

Charter for Change now belongs to the nation

It is now the responsibility of the would-be government to initiate the process, including the solicitation of help from the UN and the international war crime tribunals. Any faltering or dilly-dallying would be tantamount to going back from the Charter for Change, which now belongs to the nation, not to the AL any more.

MOZAMMEL H KHAN

INCIDENTALLY, it was also in a December day some 38 years ago, following the historic verdict in favour of the famous Six-Point program in the general election of 1970, the then AL chief, Bangabandhu Sheikh Mujibur Rahman declared: "The AL's Six-Point program is not a program of AL anymore; it belongs to the nation. AL has no right to deviate from it."

Bangabandhu kept his word and we got the independent and sovereign Bangladesh, albeit at a very high price. The grateful nation crowned him with the supreme laurel -- father of the nation.

Many political pundits have drawn a parallel between the victory of AL in the just concluded general election and that of 1970. This time around, it is a resounding mandate in favour of the "Charter for

change," the election manifesto of AL. Bangabandhu's Six-Point program was formulated in the backdrop of deprivation of the Bengalee people within the state of Pakistan, predominantly in the arena of political rights, and less on any specific agenda on economic emancipation, albeit the former is an indispensable pre-requisite to achieve the later.

This time around, however, the AL's charter for change is primarily an economic platform to free the nation from the yoke of poverty, corruption, terrorism and the abuse of state authority. The manifesto is very much a forward looking document, outlining specific sector by sector targets (a bit ambitious at times), and it attracted the voters' attention and the subsequent creation of enthusiasm, especially among the younger ones, which apparently translated into the AL-led alliances' massive victory in the election.

This is probably for the first time in the history of Bangladesh that an election manifesto had generated so much interest in the electoral domain of the country. The unbridled corruption, terrorism, and wanton disregard for the rule of law by the strong and the powerful in the past BNP-led government collectively contributed to the desire for change among the masses.

In addition, the AL chief has run more or less a flawless campaign throughout, mostly outlining her vision for the nation until 2021, the golden jubilee of the birth of our nation. In the process, it seems that the AL chief has also transformed herself to lead not only the AL but also the nation to its destiny.

Last July, I had the distinct honour of acting as the lone speaker (beside her local party activists) in a largely attended congregation arranged in her (she claimed to have read all my articles in DS while in jail) honour in Toronto, where she outlined the draft of her "vision 2021," which was subsequently included in the charter for change.

