

## Trading the way out of crisis

It is being increasingly felt that the role of a fair trade is critical during economic recession. The value of the deal on the DDA has greatly increased and an early conclusion of the Doha round is key to promoting open trade, which may act as a stimulus during the current financial crisis.

FAHMIDA KHATUN

The era of globalisation is experiencing its first major economic crisis. For years global trade has been the main engine of economic growth. Growth in trade has mostly been higher than growth of GDP in the recent past. However, global trade is falling very sharply in response to the contraction in global demand for goods and services, and fall in trade finance in the face of economic downturn.

It is apprehended that global trade activity is due to fall this year for the first time since 1982. In 2008 trade growth was very close to GDP growth, but it is likely to be below GDP growth in 2009.

All forecasts indicate negative growth in world trade this year. The IMF forecasts 2.8 percent while the World Bank forecasts 2.1 percent negative growth. On the other hand, preliminary estimates of the WTO suggests that world merchandise trade may fall by about 9 percent in volume terms in 2009.

In the developing and least developed countries, the impact has transpired through various inter-linked channels including fall in trade due to downturn in global demand, fall in remittances from the diaspora and pressure on aid volume. LDCs are particularly vulnerable as most

of their exports are destined to the developed world which are in deep recession.

The share of LDCs in world trade is only 0.8 percent and almost 50 percent of total exports from LDCs go to the US and EU, and only three products are the source of 70 percent of their export revenues.

This is also true for Bangladesh that has a highly skewed export sector with the dominance of only one product -- ready-made garments contributing to about 75 percent of its total exports. More than 85 percent of Bangladesh's export is destined to the EU and US markets.

Countries and multi-lateral organisations have come forward with huge rescue packages for salvaging their economies which span from fiscal to monetary policies to government interventions. Though much of the focus of such packages hovers around the volume and value of funds for the shattered sectors of their respective economies, the implications of such packages on the global economy remain less commented on.

One major spillover impact has been and will be on trade. In fact, the trade impact of financial crisis has begun to show up in the face of a number of measures taken by developed countries in their desperate attempts to bring their economies back from the fallen cliff. The experience of all economic crises in the

past reveals how countries resort to trade measures which tantamount to protectionism.

The Great Depression of 1930 triggered beggar-thy-neighbour trade restrictions. Such policies have emerged in the recent past as well. For example, Chile raised its tariffs temporarily in 1981-82 and Argentina increased export tax in 2002 during its financial crisis.

Though the situation has changed from the 1930s and the world trade regime has been going through the process of tariff reduction negotiations under the aegis of various organisations, the latest and most important being the WTO, there could always be temptation to be self-centred policies.

This has already been evident as the number of anti-dumping cases increased by 40 percent in the first half of 2008 and several countries have raised tariffs, devalued currencies, and imposed non-tariff barriers on the ground of health, environmental and labour issues.

Even worse is the attempt to resort to many loopholes of the WTO agreements. Studies show that even without violating WTO rules and commitments countries can resort to a tariff regime that will lower the global welfare substantially. For poor countries the implications will be the worst, as they will face an export tariff which is triple the amount of what they pay at present if WTO member countries increase tariffs up to their bound levels.

