

The Truth Commission

It might create more problems than solve

THE government has its rationale behind the setting up of a proposed Truth and Accountability Commission. As the draft Voluntary Disclosure Ordinance 2008 notes, the length of the normal legal process as well as the associated backlog has necessitated the establishment of such a commission. While we understand the argument, we also must note that the commission, once it is in place, will function for only six months. Our question now is rather simple: what happens once the Truth and Accountability Commission is no longer in existence? Let us stretch the thought. There may well be a number of cases the commission may not have time to deal with. Does that mean that while some people accused of corruption go free once they have confessed to their crimes before the commission, others will go through the normal legal process only because the commission will have ceased to exist?

Those who have indulged in financial wrongdoing would be given an opportunity to own up to their crimes and, on condition that they cough up their ill-gotten gains, be pardoned. Perhaps such a spirit, based on a form of plea bargain, has been at work in all this talk about a Truth Commission. Given the massive nature of the corruption issue the caretaker government is today confronted with, however, it makes sense to ask why the commission must be circumscribed within a six-month time frame and not be permitted to work as a permanent body operating on a permanent set of regulations. Such questions arise because of suspicions that the commission might target a particular body of corrupt individuals with the aim of removing them from participation in any electoral politics. In fact, Section 9 of the draft ordinance ordains that those who are pardoned by the commission will not be allowed to take part in elections or be members of corporate bodies. And yet section 9 notes that such a bar may not apply to individuals who, under certain provisions of Section 6, voluntarily come forth to disclose the sources of their illegally acquired wealth. This is a fundamental contradiction and forces us to believe that the draft needs to be re-visited.

A duality in terms of legalities threatens to undercut the process, leading to misgivings about such actions. It is these loopholes in the draft ordinance that must be filled in. We believe that the entire process must be thoroughly and rigorously thought through before a final decision is reached.

We are curious to know if the Truth Commission is being fashioned on the model already adopted by any other country. The example of South Africa, where the aim was promoting social cohesion in the post-apartheid era, is at variance with what we mean for ourselves. And, by the way, we are quite intrigued by the fact that it has taken the authorities fourteen months to draft a law that will run out in just six months!

Power supply goes erratic

Plan for better load management

WE are not into the summer yet, but the old problem is back to cause us misery again. It is becoming increasingly difficult for the people to bear with load-shedding, the situation made worse for the students who are taking the SSC exams. And the problem is not restricted to the capital only but has also affected almost the entire country.

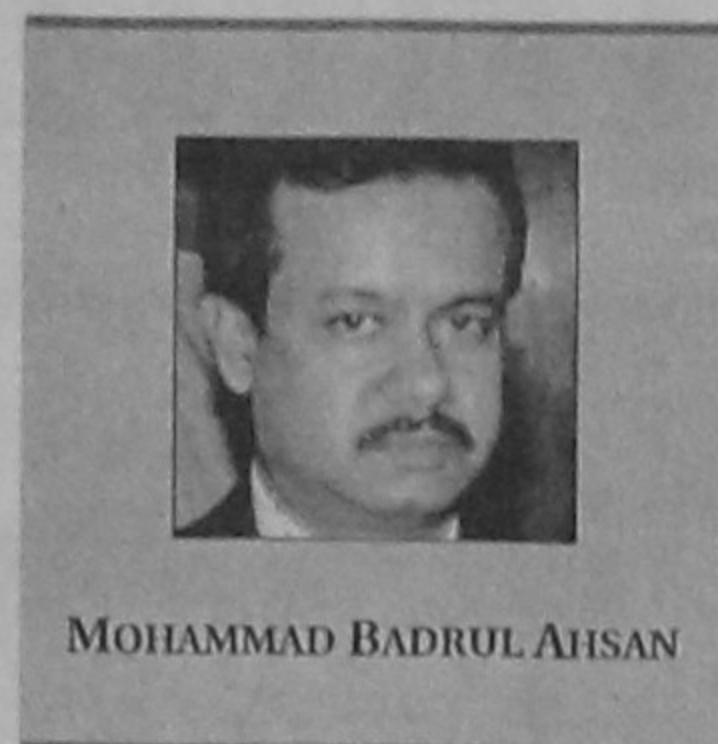
We were given to understand that the present government had planned to deal with the shortfall and manage the deficit by adding to the current level of electricity generation, and implementing appropriate measures to make the shortage bearable. It appears from reports that it has not been the case. Providing villages with electricity between 12 midnight and 8 in the morning makes little sense at this moment. One wonders what a farming household will do with it except to run the irrigation pumps - which in any case is not required just at this moment. It all goes to show the poor planning in managing the shortage of electricity.

