

Prices sky-rocketing

The government must address it on emergency basis

It will not be an overstatement to say that the unchecked rise of prices of daily necessities has gone beyond the tolerance level of everyone, not to speak of the poor and the middle class consumers. The reasons remain inexplicable since no theory can satisfactorily explain the quantum leap in prices of essentials that is occurring on a daily basis. It proves right the thesis, which many economists put forward, that economic phenomenon taking place in Bangladesh can seldom be explained by economic theories.

It seems a weird interplay of market forces, unique perhaps to our country only, that price rises suffer from ratchet effect, having gone up once it never comes down, even when there is abundant supply.

Regrettably, it appears that the government is resigned to accept the current condition as a fait accompli, unable, if not unwilling, to do anything to stem the galloping price. It was an oddity, and one that put the administration in a poor light, that the edible oil-traders and the government, having mutually agreed to put a cap on price on soybean for a month, failed to ensure that even for a day.

It causes us concern to see that all the intervention mechanisms at the disposal of the government have proved inefficient. The only conclusion that one can draw is that the market operations are being tampered with, and that sinister syndicate activities are distorting the forces of demand and supply.

It is difficult to accept the argument in toto that the rise of prices in the international market is causing the spiral in our domestic market. Our apprehension of market manipulations by vested groups working in unison is validated by the fact that the rise of prices of imported commodities at home have not been correspondingly proportional to the rise in prices in the international market; the people are having to pay 30-50 percent more in respect of certain commodities within a week's span. And how does one explain the hike in prices of some locally produced goods?

If there is anything that the government must take up on an emergency basis it is the price spiral. It must be remembered that prices cannot be controlled by government fiat alone or eloquent articulation of economic theories. We suggest that a high-powered team, that should include representatives of the business community, be set up to determine how the phenomenon can be addressed and formulate concrete and effective measures to do so. There is also the need for an earnest dialogue with the business community to secure their cooperation which appears somewhat wanting.

Democracy in Pakistan

The expectations, despite the questions

President Pervez Musharraf plans to call Pakistan's new national assembly into session in the next ten days. That should lay to rest all speculations about his intentions. He has promised to lend his support to the coalition government to be formed by the Pakistan People's Party and Nawaz Sharif's Muslim League. For the first time since the February 18 elections, therefore, Pakistanis can tell themselves that the mist is about to lift and that they can look forward to a new beginning. With everyone today getting in line behind the call for democracy, prospects for pluralistic governance look pretty bright. Even the new army chief, General Ashfaq Kayani, has reassured people that the military will support the efforts for a democratic change in the country.

For all the positive signals coming out of Pakistan, though, there are yet some nagging questions which remain about the shape of things to be in that country. The pressure on General Musharraf remains, particularly with Nawaz Sharif repeating his message that with the people now having spoken, it is time for the president to quit. Unhappily for him, the PPP's Asif Zardari does not appear to be in much of a hurry to push Musharraf out. And within the PPP, a silent conflict goes on around the future of the respected party vice chairman Makhdoom Fahim Amin, who everyone had thought would take over as prime minister in the PPP-PML coalition government. But that possibility seems to have stalled, at least for now, with the suspicion growing that Zardari and his loyalists may not after all back Amin as Benazir Bhutto's widow may be developing ambitions of his own regarding the top job. The recent quashing of corruption cases against Zardari is a good pointer to the kind of future he means to build for himself. There is too the brooding thought of the projected coalition government itself coming under strain, sooner than anyone can imagine, owing to the traditional differences between the PPP and the PML.

Pakistan certainly needs a quick, purposeful return to democratic government. But for democracy to become enduring instead of the half-hearted affair it has regularly been, its leading political figures (for want of a better lot) must recognise that the reputation and the baggage they carry over from the past need to be jettisoned quickly.

Connected by an umbilical cord



KAZI ANWARUL MASUD

GOING DEEPER

History apart, these changes have been possible because the West has made democracy and its supportive institutions so strong that the reflection of the popular will can be seen with complete transparency and the link between the two is like an uncut umbilical cord that exists between an unborn child living in mother's womb and its mother.

If modernity is described as freeing man from tradition that would effectively mean wrenching human beings from the tranquility of communal life and bestowing upon him or her traits of individualism, then the question can be asked whether it would not mean alienation, in Marxian term, and whether it is at all possible to acquire modernity as individuals are (barring exceptions) irretrievably connected with one another by family, social, national and international bonds.

