual services, with little or no compensation and virtually no protection. Much of this practice goes hand in hand with Burma's armed suppression in areas inhabited by ethnic minorities, hundreds of thousands of whom have been uprooted, and are now trying to survive as refugees or as internally displaced peoples (IDPs).

### Totalitarian tactics

Along with command politics, the Burmese military controls the major economic sectors. The two largest conglomerates in the country, UMEH and MEC, are both owned by current and former military commanders and their

families. Most foreign investment, whether in tourism, gems and minerals, or oil and gas, is channelled through these or other state-owned companies.

While the ordinary Burmese languish in economic and political repression, SPDC has spent millions of dollars to move the capital from Rangoon to a new city built from scratch.

Despite SPDC totalitarian control, Burmese students and monks burst out in protests from time to time (as is happening now), demanding a restoration of democracy. SPDC has responded usually by sheer repression. It has been dangling a "roadmap" for a transition to democracy for the last four years, which has yet to bear fruition. SPDC also convened a national convention to amend the constitution, which has continued its staged deliberations for the last fourteen years.

Burma's political morass has plagued international human rights activists and organisations for decades. Most recently, the retired South African archbishop and Nobel laureate, Desmond Tutu, and former Czech president, Vaclav Havel, called on the United Nations Security Council to take action on Burma.

While international pressure has increased, the Burmese regime counted on support from its close ally, China. Along with Russia, China vetoed a resolution on Burma in January 2007. The regime responded two months later by offering China instead of India the primary access to its lucrative Shwe gas reserves, one of the largest in the world.

### Time to end the quagmire

Burma's friendship with its neighbours, especially China, has been the key to its survival, despite the horrendous political situation in the country. India has also provided support, lured by Burma's oil and gas. China, in addition, considers Burma its main access to the Indian Ocean, and is reportedly in talks to build a naval base there. China is also SPDC's main supplier of arms.

In this light, it is easy to see how Bangladesh might fall prey to the



game of realpolitik interests. However, the question remains, how feasible would a strategic alliance with Burma be, and what is the price we are willing to pay?

The highway will ease trade, but like India, Bangladesh's underlying interest is in Burma's oil and gas. But our competition here has far deeper pockets; China and India can and will easily outbid us. And given SPDC's history of making profits, there is every chance that SPDC will prefer building additional pipelines to those two countries. GAIL (Gas Authority of India, Ltd) has already secured additional contracts in Burma.

In sharp contrast, the benefits of avoiding a close alliance with Burma's repressive regime are several. First, by not allying with Burma, Bangladesh embraces the

overwhelming international condemnation of the Burmese junta.

Bangladesh would not be alone in withdrawal of its support; the European Union and the United States are vocal of their disapproval of Burma. Second, it would also have the support of Asean, which has been under tremendous pressure to persuade the Burmese military government to bring in political reforms.

Third, there is little guarantee Bangladesh as a nation can exert additional pressure on Burma for its continuing situation on the Rohingya refugees based on bilateral economic ties, given thus far, its military junta has yielded little to any form of international pressure.

And fourth, we can instead

devote resources toward securing better energy deals with the Middle East, a region with which we share closer ties anyway.

Establishing bilateral economic ties with Burma is akin to hankering after vague offers that are out of reach and that very well legitimises a repressive military junta that does not represent the will of its people. Building a highway will help the regional economy, but it will irrefutably condone the use of forced labor from the Burmese side.

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democratic governing systems.

Any hope of translating robust economic ties into possibilities of democratic influence through engagement is naïve at best. For now, Burma remains a country with an egregious human rights record, and a shameful military history that has suppressed the democratic will of its people for decades.

Engaging with Burma grants the junta a level of legitimacy that can be called into question, since for most countries, the junta is an illegitimate government ruling by force and fear. Much international censure and demands for turning the tide of oppression has fallen on deaf ears. The deaf ears do not have to be ours.

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## Don't fight the market

**It could be also described as a co-operative cartel where wholesale prices are set by the members of the group. This would not be the case if we had a large number of players in the wholesale market who would compete, not cooperate, with each other. Lack of basic infrastructure is the reason we have a cartel not a competitive market at the wholesale level. By basic infrastructure, I mean a commodities exchange where there is little or no entry barrier for speculative and strategic participants. A further development of the basic infrastructure would be commodities-based derivatives exchange for futures and options.**

ASIF ANWAR

THE recent initiative to check price hikes during Ramadan is laudable, but as any economist would point out: price controls are ineffective in a competitive market structure.

Economists, market researcher, and many other related professionals would find themselves in the unemployment queue if it were possible to keep prices under control in a competitive market by baton waving BDR and police officers.

I don't intend a lecture on competitive market structure but

an explanation is provided for the sake of all readers. A competitive market structure is one where there are many sellers of the same product and the sellers compete with each other for a slice of the market share. As a consequence, market price is largely driven by demand with little or no influence from the sellers.

To put the theory in perspective, you need only to look at any street-side vegetable market. A large number of small traders, with a basket of seasonal vegetables sit in close proximity to woo the would-be buyers. Almost all baskets contain similar

products, and given the very close proximity of the sellers, buyers are able to negotiate with a few traders at the same time.

The buyer has the option to ignore the offer from a trader should she/he find the asking price too high. It is a common scenario in most markets where nearby traders announce better prices to lure the disgruntled buyer. As a result, sellers with the lowest profit margin establish a market price which is soon followed by most traders.

For example, if we were to assume that cucumbers are sold at 15 taka per kilo at the wholesale

market, then a retail trader who demands 30 taka a kilo for the cucumbers is highly likely to return home with a basketful of cucumbers. The reason being that a margin of 100% is not achievable in this highly competitive market as other traders would settle for lot less. A price range of 17 taka to 20 taka per kilo is probably the most likely equilibrium for this product given the wholesale price of 15 taka.

