

## A Pakistani tragedy

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ON December 27, a little more than two months after her return to Pakistan from years of exile, Benazir Bhutto was killed while leaving the grounds of Liaquat Bagh after addressing a rally of the party faithful. Daughter of the charismatic Zulfikar Ali Bhutto, with no inconsiderable charisma of her own, driven, talented, distinguished; unknown assassins cut the career of Pakistan's best-loved political leader short. She was still young at 53.

Did Benazir Bhutto's life have to end this way?

Benazir Bhutto had entered politics to avenge her father's hanging, in April 1979, by Zia-ul-Haq, Pakistan's third military dictator. Having twice avenged her father's murder -- by assuming the office of Pakistan's prime minister in April 1988 and October 1993 -- she has now paid with her life trying to reach that office a third time.

Sadly, the truth is that her violent end could have been foretold with near certainty. What were the circumstances that made her violent end very nearly a certainty? She did not have the military security -- and luck, one must add -- that has shielded General Pervez Musharraf from several assassination attempts. With some expense and planning, Benazir Bhutto, too, could have made better security arrangements, but, fatefully, she seemed to be in too much of a haste to be slowed down even by 150 deaths during the first attack on her life in Karachi.

Immediately after her death, a spokesman for Al-Qa'ida operations in Afghanistan claimed that it was their work. "We terminated," the spokesman claimed ominously, "the most precious American asset which vowed to defeat the mujahideen."

That Benazir Bhutto was a precious American asset -- perhaps, even the most precious -- few anywhere would deny, least of all the Americans. It is widely known that her return to Pakistan was brokered by the United States. She

could return to Pakistan's politics -- and, most likely, to the prime minister's office -- by dropping her opposition to another term of five years for President Musharraf.

Indeed, Benazir Bhutto instructed the members of her party not to resign from their seats in the national assembly but to abstain from voting. This defeated the opposition's plan to deny the quorum necessary for the deeply flawed presidential elections.

One of the most remarkable developments in Pakistani politics since the events of 9-11 is the transparency -- shall we say, daring -- with which the United States now intervenes in Pakistan's affairs. Conversely, Pakistani leaders also work openly to advance American interests in Pakistan.

In an earlier era, the Americans generally took care to conceal their meddling in Pakistani politics. As a result, only the politically astute understood the depth of their influence over Pakistan. Now, this knowledge has become commonplace.

Although he was greatly weakened since the protests that erupted over his firing of Pakistan's chief justice in March 2007, the Americans believe that General Pervez Musharraf is still the best person to lead their war against the militants in Pakistan. However, they were convinced that the general's badly battered reputation had to be salvaged, and a partnership with the pro-American Benazir Bhutto would do just that. In turn, the general, under duress, accepted a partnership with Bhutto as the price he had to pay, or lose US support.

A tripartite deal was brokered, involving the US, General Musharraf and Benazir Bhutto. This deal freed Bhutto from the corruption cases pending against her in Pakistani courts. She was also allowed to return to Pakistan to lead her party to -- she was convinced -- a nearly certain electoral victory, and a third term as Pakistan's prime minister. The elections would give the general the democratic veneer that he so badly needed.

As the New York Times reveals

in a recent article, "How Bhutto won Washington," Benazir Bhutto's deal-making with the Americans has a long history. She had decided quite early that she would return her party to power by troling in the corridors of power in Washington.

According to her friend from Oxford days, Peter Galbraith, who was on the staff of the Senate Foreign Relations Committee at the time, Benazir Bhutto first began her campaign in Washington in the spring of 1984. She was on a mission to persuade the Reagan administration that "she would much better serve American interest in Afghanistan than Zia."

Under the tutelage of Galbraith and his friend, Mark Siegel -- formerly executive director of the Democratic National Convention -- she cultivated the friendship of important power brokers in Washington.

These Washington contacts paid off handsomely. In the parliamentary elections of November 1988, Benazir Bhutto's party gained only a plurality of seats. Since Pakistan's military establishment looked upon her with considerable distrust, they could easily have pulled strings to deny her the right to form the government. US pressure, however, persuaded Ghulam Ishaq Khan, the president at the time, to invite Benazir Bhutto to form the government.

