

Double standards of the West

The global financial turmoil due to the collapse of big financial corporate houses has exposed the lack of good governance and transparency, which the developed economies have so long been preaching for adoption by the developing economies.

MAHBUBUR RAHMAN

THE "financial tsunami" originating in the US has plunged the world economy into its worst crisis since the great depression of the 1930s. What started as a sub-prime mortgage crisis in the US has now gone global. The damage to economic growth, incomes and jobs is already being felt sharply in every corner of the world. The crisis has created a downward spiral of loss of confidence and trust in the free market system.

Against this backdrop, the three challenges to be addressed are: the current financial crisis and its impact on real economy, emerging role of Asia, and the possible niches for countries such as Bangladesh.

It is said that globalisation has the potential to benefit all people, not just a fortunate few, and it can provide a conduit to a better life and deliverance from poverty and despair. Regrettably, the reality of the international system today does not match the rhetoric.

The global rules are negotiated by a select few, with too much protection for special interests, underpinned by too many broken promises. Weakly regulated financial markets have become prey to the self-serving actions of a limited few. And, the lives and livelihoods of hundreds of millions are adversely affected.

Consequently, the real economy has

received a tremendous systemic shock. The credit crunch has hit both manufacturers and consumers. Businesses can no longer rely on so-called sophisticated financial instruments. Reduced spending by consumers will depress demand and create a vicious cycle in which manufacturers cut back even further, with consequent job cuts.

International cooperation on a global scale is essential to build a consensus on what needs to be done to reduce the potential depth and duration of the global slowdown and to ensure coherence among national policy responses. Many countries have taken unprecedented steps to address this problem; their success remains to be seen.

The vast sums of liquidity pumped into the banking system have not found their way into the real economy. It would appear that any funds the banks now receive are used to increase the reserve margins. On the contrary, what is essential now is for banks to restore confidence by extending credit to consumers and to businesses, which was exactly the point of the government intervention in the first place.

For any consensus, a vital element for countries will be to resist any temptation to isolate themselves from the global crisis through protectionist measures to restrict imports. Parallels are being drawn between the crisis of today and the Great Depression -- the last crisis of comparable proportions.

Almost 80 years ago, many nations reacted to the Great Depression by raising border tariffs, and ended up making matters worse -- for themselves also. Beggar-my-neighbour protectionism ended up beggaring everyone. That is one of the most unambiguous lessons of the 1930s.

Perhaps this crisis will also lead to modification of global economic power structures. What will be Asia's role in the changing global financial landscape? Asia with its huge markets will clearly have a role in this changing global financial landscape, and should not be a passive bystander. It should project its influence on any initiative to give shape to a new global financial architecture. Asian countries have skilled, cost-effective labour, and they are quick in acquiring and developing technology and the know-how that is required to compete in a globalised world.

In the financial world, their reserves built on oil revenues or export earnings, estimated at over \$3 trillion plus, have created a new player on the global stage: Sovereign Wealth Funds. Investors eagerly seek these funds, and quiet deals are being made. This gives them a potential that they must exploit for the good of humankind.

The G-20 Summit in Washington on November 15 agreed on certain key issues, including reform of international financial institutions (IMF and World Bank), agreement for a successful free-trade deal before the year ends, improvements to financial market transparency and ensuring complete and accurate disclosure by firms of their financial conditions, preventing excessive risk taking by the banks and financial institutions, finance ministers to draw-up a list of financial institutions whose collapse would endanger the global economic

system, strengthening countries' financial regulatory regimes, and taking a fresh look at rules that govern market manipulations and fraud.

The question of reforming the Bretton Woods Institutions has now come up. One may wonder about the effectiveness and necessity of such institutions in the wake of the financial crisis. During the debt crisis of the 1980s and 1990s it became amply clear that there was something wrong with the architecture of the IMF's facility regime.

The East Asian states also remember what they consider the "hostile" role the IMF played in the 1997 financial crisis. Instead of bailing them out under its \$95 billion loan package, what the IMF did was to bail out their western lenders. The IMF itself had, at that time, "become a part of the problem rather than part of the solution."

Since the west was not affected by the Fund's way of fixing an economy, it did not feel the need for seriously looking into its functioning and improving its governance in the light of complaints, nor took measures to change its methods. Now that it is the west itself which is at the centre of the storm, it is showing urgency not only in reforming the IMF but also in strengthening the Fund itself, instead of reviewing the necessity of such an institution!

However, for all the talk of actions and changes, some analysts and campaigners said the outcome was disappointing. The immediate impact of the outcome of the Summit has not been encouraging, as has been evident from the downside in stock markets all over the world, as well as Japan joining the countries facing recession. It is predicted that the US economy will be in recession beyond 2009.

Bangladesh and other vulnerable



Practice yourself what you preach to others.

economies must cautiously watch the impact of actions taken, and to be taken, by the world leaders representing 85% of the world economy to restore the global growth. These countries should also take appropriate actions in time to face the consequences of the fall-out.

