

## Congress triumph in India's elections

*A vote for continuity, stability and secularism*

THE Congress should justifiably be happy with what it has achieved at the general elections. With what are truly its best results since 1991, the party is once more poised, with its likely coalition partners, to form the next government in India and thereby carry forward the process of continuity in policy. If continuity is the outcome of the elections, there is equally the matter of stability that has been given importance by the electorate. India's voters have made it clear that they are keen about continuing on the road down which the Congress and the alliance it has headed in the last five years have taken India. Beyond and above that, the results of the elections are a patent pointer to the preference of a majority of Indians for a secular political order in the country, especially when it is perceived to be under threat from illiberal elements. That is certainly the most significant truth emerging from the voting.

The elections have meant a mauling for the communalistic Bharatiya Janata Party, which had confidently pinned its hopes on L.K. Advani assuming the office of the country's prime minister. Indeed, the BJP's shock at the drubbing it has had from the voters can clearly be compared with the shock it went through in 2004, when despite its 'India Shining' propaganda it saw itself voted out of office. This second defeat in a row demoralises the party and its allies to no end. It was unable to convince voters that national security after the Mumbai tragedy would be better handled by it in government. If that is the truth about the BJP, there is the bigger agony of losing to Mamata Banerjee and the Congress in West Bengal that the Left must now contend with. It was not only a combination of forces between Trinamul and Congress that turfed out the CPI(M) and its fellow leftists. There is also the fact that the Left, having been in power in the state for more than three decades, was seen to be suffering from incumbency fatigue and clearly had little of new vision to offer. Of course, the Lok Sabha poll results do not push it out of office in Kolkata, but they do indicate the level of disillusionment voters feel with the state government.

The Indian elections take Sonia Gandhi up a good many notches more where national appeal as a political leader is concerned. At the same time, they are also a triumph for her son Rahul, whose focused and energetic campaigning throughout the country has brightened his chances of a national leadership role in the future. The elections have also thrown up a plethora of new faces in the form of movie idols. A new dimension has thus been added to politics with the entry of such individuals as Shatabdi Roy, Kabir Suman, Tapash Pal and Jayaprada.

For India's neighbours, especially for Bangladesh, the triumph of the Congress is surely encouraging news. With traditionally secular parties like the Awami League and the People's Party in power in Dhaka and Islamabad, and now the Congress back for a second consecutive stint in office in Delhi, democracy and diplomacy should be getting a boost. We congratulate the Congress on its remarkable victory.

## Proliferating rickshaws

*Phasing out with rehabilitation is the answer*

THE number of rickshaws in the metropolitan city has increased manifold over the years, thereby slowing down traffic besides making mobility hazardous. We are concerned to learn that 90,000 rickshaws were given licence in 1986, though the number of unauthorised rickshaws has swelled to over four lakh. The sheer upswing in the figure points to an evident lack of monitoring of the growth profile through periodic need assessment and pursuit of any definitive transport policy for the city.

Rickshaws in Dhaka city come with manifold dimensions. While these illegal rickshaws are contributing to problems on the roads on a daily basis, they are nonetheless means of livelihood for the drivers, their owners and a large number of dependents. So, there is the humanitarian aspect to it that cannot be overlooked. Research studies show that mostly landless people migrate to the urban areas and get self-employed as rickshaw pullers. On this consideration, the Dhaka Metropolitan Police (DMP) has to restrain itself from seizing the illegal rickshaws at the moment. The other factor, very rightly pointed out by the DMP commissioner, is that if pushed to unemployment, a large number of rickshaw-pullers might join the underworld and upset law and order even further.

There is no denying that cycle-rickshaws in many ways contribute to creating traffic jam at various points in the city. When thousands of rickshaws ply on the lanes and by-lanes of the metropolis it becomes impossible for motorised vehicles to use these side lanes to make a detour from the main thoroughfares to escape the congestion ahead. As a result, cars have to sit at one spot for long burning valuable octane or gas. In a bid to allow motorised vehicles easy movement, the authorities concerned have banned rickshaws from plying on some major roads. Even new roads are under their consideration for making rickshaw-free. However, the phasing out of rickshaws from arterial roads has not proved to be an unmixed blessing because rickshaws prohibited from big roads are concentrating on narrower roads. So, the answer lies in regulating the number on a realistic basis together with phasing out of unlicensed rickshaws, albeit with simultaneous rehabilitation of those involved in the profession.