Benazir Bhutto never gave up on this winning strategy. As the NYT writes: "She kept up her visits to Washington, usually several a year." She continued to cultivate friends amongst the Washington elite, including the Congress and the media. In the first six months of 2007 alone, Benazir Bhutto spent \$250,000 in lobbying fees to gain access to Washington insiders.

Once again, to win American backing for her return to Pakistan in 2007, which could only happen with US pressure on General Musharraf, Benazir Bhutto used the same strategy that had worked before: she would promise to do better than General Musharraf in advancing American interests in Pakistan.

Over the past year, Benazir Bhutto has repeatedly pointed out that General Musharraf's war against terrorism in Pakistan was failing. Instead of curbing terrorism, the militants had become more daring during the general's tenure. She promised to do better.

She would wipe out the "religious extremists," shut down "extremist" madrassas, and even hand over Dr. Qadeer Khan -- the architect of Pakistan's nuclear program -- to the US for questioning. Insistently, and loudly, Benazir Bhutto was seeking to assure the United States that she would do a lot better than "their" general.

This strategy won her the support of the United States, but it was fatally flawed. If Musharraf had not acted more vigorously against the militants, it was not because he had gone soft in his commitment to America's plan. Instead, it was because he faced restraints on three fronts: the opposition within the army, especially from its lower ranks; the very real fear that stronger measures against the militants would provoke a domestic outcry and, worse, a more determined response from those militants; and, there were concerns too that defeating the Taliban would entrench Indian influence over Afghanistan. Would these constraints be any different for Benazir Bhutto?

In presenting herself as the only Pakistani politician to openly challenge the militants, wasn't Benazir Bhutto -- in effect -- also daring them to target her? Since these Islamists were regularly targeting the Pakistan military itself -- even inside the security of their cantonments -- would they hold back from attacking a politician who threatened to take even stronger actions against them than General Musharraf?

General Musharraf's decision to make Pakistan the leading partner in America's war against terrorism had already revealed its deep flaws. Most ominously, it had provoked the Islamists into targeting the Pakistani military. Already, there were defections from the army, and if the clashes continued, there could be rebellion in the ranks of

the army; or clashes between the Pukhtoons and the Punjabis within the army.

In pushing Benazir Bhutto into this dangerous corner, a corner in which she could not have survived, the US, too, has shown its gross ineptitude. By openly anointing her as the American candidate, the US had effectively hastened the violent end that she has now met.

The US helped to bring about the untimely death of the "daughter of the East" by transforming her into the "daughter of the West." In the process, Pakistan, too, has lost a flawed but charismatic leader, who might have risen to the occasion at a time of crisis.

Benazir Bhutto crafted her political career by embracing her father's populism, but decisively rejected what was its natural complement -- his independent foreign policy. Could she have followed a different path? Was she free to claim the legacy of her father's independent foreign policy?

Benazir Bhutto's embrace of her father's populism was indispensable; without it, she could not lay claim to his following amongst Pakistan's largely illiterate masses. On the other hand, by rejecting an independent foreign policy, she opened a path to the centers of American power without losing any of her popularity. The mostly poor and illiterate Pakistanis could not have cared much for the arcane of foreign politics.

Benazir Bhutto saw her courting of the US as necessary to her ascent to power. The Americans have long cultivated Pakistan's military as the best vehicle for subordinating Pakistan to its ends; first, Pakistan's military became a US partner in the Cold War, and since 9-11 it has been drafted as a leading ally in the "global war against terror." The 1990s -- the interim between the two wars -- was a window of opportunity for Pakistan's politicians.

But Benazir Bhutto first had to neutralise the Pakistani generals -- whose power had been challenged only once by her father, and, who, therefore, were opposed to the



return of his populist party to power. She had used this strategy to neutralise Pakistan's military establishment before. Now, with the generals in trouble, she struck the same bargain.

