

The toll collectors are here...

Khaleda shuns Hawa Bhaban

We hope it also means she will shun what it stood for

THE news that BNP chairperson Begum Khaleda Zia will move to her new office very shortly does appear to be something more than a routine shifting of office. The reason is that she is leaving behind the Hawa Bhaban legacy, which the BNP cannot take pride in as the Bhaban emerged as representing so much wrong that BNP became associated with -- especially cronyism under Tarique Zia's stewardship.

The question, however, is whether Begum Zia has drawn the right messages from her Hawa Bhaban experience. Of course, changing the office premises will not be enough to send a positive signal, unless there is a marked departure from the Hawa Bhaban style of politics dominated by a handful of people close to Tarique Zia. The Bhaban was also believed to be a den of corruption which greatly undermined the party's position in the public eye.

The problem was aggravated by the sad truth that Begum Zia never admitted that Hawa Bhaban was an aberration. Surprisingly, she is still not ready to admit that there was any corruption or malpractice orchestrated from the infamous Bhaban. Her blinkered vision on this particular issue only helped the Bhaban and its political masters to carry out their myopic, highly partisan and illegal activities. Now, the BNP chief should realise that an outright disclaimer, that nothing had happened, may sound like a brazen attempt to cast aside the baggage of ill-conceived politics that the Bhaban was known for.

A much better course, one that will serve both the BNP and the country, is to accept the responsibility of the Hawa Bhaban affairs and opt for a fresh beginning.

And of course people are looking forward to some perceptible changes in BNP's political culture, attitude and even in its internal functioning where individual decisions and thinking often took precedence over collective ones. The BNP leaders should ask themselves why Hawa Bhaban was allowed to run like a parallel government and how the party suffered due to its presence in that capacity. The lesson to be learned from Hawa Bhaban is that miscarriage of governance becomes unavoidable when democratic norms and practices are replaced by plans and ambitions of individuals deriving strength from personal relations and connections.

Police protection for VIPs

A tall order for resource-strapped police

IT appears that the police are being kept rather busy these days. That is because of the security they must provide to VIPs, which in a general manner of speaking is quite normal. But why one should be writing about it has to do with a couple of issues here. The first is that the number of policemen needed to ensure law and order or prevent crime is by itself inadequate. And the second is that compared to the security provided to members of earlier (and elected) governments, protection measures have doubled for those who are in the present caretaker administration. Why such a leap has occurred has not been explained. But what does become clear is that the situation has put immense pressure on the police, hamstrung as it is by its limited resources.

By far the biggest problem arising out of this need to ensure such massive security for VIPs is that the very real task of the police department is ignored in the process. One cannot blame the department here, for it is compelled to work under certain severe constraints such as the matter we are speaking of now. But the point here is that if so many policemen are deployed for the protection of VIPs, a gaping hole is left where ensuring security for citizens is concerned. The crimes that have occurred during the just-ended Eid vacations are a pointer to the matter. As many as eight individuals were murdered in the capital city alone during the holidays. As for the rural interior and other towns and cities, reports are yet to come in. Now, compounding the problem for the police is that while ensuring security for VIPs they must also arrange pick-up trucks for their men to accompany the VIPs. Sometimes this is done through a requisitioning of privately owned vehicles. Normally, it is the job of the departments over which such VIPs preside to supply these vehicles. That is not done.

All said and done, the priorities of the police must not be ignored. Indeed, the police must be well-equipped and free to carry out their professional responsibilities, which essentially relate to curbing and handling crime and managing traffic. If they are diverted or taken away from such work, it is citizens who are left feeling insecure.

Things are looking up for Barack Obama

LETTER FROM AMERICA

Whenever the economy tanks, the voters blame the party in power. From a two-point lead about four weeks ago, McCain has now fallen seven-points behind Obama in the polls. McCain is slightly behind even in Red States that Bush won in 2004 -- Florida, Ohio, Virginia and North Carolina. Iowa and New Mexico, two states that Bush won, are now solidly in Obama's column.

FAKHRUDDIN AHMED

WHAT a difference four weeks makes! After the Republican National Convention in St. Paul, riding on the wave of Sarah Palin-mania, John McCain overtook Barack Obama for the first time in the national polls.