While the city cannot totally do away with rickshaws at the moment, the rickshaw-pullers need to be given a comprehensive rehabilitation package by the authorities, with scope for skill development training to seek alternative employment. We understand many of the local NGOs have been working on this important issue; therefore, their expertise could be utilised to reach an acceptable solution. While Dhaka roads urgently need to be given the features of a modern metropolis, the displaced rickshaw-pullers also need to be rehabilitated with dignity.

## Globalisation: Threat to nation-state?

The power of economic variables has been further strengthened with the diffusion of consumer products and the efforts of the transnational companies to extend their market share.

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GLOBALISATION is a word that has so many connotations that there is no widely acceptable formulation of a concept of its own. However, there runs a central strand, indicating something new, which erodes national power. It is something that is changing man's territorially arranged state system, and has initiated a "process" where the people, practices, norms, ideas, currencies, goods, services, information and institutions will transcend geographical barriers, obliterating traditional state boundaries. It's a boundary-broadening process, allowing people to move across increasingly tenuous national frontiers.

But then, it cannot be looked upon as an altogether new phenomenon because some kind of globalisation existed as early as in early nineteenth century when the industrial revolution was taking place, with its impact felt worldwide. International mobility of capital, which began in small ways in the late eighteenth century, has been the sine-qua-non of twentieth century globalisation.

There is, however, a difference now -- difference in its value, intensity and pervasiveness through the acceleration of technology and the information revolution. The power of economic variables has been further strengthened with the diffusion of

consumer products, the rapid transfer of financial resources and the efforts of the transnational companies to extend their market share.

These companies have proved that they can withstand and eventually surmount any pressure of political and cultural protectionism. We have reached a level of development in which it is possible for innovations occurring in any sector of any country's economy to be instantaneously transferred to and adapted in any other country or sector.

The inexorable surge of globalisation that we witness today is nevertheless a direct challenge to one of the central features of modern civilisation -- the existence of nations. The control of money, credit and fiscal policy was the most important pillar on which Jean Bodin, one of the exponents of nation-states, based his concept during the late sixteenth century. That pillar is now on the verge of collapse, which has, of course, come about over a period of time. By the late nineteenth century, the dominant currency was no longer the state-minted coins or bank notes, but the credit created by fast growing, privately controlled commercial banks.

Even though every nation-state countered this trend with the establishment of central banks to control the commercial banks and their credits, one nation-state after another throughout the nineteenth

century had perforce been under the control of a non-national gold standard, which imposed strict limits on a country's monetary and fiscal policy.

A gold exchange standard agreed upon in Bretton Woods after the Second World War also did not give individual states full monetary and fiscal sovereignty. It will, thus, be seen that the nation-states have since been under assault from some of the symptoms of globalisation.

First, the expanded concept of globalisation, by shifting power from state to non-state authorities like multi-national or trans-national firms, has allowed international bureaucracies to further undermine the state fabric. It has virtually assailed the ramparts of nation-states, which are now almost non-entities. The phenomenon has totally changed the traditional structures of production.

Second, globalisation also involves changes in the financial structure -- the system by which credit is created to finance production and trade in goods and services. Finally, globalisation takes place at the level of perceptions, beliefs, ideas and tastes. This is where globalisation collides with the cultural differences that exist between nations.

In full-scale globalisation, gaining world market share will be preferred to territorial acquisition. Except for control over the sources of water and energy, there will be little temptation to wage war, which will render a country's military -- a symbol of state authority -- redundant. But the erosion of the state's authority over its finances will be the severest blow for the state. The state can no longer resist the foreign exchange market; neither can it

determine interest or inflation rate. Globalisation has curtailed the state's means for the provision of welfare to the disadvantaged segment of the population.

The demise of nation-states had been speculated about since talk of globalisation of the world's economy began some forty years ago. As a matter of fact, such speculation was in the air for the last 200 years, beginning with Kant's 1795 essays Perpetual Peace. People assert that the internet will make tax evasion so easy that sovereignty will inevitably shift to the individual, leaving the state to die of fiscal starvation.