If there is a silver lining to the current crisis, it may be that it is delivering a painful message that governments must develop more effective ways of governing an interdependent world in order to maximise the good effects of globalisation and minimise the bad. The global economy is in increasing need of better governance -- and that implies deeper and wider cooperation between nation states than they have shown themselves capable of to date.

The global financial turmoil due to the collapse of big financial corporate houses has exposed the lack of good governance and transparency, which the developed economies have so long been preaching for adoption by the developing economies.

However, for smaller countries such as Bangladesh, challenges from a protracted

global recession may be serious. Many have opened up their economies to a remarkable degree, and will face all the consequences that are associated with this.

Where exports were important, there will be reduced export earnings; where workers' remittance was important, there will be declines; where FDI or foreign investment was important, foreign investors may seek to take their funds out or demand extraordinarily high returns.

In Bangladesh, the newly elected government will inherit a more challenging set of tasks than any of its predecessors in decades, and Bangladesh has to be managed towards having a politically and economically stable nation to achieve its full potential in the wake of the global financial crisis.

The article is based on the current world financial situation, deliberations and opening statement made by the Author at the Plenary Session of DCCI International Business Conference held on October 31, 2008.

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Pressing need for rural reform

Whatever land and water spaces are available today for redistribution must be redistributed, *khas* land which is legally the right of the landless must be genuinely given to them and them only, and the rural asset-poor have to be motivated to form solidarity organisations of their own for socio-economic co-operation and to stand by each other in distress and in bad times so they do not lose their assets again to be thrown back into patron-client relations to some or other *maliks*.

MD. ANISUR RAHMAN

FUNDAMENTAL socio-economic reform including land reform was a promise of our independence struggle and *muktijuddho*. The first Planning Commission submitted proposals for agrarian reform to the then cabinet, also proposing that this be presented to the nation for public debate. But the *jotdar* government of the time threw this into the bin.

Today the number of big *jotdars* in the country has dwindled, but the bulk of rural masses are tied with a class of rural *maliks* in a patron-client relation that inhibits them from taking independent initiatives and also to vote freely in local and national elections.

Liquidation of such patron-client relation is a necessary pre-condition to establishing genuine democracy as well as for pro-people development of the country. We are putting the cart before the horse by trying to bring democracy in the country without fulfilling this pre-condition, an effort that is failing repeatedly and will continue to fail.

Our governments behave as slaves of foreign powers, who are against such reform and are looking for an enabling environment mainly to exploit the cheap labour of the country. For this they want merely a show of "democracy" by way of "free and fair" election, and "good governance."

Ravaged by the barbaric and nation-

ravaging tug-of-war for power between the two major *paribartantric* parties of the country, even "good governance" to fulfill the designs of our foreign masters is eluding us. But more importantly for the country, we are unable to join the camp of "Asian Tigers" in economic development as we are not doing any fundamental socio-economic reform, and are rejoicing merely at being able to enter world contests in sports like cricket and football.

We got two years that do not come easily in the life of a nation. This opportunity could have been taken to strike a major blow at the patron-client relationships in rural Bangladesh.

I had personally written about this to the head of the CTG and the economic adviser, both of whom happen to have been my students. But my advice has fallen on deaf ears, perhaps because this was contrary to the desire of our global masters from whom they seem to be taking their cues.

Most surprisingly, the CTG itself fully revealed the rogue character of our political leaders to the nation and to the whole world, and then, after putting them in the cage for a while, have released them to a chilled nation before the national elections to bid for

national power.

It is too late now for the CTG to do anything fundamental about this even if it were patriotic enough to want to. If there are genuinely patriotic elements among our political and civil leaders it is vitally essential that they realise clearly that, not to speak of objectives like the country's development, poverty alleviation, etc even the frightening political state of the country cannot be improved just by so-called "free and fair election" without freeing the greater mass of our rural people from the patron-client relation in which they are living.

For this, whatever land and water spaces are available today for redistribution must be redistributed, *khas* land which is legally the right of the landless must be genuinely given to them and them only, and the rural asset-poor have to be motivated to form solidarity organisations of their own for socio-economic co-operation and to stand by each other in distress and in bad times so they do not lose their assets again to be thrown back into patron-client relations to some or other *maliks*. Needless to say, well-wishing seniors by themselves cannot execute such reform for which the masses of the country have to be made aware and mobilised.

At the same time, the masses of the country need to be made literate as fast as possible through a national campaign so that they can rise above the status of cheap labour and can become free entrepreneurs in various directions. The Asian Tigers have all taken such steps in order to rise to this status. And with such reform the character of development of the nation will also turn toward equity that was the promise of our freedom struggle which has been totally forgotten by our political leaders.

Without this, what is it that we are chanting by the slogan of "*muktijuddher adarsha*" and "*Bangabondhu's adarsha*"? And what exactly is "Ziaur Rahman's *adarsha*" for that matter? Isn't the great fraud in such feudalism-scented *paribartantric* slogans rather obvious to everybody today?

Today the slogan of "globalisation" and "free market" designed to exploit cheap labour of the south are also fully exposed by its own cancerous eruption, and the new US leadership itself is looking for a way of rising out of its debris and is in favour of protection of the interests of US labour.