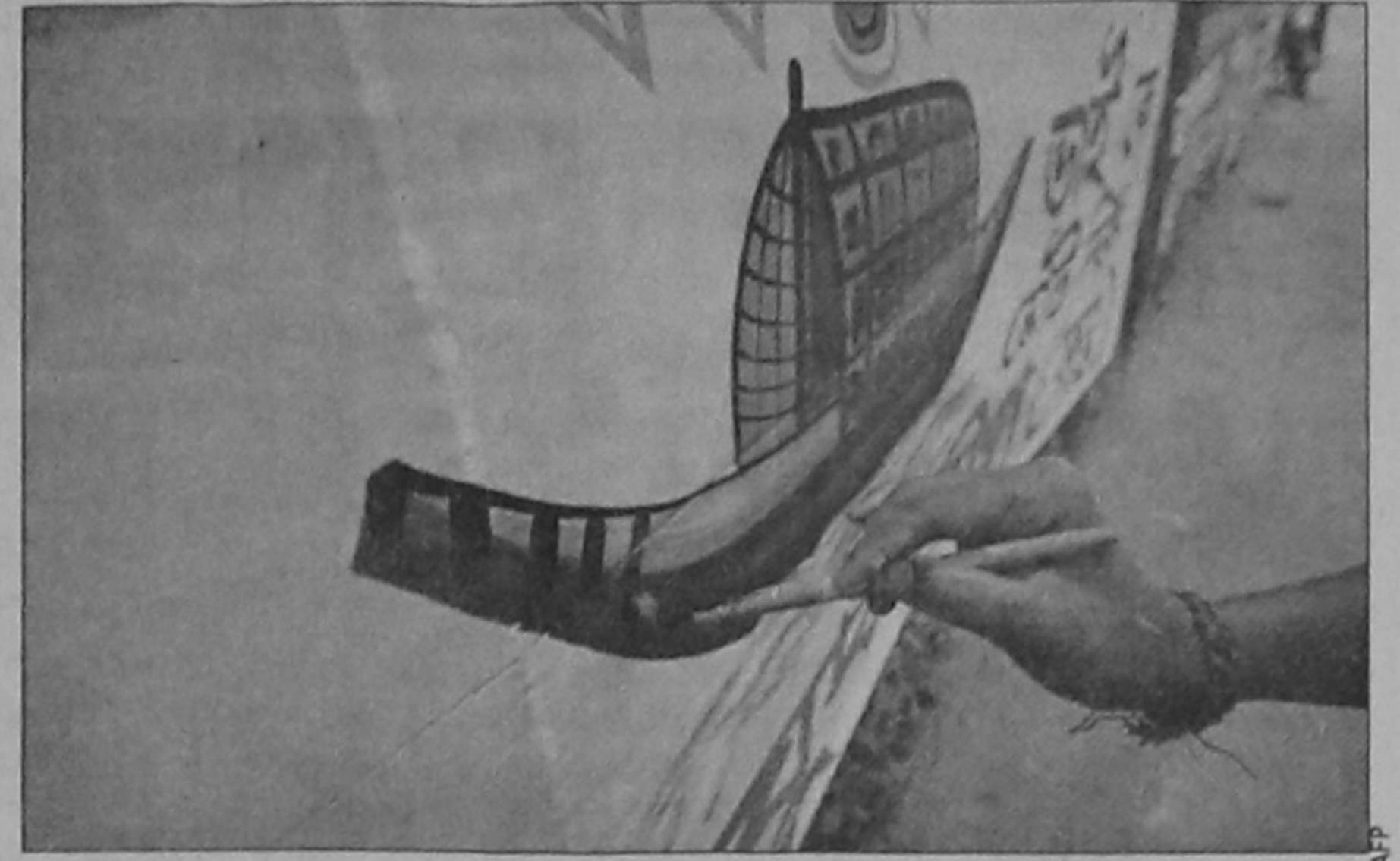
In her speech, by addressing the dream of the future generation, not the next election, she rightfully portrayed herself as a statesman, rather than a politician. It would not be any exaggeration to note that her articulation in the recently delivered speech (I watched it live on TV) in a business forum would

remind anyone of the same exhibited by Barack Obama in the recently held US election.

Aside from her programs, which affect the day to day lives of the citizens, economic uplifting of the toiling masses and a promising future of our next generation, one of the most striking aspects of the manifesto was the bold inclusion of the pledge to try the war criminals. While formally announcing the salient features of the manifesto in a local hotel, it would be only incumbent on the wisdom of the soon-to-be prime minister to recollect that she received the most thunderous applause from the audience when she declared that the "war criminals will be tried."

Due to the relentless campaign of the Sector Commanders' Forum, in conjunction with the conscious citizens, there has been a huge resurrection of the hatred against those who directly collaborated with the perpetrators of one of the worst genocides of human history, especially among the members of the new generation, thereby virtually annihilating all the alleged war criminals and their patrons from the electoral map.

Since it is an extremely dominant issue that has made its rightful place in the election platform, the massive approval of the people to try the war criminals is very loud and clear. It is now the responsibility of the would-be government to initiate the process, including the solicitation of help from the UN and the international war crime tribunals. Any faltering or dilly-dallying would be tantamount to going back from the Charter for Change, which now belongs to the nation, not to the AL any more.



The people will steer the boat.

While analysing a few points of the BNP's 36-point election manifesto in a piece entitled, "A manifesto of mockery" for DS (December 18), I wrote: "The election manifesto is a big challenge to the memory of the people, who are the ultimate arbiters in deciding the fate of a

political party." In fact, the "shock-and-awe rout for the BNP" on December 29 clearly proved that the people were in absolute control of their memories while delivering their verdict.

If the AL leadership fails to take proper cognisance of the brazenly broken promises behind BNP's disastrous fate this time, it will only pave the way for the history to repeat itself.