Then catastrophe hit Wall Street. First, the government had to rescue Fannie Mae and Freddie Mac. Then Lehman Brothers went under. In quick succession, insur-

ance giant AIG had to be rescued with an \$85 billion bailout. With the economy tottering on the brink of recession/depression, the treasury secretary prophesied that without infusion of an additional \$700 billion into the economy the credit market would collapse.

John McCain is on record as saying several times that the economy was not his strong suit. He proved it by callously repeating that the US "economy's fundamentals are sound." It was precisely at that moment that "out of

touch" McCain started sinking in the polls. To arrest the freefall, McCain "suspended" his campaign (although his ads kept on running on TV and his surrogates kept on attacking Obama), and descended on Washington to aid in the rescue plan.

McCain unsuccessfully attempted to postpone the first presidential debate on September 26, and then declared that he would not show up. Under Republican pressure, McCain did show up because Obama said he

would. The first debate was on national security and foreign affairs, supposedly McCain's strengths. Nevertheless, McCain came across as too condescending ("Senator Obama does not understand."), and never looked at Obama.

The first debate is the critical one. Voters get a chance to size up the two candidates. Obama was steady as a rock, in complete command of facts and quick with retorts. McCain came across as a cat on a hot tin roof, disingenuous, mocking and attacking Obama incessantly. Viewers did not like that. Even Republicans admitted that Obama looked more presidential than McCain. All the after-debate polls showed Obama winning the debate by about 15%.

Although McCain had staked so much on the rescue/bailout bill passing, the House of Representatives voted down the legislation on September 29, with a majority of Republicans voting

against it. The Dow Jones Industrial plunged 777 in response. The Bill was finally passed on October 3, but by this time McCain was taking a back seat. Conservatives did not like the government bailout; they called it socialism.

In the meantime, Sarah Palin was doing her thing. In two interviews with the media she came across as clueless about not only world affairs but also about domestic affairs. She could not name the newspapers she read, or a Supreme Court decision, other than Roe v Wade, (legalising abortion in 1973) she disagreed with.

Several conservative commentators -- George Will, Charles Krauthammer, David Brooks, Kathleen Parker -- pronounced Palin unfit to be vice-president, let alone president. Newsweek's Fareed Zakaria, among others, asked Palin to step down for the sake of her country.

Of course, Palin would entertain

no such thoughts. She can smell blood. She really believes that if cancer-survivor John McCain died in office, she would be the president. Qualifications? Who needs qualifications?

That is how Sarah Palin approached her debate with the Democratic vice-presidential candidate Senator Joe Biden on October 2. Smiling, winking, a bubbly Sarah Palin parroted what her handlers drilled into her head. Behind the veneer, there was little substance.

The format the Republicans had worked out made it more of a speech-making contest than a debate. Biden could not ask Palin any question. And Palin even declared that she would not answer the moderator's questions; instead she would address "the American people."

Palin did not answer many of the questions asked by the moderator, perhaps because she did not understand them, or perhaps she

wanted to make sure she articulated all her talking points regardless of the question. It is mind boggling that a woman of such limited intelligence, skill and capacity could be the US president at such a perilous time.

The contrast with Biden could not have been starker. Biden was statesmanlike, in command of facts and reassuring. The American people agreed. In every post-debate poll, Biden won the debate by around 15%.

Whenever the economy tanks, the voters blame the party in power. From a two-point lead about four weeks ago, McCain has now fallen seven-points behind Obama in the polls. McCain is slightly behind even in Red States that Bush won in 2004 -- Florida, Ohio, Virginia and North Carolina.

Iowa and New Mexico, two states that Bush won, are now solidly in Obama's column. If the elections were held today, Obama could be winning 353 electoral

votes. 270 are needed to win. Of course, the election is not going to be held today. It is four-weeks away, on November 4. As the late British prime minister Harold Wilson used to say: "A week is a long time in politics."

According to The New York Times, the McCain campaign has decided to go after Obama in the remaining days in an attempt to paint him as too unknown, too untested, too inexperienced and too dangerous to be handed over the reigns of the US government.

Once again, they want to make Barack Obama, not the economy, the issue on which the election ought to be decided. How the American voters and the Obama campaign respond to the McCain campaign's attempt will determine the outcome of the 2008 US presidential election.