The economic growth of Bangladesh, being vitally dependent on basically the

growth of one major industry, is therefore facing a serious threat. The future of the country is bleak, to say the least, without fundamental socio-economic reform to free the huge manpower of the nation from their status of cheap labour to move toward free entrepreneurship in various directions.

I hope that we shall truly get a "free and fair election." But we need to understand the difference between true democracy and *paribartantra* or *malikanttra* even if our foreign masters do not care about such deformations of democracy and may even like this as this makes it easier for them to control us to serve their interests.

I shall cast my vote in the national election -- if we truly get one as promised -- to that party in whose manifesto there will be credible promise of rural socio-economic reform and of making the masses of the nation fully literate in the shortest possible time -- with an imaginative leadership this should not take more than two years. And I advise all patriotic voters to do the same.

MD. Anisur Rahman was a member of the first Planning Commission. This paper is an edited version of the introductory presentation in a seminar on rural reform for socio-economic and political change in Bangladesh organised by Research Initiatives, Bangladesh on November 9 at CIRAP auditorium.

Election manifestos

An election manifesto essentially expresses the aims and intentions of the political parties, and also lays out the agenda they want to pursue. It should reflect the people's aspirations on the one hand and a party's ideologies on the other.

A.N.M. NURUL HAQUE

WITH the ninth parliamentary election knocking at the door, the major political parties have not yet finalised their election manifestos. Obstacles over holding of the election and the negotiation of the parties with the government to remove these may be a cause for the delay in finalising the election manifestos.

According to a newspaper report, the election manifestos of the major political parties are still in the draft stage. Awami League (AL) has finalised its draft election manifesto based on a 31-point charter, with a pledge to continue the anti-corruption drive if voted to power.

Stability of the agro-based economy, an effective parliament, poverty alleviation, containing of price spiralling of essential commodities, employment generation for the youth, women empowerment, and running of the constitutional institutions with non-partisan people are

the main targets to be achieved by the AL, if elected to power. It will also set specific targets in the political, economic and social sectors whether the party is voted to power or not.

A committee entrusted with looking after the election issues of the AL has finalised the draft manifesto, which will be placed at the next meeting of the AL Central Working Committee (ALCWC), the highest policy-making body of the party, for approval.

Party sources said that the draft manifesto of the AL was being scrutinised by the senior party leaders, including its president Sheikh Hasina, before its submission to the ALCWC for approval.

It has been learnt that the party manifesto was basically drafted for the stalled January 22 elections of last year. But now many new provisions have been incorporated in line with the changes that have taken place over the past two years. Party sources indicated that another version of the manifesto might be required if the proposed grand electoral alliance of like-



We want to know what we are voting for.

minded political parties was forged before the parliamentary election.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) recently organised a convention in Dhaka, where business leaders urged the major political parties to put economic agenda in their election manifestos on priority basis for achieving the desired development of the country.

On the other hand, Bangladesh Mahila

Parishad called on the political parties to make specific commitments in their election manifestos with a view to ensuring equal rights of women and establishing social equity.

The electorate is yet to know what economic programs the major political parties will promise to make the economy vibrant. The parties have not yet told the electorate about their plans for protecting the remittance from expatriate

Bangladeshis.

They should also mention in their election manifestos how they will deal with the problem of employing 20 million unemployed youth in the country, and their plan to offer some hope to them.

Improvement of the quality of life of about 30 million hardcore poor, who need the government's safety net program support, has hardly been among their top priorities of the parties in the election manifestos.

The first democratically elected president of Maldives, Mohammed Nasheed, has initiated a move to buy land in Sri Lanka and India for rehabilitation of 300,000 islanders who might turn into environment refugees due to climate change.

The political parties should clearly state in their election manifestos how they will meet the fall-out of climate change, which is posing threats to the homes and livelihoods of millions in the southern part of the country.

The country had experienced hartals and blockades from the mid-eighties, for which both the major political parties AL and BNP were equally responsible. BNP and AL imposed hartals one after another during their opposition period, demanding resignation of the government, and accusing it of indulging in corruption, harassment of political rivals and failing to run the administration. It is a common

expectation of the people that the political parties will vow to shun hartals, and that should be clearly stated in their election manifestos.

Major political parties are busy in negotiating crucial electoral issues with the government as well as with their electoral partners, and seem to be little bothered about their election manifestos. An election manifesto essentially expresses the aims and intentions of the political parties, and also lays out the agenda they want to pursue. It should reflect the people's aspirations on the one hand and a party's ideologies on the other.

Therefore, preparation of the election manifesto is a serious business for the political parties. It should be done after diligent research and deliberations with people from different walks of life, as it enables the electorate to form an informed opinion about those they will elect.

The political parties lack minimum ethical respect for their election manifestos. The moment a party is voted to power, the election manifesto finds a place in the waste paper basket, to be kept there until another election knocks at the door. The parties should shun such an attitude, which is a deep-seated disregard of the concept of accountability.

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