Tragically, this time, it was a fatal mistake. Benazir Bhutto was binding herself to a strategy -- waging America's war against the militants -- that had already pushed Pakistan to the brink of a civil war and disintegration. In her impetuous quest for power, she had acted in blind disregard of realities.

But did Benazir Bhutto have an alternative?

Perhaps she did. Pakistan has a chance of averting a civil war, but only by distancing itself from the United States. This distancing is now vital for Pakistan and, one could argue, for the United States, too. Only by distancing itself from the United States does any Pakistani government now have a chance of preventing the militants from overwhelming Pakistan itself.

No government that cleaves to the United States and Israel has a chance of winning popular support in its efforts to contain the spread of the Islamist insurgency. Sadly,

Benazir Bhutto too -- like Musharraf -- has cultivated the Israeli lobby in the United States.

It is perhaps unrealistic to expect that Benazir Bhutto, had she had wanted to, could have done this on her own. However, if she had joined a pro-democracy and nationalist partnership with Nawaz Sharif -- and perhaps some of the other parties in the opposition -- together they had a fair chance of sending the Pakistani generals back to the barracks. It would not take Hazrat Ali's oratory to convince the Pakistanis that this partnership and an independent foreign policy were at this juncture indispensable for the integrity of Pakistan.

Sadly, this was an option that Benazir Bhutto rebuffed. She did not want to remove the generals, she sought to join their fight against the Islamist militants as a civilian cheerleader. Perhaps, she could not think of another option, given how much of her political capital she had invested in gaining the support of the United States. Trapped in her myopia, she saw this as the easier option, the

only option. Sadly, she had chosen to enter a blind alley. Worse, it was a death trap.

That is what makes her death a Pakistani tragedy. It is a tragedy because she was the only political figure in Pakistan who commanded the charisma to galvanise Pakistanis into a vital coalition that could reverse the damage done by the military generals. But, instead, she chose to outdo the failed generals.

That was Benazir Bhutto's fatal flaw; but it was not only a personal flaw. Behind this fatal flaw lay the sad history of a country whose elites time and again chose to undermine the state, to compromise national interests, and sacrifice the lives of Pakistanis for their personal gains. That is what makes Benazir Bhutto's murder a Pakistani tragedy. In a single tragic event, it crystallises the malfeasance of Pakistan's political classes, and the failure of Pakistanis to bring them to account for their treasonous crimes.

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## Price stability: Homeopathy won't work

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IN a similar article published in a couple of national dailies more than a year ago I made some suggestions for lowering prices. During that time the government changed commerce ministers several times, but things worsened instead of improving. Then, I had forecast that even a change of government wouldn't stop price hike unless some fundamental changes were made. My suggestions for minimising the rate of price hike were:

- Re-introduction of the rationing system in the urban areas, especially for rice, wheat, edible oil and sugar.
- Re-introduction of modified rationing for the rural areas.
- Establishment of open haats in

taken some initiatives to establish open sales outlets in several parts of the city; with a few directly managed by the BDR and others privately operated with BDR protection and patronisation. This had been extremely helpful during the holy month of Ramadan, when further price increase was somehow minimised. But immediately after the Ramadan, prices rocketed again.

The business community blames excessive rainfall, floods, cyclone, international market, oil price, power cuts, and the like, for the price hike. They even compelled the government to stop actions on traffic rule violations like overloading. So, overloading is now established as a right at the risk of other vehicles and pedestri-

ans, not to speak of quicker damage to the roads. They have also compelled the government to release "business leaders." But the consumers are still paying higher prices.

Now, what to do? Is there any way out? During the past regime, the government tended to blame

the international market and local crises like floods, while the media tended to say that despite the price hike abroad the government must keep prices low. The government at that time said that, besides the rise in prices, the people's income was also increasing, while the media accused politically patronised business syndicates.

A few politicians belonging to the past regimes might have had links with syndicates, but that alone was not possibly the main, or lone, cause of price hikes. Had it been so, the syndication should have been broken with the change of government and price hike should have fallen.