Complete freedom from tradition, therefore, is neither possible nor desirable. But if it is defined as acquisition of rationality and reason for reaching goals for the common good of men, then modernity, instead of alienation, would result in interaction between and among human beings and co-optation of groups of people having common aspirations for individual and social development.

In a historical sense, the end of

the medieval age has ushered in the modern age with distinct leaps in human development through renaissance and reformation and the end of conflicts among European monarchs by agreeing to delineate national boundaries and the recognition of sovereignty of nation states.

The traditional concept of sovereignty has changed over time as the powerful nations continued to subjugate less powerful nations, and even during the Cold War, when the UN Charter had been regarded sacrosanct, the superpowers on various occasions intruded upon sovereign nations within their sphere of influence.

Today, retention of sovereignty depends upon abiding by an internationally accepted code of conduct more expansive than the one agreed to at the Montevideo Convention and more recently enunciated by the US and other western powers' insistence that the newly independent states resultant of the demise of the Soviet Empire and the dissolution of Yugoslavia

must respect and abide by.

The idea behind this insistence by the western powers on such code of rules and conduct was to instill in these countries the democratic values that were essential for their subsequent incorporation into the European Union and Nato. There is, however, recognition in some quarters that some countries, albeit freed from the yoke of communism, have not yet been able to shed the cloak of authoritarianism, perhaps because the people in those countries have been used to Stalinist repressive rule, and sudden absorption by market economy took away from them, particularly the older generation the security blanket that the state had been providing for such a long time.

This was quite evident in the contrast one has seen in the recently held presidential election in the Russian Federation that was barely exiting and the continuing struggle between Hillary Clinton and Barack Obama in the primaries for the presidential nomination

of the Democratic party.

The fact still remains that "social coordination" facilitating interaction among people in order to form socio-political organisations are present in almost all the countries of the world with a view to will formation and decide on an agenda that would be desirable to the majority population in the country.

Militarism that was popular during the Cold War days is no longer favoured by the global hegemon and by extension the pillars that have propped up the hegemonic stretch on the global scale. It is, however, doubtful whether "almost unipolarity" that exists in the world today would have been possible if the countries of the world, particularly the western world, had not tacitly agreed to the continuation of the present system.

It is not to be forgotten that some among the major powers-- France, Germany and China -- did try to instill a kind of multipolarity following the fall of the Berlin Wall and the reluctant

surrender of then Soviet Union to the western might and values. Despite the total victory of the US in the Cold War, it is believed that in Europe (and no less in the US) that a large number of people consider President Bush's invasion of Iraq as having caused greater insecurity for them and their children.

Tony Blair's loss of popularity and final departure can be laid at the door of the British people's disenchantment with his Iraq policy, as economically Britain continued to prosper under the tutelage of then Chancellor of Exchequer Gordon Brown and the premiership of Tony Blair.

If Chamberlain lost his job because he after signing the infamous Munich agreement with Adolf Hitler (he asked the British people to go to sleep as the cloud of war was over), Tony Blair lost his job because he falsified the main premise of dragging Britain into a never ending war that should not have been started anyway.

History apart, these changes have been possible because the West has made democracy and its supportive institutions so strong that the reflection of the popular will can be seen with complete transparency and the link between the two is like an uncut umbilical cord that exists between an unborn child living in mother's womb and its mother.

The developed world's sense of insecurity is not ill-founded. The continuing struggle between the

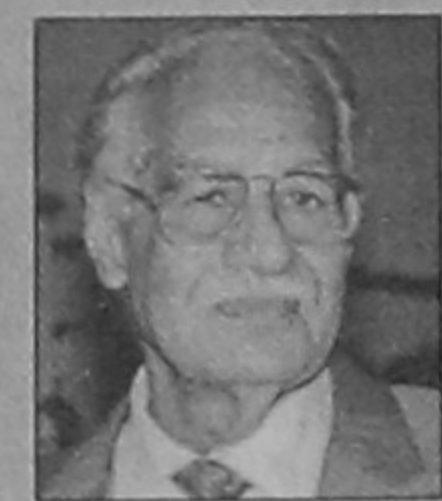
introverted so-called "purists" who want to purge the Islamic culture from the "degenerative" influences of the western world and the so-called "moderates" -- who can be described as those who believe in democracy and republics, culturally in a literate society endowed with analytical rationality, and economically in a complex money economy and market system -- is very real.