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Inflation and politics: Issues not to be overlooked

The most important factor that needs to be taken into account is that this recent inflationary episode was caused by supply shocks of domestic (floods and Sidr) and international origins. Economic theory tells us that when inflation is caused by supply-side shocks there is very little that the central banks can do to contain inflation through monetary policy.

AHSAN H. MANSUR

SINCE Bangladesh has been passing through a period of high inflation, "bringing down high prices" is a legitimate political slogan. High prices caused by inflation, identified as the primary concern of the Bangladeshi voters, forced political parties to include it as the number one item in their manifestos.

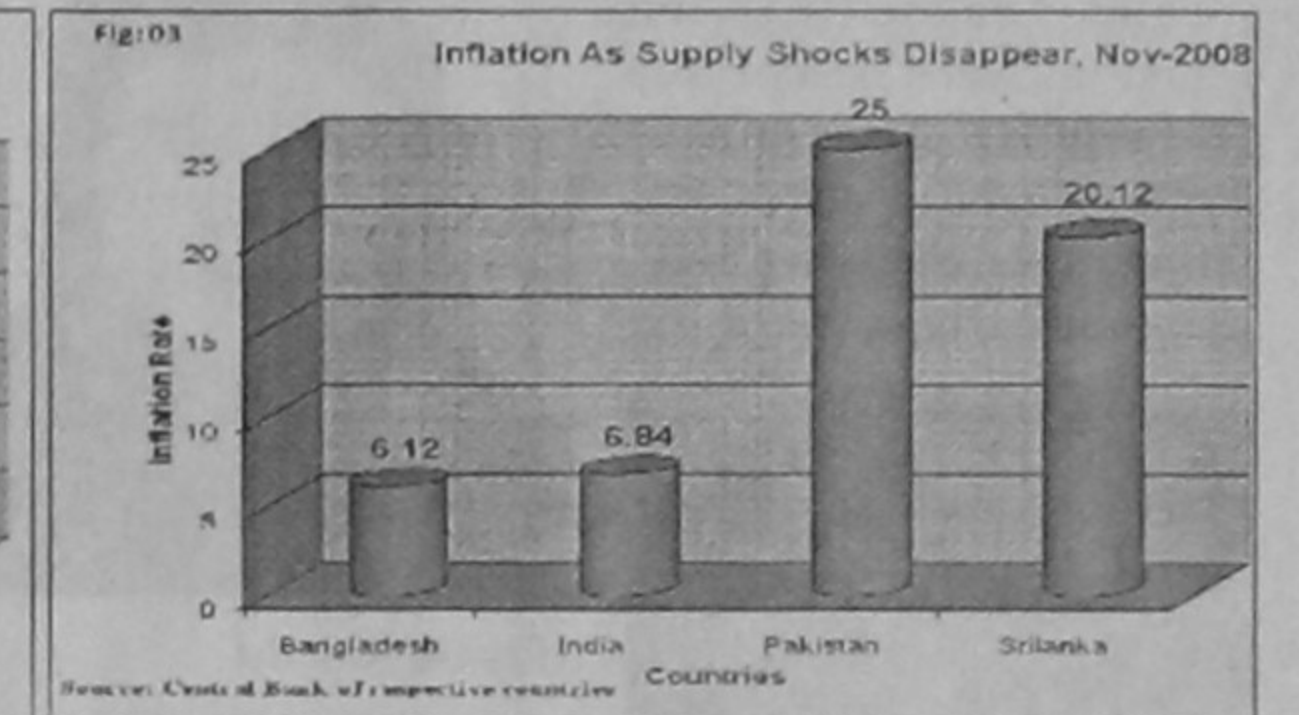
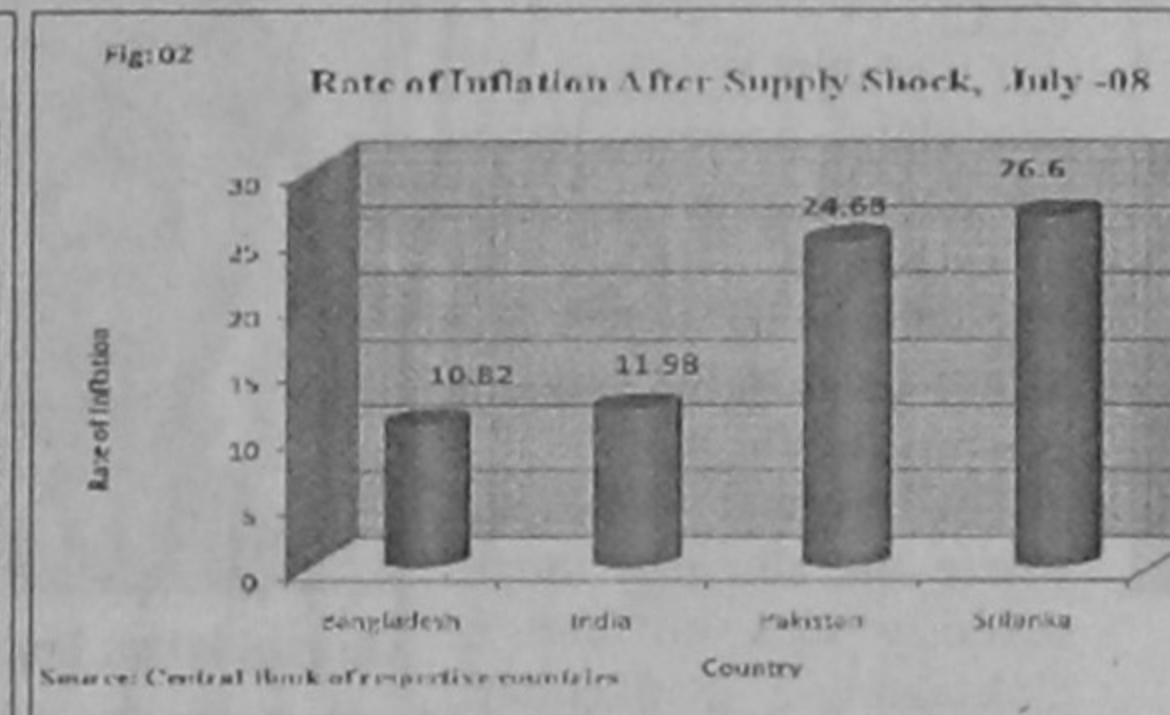
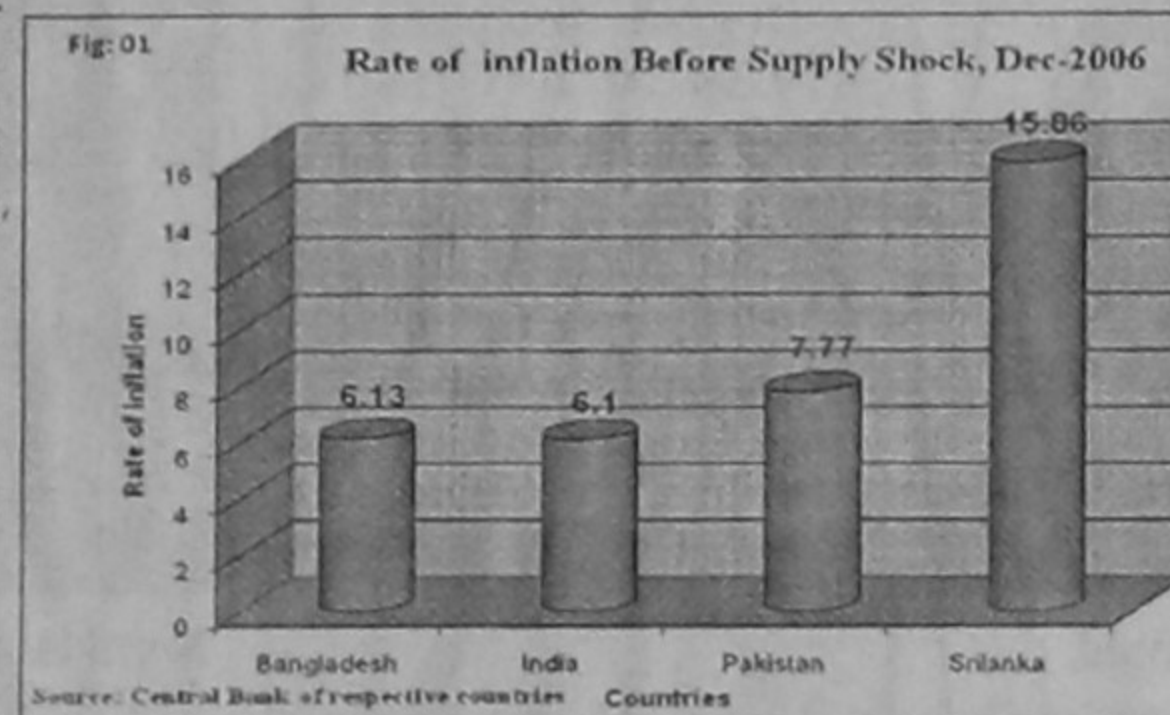
"Bringing down prices to levels affordable to the common people" is clearly stated in the manifestos and underscored again in the televised speeches to the nation by the heads of two major political parties. What is not explained is how they are planning to achieve a substantial reduction in the price of basic commodities like rice and edible oil.