The past governments were also accused of extortion, which caused price hikes. Now, even with the

even if tax is increased part of the tax burden is borne by the seller and partly by the buyer, and the exact ratio of sharing tax burden depends on the demand and supply elasticity. Bangladesh is probably an exception where, even with the reduction of taxes, price level goes up, and, in the case of tax increase, the consumer bears not only the whole of the tax burden but several times more. Why this exception?

### The causes of price hike

Low and highly fluctuating local production: Although the bulk of the demand for rice, vegetables, fruits, fish, meat, eggs etc. is met by local consumption, we import a lot of those items, and prices go up during the lean period. The main source of import in the recent past was India, which supplied the items at reasonably low prices.

Cheap import from India over the last three and half decades contributed to loss of competitiveness and continuously decreasing production of many items, of which we had surplus in the past. We depend on India for anything and everything, and our production efficiency as well as total production of most commodities have fallen sharply, at least in proportion to the increasing population.

Too much dependence on import, particularly on one source of import, has made our economy too vulnerable to external shocks. The only way out is increasing local production through adopting appropriate technology, enhanced R&D and market linkage, and diversifying import sources.

The boom in Asian economy: In the past, we were able to import most essential commodities from India at low price as India had a lot to supply, not because of their high productivity but mainly because of lower purchasing power of Indian consumers. Now, with the economic boom in India and several other countries in the region, particularly China, demand in the producing countries has increased, while adverse weather and other conditions have reduced production.

To this is added oil price, which not only raised import price but

also has reduced availability. Now, we face difficulty in importing even at higher price since the potential import source has become too restrictive. Again, the way out is to increase local production and diversify import sources.

Too fast liberalisation: The international community compelled us to liberalise too fast, while our neighbours liberalised rather slowly. Because of the conditions tied to aid, we made our market very open, while our exports are restricted by too many tariff and non-tariff barriers. Our policymakers bowed down to almost any conditions to receive aid, although we need not depend that much on aid.

Our current account balance has been favourable for quite a long time, and our foreign exchange reserve is continuously increasing (mainly because of increased export and remittance). We have, by now, acquired enough strength to bargain, both for better foreign exchange earning and for increasing the tax GNP ratio. In the past, we were nearly 100% dependent on foreign aid to finance annual development programs, but now, this dependency has come down to below 50 percent. Therefore, we need not surrender to external pressure, rather, we can be selective in accepting aid offers (sometimes we can reject aid offers if they go against our interests).

Because of pressure from donors, we stopped the rationing system, increased oil price and utility charges, inactivated the BADC and the TCB, and are now facing the consequences -- too high inflation. The same donors now blame us for our inability to curb inflation.

Organised sellers but unorganised buyers: From the FBCCI to street-side vendor the sellers are highly organized, and they can dictate prices. But the buyers are unorganised, so they must suffer and pay high prices. The way out is to create consumer cooperatives and other alternative marketing arrangements -- like rationing system, and public procurement and distribution through reactivating the TCB.

The intermediaries of agricul-

tural commodities are organised while the farmers are disorganised: The way out is forming producers' cooperatives, supporting marketing in open haats in the city area, using technology for processing and storage, public procurement during harvest, and distribution in the deficit areas during lean periods.

Poor transport infrastructure and high transport cost: Typically, small traders cannot benefit from more economical bulk carrying, such as by lorry, rail wagon and barges. One special measure can contribute a lot to reducing the gap between the producer level price of fruits vegetable etc in the villages and the consumer level price in the city retail shops; the Bangladesh Railway can add five or six empty cargo wagons to carry the produce in trains operating on major routes like Dhaka -- Chittagong, Dhaka -- Sylhet, Dhaka -- Jamalpur, Dhaka -- Lalmonir Haat, Dhaka -- Dinajpur, Dhaka -- Rajshahi, Dhaka -- Darsana and Dhaka -- Keshoreganj.

This will allow rural beparis and farmer groups to take their goods to Dhaka markets at a cheap rate. The Railway may charge nominal freight, or even provide the service free of cost if the government subsidises it.

