

Recession phobia

Many countries are beginning to feel the ravaging impacts of the global financial crisis. Deepening gloom over global economy following the disasters in Wall Street.

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At the beginning of the new millennium the world has been beset by an insurmountable challenge in the wake of global recession. Economic downhill-slide in major capitalist countries in the north, which boast of having strong economies, threatens to affect countries in the south - especially the least developed countries (LDCs).

The economically poor countries are now feeling the shattering impact of the domineering role of the north in open market operations. Our economy might become stagnant because of the global recession. The crisis faced by many a country in America, Europe and Asia is a "danger with a difference."

The great apprehension of the USA-led north was the "damaging protectionist spiral" during the Great Depression in the 1930s. The recession phobia that haunts the technologically developed and prosperous industrial nations in the north may turn them into protectionists. The USA, in a subtle way, is turning the clock back to protectionism in international trade and business, as is clear in Obama's rescue policy reflected in the "buy American" clause.

Of course, Germany and Britain oppose protectionism because they are afraid of going back to the dark days of the 1930s. There is a lurking fear that recession is growing apace to compound the relational matrix in the international arena, and will make the LDCs a losing market - receiving much less aid. In fact, these countries are in trouble as the donor countries are reducing the size of aid packages.

In the midst of global recession the state is expected to rise to the occasion and manage the acute economic crisis well ahead of time. Policy makers shaping the development of the state are taking the global recession that is about to hit our economy as a pressing issue. Even then it is difficult to predict the shape of thing to come in the future, far or near.

The global economy is now stuck in the state of depression. Many countries are beginning to feel the ravaging impacts of the global financial crisis. Deepening gloom over global economy following the disasters in Wall Street, together with the plight of major banks, add to the worries of the policy community.

There has been a good deal of thinking about the measures against recession among the members of policy communities. The advocacy role of the civil society in talk shows, seminars and policy dialogues show the intellectual activism in aid of the government. This is to ensure that assistance hits right note in pre-budgetary discourses.

Some economic observers argue that recession is less likely to affect Asian economy, partly because of its orientation towards agriculture and partly because of sound financial management systems. Even then, the Asian economy will crumble in the long run if the full blast of global recession is unleashed on the vital policy sectors. China has already declared a package of \$586 billion and India \$150 billion to stimulate domestic demand and market. Bangladesh has declared Tk.3,424 crore stimulus plan to tackle the global economic meltdown.

The RMG sector - the major exporter - will not be in the reckoning though it has demanded a 10% cash incentive. The



Is bail-out the answer?

sector has been left to fend for itself with necessary policy support. Allocation of cash incentives with the exclusion of this sector has bred frustration among the owners. A renowned economist associated with the Centre for Policy Dialogue said that RMG has been left out for the time being; but the government will come to its aid in case of dire necessity. However, BGMEA can hope against hope as government is perhaps reviewing its decision.

The reasons for the disappointment of the garments exporters are not far to seek. The main exporting countries like China, India and Pakistan are capable of offering cheap price in the competitive market. They pursued a policy of providing cash incentives to the apparel sector in defense of their respective positions in the international market. Needless to mention, in the post MFA era, the garment sector performed well.

What is more important for the government is preventing vandalism from

growing in the garment industries. The recent spate of anarchy in a garments factory is an eye opener. The state must tighten security by introducing industrial police after considering the exigencies of the circumstances. This will be in addition to legitimate policy support along with cash incentives.

In the budget discourses recession figures prominently as a priority issue. The sectors that are entitled to state support to combat recession have been marked out as priority areas. The agriculture sector has been stressed upon to ensure food security. It is based on the rationale that development of agriculture can sustain economic growth.

Banks have been asked to lend more to farmers. The government is also thinking about a stimulus package along micro-credit lines to support small and medium enterprises. Nobel laureate Dr. Muhammad Yunus said that micro-credit was an important tool for protecting many retrenched employees from

the deluge of recession.

Recession may cause fall in export of manpower. This seems to be the major concern of the rescue policy in the wake of the pandemic meltdown. The government of Bangladesh has carefully designed stimulus packages. The objective is to stimulate local productive sectors to create local demands and generate employment.

The forthcoming FY-10 budget is expected to bolster the domestic economy, creating employment to accommodate the jobless labourers - including expatriates. The keynote of FY-10 budget will be a public-private partnership project (PPP). Supported by increased financial aid from ADB, PPP could provide extra strength to the rescue operation of the state with its stimulus package.

The companies or enterprises upholding corporate governance and corporate ethics deserve support. We have a class of bona fide traders who maintain business tradition and ethics, meeting the needs of consumers with "the proceeds of business according to the rules of the game."

