

Monetary policy accommodative but cautious

The real test would be to contain inflation

THE just-announced monetary policy of Bangladesh Bank for the second half of 2009-2010 fiscal aims to increase investment while keeping inflation in check. The policy for the first half year was essentially no different, but it had to navigate rough waters and thereby left some lessons for implementing the policy for the second half.

The extended policy instrument has been dubbed 'supportive, accommodative and inclusive' as it was supposed to be, since it is a product of a consultative process encompassing all stakeholders such as government, different professional groups, public representatives and trade bodies.

Inflation happens to be a pivotal challenge to efficient macroeconomic management. Even though inflation rate was low in the beginning of the current fiscal, yet it has started rising lately and could increase further. The prices of food and nonfood commodities have been on the rise in the international market. This breeds inflationary expectation in the local market. Due to high price of rice in India and Philippines, two of the major players in world cereal market, a certain measure of import uncertainty might have led to the domestic prices holding firm whereas good *aman* harvest should have set in a downward trend in the price. Of course, *aus* crop hasn't come in handy.

The OMS operation in tandem with food for work and VGF will be of some help but the real emphasis should be to raise productivity of *boro* to underpin food security. A crucial element in the strategy ought to be to make the procurement price remunerative. The need for timely importation and distribution of food can hardly be overstressed.

True, private sector credit flow is on a growth path with reduced government borrowing from the banking system, LC opening for import of capital machinery and industrial raw material shows an upward trend and export is on the mend. Yet, we have a lot more to do to enhance investment confidence in the domestic economy and bolster internal and external demands in the market. Unless massive funds are injected into improving infrastructure including replenishing and steadying gas and electric supplies, the overall investment in the economy, both foreign and local, will not pick up significantly.

Let's say in the end, we are heartened by the fact that the monetary policy demands that the excess liquidity of the banks be used up in SME development including agro-based industries which can diversify our export base.

Republican win in liberal Massachusetts

A wake-up call for Obama

THE shock win by Republican Scott Brown over Democrat Martha Coakley at the special Senate election in Massachusetts comes as a warning to the year-old Obama administration about the difficulties it is likely to face ahead. The fact that traditionally liberal Massachusetts has for the first time since 1952 opted to vote in a Republican, to replace the long-serving Edward Kennedy who died some months ago, demonstrates the transience of political fortunes in America. Where Barack Obama decisively defeated John McCain and helped to strengthen the Democrat presence in the Senate and House of Representatives only a year ago, the loss in Massachusetts is a sign that politics cannot be taken for granted.

Brown's victory is the third in a series of recent losses for the Democrats. In autumn last year, Republicans won the gubernatorial races in Virginia and New Jersey. The loss of the Senate seat, held for forty seven years by Edward Kennedy (and, earlier, for eight years by John F. Kennedy before he was elected president in 1960), comes at a particularly crucial moment for President Obama. Until Kennedy's death, Democrats held 60 seats to the Republicans' 40 in the 100-seat Senate. That strength prevented any filibustering the Republicans might have had in mind over the president's health care bill. Indeed, the special election to fill Kennedy's seat was called in order for Obama to see his health care plans through. His party's candidate, Martha Coakley, was considered a shoo-in over Brown. A sense of irony seems to have been at work here. In the early stages of the US presidential election season in 2008, it was widely assumed that Hillary Clinton would handily win the Democratic nomination for president. Obama came from behind to destroy her hopes. Hasn't Scott Brown now come from behind to deny Coakley the victory that could have been hers?

The result is a wake-up call for Obama. The president must now reorder his strategy and reach out to the Republicans. His party yet has 59 seats in the Senate, but there are too a number of gubernatorial, Senate and House seats up for grabs at the mid-term elections this November. Barack Obama and his party cannot afford to lose any more ground than they have already.

The charm offensive

If Sheikh Hasina's charm offensive is allowed to fail, then it will destroy the ability of any future Bangladeshi government to make any similar overture to India, and our two countries will remain stuck in the vicious circle of non-cooperation that we have been in for the past 35 years.