Market structure is too complicated with too many intermediaries: The classical economist Adam Smith's invisible hand is a myth rather than a reality. Theoretically, it optimises resource allocation, production, price level and wage level, and guarantees everybody's welfare, but only in a purely and perfectly competing market structure. But no market is perfectly competing and every market has some degree of imperfection.

Today, it is difficult to buy even one kg beans straight from the farmer in the village market. The market sheds constructed by the LGED are occupied by the traders, leaving no place for the farmer to sit and sell his produce. The traders grab his goods just on arrival and take them under their control. Even local buyers have to buy from the traders and not from the producers.

The traditional village haats, where any seller, including producer, and any buyer, including direct consumers, had freedom to

buy and sell have disappeared. Local Tahsil offices have leased out every inch of land to traders to establish permanent shops, legally or illegally. There is no open space for the producers and consumers.

Too many people enter business with little capital and too little volume of trade: All traders want to earn good income to fulfill increasing needs just by increasing prices. One of my acquaintances said that even one fish caught in the Lohalia river changes hands five to six times to reach a consumer in Patuakhali town only 5 kms away. Today, an average catch by a fisherman in each tide (six hours) has come down to one or two kg, and it reaches the consumer via a faria in the river ghat, a bepari in the village market, an aratdar in the town market, a paiker, and then the retailer.

Except the aratdar and the paiker, each intermediary handles little quantity, only a few kg each day, and with this he has to maintain his family. So, they take much higher prices in percentage term or per kg, although very little is earned per trader. Lack of employment opportunities has pushed many people to such petty trading, and too many traders are now exploiting the farmers and the consumers.

Poor post harvest handling, storage and processing: Vegetables, fruits etc cannot be kept fresh for even a couple of days. So, farmers have to sell them immediately at whatever price is offered. Typically, our farmers are too poor to market their produce in the higher order markets. Cold storage facilities have been developed for potatoes, but not for fruits, vegetables and tomatoes. Appropriate technological interventions are essential.

Storage and transport facilities for meat and fish: They are available (refrigerated van, ice box, cold store and refrigerator) but are not extensively used. Nobody wants to buy chicken meat, everybody wants to buy live chicken, which is costlier to transport and trade. So, the price paid must be high. Reliable halal meat marketing could be developed in the country, and that would bring down prices.

Market economy, but not without an efficient public sector: Market economy does not mean just the private sector, and no role for the public sector. After all, private sector business, or any investment, is meant for profit and not for public welfare. The role of the public sector is to create and maintain conditions of fair trade to ensure business as well as welfare, equity and sustainable development.

Lecturing and moral persuasion won't help much. Ensuring fair business requires an alternative public procurement and distribution system, such as rationing. Of course, public sector businesses often incur financial loss, but their success should rather be measured in terms of impact on market price, employment, economic growth, equity and sustainability. Financial sustainability could be one indicator, but definitely not the main one.

With this consideration, the time has come to reactivate the TCB, the BADC and other such organisations; to re-introduce the rationing system; to promote producer and consumer cooperatives; to help in establishing and managing alternative marketing arrangements (production, processing, storage and marketing) by the NGO sector, with definite goals and targets; helping farmers and other producers for enhanced production through R&D and technology support; and diversifying import sources.

All of this requires drastic measures, allopathic treatment and surgery -- like reintroducing rationing system, reactivating public procurement and distribution agencies like TCB, and BADC, and establishing alternative direct market linkage between producer and consumers, such as open-to-all no-tax free market in the cities linked to the villages -- and not homeopathy like BDR shops and "open market operation" of limited scale and coverage. Such drastic measures are unlikely to be appreciated by the so-called development partners, but we have to take our decisions defying their advice.

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Prices: Reaching for the moon?

- the city area.
- Enhancement of the coverage of the Social Safety Net assistance to the poor and vulnerable groups through VGD, VGF, TR, RMP and FFW.
- Support to farmers for increasing productivity and diversifying agriculture.

The caretaker government has