We are aware that not a single megawatt of electricity was added to the grid during the tenure of the last regime. And our requirement for it increases by the day. But one feels that there should be a method in the load-shedding to allow people from various walks of life to plan their routine accordingly. As for Dhaka metropolitan area we were given the assurance not long ago by very responsible officials of DESA that it would follow a routine, and localities would be informed in advance of the timings when they would be without electricity. That has not been the case either.

Not only are mills and factories affected by it, most households also had to do without drinking water due to water pumps made dysfunctional on account of prolonged periods of power outage.

There is a need to address the matter holistically. Efforts must be made to add to the existing capacity while at the same time ensure that the generating units produce to their optimum capacity. This is hindered at the moment due to shortage of gas supply to the gas-fired units. This has to be redressed. Some short-term measures like renting power from captive generating units which are under consideration of the government must be implemented urgently.

Our milkman paradox



MOHAMMAD BADRUL AHSAN

ONE of the many dilemmas of democracy is whether it works better bottom up or top down, and one more time it looks like it will be dictated from the bully pulpit of a few wise men. Sit tight and wait for the coming attractions. The Truth Commission is going to break box-office record. We are told that, the National Security Council is also ready for release. Hold your horses, ladies and gentlemen! It's coming soon to a theater near you.

By all means, get ready to see yet another instance of high-handed democracy when the fortunate few are going to decide what is good for the unfortunate many. For last thirty-seven years, it has been the same story going in circles. Call it presidential form, call it parliamentary form, then referendums, caretaker governments, emergency rules,

amendments to the constitution, one after another, choices have been made for the people and shoved down their throats.

Perhaps democracy has never worked in this country for the same reason defining moments in life are never planned. We never allowed it to grow, and always tried to manufacture it.

That brings us to the Murphy's Law on a national scale. Those who are not familiar with the term, allow me to explain. It is an adage in Western culture that broadly states that anything which can go wrong will go wrong. That means the government will create the National Security Council, since it's inclined to do so.

Yes, many countries have it, but I am not convinced that our rough terrains are ready for this fragile plant. I am also not convinced that we are prepared to handle such a sophisticated thing. We are struggling to effec-

CROSS TALK

That is exactly what happened to the king who appointed an inspector to find if his milkman was putting water in the milk. The inspector was compromised and the milkman put more water in the milk. The king appointed more inspectors and the milkman mixed more water. You may not find it in the English language, but when solution creates more problems I call it the Milkman Paradox.

tively run the government in its simplest form. How will it help if it's saddled with yet another complex machinery? If we must get the derailed train back on the track, why load up the cars and make them even heavier to lift?

If we recall, we are in this mess because in October 2006 the transition of power couldn't be smooth. It was because the ruling political party which was going out of power had a nouvelle idea of democracy. It wanted to hand over power without losing grip on it. When investigating into larceny, we stumbled on the evidence of robbery. Politicians, businessmen and bureaucrats were in cahoots, and together they had plundered this country.