One, therefore, is not surprised over the presence Senators Biden and Kerry in Pakistan just before the February elections were to take place, presumably to prevent President Musharraf from rigging the elections. The elections that brought about the rout of PML(Q), the party supporting Musharraf and the victory of Benazir Bhutto's PPP and Nawaz Sharif's PML(N) has not brought peace to the mind of the westerners because the failure to round up the Taliban leadership embedded in Pakistan's Federally Administered Area "was a matter of state policy; the Pakistan army still regards India as a major threat and the Taliban are used to counterbalance Indian influence in Afghanistan."

The only way out of the frictions that continue to engulf the world is through democratic governance with supportive institutions firmly embedded in the society that can ensure politico-economic and social development of the people.

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The sky is the limit



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BETWEEN THE LINES

Once trade between India and Pakistan is established, the arrangement can be extended to Bangladesh, Sri Lanka, and Nepal. Ultimately, the entire region from Afghanistan to Myanmar can become a common market, like the one the European countries have. The sky is the limit.

UNDER Kumar Gujral and Nawaz Sharif, then prime ministers of India and Pakistan, respectively, met at Male during the Saarc summit to discuss how to improve relations between the two countries. Both decided to normalise trade and business first. But they also appointed a committee of bureaucrats drawn from both sides to discuss Kashmir.

With this task done, Gujral requested Nawaz Sharif to allow the export of cotton, which was in short supply in India at that time. The latter agreed to it. But a secretary-level official from Pakistan shouted from the corner of the room: "Mian Sahib, what about Kashmir?" The deal did not take place.

This is the bane of relations between India and Pakistan. The bureaucracy in Pakistan believes that it serves its interest if it is adamant. India, too, faces a similar problem. Yet, being a democracy, with political masters, the situation has never reached a point where the rulers make up their mind to implement a particular policy and fail

to do so because of bureaucracy.

Lately, things are beginning to look up between India and Pakistan because of various reasons. One of them is that people on both sides are sick of enmity and its fallout. Elections in Pakistan, however rigged, have thrown up a political alternative. This is an opportunity for both the countries to start afresh. I wish New Delhi would take the initiative after the government is formed at Islamabad. I am happy to see new ideas for rapprochement emerging in Pakistan and reflecting a different approach from the old mulish one.

Asif Ali Zardari, the co-chairman of the Pakistan People's Party (PPP), who is set to lead the next government in Pakistan, has proposed to keep Kashmir "aside" to focus on trade. "We do not want to be a hostage to that situation," he said while underlining "strong feelings" on Kashmir.

Whatever else he may be, Zardari is a realist. He understands that too much embroilment with the Kashmir issue has told upon his country, economi-

cally, politically and socially. The entrenchment of the armed forces is one of the worst consequences.

Terrorism, which threatens Pakistan in many ways, Zardari knows, was initiated by General Zia-ul-Haq and sustained by General Pervez Musharraf to bleed India. True, the latter suffered, and it still does. None at Delhi knows when and where terrorists will strike again. Yet, as a gathering of clerics of Dar-ul-Uloom at Deoband in India has said, terrorism is against the tenets of Islam and that the religion does not in any way condone the killing of innocents.

Deoband is a severe, orthodox sect of Islam closely connected to the Wahabis in Saudi Arabia. Zardari may have been influenced by the fatwa from Deoband. He may also be feeling helpless against the situation where terrorists are striking in the northwest. (During the last year, there have been 56 attacks by terrorists in Pakistan, killing 759 citizens, including over 239 security personnel, and injuring 1,685.)

Zardari's first priority is to

eliminate terrorism. This what Benazir Bhutto would have done had she been alive. To fight terrorism, Zardari has no recourse except relying on the armed forces. He also realises that he cannot challenge the military so long as Kashmir is hanging fire.

Keeping Kashmir "aside" does not mean that Zardari is writing off Kashmir. Nor does it mean "sidelining the question" as is the fear of the Hurriyat leaders. It only means that the two countries have open trade and commerce so that the goodwill generated in the process will help both overcome the impediments on Kashmir and come to a settlement.