In the absence of a credible and publicly spelled out economic strategy, the economic statements of our political parties may end up being empty slogans

or execution of ill-designed populist measures causing more harm than benefit to the economy and people in general.

In the absence of any further elucidation from the political parties, this column focuses on some general and Bangladesh specific considerations, which future policy makers should take into consideration. The most important factor that needs to be taken into account is that this recent inflationary episode was caused by supply shocks of domestic (floods and Sidr) and international origins.

Economic theory tells us that when inflation is caused by supply-side shocks there is very little that the central banks can do to contain inflation through monetary policy. The best approach to overcome the problem is to increase domestic supplies through supply-side measures, hope for the unwinding of the global shock, and undertake targeted measures to provide food and income support to



the poor and vulnerable.

Looking at the inflation picture globally and in the South Asia region, one can easily observe the global nature of this inflationary episode.

There was very little that governments and central banks could do to contain inflation across all of these countries. Even India, which has vast domestic resources and which did not experience the kind of massive domestic supply shocks experienced by Bangladesh, recorded similar or higher inflation than Bangladesh.

The inflationary pressure came like a tsunami across the globe, and is also receding fast with the collapse of global commodity prices caused by the intensifying global financial crisis (Figures 1 and 2). Since petroleum and other commodity prices peaked in July/August, commodity prices declined sharply across the board, following a collapse in petroleum prices. Inflation in Bangladesh also tumbled

from its peak of more than 12% in July to 6 percent in November. Most regional countries also experienced similar reductions.

Is this significant gain on the inflation front attributable to government policies? Objectively speaking, as much as the government was not responsible for the surge in inflation and could not do much to fight against it, it does not deserve much credit for the rapid reduction in inflation.

The areas where the government policies were effective included input subsidies (fertiliser and fuel) and other administrative interventions to improve supply (distribution of fertilizer and seeds) and alleviate hardships caused by inflation through widening of the safety-net programs. Certainly, the relatively better inflation performance of Bangladesh was in part attributable to the government's intensified efforts to generate strong supply response from the boro crop.

Looking forward, we expect a further significant reduction in inflation in the near term, given the expected strong domestic supply response and the outlook for a more prolonged global recession. Inflation (point-to-point) coming down to 2% or even below in 2008/09 would not be surprising, given the current global outlook.

The politics of inflation generally refers to the high level of prices and the affordability of basic commodities by the ordinary people. This concept is fundamentally different from the economic concept of inflation, referring to the rate of change in the price level and not to the level itself. Thus, even with inflation coming down to a low single-digit level, since price levels for basic commodities like rice may remain high, political commitment to reduce basic commodity prices may lead to a deflationary situation with associated negative impact on economic activity and employment.