Think of the avuncular family physician who recommends mouthwash while checking your tonsils. Likewise, this government came to power to restore democracy, but it also wanted to fix a few other things. I must say it

has done a remarkable job fixing those things. The much awaited separation of judiciary is done. The Election Commission got its acts together. Above all, a once toothless Anti-Corruption Commission is now biting. Not to say, we ought to give this government a big hand for putting all those culprits behind bars.

But the challenge remains if these changes are going to stick. Where does the National Security Council fit into this picture? Is it going to strengthen or weaken the government? Is it going to support or supervise the government?

One academician argued on television that the National Security Council was going to have think-tanks that would advise it on matters of national interest. Don't know, can't say. How is it possible without having the backward linkage ready? Where shall we find these think-tanks when the standards in our

schools are miserably failing?

Yes, I have had many expectations from this government, but reinventing democracy wasn't amongst them. I expected that this government was going to help us go back to the basics. I hoped that it was going to significantly diminish corruption, restore law and order, reform the political parties, strengthen the judiciary, and hold free and fair elections. Then we would have a new beginning. Once again we would start to work in the offices, learn in the schools, enforce laws on the streets, secure justice in the courts and feel safe in our homes.

More than anything, I hoped that this government was going to give this country back to the people. Rise and shine, that dawn is gone. Prices are rampant, politicians are edgy, processes are slow, and people are running out of patience. A small step in analogy can be a giant leap in understanding.

The government is lot like a driver who doesn't own the car but he is paid to sit at the wheel! Lest this government doesn't realise it, the driver is now busy telling us where to go without paying attention that the car has been skidding off the road!

It doesn't take a wizard to figure out that democracy works better when government is close

to people. If the National Security Council is going to be created, so be it. But how is it going to bring government closer to people? For a while, we talked about home-grown democracy. The Westminster style doesn't work. The American style doesn't work. We wanted our own brand of democracy to give it the flavour of our people.

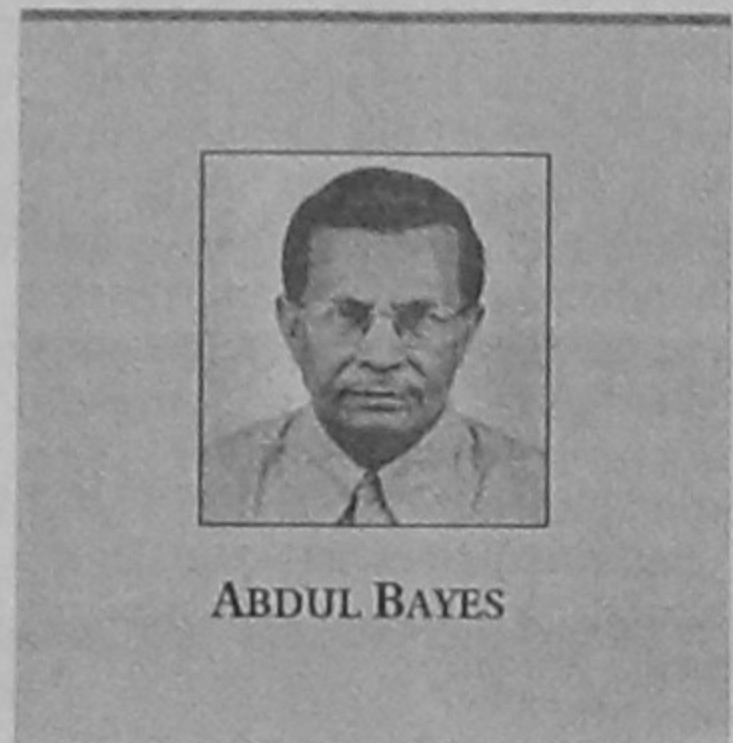
Now, we are trying to use another alien concept to overcome the difficulties of an existing one! There are reasons why it has worked in other countries. But we are building the roof before the pillars are standing. And this is why it may not work for us. Instead, it is likely to create another layer, which will remove our government further away from people.