"We can be patient till everybody grows up further," says Zardari. Zulfikar Ali Bhutto also told me once in an interview that "it was not incumbent on his generation to solve every problem. Let the next generations take up Kashmir." Zardari has argued that "maybe, coming generation grows up even further and then let us interact as human beings and come to a position of love." This is a practical approach.

Pakistan should exploit the opportunity of having access to India's open markets, as the West is doing. Even now the unofficial trade between the two countries through Dubai and Singapore alone is said to be worth \$2 billion. Why not have direct trade which will earn the governments on both sides custom duty, excise tax, etc and save importers the money spent on bringing goods through circuitous routes?

I know there are hard-liners who will frown upon Zardari's suggestion. The two countries have fought three wars on Kashmir and have wasted crores of rupees on defending the line of control. (India has increased its military budget by 10 percent, from Rs 96,000 crore to Rs 105,500 crore.) Thousands of people have died on the Indian side of Kashmir in the insurgency, which has been there off and on for many decades. Terrorism has ended the insurgency.

Kashmir is a political question and it needs to be settled that way. The armed forces cannot solve the problem. Many commanders on the Indian side have said so. The commanders on the Pakistan side have also felt the futility of a militaristic approach. Zardari's statement only underlines that and he feels that a new initiative is needed to break the logjam.

In fact, Pakistan should tear a leaf from India's book. The latter has a problem with China on the border. They fought a war in 1962 on this issue. New Delhi believes

that Beijing has under its occupation 35,000 square miles of Indian territory. Still, India has moved first to have economic ties with China. New Delhi has not whittled down its claim. It holds every three months a meeting with Beijing on the delineation of the border. In a way, it has kept the border dispute aside. But that does not mean the problem has been settled. New Delhi is utilising the peace at the border to trade, which has trebled in the last couple of years. China is reciprocating without reservations.

Pakistan, too, does not have to give up its claim on Kashmir. Nor does it have to abandon the Kashmir Solidarity Day, an exercise it has been going over for some years. But nothing stops it from having trade and business relations with India. Were this to happen, the top industrial houses in India would be willing to invest in Pakistan, as they are doing in the UK, Europe, the US, and even China. New Delhi should also be giving concessions in tariffs because it is a developed country compared to its neighbours.

Once trade between India and Pakistan is established, the arrangement can be extended to Bangladesh, Sri Lanka, and Nepal. Ultimately, the entire region from Afghanistan to Myanmar can become a common market, like the one the European countries have. The sky is the limit.

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Multi-polar world? Not so fast

Until these questions are answered, we do not yet know what the shape the future realpolitik will take, for the simple reason that we do not know what constitutes "core interests" for the US and the regional giants. But one thing is clear: As long as the rising powers compete with one another regionally, the US will hold the key as the dominant balancer even in its perceived decline. Jiang Qian is a postdoctoral researcher with Eric Heller's Group and the Condensed Matter Theory Group at Harvard University.

JIANG QIAN

It has become fashionable to talk about the arrival of a multi-polar world, in which the US faces increasing competition from rising powers like Europe, China and India, or resurgent powers like Russia and Japan. Proponents of such a "multi-polar worldview" often claim to hold a "realist" view of international relations. They believe the US should retreat from its ideological crusade and instead engage in a contest for influence with other global "poles" -- à la "the Great Game" -- on "unclaimed playgrounds such as Africa or Latin America."

However, realism is only as good as its assessment of reality. The view of multiple powers competing for global influence is a misleading assessment of international relations today

and for the near future. The proponents of such a "multi-polar worldview" often confuse the immense potential of their favoured giants with their actual influence. They often overlook the immense internal difficulties these rising giants must overcome to realise their potential. Most importantly, they do not take full account of the strategic interactions between these giants during their simultaneous rise, and the strategic opportunities that such interactions present for the US.

Among the rising powers, the European Union boasts by far the largest economy, with a comparatively large and prosperous population. However, after a long drive of expansion, Europe faces a serious cohesion problem. It still suffers from a weak

security framework that's dependent on Nato, and a legalistic rather than executive center in Brussels. Although the EU does chase strategic interests in its proximities such as the central Asia and North Africa, it does so, not for any overreaching vision to compete globally, but mostly for parochial economic reasons. Europe is not yet competing in any "Great Game" for the simple reason that Europe is not yet unified. Recent rejections of the EU constitution show that serious resistance remains towards further integration.

