

Rupali sale debacle

Go to the bottom, hold the responsible to account

AFTER keeping Rupali Bank in hibernation for a long time, but in a state of suspended animation that a Saudi prince was about to salvage it by buying it off, the sale process initiated some two years ago has come to naught -- thanks to the buyer reneging on the price he had originally offered. Having been the highest bidder at US\$ 458 million and thus apparently winning the deal, the Saudi prince Bandar had since dragged his feet. Only in December last year, that too departing from normal practice, he wrote to Army Chief General Moeen U Ahmed to say he was willing to pay only US\$ 185 million. Small wonder, the government has decided to terminate the sale contract.

The bona fides of the Saudi prince has come under question-mark. His Bangladesh agent is said to be an international arms dealer, so that the credentials of the buyer group were suspected to be dubious, more so because they didn't have any background of investing in or running of banks or financial institutions. Why in the first place, before making a deal with him two years ago, the highest bidder's professional background, especially his eligibility was not fully gone into? The caretaker government must be thanked for preventing the bank going into wrong hands.

The waste of time and money is highly regrettable. Some Tk 35 crore has been spent on the privatisation venture. In compliance with donors' condition, a foreign consultancy firm was appointed at Tk 17 crore 70 lakh. Besides, the privatisation commission sent delegations abroad in search of foreign buyers spending Tk 17 crore on so-called 'road shows'.

We are not aware whether, according to privatisation commission's stipulation, the Saudi prince had made security deposit of 2.5 percent of the total price quoted for the bank by him. Could we get compensation for the loss of time and money?

Experienced bankers and leaders of financial institutions tend to sniff wrongdoing behind the deal made during the former government. They suspect that the buyer has decided to back out with the change of government apprehending that they couldn't execute their hidden plans.

We would, therefore, urge the government to get to the bottom of the affair, identify those responsible and hold them to account. The ACC may like to go into it.

New measures on the road

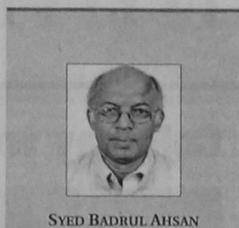
Enforcement of traffic rules is what matters

THE authorities plan on taking new and more stringent measures towards handling traffic rule violations on the roads. It is a move that should have come sooner since a lax observance of rules and an imposition of nominal fines for violations have really done little to streamline vehicular movement. One cannot but agree with the authorities that raising minimum fines for various violations of traffic rules is now an absolute necessity if there is to be a deterrent to bad or flawed driving or a wrong plying of vehicles on city roads.

There are quite a number of aspects which must be studied before any tightening of traffic rules is considered. In the first place, provisions must be there for drivers to be made aware of road regulations. This can be done through ensuring that they are fully and professionally trained for their job. The unfortunate reality is that a very large number of drivers on our streets do not appear to be aware of some very basic rules of the road, such as keeping to particular lanes or overtaking other vehicles. In the second place, there are the many instances of a gross overturning or ignoring of rules on the part of both drivers and traffic personnel. All too often, vehicles do not come to a stop, for quite a long while, even if the lights on their path have gone red. If that is one problem, there is another which usually comes up when constables and sergeants take it upon themselves to direct traffic on their own inclinations irrespective of what the traffic signals indicate. Such methods of work generally lead to tailbacks and then a huge congestion. There is then, of course, the lackadaisical application of rules relating to the use of dilapidated, soot-spewing vehicles. The rules must come down hard on such vehicles. And that depends on the presence of truly professional traffic policemen on the roads.

Any application of traffic rules must also aim at minimising traffic congestion. Multi-storied buildings, whether residential or commercial, must by law be compelled to have parking spaces. There must be guarantees that rules relating to such buildings, parking spaces and all, are adhered to as they appear in original plans. Where bus stoppages are the matter, let them be positioned away from traffic intersections. Finally, while a strict enforcement of rules and imposition of heightened fines are welcome, let care be taken that they do not open up a fresh new avenue of corruption for our traffic policemen.

Diplomacy, politics and closed windows



SYED BADRUL AHSAN

TIME was when diplomats stayed frenetically busy extolling the virtues and values of their nations in the countries they were posted in. Diplomacy, if you remember, was once a truly high calling, one that established the dynamics of how nations were expected to interact with one another.

There was Thomas Jefferson and then there was Benjamin Franklin, both of whom excelled themselves in France as representatives of the just freed British colony that called itself the United States of America. And there remains the story of Talleyrand, the shrewd French diplomat negotiating his country out of the woods for years on end.