Those who go for profiteering, hoarding and black-marketing are practicing syndication. They should not be given any opportunities at the cost of the fixed/low income consumers. In case of policy support going their way through the chain of corruption and manipulation the vulnerable class, being the "threatened species," will be the worst sufferers.

The grave adverse implications of the stimulus package for this class are likely to be man-made crises as dominant economic forces operating at the apex are a formidable threat to the existence of this class. What we need is smart implementation of bailout packages through good governance.

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We apologise

On May 13, the government of Bangladesh demanded an unconditional apology from the government of Pakistan for war crimes committed during the 1971 army action in what was then East Pakistan. The Pakistani government's response was to dismiss the demand, telling Bangladesh to "let bygones be bygones." This was not the first time this demand was made, nor the first time it was dismissed with such flippancy by Pakistan.

Between March 25-26, 1971 -- the start of the military offensive -- and the signing of the instrument of surrender on December 16, 1971, the Pakistani army engaged in what essentially amounted to genocide against its own citizens for daring to demand that their electoral writ be implemented. The army's atrocities were both indiscriminate and targeted -- the rape of countless Bengali women, the killing of hundreds of Bengali intellectuals and students, and the senseless murder of hundreds of thousands of ordinary Bengalis and indigenous people, besides looting and pillaging on an unprecedented scale.

Nearly forty years on, even a reliable estimate of the number of people killed by the army is not possible because mass graves continue to be unearthed, a powerful testimony to the horror that was perpetrated on our people. This is the horror, which the Pakistani army continues to cravenly refuse to acknowledge.

The sole recognition of these atrocities -- the Hamoodur Rahman Commission Report, which was an official government of Pakistan panel -- was ignominiously suppressed by then Prime Minister Zulfikar Ali Bhutto and successive governments, and declassified only in December 2000.

The outrageous dismissal of Bangladesh's demand by the Pakistani foreign office -- "let bygones be bygones" -- is a shameful reflection of Pakistan's constructed amnesia over the horrific actions of its army and its political leadership. Not only has there never been any move on the part of the Pakistani state to apologise to Bangladesh, there has not even been any sustained effort by citizens' groups to pressure the government to publicly acknowledge the truth.

As Pakistanis, we find this unconscionable. We find it unconscionable that the Pakistani army raped, killed and pillaged our brothers and sisters in East Pakistan in 1971. We find it unconscionable that the Pakistani state has steadfastly refused to acknowledge these atrocities for the past 38 years, leave alone hold those responsible for them accountable as suggested by its own chief justice in the state commissioned inquiry. We reject the Pakistani state and army's claim that these atrocities were committed in our name.

Today, as we stand at the brink of yet another army action aimed at our own people, at the brink of another human catastrophe brought about by and for the same interests and institutions, namely the Pakistani military, we remember 1971. We demand that our state acknowledge and apologise for the actions of its army, punish those responsible for the atrocities (and named in the HR Commission's report) and pay reparations for the extensive infra-structural damage and looting to Bangladesh. Only through such expiation can we -- as a people and a state -- heal the wounds of the past and hope to build a new partnership with the people of Bangladesh.

The above apology to the Bangladeshi people for the atrocities of 1971 is made by the group, Action for a Progressive Pakistan. You may learn more about this group at its website: progpak.wordpress.com, or contact it at: progpak@gmail.com.

Singh is King: Lessons for Bangladesh

Will the current Bangladesh government be re-elected in 2013 and more importantly, are we capable of thinking of a political scene which does not include the traditional faces?

HASSANUZAMAN

Dr. Manmohan Singh has indeed proven himself to be the king of South Asian leaders by repeating history after nearly five decades. The Indian National Congress (INC) won a

landslide victory in which it, along with its allies, now holds 262 seats in the parliament.

Singh's entry in 1991 as the finance minister of India was at a time when the East and West were being reintegrated. Furthermore, the EU, which is an eco-

nomical and political union of 27 states located primarily in Europe, was established through the Treaty of Maastricht in 1993 -- building upon the pre-existing European Economic Community.

Overall, the decade of the 1990s witnessed a period where economics triumphed over politics, i.e., the notions of free market and capitalism overrode the visions that were perceived to be true under a communist system.

In 1991, India was facing an economic crisis. Singh initiated the economic liberalisation reforms program of 1991, which included dismantling of License Raj that made it difficult for private businesses to even exist, removal of many obstacles for FDI and initiation of the process of the privatisation of public sector companies. These economic reforms have been credited for bringing high levels of economic growth in India and increasing the annual 2%-3% average growth to 8%-9% economic growth in the following years. Not surprisingly, many scholars have declared Singh as the father of India's economic reforms.