ZAFAR SOBHAN

ANTI-INDIANISM has been the mother's milk of Bangladeshi politics ever since the BNP decided to make it the cornerstone of the party's electoral appeal to the country in the 1970s.

With explicitly or implicitly anti-Indian governments in control of the national narrative for almost all of the time since, this alignment has had a devastating impact on Bangladesh's political and social evolution.

Politically, it has made any rapprochement with India very difficult, even for governments who felt that better bilateral relations were in the national interest. The India card was always there to ensure that there would be a high electoral price to pay for such diplomatic heresy.

This tilt has disfigured Bangladesh's domestic politics for the past 35 years and poisoned our relationship with the rest of the world. It is for this reason that fixing our relationship with India is in Bangladesh's best interests and must be a top policy priority.

Thus, Sheikh Hasina has made the country's India policy the centre-piece of her government's policy agenda. She has done what no Bangladeshi prime minister has ever done before: put herself at immense political and personal risk to address India's legitimate security concerns.

Sheikh Hasina is trying to communicate to New Delhi that it is a new day in Bangladesh. No longer will we try to make electoral advantage of opposing India. No longer will we claim that India is behind everything that happens, from the August 21 killings to the Pilkhana massacre. No longer will we permit our territory to be used for anti-Indian operations. No longer will we be obstructionist for the sake of opposing India, turning up our noise at deals that would benefit us merely because they would also benefit India.

The recent trip to India cemented the confidence building gains of the past year. To that extent it was a success, and

that is why the government sees it as a success. The atmospherics of the relationship have shifted and India cannot now claim Bangladeshi intransigence as a justification for not addressing Bangladesh's legitimate concerns.

Will the prime minister's charm offensive change things? Well, if you believe that Indian intransigence is due to the fact that they are intrinsically evil, then perhaps you would be hard to convince of the merits of her approach.

I think it is more persuasive to suggest that India will act in its own interests. In the past it has perceived its interests to dictate that it not cooperate with a neighbour it sees as hostile. But now that Bangladesh has demonstrated that we are no longer hostile, it is squarely within India's interests to reciprocate and to ensure that this rapprochement continues.

Commentators beating their breast and rending their garment over the wording of the communiqué signed at the end of the summit miss the point completely. Parsing its content line by line like some Talmudic scholar is an exercise in futility. It is not a treaty. Nothing in it is binding. It is, at most, a statement of intent that reflects the atmospherics of the meeting.

That said, the Indians should appreciate how much the prime minister has risked to change the game with respect to the bilateral relationship. If India does not reciprocate in kind, it will miss a huge opportunity and will hand Sheikh Hasina's domestic opponents a potent weapon to use against her.

What can the Indian government do to reciprocate?

One simple step that would win good will and build confidence would be to ensure that the Indian border security force stops gunning down Bangladeshi nationals. This would be easy to implement, and signal to Bangladesh that it is a new day in India, too.

A second point of concession should be trade. Again, the cost of fully opening up India's markets to Bangladeshi businesses would be negligible, but the gains in terms of



Silencing her critics.

changing public opinion in Bangladesh would be incalculable.

The 250 megawatts of power and \$1 billion loan for infrastructure development that have been pledged are a good start, but if the Indians really want to make inroads into Bangladesh public opinion, BSF killings and duty-free market access are the places to start.

Bangladesh has done its level best to address India's security concerns. We have shown that we are interested in connectivity and cooperation and that the days of self-defeating obstructionism are over.

Ultimately, Bangladesh cannot advance if it is not connected with and open to the rest of the world. And that means a better relationship with India. Permitting India (and other countries) to use ports and to transit through Bangladesh isn't doing them a favour, it is in our economic interests, too.

Sheikh Hasina has shown that she understands this and will act accord-

ingly. Now it is up to those who reciprocate in kind. This is a once in a generation opportunity.

If Sheikh Hasina's charm offensive is allowed to fail, then it will destroy the ability of any future Bangladeshi government to make any similar overture to India, and our two countries will remain stuck in the vicious circle of non-cooperation that we have been in for the past 35 years.