Our own modern-day diplomat Henry Kissinger brought him back in circulation, along with Castlereagh and Mettermich, in the late 1950s. All three men have been points of reference in the historical diplomatic ensemble for the past four decades, perhaps more.

So there you have something to mull over. And while you do, you might want to reflect on how the principles of diplomacy appear to have taken a fresh new turn, especially when such diplomacy relates

GROUND REALITIES

Men with a sense of history, with clear perspectives on their heritage, do not grumble. They wait for that pristine dawn when men greater than they will arise in their midst, to remind them of Bangabandhu and Tajuddin Ahmed, to take the old, ancient path to collective self-esteem along the tradition set by these supermen as they led us to freedom.

to third world nations unable to have their political classes come together in their broad national interests.

A few weeks ago, Kofi Annan travelled all the way to Nairobi to convince President Mwai Kibaki and opposition leader Raila Odinga that they needed to rein in their antagonism so that their followers could stop hacking one another to death and let Kenya move on to normality. Not many months ago, it was the United States that convinced General Pervez Musharraf that he would have to let Benazir Bhutto get back to Pakistan if politics was to recover something of a democratic sheen.

Not much later, the Saudis brushed aside Musharraf's objections to a return home by Nawaz Sharif, who triumphantly went back to Pakistan and today goes around spreading the word that the general must be impeached.

There are other instances of diplomatic intervention (or shall we call it intercession?) you come across these days. Look around you. The American Geeta Pasi has just been to see some of the leading lights in the Awami League and the Bangladesh Nationalist Party. The degree of influence that an American diplomat wields in Bangladesh's politics is not hard to imagine.

Anybody who is somebody in a major political party of this country finds himself in a state of excitement once someone like Pasi (or, before her, Patricia Butenis) decides to drop by or, even better, chooses to send out gracious invitations to dinner at her diplomatic residence. That causes a good number of people -- and some of them are people you know -- to grumble loudly, to ask the rather impertinent question of why a foreign diplomat posted in the capital of this sovereign country must be going around speaking to and advising men and women who should be knowing of better ways of conducting politics.

Grumble all you want. The fact remains, though, that these diplomats, especially from the West, have transformed themselves into a class, despite themselves, owing to the manner in which our politicians have stepped up to their doors with their pleas and entreaties in defence of democracy and good governance in Bangladesh.

It is a question of self-esteem you deal with here. And that kind of self-esteem is what you spot in places like India, where democratic pluralism is so rooted in depth and substance that no foreigner will call forth the courage or the naivete, as the case may be, to advise politicians in the Congress and the Bharatiya Janata

Party on how they should be dealing with one another in the interest of democracy.

It now follows that the degree of strength on which Indian democracy operates is non-existent in Bangladesh. Worse, there is yet hardly any hint of things getting any better, which is another way of saying that between now and the general elections, whenever they are held (and the deadline must not go beyond December of this year), the people who man the embassies of western nations here in Dhaka will remain busy sketching out packed schedules of meetings between Bengali politicians and the all-powerful diplomats of the world's dominant nations stationed in Dhaka.

Now, the truth is that you might be tempted, sorely, to cast long dirty looks at your politicians for having brought this country to this kind of an impasse, for impasse it is. But when you sit back, perhaps in the depths of the night, and reflect on the realities around you, you just could feel something of a ripple of sympathy rise up in you for many of these politicians.

No, we are not speaking here of the men and women who, under the cover of elective politics, pushed the nation to extremes of despair and

desperation in the five years till October 2006. These are people who must be made to answer before the law for all their acts of commission and sins of omission, for everything nefarious they have caused to happen.

But there are other politicians whose relentless struggle for good government, for welfare-oriented politics, is on record. Of course, Dr Kamal Hossain thinks the political classes, irrespective of party or alliance affiliations, all hold collective responsibility for the imposition of a state of emergency in January 2007. Is that truly the case? Or must we now remind ourselves of the malaise that began extending itself all across the land with the Lajuddin caretaker administration running the show?

No, ladies and gentlemen, we cannot, and we do not, judge all our politicians by the same yardstick. And while we believe it is unfortunate that politics did reach a point where an imposition of emergency became an absolute necessity, even an inevitability, we do not think that those who put up a brave struggle to send the Lajuddin caretaker outfit packing were in any way jeopardising the cause of democracy in this country.

They did what needed to be done. The resignation of four honest advisers in that crooked arrangement vindicates such a position.

And why do many among us now have this crescendo of sympathy for all these embattled politicians? Why are we not inclined to take issue with them over their linkages with western diplomats? The answers are not hard to come by. In the more than a year that has elapsed since the arrival of the existing caretaker arrangement, no windows have been

opened that could permit the political classes and the government to smile at one another, to nod at one another.