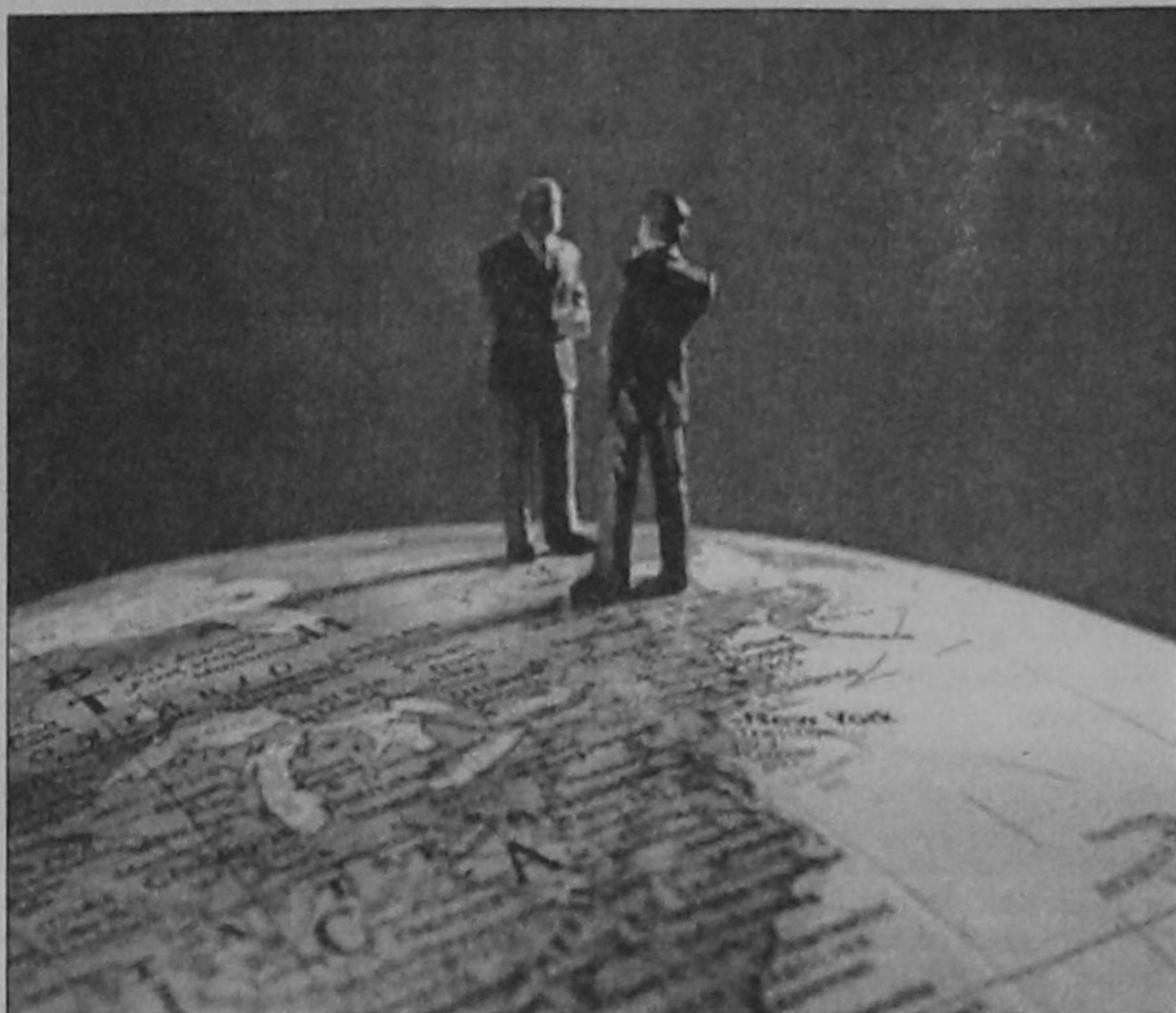
As the economic climate deteriorates and people feel increasingly vulnerable, political pressure is mounting across the globe for collective action. Both in the Washington summit in November 2008 and in London in April 2009, leaders of G20 put trade in their political agenda.

They made commitments to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures. They also expressed their commitment on the completion of the Doha Development Agenda (DDA). The London summit commits \$250 billion for trade finance which reiterates the importance of free trade.

Ironically, countries which have implemented protectionist measures since November 2008 include 17 of the G20 members. This puts the commitments of the G20 leaders into question. In addition, many stimulus packages contain policies which are discriminatory; for example, the "Buy America" clause in the US bailout package, which says that firms which avail funds from the US government have to use US steel, iron, and manufactured goods for government projects.

Hence, the challenge is to make sure that commitments made by the world leaders do not slide back. Despite the fact that G20 commitment is purely a political one and not legally binding, parallel actions of monitoring of the commitments by the WTO and political follow up by the G20 leaders can bring in positive results.

The leaders agreed to notify the WTO promptly of any protectionist measures and called on the global trade body and other relevant international institutions to monitor and report publicly on their adherence to these undertakings on a quarterly basis. These are very strong commitments made in the backdrop of a strong demand from the world community for a multi-lateral approach to ensure



This time the world must stand together.

open and transparent world trade.

It is obvious that protectionist measures would lead to retaliatory measures by other players, resulting in hurting world trade even further, which in turn implies a deeper and more protracted crisis. It is being increasingly felt that the role of a fair trade is critical during economic recession. Thus the value of the deal on the DDA has greatly increased and an early conclusion of the Doha round is key to promoting open trade, which may act as a stimulus during the current financial crisis.

As a matter of fact, the deal on DDA can act as an insurance policy against protectionism. For trade to be part of the solution to the crisis, it must be ensured that the DDA commitment on a protectionist standstill is respected and the DDA is finalised at the earliest. However, the deal on DDA will have to be commercially meaningful so that LDCs such as Bangladesh gets duty-free quota free market access for goods and services of their interest.

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## Political vengeance or overdue correction?

Only time will tell how much they will be able to entice the citizens to take to the streets or bring them in tune with their battle to preserve the ownership of a nine-bigha palatial house for the BNP chairperson and her two sons, when they have another one-and-a-half bigha house in the posh area of the city.