Sheikh Hasina's opening to India shows true leadership and true courage. I do not agree with those who say that India has responded with apathy and indifference. I believe that India is appreciative of what the prime minister has risked.

But it needs to take as big a step as Hasina has taken to keep the momentum going. The stakes are high and the potential benefits -- for both Bangladesh and India -- are tremendous. Let us hope that the Indians rise to the occasion.

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Turning of the tide

Alright, the tide is turning. The fortunate amongst us managed to escape, but we got stuck in misery. Let us make it easy for those rushing to our rescue. The shoe still pinches us in the same place where it used to pinch them.

MOHAMMAD BADRUL AHSAN

MOSSES forbade that a country should appoint a foreigner as its ruler. Save for that one job, governments throughout history have appointed outsiders in their key positions. Italian city-states hired the Condottieri, mercenary soldiers, to fight their wars

professional levels. They dress, speak, and carry themselves well. No doubt, they can do it better than many of us.

So, it's inspiring that some of them are willing to return, while others are inclined to spend more time here. Even a medical doctor from Washington DC came to tell us about our history last month (not sure what the connection was). They are now increas-



Non-resident but ever present.

against other countries. Foreigners are serving as advisors and consultants to many Third World nations. Keeping that in mind, we should be happy that the sons of this soil, who settled in the West, are taking renewed interest in their country of birth.

Frankly, it's good news. They have lived in modern societies and worked in advanced economies. They have outcompeted men of other nationalities at

ingly present in television and newspapers. They are trying to participate in our national dialogue for growth and good governance. They are putting their minds to work for us, the Harvard Seminar being an example.

Does it matter then whether they hold foreign passports or remain permanent residents of other countries? India is wooing the non-resident Indians with open

arms. They are most welcome to live and work in India. They are invited to invest in India. The Indian prime minister has lately urged them even to participate in Indian politics. Pakistan is also reaching out to its nationals abroad. We shouldn't hesitate to do the same thing as well.

The Bangladeshis living in other countries still love Bangladesh, which is an asset for us. Cynics may argue that they had once shifted loyalty to other countries. They might contend that they (NRBs) had spurned their woebegone motherland for the glitters of foreign shores.

In spite of that, they should be welcome. Any day, they would be more reliable than foreign advisors and consultants. They should be able to help us with our economy,

loyalty. Their only motivation to fight was for pay. They lacked in commitment. Which is why Bangladeshis returning to Bangladesh gives us hope. They are going to bring commitment with them.

Yet, the idea of a foreign passport holder, even a permanent resident, sitting at the helm of our government, rankles in our minds. It must be akin to the sentiments for which a natural-born citizen has to be the president of the United States. It must be the same sentiment for which General Aung San created the rule that a Burmese who marries a foreigner couldn't rule his country.

Of course, extraordinary times create extraordinary leaders. General Aung San's daughter Aung San Suu Kyi married a foreigner and the future of Burma hinges on her. Mahatma Gandhi had returned from South Africa to lead India to her freedom. Who knows, a Bangladeshi who had once left this country might return as its saviour.

As a rule of thumb, however, the expatriate Bangladeshis shouldn't make this country part of their retirement plan. It shouldn't come as an extension of their career path, looking for a sinecure in old age. And, they should come with full disclosure about their domicile status so that we don't have to live in doubt about their intentions.

Nothing is wrong if they should wish to serve this country late in the day. They can start by showing they are different from us. They can start by showing that they are going to treat us with respect. They shouldn't insult our intelligence or take us for granted. We shouldn't become guinea pigs in their experiment with personal success.

We want them to come. They can live, work and invest in this country. They can even get involved in politics. In that case, they should come at least ten years early and renounce permanent residence or foreign citizenship. If they buy into the game, they should buy into the rules. Our politicians do neither. They are inconsequential. They are detached from people. Last thing we need is more of the same.

Alright, the tide is turning. The fortunate amongst us managed to escape, but we got stuck in misery. Let us make it easy for those rushing to our rescue. The shoe still pinches us in the same place where it used to pinch them.

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