Our advisers come forth with their opinions on politics when they are in the presence of the media. And our politicians have stumbled on the very legitimate thought that all those talk shows on television, interspersed with tea or post-prandial conversations with western diplomats, are some of the means by which they can pass on their ideas or their worries to the powers that be.

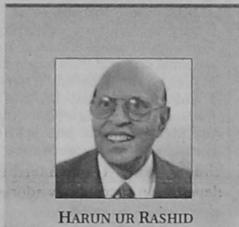
Anyone who suggests that such a means of communication between two important players on the current national stage is fine, or as it should be, is missing the point and forgetting history. In 1969, for all his imposition of martial law in Pakistan, General Yahya Khan went around meeting Bangabandhu Sheikh Mujibur Rahman, Zulfikar Ali Bhutto, Mian Mumtaz Daultana, indeed everyone who mattered in national politics at the time.

In Bangladesh today, it is now all those well-meaning foreigners like Geeta Pasi and Anwar Chowdhury who, perhaps unbeknownst to themselves, have taken upon themselves the role of intermediaries between the politicians and the administration. They did not ask for such a place. Must we now grumble?

Men with a sense of history, with clear perspectives on their heritage, do not grumble. They wait for that pristine dawn when men greater than they will arise in their midst, to remind them of Bangabandhu and Tajuddin Ahmed, to take the old, ancient path to collective self-esteem along the tradition set by these supermen as they led us to freedom.

Syed Badrul Ahsan is Editor, Current Affairs, The Daily Star.

Political tsunami in Kuala Lumpur



HARUN UR RASHID

MALAYSIA, a country of nearly 24 million people, of which ethnic minorities (Chinese and Indians) constitute 35%, went to the polls on March 8. It is a parliamentary monarchy whose largely ceremonial monarch is elected every five years by the nine hereditary Malay kings of peninsular Malaysia (West Malaysia) from among their own members.

Its current Prime Minister Abdullah Ahmad Badawi (68), who was elected in 2004 with 91% seats, sought another five-year term. He heads a coalition, known as Barisan Nasional, which has won all previous 11 general elections.

The question was not whether his coalition party would win; rather the question was how many seats his coalition party would get. Prime Minister Badawi told voters the night before the election that they could cause instability and chaos if they abandoned BN, implying that racial tensions could flare up.

In 1969, after Barisan suffered a major electoral setback, race riots broke out in which hundreds of people were killed and a two-year state of emergency followed. Badawi said: "You have to vote for our future. You have to vote for our children ... What will happen if there is chaos and there is instability?"

BOTTOM LINE

Democracy does have roots in the Islamic world. It is argued that historic Muslim societies were more representative than their modern counterparts because the central government was not as powerful. Muslim society was a society where communities had some control of their own affairs. There was more decentralisation of power. The central government was mainly focusing on issues of law and order or security.

Worst election result for the ruling coalition party

It appears that 10.9 million eligible voters sent a different message to the ruling party. With a few seats yet to be decided at the time of writing, the ruling coalition won 137 and the opposition 82 of the 222 seats in Parliament.

In Kuala Lumpur, the opposition has captured 10 of 11 seats in the parliament. No one expected the opposition to do so well across the board.

Opposition figure Anwar Ibrahim, a former deputy prime minister who is banned from holding office after being jailed for corruption in a trial he calls politically motivated, hailed the result as a message that it was time for change in Malaysia.

Mr Ibrahim's Justice Party has 31 seats out of the opposition's 82 so far, according to the commission's website. The opposition now has control of an unprecedented number of seats in parliament, 82. Before the election, it held 19.

Prime Minister Abdullah Ahmad Badawi's coalition lost its two-thirds parliamentary majority, and control of five state assemblies, including Penang, out of eleven in peninsular Malaysia and two states in East Malaysia.

Before the elections only one state was under opposition control,

Kelantan. The election commission confirmed opposition wins in Kelantan as well as Selangor, Perak, Kedah and Penang.

The loss of Penang, which has a majority of Chinese voters, is considered a personal blow to the prime minister, as it is a major industrial centre.

Three ruling component party leaders failed to secure a seat at the lower house of the parliament, including Malaysian Indian Congress president Samy Vellu, and People's Movement Party acting president Koh Tsu Koon.

The Islamic Party of Malaysia (PAS) reportedly has won a simple majority in the state of Kelantan to continue to control the state's government.

Media reports indicate that the ruling coalition in Malaysia has suffered its worst election result in decades by winning only a simple majority, say election officials.