MOZAMMEL H. KHAN

The cabinet in a recent decision has cancelled the allotment of BNP chairperson Khaleda Zia's house in the cantonment. In the words of the cabinet proceedings, the cancellation was "due to a number of anomalies regarding the allotment within the military zone."

The decision has given rise to, as expected, instant protests from BNP and its adherent organisations. The criticisms included terms such as "illegal," "immoral," "political vengeance," etc. To get the real perspective of the issue, let us get to the bottom of it.

To begin with, the house was a state (army is of course a part of the state) property that was allocated to late Major General Ziaur Rahman when he was the deputy chief of staff of the armed forces. After the self-declared president Khandaker Mustaque made him the army chief, why he did not move out of the house to the one designated for the army

chief is a matter for the army administration to explain.

However, after he became president of the republic, doffing his army uniform, every citizen has the right to enquire why did he not move to the house (Bangabhaban) designated for the president? President Zia not only violated the norm (maybe not rule) by staying inside the cantonment house, although he was a civilian president, but also he was functioning as the chairman of the political party that he founded from the cantonment.

After President Zia was assassinated, the cantonment house was allotted to his wife by the then BNP government, on the ground that she was staying in that house during that period. In the meantime, another house in Gulshan was already allotted to the widow of the deceased president.

The question that anyone could raise: was it morally right to give the cantonment house to the widow of a slain president or to that of a slain decorated war

hero? Ziaur Rahman was neither the sole president or nor the sole war hero who was assassinated while in office. If the question of morality comes, it must be applied, without discrimination, to all individuals who fall in the same category. Is there any reason why the family of Ziaur Rahman should get any preferential treatment when compared to others of the same class?

If a cabinet decision takes precedence over any existing legal or moral barriers, it

itself becomes a law. And if the allotment of the two houses to a widow was done as per the cabinet decision, even violating any existing law, the allotment was perfectly legal. However, can the decision of one cabinet be reversed by another cabinet? If one does a simple research on the history of cabinet decisions in Bangladesh, the answer would be affirmative.

In 2001, the cabinet of the AL govern-

ment allotted two houses, the Ganabhaban (ignoring the moral aspect) to a daughter of a slain president (not to mention the father of the nation) and another (no moral or legal norm was violated) to the other daughter of the same leader.

In the same year, right after forming the cabinet, a meeting of the cabinet chaired by Khaleda Zia cancelled the allotment of both the houses and went so far as to have the belongings of its occupant removed for one while establishing a police station on the other. If those evictions were legally right, what is the legal issue now?

By the same token, the house, outside the cantonment, that was allotted by the previous a BNP government to the widow of a slain decorated and wounded war hero was cancelled by the last BNP government (and reportedly bought by a nephew of Khaleda Zia).

When the cantonment house was given to Khaleda Zia, she was not a politician and it was never envisaged that she would ever become one or else the house in this exclusive area would never be given to her, as opined by H.M. Ershad who as the army chief piloted the cabinet decision in 1981.

Moreover, Khaleda Zia spent a staggering 80 lakh from the national exchequer to refurbish the house while she became PM in 1991. A corruption case against her in this regard was quashed by Justice Aziz, later the infamous CEC.

The cantonment, not the property of any political group or the other, is a very

sensitive area, and as such it is a norm that no one would conduct political activities staying inside it. In fact, during the last tenure of Khaleda Zia, even the then leader of the opposition and the former Prime Minister was barred from walking through it to visit injured Dr. Humayan Azad. That was not the end of it; a legal suit was filed against her for attempting to pass through the cantonment. Can any in the BNP camp explain why Sheikh Hasina was barred from passing through the cantonment when Khaleda Zia lives and conducts political activities from the same arena?

The response of BNP and its sister organisations vis-à-vis the cancellation of the lease was very prompt, as expected. They have threatened to wage legal battle and street movement, which are within the purview of their legal and democratic rights. Many of them already claimed that 15 crores of people are with them in their battle to reverse the cabinet decision. However, only time will tell how much they will be able to entice the citizens to take to the streets or bring them in tune with their battle to preserve the ownership of a nine-bigha palatial house for the BNP chairperson and her two sons, when they have another one-and-a-half bigha house in the posh area of the city.

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At the centre of the storm.

## When everyone is guilty, no one is guilty

The shoe is evocative of thousands of years of popular justice, since it has been used to beat the errant. It projects an intended element of humiliation. The shoe is essentially a non-violent weapon, and we Indians love to believe that we are non-violent.

M.J. AKBAR

WHAT would have been the reaction of Indians if the shoe thrown by Jarnail Singh at Home Minister P. Chidambaram had actually hit his face?