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SENSE & INSENSIBILITY

Weeks back, they had paid a visit to some construction sites and asked the workers for the phone numbers and addresses of the owners of the buildings. The workers were beaten up when they failed to oblige. Meanwhile, they continued to carry out raids on local hotels for toll. At Karwan Bazar, the other day in broad daylight, they fired on the employees of a hotel after failing to get toll. In the old part of the city a garment factory owner was shot dead by the toll collectors.



SHAHNOOR WAHID

HERE is a Hollywood movie named *The Bone Collector*. It is of the creepy genre that Hollywood dishes out by the dozen every month. The name of the movie reminded me of the creepy genre of criminals in this country, who go hand in hand with some of the "respected" leaders of the people who have "sacrificed" life for democracy, and who have "suffered" jail and *julum* for the people. To this genre of criminals, those leaders are the ultimate saviours -- the knights in shining armour.

This genre of criminals is known as the "toll collectors" and they are coming back to civilisation once again, sniffing the smell of anarchy in the short distance. Their only mantra is, "Elo melo korey dey maa, lootey pootey khai," which in English would roughly mean "... open the doors

and let us loot the coffers." Their bosses are back to civilisation after a short sojourn in some government "rest houses" where they were treated as VIPs.

Well, from various media reports we learn that the blessed criminals are already back in action. They have started to do what they are capable of doing best -- raiding business houses and buildings under construction, with the noble object of collecting toll on behalf of their noble leaders. Give (money) or get (bullets) is the name of the game. Trick or treat.

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Meanwhile, they continued to carry out raids on local hotels for toll. At Karwan Bazar, the other day in broad daylight, they fired on the employees of a hotel after failing to get toll. In the old part of the city a garment factory owner was shot dead by the toll collectors. Media reports also inform us that some of the most respectfully feared human specimens, known as "ward commissioners," are coming out of their secret dens after getting green signals from their associates -- the toll collectors.

I wonder why people fear those ward commissioners when the posters during elections had boldly said they possessed "characters as pure as flowers." Even if they collect toll or loot the coffers they do it for the people. Aren't those goons and thugs and smug-

glers and heroin dealers people -- just like you and I?

And see how dedicated they are to social service -- they would not hesitate to sacrifice your life for the people. Why can't you look at it this way -- a service to the nation?

So, don't be so harsh on those leaders if they send armed goons to you or your business house for some small amount like five lac, ten lac, twenty lac. They need the money, don't they? And since they cannot do any job like you and I can, or work in the field like a common farmer, they must have a source of income.

And the best source is sending the boys to you and me to collect *chanda*. It's so easy and so democratic too! You see, they collect from everyone -- no discrimination.

Now, what do the ward commissioners actually do after they

Dealing with the global meltdown

THE PRAFUL BIDWAI COLUMN



PRAFUL BIDWAI writes from New Delhi

This would only perpetuate "Casino Capitalism" and the cycle of destruction, restructuring, concentration and destruction. A radical solution would demand structural changes in the global financial system, including strict public regulation, capital controls, coordinated monetary policies, and restructuring of banking as part of an equitable economic reconstruction program.

WHEN the US investment bank Bear Stearns was rescued from collapse by the Bush government this past March, the *Financial Times'* neoliberal commentator Martin Wolf lamented this as "the day that the dream of global free-market capitalism died." The Western world's self-regulating financial system broke down amidst "an epic crisis."

Six months on, the US government seized America's two largest housing mortgage companies, Fannie Mae and Freddie Mac. Then, Lehman Brothers filed for bankruptcy; and the financial management company, Merrill Lynch -- with the logo, "We are bullish on the future" -- was sold at bargain-basement prices.

With what metaphors beyond dreams and nightmares would Wolf describe today's meltdown?

Consider this. Huge commercial banks Washington Mutual and Wachovia have collapsed. Goldman Sachs and Morgan Stanley have given up their investment-bank status. Insurance giant AIG had to be rescued.

Countless banks are failing. People's savings have been wiped out. Stock markets are plumbing new lows.

Last week, the US government prepared a \$700 billion bailout package -- the largest in American history, and equivalent to 70 percent of India's GDP. It was rejected by the US Congress. But it wouldn't have stemmed the meltdown.

Even \$1,000 billion may not! The crisis is likely to snowball. IMF economists, who have analysed 124 banking crises over 27 years, say the average fiscal cost of managing a crisis is 13.3 percent of GDP. The \$700 billion only represents 5 percent of US GDP.