That is exactly what happened to the king who appointed an inspector to find if his milkman was putting water in the milk. The inspector was compromised and the milkman put more water in the milk. The king appointed more inspectors and the milkman mixed more water. You may not find it in the English language, but when solution creates more problems I call it the Milkman Paradox.

If we don't wish to dilute the democracy, please cut out the middleman.

Mohammad Badrul Ahsan is a banker.

On corruption and inflation



ABDUL BAYES

FEW days back, I was watching an interview of an owner of a jewelry shop in old Dhaka on a private TV channel. To cut a long story short, the shop owner could not produce any documents related to his purchase of gold for a business with a turnover of several crores of Takas each year.

He said that he had inherited the business from his father and grandfather, who used to deal informally. So was the case with his great-grandfather. "How much gold? 50 tolas? O.K. Take half of the payment now and come after a week for the rest."

According to the owner, this informal relationship between the supplier and the buyers still existed, and nobody (excepting the interviewer) asked them about it. If this means he has to face a punishment as a price for the negligence, it would be unkind since nobody informed him of the necessity of such documents before.

According to the definition used for corruption or tax evasion, the shop owner should face charges. But obviously that will create havoc in the jewelry market as most of them are guilty of such

BENEATH THE SURFACE

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crimes, and the gold market in Bangladesh might collapse -- resulting in a rise in the price of this precious metal.

Take another example. We are proud of our economic growth hovering around 6% per annum. And we are hopeful that if a growth rate of 7-8% could be maintained, we would be able to make a dent in the pervasive poverty very soon.

But all that glitters is not gold. If we look at the sources of growth, we find that major contributions came from wholesale and retail trading, transport and construction. The services sector led the growth rate with major contribution to GDP. There was, however, marginal improvement in the contribution of the manufacturing sector.

This means, inter alia, that the growth rate that we have been witnessing over the years came mostly from the informal sectors. For example, most of trading and services are of informal nature. No records, no written contracts, but business deals are being made for huge amounts of money everyday. The wholesale markets in Dhaka could be cited as a classic example. And in transport the same story goes.

Again, according to the definitions of corruption and tax eva-

sion, such informal activities would invite severe punishment for the doers on either side of the fence. An anti-corruption and pro-tax drive, in these sectors could possibly result in a devastating outcome in terms of output, employment and GDP growth rate in the economy.

It may be mentioned here that even in India, the informal sectors contribute a lion's share in generating output and employment. More importantly, informal sector incomes, in most cases, are equalising in the sense that poor people eke out a living from these activities.

That does not, however, in any way deny the necessity of wiping out corruption and tax evasion from the society. Societies have tolerance limits to the expansion of such activities. The limit is set by the degree of monetisation of the economy, the level of literacy, the level of socio-political development, and so on.

Thus, business without documents or records would be rare in case of a country like America, but is regular in case of Bangladesh and Bhutan.

The solution to this is not driving out the actors from the market through use of force, or putting them behind bars. If a distinction