Yet, the nation-state showed amazing resilience. There is no other institution capable of political integration and effective membership in the world's political community. On the other hand, according to the detractors of globalisation, it is still a myth and illusion. It is an illusion because the state will exist as the enterprises will have to belong to some state and their directors are almost exclusively of one national origin.

Since the early industrial revolution it was argued that economic interdependence would prove stronger than nationalistic passion. But whenever political passions and nation-state politics clashed with economic rationality, the former won. Therefore, in all probability, the nation state will survive globalisation. But it will be a greatly changed nation state, especially in domestic fiscal and monetary policies, control of international business and, perhaps, also in war.

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## Public-private partnership budget

The PPP initiatives may include a variety of joint ventures, including part-ownership of state-owned enterprises by the private sector, private financing in government projects, and contracting out of particular services.

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THERE have been some strong media speculations that the coming budget will introduce Public Private Partnership (PPP) to Bangladesh. This will have lasting implications for our development.

Off-budget financing of development programs is not a new phenomenon. Over the past few decades, many governments encouraged off-budget financing by private sectors to meet the growing public debt. In 1992, the Conservative government of John Major first introduced a systematic PPP program in the UK, which was later continued by the subsequent Labour governments.

The PPP initiatives may include a variety of joint ventures, including part-ownership of state-owned enterprises by the private sector, private financing in government projects, and contracting out of particular services (including construction and maintenance of infrastructures).

For instance, the government may hire a consortium of private entrepreneurs to establish a power plant and in return offer the consortium a percentage of its revenue earnings. This way, the efficiency of private capital can create a synergy with the credibility of public service.

However, balancing the public sector's goal to provide quality services and the

private sector's interest to withdraw return on investment is very difficult. As the new government is approaching its first national budget, it is important to highlight some of the prerequisites of a PPP budget.

### Proactive regulatory framework

It is essential to have a well-defined legal framework for the regulation and transparency of PPP enterprises. The PPP budget will require a proactive regulatory framework, with appropriate checks and balances, to prevent corruption.

Countries such as UK, Canada, India and Singapore instituted rigorous regulatory frameworks and responsible public bureaucracies before initiating their PPP budgets.

Bangladesh, in contrast, has a reactive legal structure, which fails to prevent corruption and aims to penalise the dishonest after a felony is committed. Since the government aims to initiate PPP projects in the next fiscal year, prompt action will be required to establish a comprehensive policy and regulatory framework for competitive and transparent bidding, sharing risks and rewards, and dispute settlements.

### Synergy, not deregulation

Bangladesh's experience with deregulation and foreign investment has not always been very encouraging -- having witnessed privatisation scandals of the 1980s or treaties like GATCO. Therefore, ensuring trans-

parency and accountability of the PPP contracts will be vital. The objective of public private partnership is to produce an outcome greater than the sum of its individual parts. Hence, the focus should be on synergy, not deregulation.

### Sharing risks and rewards

It is essential to identify the risks associated with a PPP project, and to use an appropriate legal framework to distribute the risks, resources and rewards (3Rs) among the public and private partners.

According to a 2008 OECD report, legal and political risks are most efficiently borne by the government while the demand and supply related risks are well handled by private partners.

However, if the risks are not legally allocated at the commencement, a private entrepreneur (anticipating a loss) may quit a PPP project leaving the entire burden on the government.

### Procedural delay

In a 2004 Report, the US Department of Transportation noted that the government faces "an initial sharp increase in workload" in adapting and preparing the procedures for PPP projects.

Since the government aims to initiate PPP projects in priority areas such as in power and health, with a goal to speed up the outcomes, the procedural delays of PPP may jeopardise the government's goal.

Therefore, establishing a comprehensive and transparent legal framework in the quickest possible time will be the major challenge for the PPP budget.

### Value for money, not deficit and profit

During the early 1990s, when the prime focus of PPP was to reduce budget deficit,

many PPP projects resulted in poor but expensive services for the citizen. Later, focus of PPP budgets shifted to efficiency in the delivery of public services.

Termed as "value for money" (VFM), this new focus aims to offer the most efficient and effective public service by combining the respective expertise of private and public sectors.

Regulatory vigilance will be required to prohibit PPP initiatives from becoming the public sector's cost cutting and the private sector's profit maximising ventures.

### Social responsibility

Education and health are two critical areas where the government's responsibility to provide quality services must take precedence over the profitability of the services. If rural areas fail to attract private investment, the government may consider offering capital grants to make PPP projects commercially viable in these areas.