However, it is clear that the base for retail prices is the price at the wholesale level. Therefore, any attempt at controlling retail prices will have no effect if the wholesale prices continue to rise. Interestingly, the market structure in Bangladesh at the wholesale level is not competitive and is controlled by a handful of players.

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By basic infrastructure, I mean a commodities exchange where there is little or no entry barrier for speculative and strategic participants. A further development of the basic infrastructure would be commodities-based derivatives exchange for futures and options.

A substantial amount of foreign currency is spent each year importing food items as we are yet to develop our local industry. Though a few local companies have raised their standard, the industry as a whole is far behind as a direct consequence of liberal import policy.

Many developing countries force foreign companies to establish joint venture production with a local company, and/or use other methods to discourage imports. This strategy develops the local industry, creates jobs, and saves valuable hard currency.

My opinion is that the taka will continue to depreciate against all major currencies at an increasing rate in the coming years. This is due to the limited export base of the economy and a downward trend in the RMG sector which accounts for the lion's share of export earnings. It can be safely assumed that imported food prices will continue to rise, thus adding further pressure to the price index.

We need the law enforcement agencies to protect us, our property, the country's borders, and maintain law and order. They are a major contributor in natural disaster management here at home and as peacekeepers abroad. Policing small traders with a baton and depriving the right to a free market is not the best use of such important resource, and at best, a naïve approach towards controlling inflation. It is vital that our policy makers recognise the fact that some things are better left with professionals.

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## REPORT ON NGOS

### TIB shoots itself in foot

**TIB, an NGO, has been at the receiving end of insinuation and innuendos from its detractors when it has reported about corruption and mis-governance in different sectors -- with better data and analysis than in the report on NGOs. The attacks on it have not weakened TIB. Let's hope the broadside against NGOs from all its adversaries will not undermine the important role NGOs are playing.**

MANZOOR AHMED

TIB has done a great job in exposing the depth of corruption in the country and in helping to bring the issue to the top of the national agenda. Its focus has been the public sector. But in its first attempt to probe NGOs, ("Problems in good governance in the NGO sector: The way forward," TIB, 2007), it has shot itself in the foot by drawing sweeping conclusions from data that came from a very few nameless entities. The report in its tone and substance verges on insinuation and innuendo.

Not that NGOs should be immune from a TIB probe or other kinds of public scrutiny. Nor can it be claimed that corruption is not a problem in the sector. Everything said in the TIB report probably is true for some NGOs in the country and some of the complaints to a varying degree would apply to many NGOs.

But there are 45,000 NGOs registered as welfare organisations and over 2,000, receiving or aspiring to receive external donor support, are enlisted with the NGO Affairs Bureau. The TIB sample consists of one international NGO, eight larger national NGOs and 11 smaller local NGOs. The basis for drawing this sample or their identity is not known. It smacks of an agenda beyond objective investigation when the whole sector is categorically condemned based on this limited information.

It is indeed problematic when, based on the sample, the report provides specific quantification of corruption in the whole NGO sector. For example, according to the report, 85 percent of national and local NGOs do not have financial transparency, executives of 70

percent NGOs enjoy illegal financial and other facilities, 35 percent of employees do not get salaries regularly, and 65 percent used bribes to get projects from the government departments (as reported in New Age, October 5).

The report says: "Though the condition of the service-recipients did not change, changes in socio-economic condition of the NGO founders are recognisable." This is polemic -- not language of research.

NGOs in Bangladesh have been recognised and acclaimed as a vibrant area of development endeavours. They have brought health, education and small credit services to at least 10 million families to make a difference in their lives. They have brought new technologies and skills to bear on livelihood of rural families. They have raised awareness of people about their rights and empowered them to organise themselves for self-help.

Politicians generally do not like NGOs because they put a check on the patron-client relationship of politicians with their constituency. Bureaucrats are opposed to NGOs, until they retire and can become advisers to NGOs, because NGOs interfere with the bureaucrats' penchant for control. Many academics and intellectuals, out of their theoretical and ideological inclinations, prefer to put their faith on the state for providing "public goods." They ignore the inconvenient truth that vested interests are dominant in state's decision-making and that the civil society including NGOs must serve as a countervailing force.

One strand of objections to NGOs is that they have become involved in profit-making enterprises. Prof. Muzafer Ahmad, Chairman of the Board of Trustees

of TIB, held up the establishment of Brac Bank for several years by filing a suit in the court. It is difficult to understand why NGOs could not initiate and own profit-making enterprises within laws and provisions for such enterprises including those for taxes. This is a way for NGOs to be less dependent on external donors, expand economic opportunities, create employment, and set examples of corporate social responsibility.

Social entrepreneurship, profit-making enterprises serving public purposes, and the role of the "third sector" comprising community and citizens' organisations including NGOs, besides the government and private businesses, are being recognised all over the world as critical for promoting the rights and welfare of citizens.

The TIB report recommends formation of an NGO regulatory commission, updating of the legal framework for NGOs and more transparency about their finances. These are useful advice deserving consideration. Perhaps a code of conduct of NGOs and more self-regulation by NGOs themselves could also be considered. These useful ideas unfortunately will be drowned by headlines about wholesale NGO corruption.

TIB, an NGO, has been at the receiving end of insinuation and innuendos from its detractors when it has reported about corruption and mis-governance in different sectors -- with better data and analysis than in the report on NGOs. The attacks on it have not weakened TIB. Let's hope the broadside against NGOs from all its adversaries will not undermine the important role NGOs are playing.

Dr. Ahmed is director of Brac University Institute of Educational Development. The above are his personal views.