Sympathy is a sentiment best measured by mercury. A little shake of the thermometer and it can shoot off in either direction. Jarnail Singh did himself a great favour by missing. If the shoe had hit the Home Minister, he may have shared some sympathy.

The errant shoe did far more damage than an accurate one might have done. It served Indian sentiment to a nicety, by delivering a sharp message without causing physical damage. Singh claims that he had never meant to hit the Home Minister, but I am not too sure that he was in control of his actions when he suddenly spurted into the national limelight and Sikh lore.

It was an involuntary gesture sparked by a deep pain, a signal that the human spirit would not be defeated even when the hopelessness of an individual confronted a massive and even insolent cover-up by authority.

It would be a mistake to assume that this pain has only to do with the sight of two Congress candidates from Delhi who are believed to have been agent provocateurs during the three days of massacre in 1984. What is truly astonishing is that not a single person has been convicted in 25 years.

The 1984 mayhem took place in full public view. But no witness could be found. The obvious explanation is that beneficiaries of the anti-Sikh riots were in power between 1984 and 1999.

V.P. Singh was a cabinet minister in Rajiv Gandhi's government, and among his close confidants was Arun Nehru, who is alleged to have encouraged the rioting with a wink if not a nod.

Chandra Shekhar, who toppled V.P. Singh, survived for a few months only with Rajiv Gandhi's support. P.V. Narasimha Rao, who got his dream job in 1991, was home minister during the Sikh riots, and therefore directly responsible.

The two prime ministers who succeeded him were also in power with Congress support. Jagdish Tytler is right when he wonders why the man who was

home minister while Sikhs were being killed on his doorstep was never considered unworthy of being prime minister.

That takes care of the first 15 years. The NDA government went through the motions, but either could not, or did not want to, prod the police too hard. The police were safe in their stagnation once the Congress returned to power in 2004.

The reason for their indifference was that the Congress could not have taken place without the active collusion of the police, from constable to officer. Constables on duty literally directed mobs towards Sikh homes and localities in Delhi. Public pressure has ensured that there is some accountability for the Gujarat riots. There has been absolutely none for the Sikh riots, because the system collaborated with politicians to protect the guilty.

When everyone is guilty, no one is guilty.

Sikhs have had to live with this harsh fact. They had begun to come to terms with it. Many of them voted for the Congress in 2004 and 2008. Has the shoe ignited an old wound that might be forgotten but will never heal? The answers are more difficult than the questions. But this much is certain: the Akalis have suddenly revived in Punjab. Momentum is a decisive asset in electoral politics.

One problem with sympathy is sustenance. Rajiv Gandhi came to power in the elections after the riots with the most decisive mandate in electoral history. His victory was routinely attributed to a "sympathy wave." The voter simply eliminated



The most dangerous weapon of the 21st century?

the Sikh massacre from his consciousness, or even condoned it as the inevitable upsurge of anger after the assassination of a national icon, Indira Gandhi.

But once Rajiv Gandhi won, the sympathy evaporated all too quickly. The electorate switched, as if it had paid its dues. The Congress began losing Assembly elections long before Bofors became a drumbeat and then a cacophony.

The Indian voter is a tough bird. He knows his vote can turn an underdog into an overdog, but then waits to find out whether

the overdog has become overbearing.

There is only one underdog in the 2009 election: Chiranjeevi in Andhra Pradesh. Conventional wisdom places him a poor third in the results' chart. But those who have seen the crowds swell with pride in his wake as he campaigns do not believe that they have witnessed a complete illusion.

He doesn't have to rent any crowd; people wait for hours in the blazing sun to see him pass. There is something happening which the beady, sceptical and perhaps even septic eye of the worldly wise cannot

quite fathom.

Let us merely say that Chiranjeevi is one politician in the current mélange who need not be worried about a shoe hurtling in his direction at a press conference. It is noteworthy that some superstar politicians have already increased the distance between their dais and the first row of journalists.

They used to dread the pen once. But so many pens have now been purchased that the only dread left is the shoe. The pen was generally considered mightier than the sword; the shoe is very definitely mightier than the pen.

In Britain, no election is complete without a politician being hit by an egg or a pudding. But that would be passé. The shoe is evocative of thousands of years of popular justice, since it has been used to beat the errant. It projects an intended element of humiliation. The shoe is essentially a non-violent weapon, and we Indians love to believe that we are non-violent. Is throwing a shoe libellous? This could turn out to be a lucrative debate.

I wonder if fresh instructions have already been issued to the elite VIP security squads, and there is now a posse trained to pick the slightest movement of a journalist's arm towards a shoe at a press conference. No more bending, ladies and gentlemen of the press. You can kowtow of course, for that is what the high and mighty expect, but keep your hands in your laps, please.

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