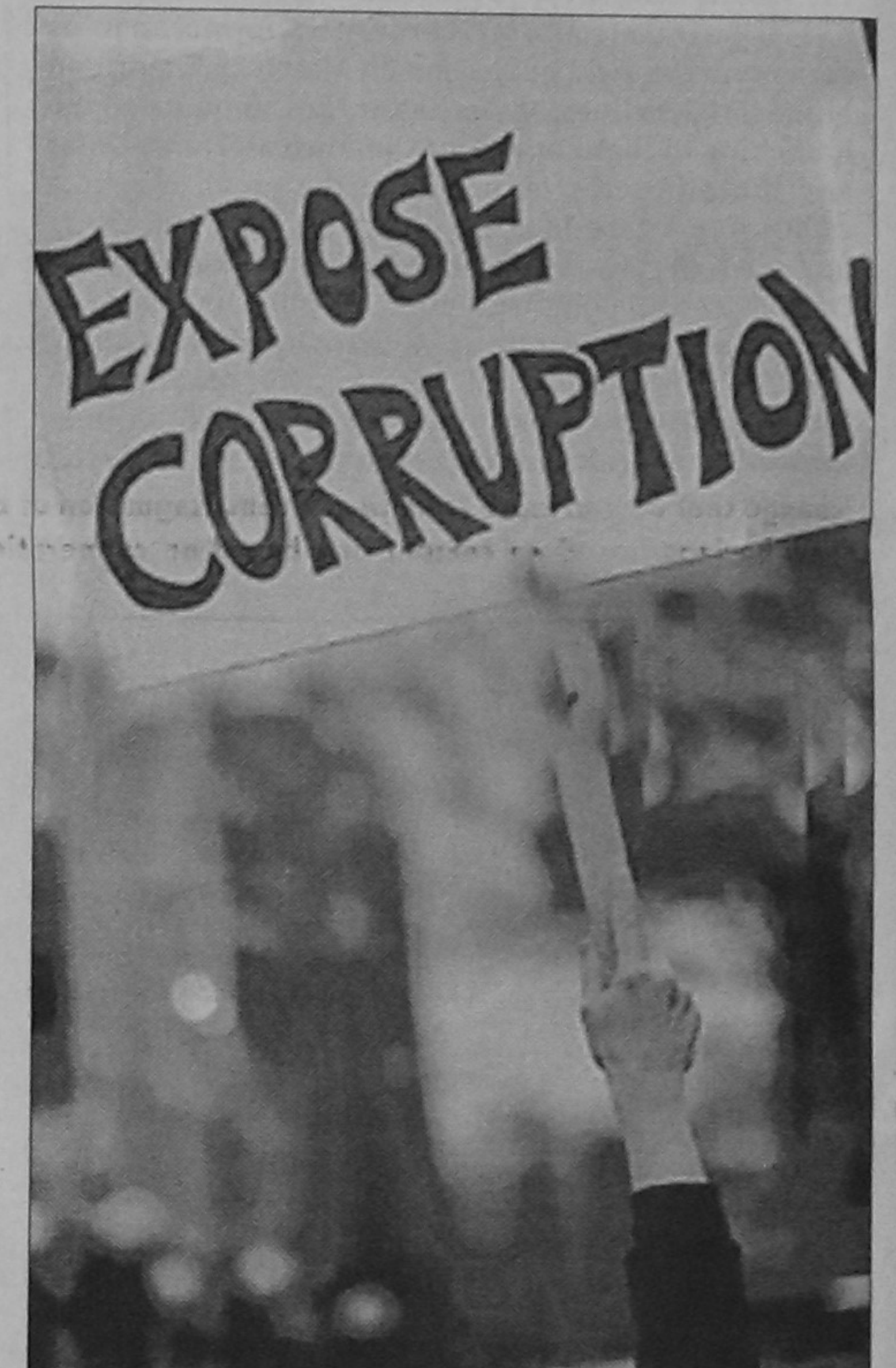
can be made between good and bad irregularities, I would place such informal transactions as good irregularities since they contribute to the income and employment of the poor and, more so, supply the commodities in a crisis.

Bad irregularities, needless to mention, comprise of convicted politicians, businessmen and bureaucrats etc.

An anti-corruption or anti-tax evasion drive, with a view to clearing the economy off the dirt, might signal colossal damage to the economy. It would not be out of line if one hypothesises that much of the inflationary woes at the moment originated from such a drive. The ripples of panic pierced through the marketing chain and contributed to a shock from supply side.

The morale of the story is that slow and steady always wins the race. The formalisation of an economy takes a very long time. Informalisation creeps in where institutions are lacking. For centuries, our institutions failed to develop and meet newer challenges. So, instead of institutional development, catching the "criminals" in such a fashion might kill the goose that lay golden eggs.