The proposed rescue measures have triggered a debate in the US. On one side are bankers with their obscenely fat salaries, who want their junk assets bought at a premium.

Then, there's a tiny minority of market fundamentalists, who oppose any state intervention. They're supremely unconcerned about the enormous losses ordinary people have suffered -- for no fault of theirs.

The third side consists of politically conscious working people who don't want their money to be wasted on bailing out corporations -- without these being punished. Many US Congressmen had to defer to this sentiment.

Filmmaker Michael Moore voices this well. He describes the bailout as "the biggest robbery in the history of this country [...] After stealing a half trillion dollars to line the pockets of their war-profiteering backers [...] Bush and his cronies [...] are looting the US Treasury of every dollar they can grab..."

Reported The New York Times: "Even as policymakers worked on details of a [...] bailout [...] Wall Street began looking for ways to profit from it..."

Wall Street firms are looking to enormous fees to evaluate bad assets. As Nobel Laureate and former World Bank chief economist Joseph Stiglitz says: "[E]ven Wall Street's best and brightest do not exactly have a credible record in asset valuation; [or] we wouldn't be where we are..."

Following their recommendations, Stiglitz says, "we'll wind up [...] with the absolutely louisiest mortgages.... [W]e the taxpayers lose, and Wall Street gains."

The present crisis was precipitated by reckless bank lending to "sub-prime" (unsecured high-risk) borrowers, particularly in housing. Banks concealed the risks of loans in the hope that hiding and distributing them would somehow minimise them.

This has blown into a market failure. Instead of reducing risks through prudence, bankers -- driven by blind faith -- continue illogically to rely on market-driven accounting.

This becomes extremely dangerous when markets fail. A bank shouldn't depend on market prices to protect itself from a failure of market signals!

Yet, bankers did exactly that. They lent to borrowers that everybody else was lending to. That further enlarged risks to a point where banks became insolvent.

Then, in shameless inconsistency with their professed commitment to markets, bankers lobbied and begged for multibillion-dollar bailouts.

However, the bankers' error didn't lie in violating the rules that govern global banking. These rules are flawed and promote what analyst Susan Strange has called "Casino Capitalism."

The rules are set by the Basle Committee of Bank Supervisors, representing only 11 OECD countries. The "Basle Consensus" disfavors banking regulation by public authorities and advocates "market prices"-based self-regulation.

But with business cycles and market failures, this can lead to disaster.

That's what we're witnessing. The crisis is all the greater because the separation made in US law after the Great Depression between commercial banks and securities firms/investment banks stands abolished. Indeed, the meltdown has amalgamated the two.

The financial crisis is hitting the real economy, with a slowdown in the US and European Union. The question's no longer if there'll be a recession, but how severe it will be. Two conclusions follow. First, we're seeing an unprecedented crisis and discrediting of the finance capital-dominated, Anglo-Saxon neo-liberal model, which has ruled the world since the 1980s.

This calls for a political fight against neo-liberalism and for humane, egalitarian "social economy" alternatives with prudent state intervention.

Second, the crisis will inevitably provoke debate and action. The question is how governments will



What will douse the fire?

act. Conservative politicians, markets-obsessed regulators and, of course, bankers, want bailouts, followed by tinkering at the regulatory margins, but no change in the neo-liberal paradigm.

This would only perpetuate "Casino Capitalism" and the cycle of destruction, restructuring, concentration and destruction.

A radical solution would demand structural changes in the global financial system, including strict public regulation, capital controls, coordinated monetary policies, and restructuring of banking as part of an equitable economic reconstruction program.

An excellent example of this is Franklin Delano Roosevelt's New Deal, launched in 1933 with the Emergency Banking Act, in response to the Great Depression.

FDR went way beyond straightening out the "bad banking situation" caused by "incompetent or dishonest handling [...] of people's funds..."

Under the New Deal, the government undertook public-works projects, building 40,000 public buildings, 72,000 schools, 8,000 parks and 80,000 bridges.

The entire cost of these programs (in today's dollars) was about \$500 billion. They produced dramatic results in reducing poverty, putting purchasing power into the people's hands, promoting equity, and energising growth. It's ludicrous to spend twice as much just to temporarily stabilise the financial system.

The whole world, including South Asia, today needs a new New Deal.

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