Bangladesh can take lessons from other countries where health and education related projects are implemented under public/social/private partnership (PSP).

Public Private Partnership is a generic model, which can yield both positive and negative outcomes based on its usage. If the public sector's corruption and the private sector's greed create an evil twin (witnessed during some episodes of privatisation), then development will be imperilled. But if the respective expertises of public and private sectors create a synergy, it will hasten development.

The choice is ours.

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## The sky isn't falling

We're living in a dangerous world. But we are also living in a world in where we have learned from history and built some reasonably effective mechanisms to handle crises.

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IT certainly looks like another example of crying wolf. After bracing ourselves for a global pandemic, we've suffered something more like the usual seasonal influenza. Three weeks ago the World Health Organization declared a health emergency, warning countries to "prepare for a pandemic" and said that the only question was the extent of worldwide damage.

Senior officials prophesied that millions could be infected by the disease. But as of last week, the WHO had confirmed only 4,800 cases of swine flu, with 61 people having died of it. Obviously, these low numbers are a pleasant surprise, but it does make one wonder, what did we get wrong?

Why did the predictions of a pandemic turn out to be so exaggerated? Some people blame an overheated media, but it would have been difficult to ignore major international health organisations and governments when they were warning of catastrophe. I think there is a broader mistake in the way we look at the world. Once we see a problem, we can describe it in great detail,

extrapolating all its possible consequences. But we can rarely anticipate the human response to that crisis.

Take swine flu. The virus had crucial characteristics that led researchers to worry that it could spread far and fast. They described what would happen if it went unchecked. But it did not go unchecked. In fact, swine flu was met by an extremely vigorous response at its epicenter, Mexico.

The Mexican government reacted quickly and massively. The noted expert on this subject, Laurie Garrett, says, "We should all stand up and scream, 'Gracias, Mexico!' because the Mexican people and the Mexican government have sacrificed on a level that I'm not sure as Americans we would be prepared to do in the exact same circumstances. They shut down their schools, businesses, restaurants, churches, and sporting events. They basically paralysed their own economy. They've suffered billions of dollars in financial losses still being tallied up, and thereby really brought transmission to a halt."

Every time one of these viruses is detected, writers and officials bring up the

Spanish influenza epidemic of 1918 in which millions of people died. Indeed, during the last pandemic scare, President George W. Bush claimed that he had been reading a history of the Spanish flu to help him understand how to respond. But the world we live in today looks nothing like 1918.

Public health-care systems are far better and more widespread than anything that existed during the First World War. Even Mexico has a first-rate public-health system better than anything Britain or France had in the early 20th century.

One can see this same pattern of mistakes in discussions of the global economic crisis. Over the last six months, the doomsday industry has moved into high gear. Economists and business pundits are competing with each other to describe the next Great Depression. Except that the world we live in bears little resemblance to the 1930s.

There is much greater and more widespread wealth in Western societies, with middle classes that can withstand job losses in ways that they could not in the 1930s. Bear in mind, unemployment in the non-farm sector in America rose to 37% in the 1930s.

Unemployment in the US today is 8.9%. And government benefits play a vast role in cushioning the blow from an economic slowdown.

The biggest difference between the 1930s and today lies in the human response.

Governments across the world have reacted with amazing speed and scale,

lowering interest rates, recapitalising banks and budgeting for large government expenditures. In total, all the various fiscal-stimulus packages amount to something in the range of \$2 trillion. Central banks have pumped in much larger amounts of cash into the economy. While we debate the intricacies of each and every move, the basic reality is that governments have thrown everything but the kitchen sink at this problem and, taking into account the inevitable time lag, their actions are already taking effect. That does not mean a painless recovery or a return to robust growth. But it does mean that we should retire the analogies to the Great Depression, when policymakers did everything wrong.

We're living in a dangerous world. But we are also living in a world in which deep structural forces create stability. We have learned from history and built some reasonably effective mechanisms to handle crises. Does that mean we shouldn't panic? Yes, except that it is the sense of urgency that makes people act and ensures that a crisis doesn't mutate into a disaster.

Here's the paradox: if policymakers hadn't been scared of another Great Depression, there might well have been one.

Fareed Zakaria is Editor of Newsweek International.

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