We should attempt at making

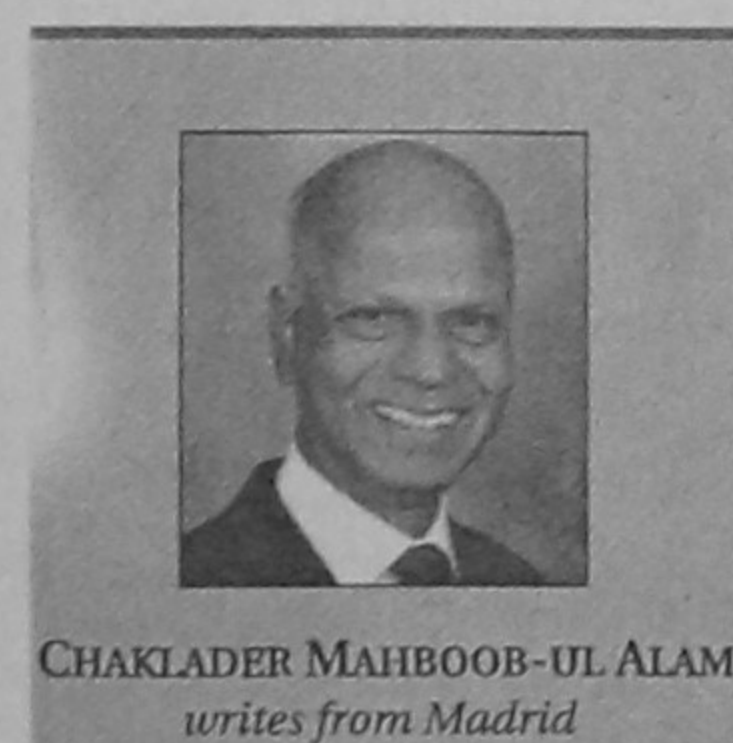


the economy more formal through expansion of physical and human infrastructure, banking facilities, development of judicial system etc. Let us try to contain the rate of growth of such informal transactions and then, in

future, we might witness their presence at a very negligible scale. Only proper institutions can drive corruption out, force cannot.

Abdul Bayes is a Professor of Economics at Jahangirnagar University.

A possible new war in the Middle East



CHAKLADER MAHBOOB-UL ALAM
writes from Madrid

I have just read a disturbing report in the Economist (March 15-21). Writing on Palestinian rocket fire from Gaza on Israeli border towns and Israel's recent mini-invasion of Gaza in which it killed more than 120 Palestinians, the Economist commented that "there are serious people in the region and the wider world who think the Gaza skirmishes could at any moment provoke a full many-fronted war, involving not just Israel and the Palestinians but Lebanon, Syria and, indirectly, Iran as well."

After making a detailed analysis of the current political and mili-

LETTER FROM EUROPE

As far as the US is concerned, it must accept the fact that "the Bush doctrine (preventive wars) has failed and that that failure is definitive." Referring to a possible attack on Iran, Prof. Bacevich of Boston University wrote: "Only the truly demented will imagine that simply trying harder will produce different results."

tary situation in the Middle East, it ominously concluded, "Not for the first time, the military clock in the Middle East may be ticking faster than the political one."

The Economist is a serious journal; it does not make frivolous conjectures. Therefore, it is worrying to read comments of this nature. What adds to my worries is that this is not the only journal that has vented such thoughts in recent weeks. I have read similar reports in other European and American papers, involving not only the countries already mentioned but also the United States.

On March 11, Gates announced the resignation of Admiral Fallon, the senior commander in the Middle East. In an article (The

Man Between War and Peace), published recently in Esquire, Fallon was presented "as a lone voice against taking military action to stop the Iranian nuclear program."

Fallon is reported to have criticised the "constant drumbeat of conflict" out of the White House over Iran. He had always recommended diplomatic ways to resolve differences with Iran. Referring to Bush's obsession with Iran, he observed that in a region "where five or six pots are boiling over, our nation can't afford to be mesmerised by one problem."