The biggest loser is Prime Minister Badawi, who dissolved parliament in February, one year before the five-year deadline. He wanted to judge the popularity of his government through the election.

Among those calling for Abdullah Badawi to quit is his predecessor, Dr Mahathir Mohamad, who accused him of destroying the United Malays Organisation (UMNO), the largest

party in the ruling alliance.

Dr Mahathir, who chose Badawi as his successor more than five years ago, said he had made the wrong choice. "I think he should accept responsibility for this. He should accept 100% responsibility," he said.

Badawi dismissed suggestions that he would now face pressure from party members to step down. His son-in-law, Khairy Jamaluddin, told reporters: "We suffered a lot of losses tonight. But we are going to fight on. We are not going to quit. It is not the end of the world and we are going to get through this."

Ibrahim, said the people of Malaysia had spoken.

"Today, at the ballot box, you listened to your heart with a lot of conviction that the time for change has arrived ... This is a defining moment, unprecedented in our nation's history. Today a new chapter has opened."

Why the loss?

It is clear that people wanted change, and Chinese and Indian ethnic minority voters deserted the National Front, which was in power for 50 years. Growing tensions between minority communities and the Malay majority have dominated the election campaign, and the government has appealed for calm.

Ethnic minorities make up more than a third of the population. Many

complain that government policy has denied them fair access to jobs, education, and housing. The government's affirmative-action policy has given Malays educational, housing and job preferences since it was created in 1971.

Analysts say that ethnic tensions and widespread concerns about price rises have diminished the popularity of the ruling party.

Indians in Malaysia say the Malay-Muslim majority discriminates them against. Some Indians allege that racial harmony is not possible in a country that has one set of rules for the majority and a different set for the minority. They ask why they should vote for a government that treats them not as "citizens of equal right" but as guests who simply enjoys the goodwill of their hosts.

Tensions have increased in recent months as a result of a series of illegal street demonstrations. Last November, 10,000 Indians took to the streets during one protest. Many were arrested and the action reflected the authoritarian character of the government.

Anwar's People's Justice Party cooperated with two opposition parties -- the DAP and PAS -- against the government, and pledged to scrap the race-based policy.

Tricia Yeoh from the Centre for Public Policy Studies said that this election was drastically different to the last. "There has been, in the past four years, an increasing disquiet in almost all sectors of society," she said. "This is due to a number of reasons... the failure of the administration to curb corruption and the growing income disparity between different societies in Malaysia."

Yeoh said the electoral system is in need of reform because of conditions

that are unfavourable towards the opposition.

"You've got non-Malays very disgruntled with the government," said Maznah Mohamed, a senior fellow at the National University of Singapore. "The opposition parties have really gotten their act together in terms of strategising, and they have their icon of a leader in Anwar."

Furthermore, Prime Minister Badawi's leadership appeared to be weak and listless. His difficulty has been that he succeeded strong man Dr Mahathir Mohammad. Badawi has always been a compromiser, and is not confrontational. He is a deeply religious person and soft-spoken. Malaysia's voters seem to have preferred a strong man to a compromiser.

It is a healthy sign that the opposition will have a role in the parliament to make the government accountable for their actions or omissions in running the country. The opposition have now to show that they can work together. That means they must show that the Chinese, multi-racial, and Islamic parties can forget their religious and ethnic differences.

Democracy does have roots in the Islamic world. It is argued that historic Muslim societies were more representative than their modern counterparts because the central government was not as powerful. Muslim society was a society where communities had some control of their own affairs. There was more decentralisation of power. The central government was mainly focusing on issues of law and order or security.

Malaysia, Indonesia and Turkey have demonstrated that Islam and democracy go together by going through periodic elections.

Barister Harun Ur Rashid is a former Bangladesh Ambassador to the UN, Geneva.

The triumph of OPEC

A weaker global economy may dampen demand. Even OPEC may be unable to hold prices at today's high and undesirable levels. Whatever happens, the long-term threat of a global oil cartel will remain. We should be taking the hard steps to limit its power. Considering our past complacency, we probably won't.

ROBERT J. SAMUELSON

FOR much of its 47-year existence, the Organisation of the Petroleum Exporting Countries (OPEC) has been a cartel in name only. It could not, in practice, control oil prices because many of its members regularly breached the production quotas that were intended to regulate the market. So OPEC generally followed oil prices up and down, as supply and demand conditions shifted. But now OPEC may be the real deal: a cartel that works. If so, that's bad news for us.