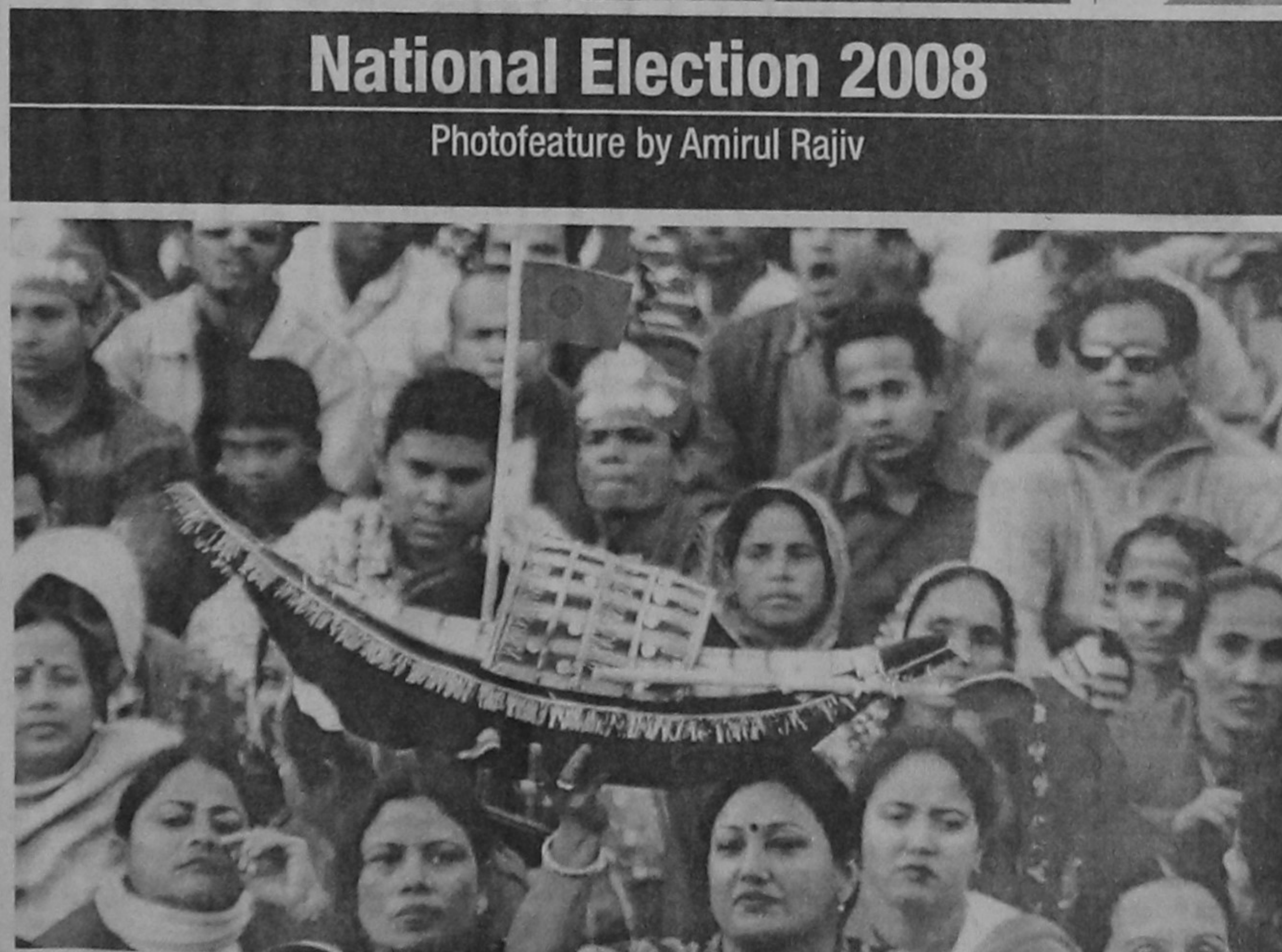
In particular, if rice prices are brought

down to levels below the current cost of production, it will either lead to a sharp drop in rice production or a sharp increase in subsidy and fiscal deficit, contributing to higher inflation or unsustainable public debt.

Since inflation is coming down sharply on its own due to supply-side developments (Figure 3), the next government should let it happen through market forces and by containing domestic demand and wage pressures through prudent macroeconomic management.

While intensifying positive supply-side efforts (continued supply of subsidized inputs like fertilizer, electricity and diesel and extension services) to increase productivity and thereby reduce prices, the new government must avoid any direct intervention and other market distortion in the context of fulfilling election promises.

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National Election 2008

Photofeature by Amirul Rajiv