Fallon's forced resignation also indicates that Bush wants to convert Iraq into an American protectorate with permanent bases and

permanent military presence, because Fallon was in favour of a quick drawdown of American troops from Iraq. Although Gates dismissed as "ridiculous" any idea that Fallon's resignation cleared the way for Washington to start a war against Iran in the near future, the perception in certain quarters remains that before Bush leaves office, an attack on Iran by the US or Israel is a distinct possibility.

Cheney's recent trip to the area has also fuelled speculation in this regard. Besides reassuring Israel of America's unflinching loyalty, did he have a hidden agenda? Was he trying to seek Saudi support for a possible attack on Iran? Cheney's statement in Jerusalem on March 22 was so blatantly pro-Israeli and

so far removed from reality that it increased the fear of another full-scale war.

Cheney said: "America's commitment to Israel's security is enduring and unshakable, as is our commitment to Israel's right to defend itself always against terrorism, rocket attacks and other threats from forces dedicated to Israel's destruction. The US will never pressure Israel to take steps that threaten its security." Then he went on to warn menacingly against "the darkening shadows" emanating from Gaza, Lebanon, Syria and Iran. Of course, he forgot to talk about the plight of the Palestinians under Israeli occupation.

A new war in the Middle East will have several objectives for the US and Israel. After Bush's "mission accomplished" bravado in 2003 and the subsequent debacle in Afghanistan and Iraq, Bush wants to restore America's position in the world. Besides the destruction of the nuclear installations of Iran, Israel wants to re-establish the notion of its military invincibility, which was badly

shaken in its military campaign against the Hezbollah in 2006.

Its armed forces have since been thoroughly overhauled and its arsenal replenished with the latest American armament. Israel feels that, in a simultaneous attack, it can now destroy not only Hezbollah and Hamas but also the Syrian army. But the question is: Even if an Israeli-American coalition is temporarily successful in achieving all this, will it bring peace to the Middle East, guarantee the security of Israel and restore America's position in the world?

Israel's current strategy seems to be to talk loudly about peace negotiations, all the time tightening its stranglehold on the Palestinians with the intention of never going back to the pre-1967 borders and never allowing the creation of a truly viable Palestinian state. Israel maintains tens of thousands of Palestinian informers on its payroll. "Every small part of Palestinian life is controlled by the Israeli army. A Palestinian needs the IDF's permission to travel, to study, to drive,

even to sell goods, and he can only get these permits if he collaborates."

But these daily humiliations and the targeted assassinations stoke up the anger against the occupier and strengthen the position of Hamas. In a recent poll, 75% of the Palestinians said that the current peace talks between Abbas and Olmert should be suspended because they have not brought any benefit to the Palestinians.

It is difficult to understand how a new war can strengthen the security of Israel in the long run. Besides many deaths, it will only enhance the anger and hatred for Israel among the Arabs and the Muslims at large.

On May 14, the 60th anniversary of the birth of Israel, the Israelis should remember that virtually the entire world accepts the existence of Israel in 78% of British-controlled Palestine, which would have been inconceivable in 1948.

In 2002, the Arab League headed by Saudi Arabia offered to recognise Israel within its pre-1967

borders. (The Arab League has recently threatened to withdraw this offer if Israel does not end the occupation soon.) Even the Iranian president, Ahmedinejad, has repeatedly said that Iran would agree to whatever the Palestinians accepted. Even Hamas has repeatedly said that it wanted a long-term truce and accepted the authority of the PA to negotiate a peace settlement with Israel.

As far as the US is concerned, it must accept the fact that "the Bush doctrine (preventive wars) has failed and that that failure is definitive." Referring to a possible attack on Iran, Prof. Bacevich of Boston University wrote: "Only the truly demented will imagine that simply trying harder will produce different results."

A new military adventure will not only not restore America's position in the world; it will also erode American prestige even further because it will, as before, be based on "fantasy, faith and willful indifference towards those affected" by its consequence.