The most controversial period of Singh's tenure was the time the Indian government decided to work with the US in a nuclear deal, which was signed by the respective leaders in October 2008. The most decisive issues persist with regard to allowing India to maintain a strategic reserve of nuclear fuel. Many Indian critics had also raised fears that such a deal would undermine India's sovereignty.

The last WTO ministerial meeting took place during his tenure. Relations had improved with Japan, the EU and the UK. New Delhi also hosted an India-Africa Summit in April 2006, which was attended by the leaders of 15 African states. As a result of the ongoing Doha Round of trade negotiations, which began in 2001 under auspices of the WTO, the formation and subsequent prolifera-

tion of diversified country groups such as the NAMA-11 demonstrate the willingness of countries to cooperate with each other in trade-related matters. Though there have been a few diplomatic hitches between India and Russia in recent times, relations between the two remain strong through agreements to increase defence, nuclear energy and space cooperation.

Dr. Singh had presided over a period when the Indian economy grew with at 8%-9% rate. It is worth more than a trillion dollars today. He did not neglect the programs that were started by the preceding government, and continued the golden quadrilateral and the highway modernisation program. In the context of balance of payments, which had remained disturbing during the 1990s decade, it had more than doubled between FY06 and FY07.

His policies were also successful in saving India from the effects of the global "agflation," which had caused riots in many countries in 2008. Today, the economy of India today is the twelfth largest in the world by market exchange rates and the fourth largest by GDP measured on purchasing power parity (PPP) basis.

With regard to poverty alleviation, the most significant contribution by Singh's government have been the enactment of the Right to Information (RTI) act and the National Rural Employment Guarantee Scheme (NREGS) in 2005. The RTI covers the whole of India, excluding Jammu and Kashmir. It is applicable to all constitutional authorities, and in the backdrop of the proliferation of self-help groups (SHGs) and intensification of NGOs' activities in India, such an act is certain to bear the desired fruits by building a check and balance system.

The other significant step by Singh's government has been the launching of the national employment programs, i.e., the National Rural Employment

Guarantee Act (NREGA). Even though the outreach and effectiveness of the NREGA is being contested, it has contributed to consolidating the support for the rural poor and, more importantly, empowering them in order to help them overcome the vicious cycles of poverty.

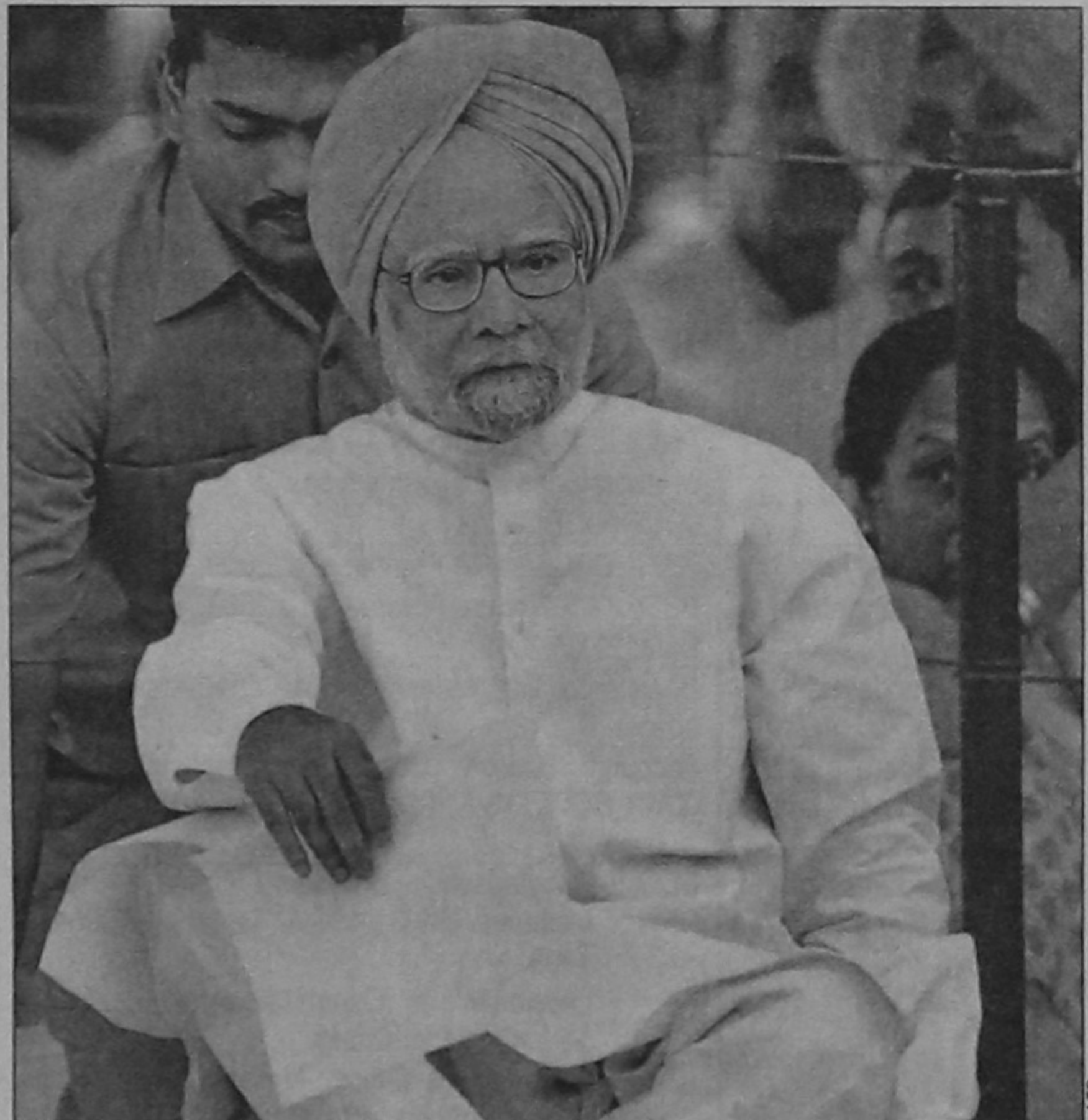
The first and foremost lesson to draw from India's election results is that of being re-elected. The Bangladesh government's vision of digitising Bangladesh by 2021 and ensuring food and job security are commendable commitments, and need be realised within its tenure. Bangladesh's politics can be said to be restraining the country's progress.