After recent stabilisation of its economy, a resurgent Russia is often mentioned as a future global power. However, Russia faces severe long-term internal challenges. Its population is declining and aging, its vast Siberia territories hollowing out

after the end of Soviet subsidies. Extractive industries such as hydrocarbon, mining and timber account for 80 percent of Russia's exports and 30 percent of its government revenue, whereas its manufacturing industries are mostly outdated and uncompetitive. Russia, therefore, will have serious issues with its self-image as a major world power, finding it hard to forge an assessment of its global role commensurate with its long-term demographic and economic realities.

Japan has a similar problem of updating its self-image as the most "advanced" nation in Asia for more than 100 years. Today, Japan faces the harsh reality that, after its neighbours catch up, Japan will again find itself a geographically small, resource-poor island nation dependent on trade, living uneasily among large, populous continental neighbours. It has a largely pacifist, prosperous population in a neighbourhood still rife with nationalism.

Unlike Europe, East Asia has yet to extinguish historical grievances, border disputes, and a taste for raw national powers. As Japan itself proved, economic

risks, once initiated, can be rapid indeed, so its current economic strength does not guarantee its future influence. Furthermore, barring a rapid re-militarisation, Japan's growth in national strength is bound to be slower than that of its still maturing neighbours, therefore its relative strategic position in East Asia will only grow weaker. Either re-militarisation or an erosion of its self-perceived leadership in the region is likely to require a profound reassessment of Japan's post-war consensus of national purposes.

India sees itself as an up-and-coming power, proud to be a democracy, yet simultaneously aspiring to more traditional "hard" powers. As a diverse and still poor country, it faces immense internal challenges. Its manufacturing base and infrastructure need major overhaul. Beyond these, India is limited by its geographical constraint in the South Asia and the thorn in its side that is Pakistan. Sandwiched between Pakistan, Burma, and the Himalayas, India's ambition beyond the sub-continent cannot blossom until its geographical perimeter is secured. China borders three of the

ambitious giants -- India, Russia and Japan. China's neighbourhood is far tougher than that of either Europe or the US. Like India, China is a large, poor country rife with internal tensions. Unlike Europe or America, its current form of government does not enjoy wide ideological appeal. Compared with Russia's or even Japan's, its military is still modernising. It has recently become fashionable in America and Europe to describe Chinese "expansions" in Africa and South America. But the evidence is mostly economic deals over raw materials. This is not expansionism, but mercantilism.

China is indeed playing an active geo-political game in its immediate environment: south-east Asia, Central Asia and Korea peninsula. But this only serves to show that China is still mired in local complexities. By contrast, US foreign policy often takes Latin America for granted, overshadowed by global hotspots like the Middle East. Even more fundamentally, China has yet to reconcile its geopolitical destiny with the unfulfilled ambitions of its three giant neighbours.

The last point applies equally for other rising powers. Russia

already butts heads with Europe over the latter's eastward expansion, and may look nervously at its Siberian possessions in the face of the overwhelming population across Chinese borders. Japan could have followed the 19th-century British role as the island balancer to prevent any one power from dominating the continent, but China is much larger than either Napoleonic France or Kaiser Germany. India sits between two neighbours who have close ties with China, Pakistan and Burma, and unresolved borders with China in the north. All these countries lie on a continuous Eurasia landmass, with its many sets of complex geo-politics, and confront competing aspirations of giant neighbours. For these giants, local concerns with neighbouring powers will carry more urgency than global ambitions.

This leaves the US, secure in its isolation, the only country with a true global horizon. Throughout the 19th century, Britain played the dual role of a global power and an island balancer. It aimed both to ensure command of sea and to prevent the dominance of the continent by a single power. A realist US foreign policy today

would play a similar game on a larger scale, aiming to hobble rising powers in their own regional niches in the Eurasia continent. With this goal, local alliances like that between the US and Japan will be more crucial than global contests for influences. This is not a "Great Game" played by a number of true global powers in a "multi-polar world."

More fundamentally for a realist, however, is a need to define strategic interests in this new century. Are they raw materials, territories or sea lanes, allies or ideological influence? What kind of allies, military or commercial? Until these questions are answered, we do not yet know what the shape the future realpolitik will take, for the simple reason that we do not know what constitutes "core interests" for the US and the regional giants. But one thing is clear: As long as the rising powers compete with one another regionally, the US will hold the key as the dominant balancer even in its perceived decline.

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