Look no further than last week's OPEC meeting in Vienna. Oil ministers declined to increase production despite a fairly obvi-

ous case for doing so. Not only were oil prices fluttering just above \$100 a barrel, but the United States is either in or near a recession and much of the rest of the world faces a noticeable economic slowdown.

The OPEC ministers were unmoved. Indeed, they indicated that they might actually reduce production if weak demand -- presumably reflecting weak economies -- threatens to depress prices. Not good.

What's wrong is that a fall of oil prices is one of the mechanisms by which a recession or economic slowdown corrects itself. Lower prices for gasoline, home heating oil and diesel fuel improve con-

sumer purchasing power. They muffle inflation and increase confidence.

In this sense, they're an important "automatic stabiliser" for a faltering economy. If the automatic stabiliser is disarmed -- or, worse, transformed into an automatic "destabiliser" -- then the slowdown or recession may get worse.

Oil producers don't much care. High prices have been good to them. Since 1999, annual oil revenues for OPEC countries have more than quadrupled, to an estimated \$670 billion in 2007, says energy economist Philip Verleger Jr. What's less clear -- to experts, at any rate -- is whether

OPEC has merely benefited from good luck (tight oil markets) or has acted as a true cartel, restricting output and raising prices. The right answer is: both.

Of good luck, there's little doubt. Two massive oil miscalculations both aided OPEC. First was a widespread underestimate of world demand, especially from China. Since 1999, China's oil use has almost doubled, to 7.5 million barrels a day (mbd) in 2007. (In 2007, world oil use was 86mbd, up 13 percent from 1999. American oil use was 20.8mbd, up 7 percent.)

Second was an overestimate of supply. War, civil strife and nationalisation have depressed production in Iraq, Nigeria, Iran, Venezuela and elsewhere. Total global capacity might be 4.5mbd higher without these setbacks, says the Energy Policy Research Foundation (EPRINC), an industry research group. The combination of higher demand and

stunted supply has pushed up prices.

But that's only the half of it. Go back to late 2006. Crude prices were slipping from about \$70 a barrel in August toward \$50 a barrel (a level that, a few years earlier, seemed astronomical). A true cartel would cut production to prop up prices. That's what OPEC did.

In two steps, it reduced oil output by about 800,000 barrels a day, notes economist Larry Goldstein of Eprinc. "By July, 125 million barrels of oil inventory had been wiped out," he says. At the end of 2007, inventories (measured by days of supply) were at their lowest point in three years. Prices rose. Without OPEC's supply cuts, they wouldn't now be at \$100 a barrel.

OPEC's present market power dates to early 1999, says economist Verleger. Oil prices then were about \$10 a barrel. The 1997-98 Asian financial crisis had cut

demand; supply was essentially unregulated. Saudi Arabia undertook frantic negotiations with other major producers, including Iran, Kuwait, Venezuela and non-OPEC members Russia, Norway and Mexico. The result was an agreement to cut production sharply. Compliance with output quotas was surprisingly good; countries were terrified by the collapse of their oil revenues. "That's when OPEC started acting like a cartel," says Verleger.

To some extent, we are paying for past shortsightedness. Dependence on oil imports, now almost 60 percent of our supply, is inevitable. We simply use too much and produce too little. But we could limit OPEC's market power by curbing our demand and increasing our supply.

As the worldwide gap between supply and demand rises, it becomes harder for producers to control the market. More have spare capacity; more are tempted

to increase production to raise revenues. Controlling supply today is easier because most producers are operating near their potential. The surplus is concentrated in a few countries, especially Saudi Arabia, which can adjust production to influence prices.

The American approach is to rant at foreign producers on the silly presumption that they should subordinate their interests to ours. The resulting self-righteousness rationalises a refusal to do much that would actually influence their behavior and limit their freedom of action. It was only last year that Congress raised fuel-efficiency standards for new cars and light trucks; the dampening effects on oil consumption will be years in coming.

We have steadfastly rejected higher gasoline taxes to curb unnecessary driving and strengthen demand for fuel-efficient vehicles (better to tax

ourselves than let foreigners tax us through higher prices). And we have consistently restricted oil drilling in Alaska and elsewhere.

It is a fair commentary that, by doing so little to check its own thirst for imports, the United States has unwittingly contributed to OPEC's present triumph. The extent of that triumph will be tested this year and next. The US Department of Energy projects that non-OPEC oil supplies -- from Brazil, Canada and Kazakhstan, among other places -- will increase.

Meanwhile, a weaker global economy may dampen demand. Even OPEC may be unable to hold prices at today's high and undesirable levels. Whatever happens, the long-term threat of a global oil cartel will remain. We should be taking the hard steps to limit its power. Considering our past complacency, we probably won't.

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