Furthermore, one of the crucial messages emanating from this year's Indian elections is that of Singh's inclination towards persuading the rising star of the Nehru dynasty -- Rahul Gandhi -- to join the cabinet. It is worth highlighting here that Mr. Gandhi has been playing a proactive role in Indian politics for quite sometime now, and he has addressed more rallies than the PM and Mrs. Gandhi together since 2004.

Will the current Bangladesh government be re-elected in 2013 and, more importantly, are we capable of thinking of a political scene that does not include the traditional faces? Time will certainly be the decisive factor and, more importantly, so will the voters.

In both India and Bangladesh, newly elected governments have enjoyed the support of a new breed of voters; for now, it can only be hoped that their aspirations for an encouraging future do not evaporate amidst the political games being played both within and between the parties, and that a third face emerges who can at least be compared to Rahul Gandhi.

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An exemplary leader.

The logic of officials



READER Michael Mudd returned to his Hong Kong home after two weeks on the road. Waiting in his mail box was a card saying that a postman had unsuccessfully tried to deliver a parcel to him.

The phone number provided led only to an automated answering system which offered no working options to deal with his problem, nor any way to escape from Recorded Message Hell and speak to a human.

Poor you, Mike. I've noticed that these

days, loads of companies us this as a brilliant way of deflecting those troublesome people known as customers ("pests").

What's more, some individuals (especially the ones I call regularly) also are using voice mail messages to avoid people, with recordings like this: "Hi. I am probably home. I'm just avoiding someone I don't like. Leave me a message, and if I don't call back, it's YOU. Beep."

Anyway, Michael was not defeated. He typed his details into the post office website, and got a message saying "response period is expired," indicating that he was too late. The mystery parcel must have already gone back to wherever it came from.

He decided that he should at least track down the sender to find out what he'd missed. So, on April 23, he emailed the post office: "Can you advise who sent the item

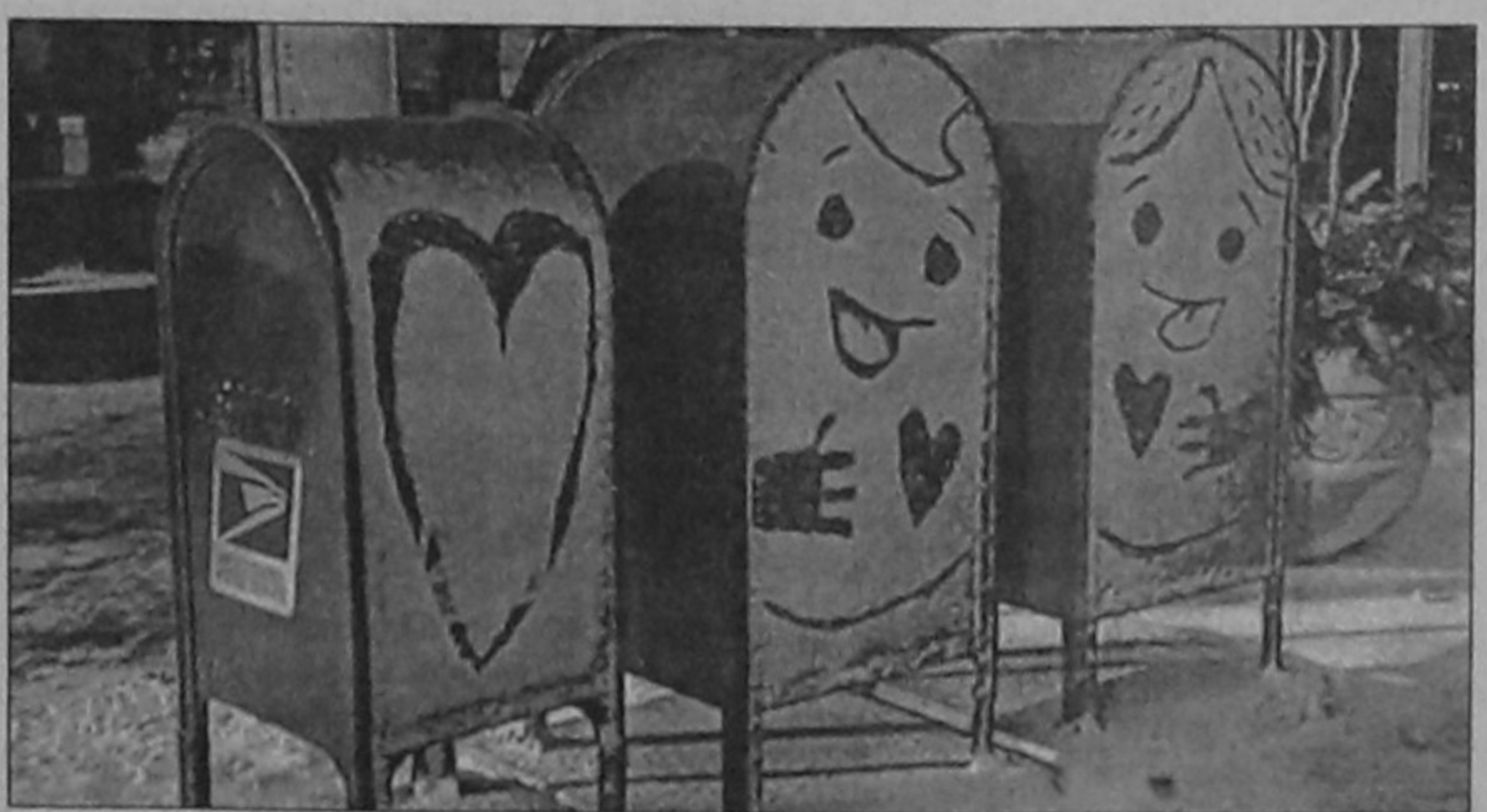
so I may take any appropriate action?"

Four days later, the post office replied, but did not tell Mike who the sender was. Instead, it said: "You may inform the sender to contact us."

Huh? How could he find out who the person was by asking them when he didn't know who the person was?

Michael wrote back: "My Dear Sir, as I have not seen the mail item in question, and as your advice does not say who the mail item is from, I have no idea whatsoever who it is from. Had I seen the item, I would have this information, in which case I would not be engaging in this apparently pointless dialogue with you."

There was a delay of three days, and then, on April 30, the post office wrote back with more information: "Dear Customer, thank you for your email. Records indicate the item was returned to sender on 29 April 2009."



In other words, the post office returned the parcel to the sender after all the correspondence above had taken place. Michael then wrote to them to ask

them to tell him who they sent the parcel to. On May 6th, the post office replied, telling him that they didn't know who they sent the parcel to.

At this point, he gave up the fight, realising that the post office clearly operated in some sort of parallel galaxy where logic was a totally alien concept. If it's any comfort Mike, I think the whole of Earth has now drifted into that galaxy, so we're all in the same boat.

But to return to the subject of voice mail messages, I have had a bit of personal good news. I finally worked out the right phone message to deal with a family problem: what statement should we put on the phone belonging to granny, who has severe memory loss?

The answer: "I can't come to the phone right now as I have amnesia. After the beep, please leave my name and number."

For more on how to avoid unwanted calls visit our columnist at: www.vittachi.com.