

# Need confidence and courage

MOAZZEM HOSSAIN

THE dust has settled after the claims and counter-claims by our leaders on the occasion of completion of the second year of the *mohajote* government. The PM has told the nation about her government's achievements over the last two years. On the other hand, the opposition leader listed what she called the failures of the government in a press conference after the address of the PM to the nation.

Under democratic governance, it is hard to make the voters happy with the achievements, whether they are in mature or new democracies. Voters see the achievements of a government as nothing extraordinary, since that is what all governments are supposed to do. However, voters give the government the thumbs up if there are few failures during its term.

It is, thus, important to realise that success is hardly considered as a barometer of effective governance, it is rather the failures that all governments need to avoid before celebrating any success, if at all. To the majority of the voters, failures stick and successes are forgotten. Failure-free (relatively) government means good governance.

Over the last 20 years, under our on-again-off-again democracy, the nation has been witnessing the same old game of cat and mouse outside the parliament. It has become a norm now to take the parliament as the place where all governments (*jote* or *mohajote*) proclaim their achievements with thunderous desk-thumping by the treasury bench (no failure has ever been debated in the House by any government), while the opposition agitates on the streets by drum-

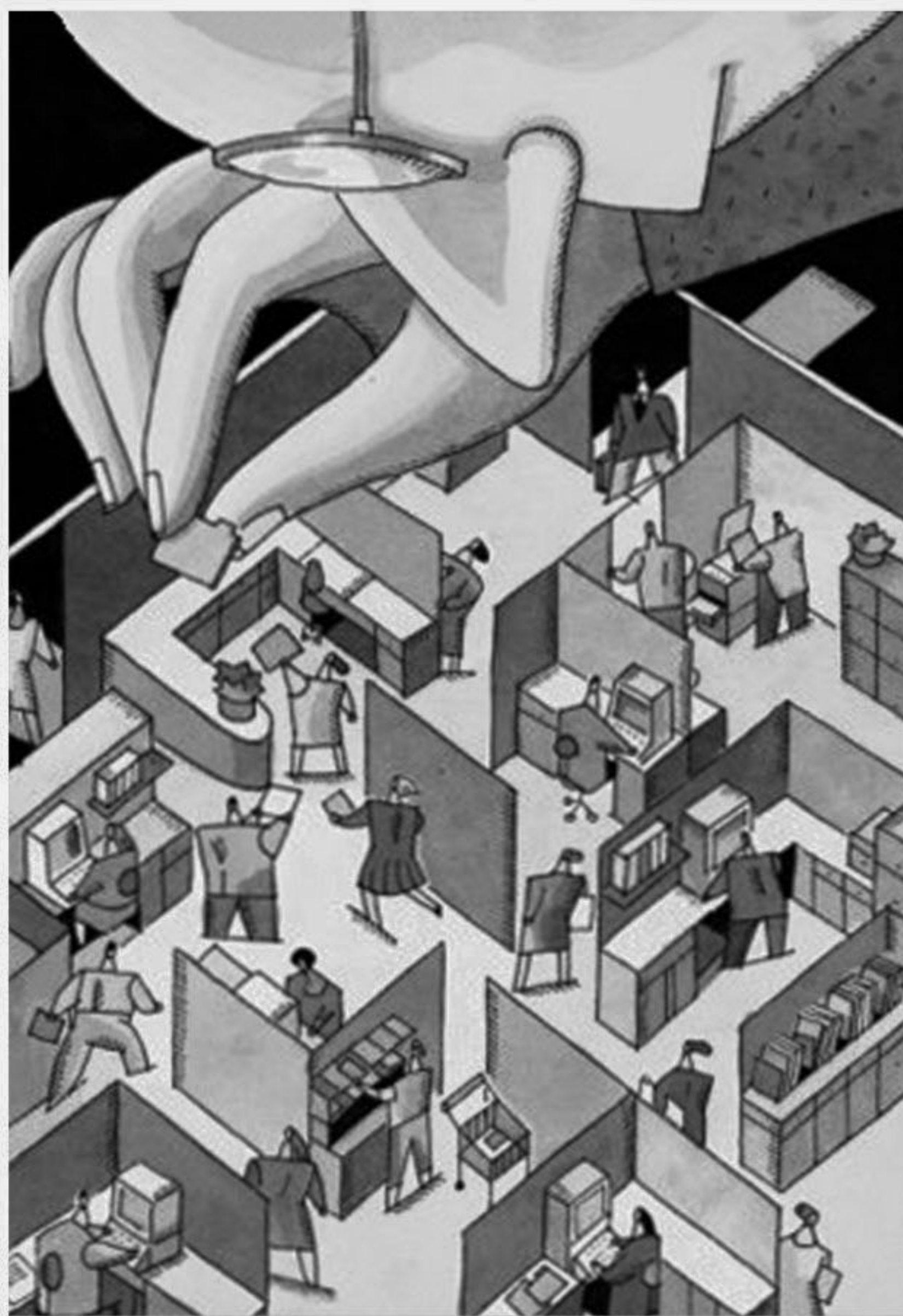
ming up the failures.

In the present parliament (2009-2013), nothing has changed. The game of cat and mouse has been rolling on outside the parliament. The opposition has been boycotting the parliament right from the start. The rest of the tenure of the parliament does not look bright either.

*Red tape and the lack of timely decision making are taking a toll of micro management of the economy and, as a result, voters' backlash at the first available opportunity cannot be ruled out.*

Twenty years is a very long time to keep the status quo of over-playing successes and concealing failures. The voters deserve better from the leaders after such a long time. Since effective democratic governance has been suffering in all nations in the world, rich or poor, voters too have been punishing the leaders at the first available opportunity.

In recent years, for example, voters' backlash was witnessed in Britain (governed now by a coalition of convenience). Australia has a minority government and President Obama's administration



ROBIN JAREUX

looks shaky after the mid-term election. In all respects, the present leaders have been floating in the sea of failures as compared to their counterparts ten/twenty years ago (Blair, Howard and Clinton, respectively).

Coming back to our case, in the present era of uncertainty, many argue that we are doing fine, and some even see huge improvement

taking place in democratic governance. Whatever the situation, it appears that the incumbent government is showing signs of concern about the short-term goals on the economic front.

Certainly, the government has a long-term vision for the nation, such as digitalisation, infrastructure building (roads, power and airports), bridge building and so

on. According to a recent poll by a section of the media, the majority feels that the government has been drifting behind in addressing the short-term economic goals.

In this respect, two things are now clear. First, even though the prices of essentials are rising all over the world, it appears that the movement in our country is out of proportion and certainly not controlled. Secondly, the economy's health is being tested by the stock market's volatility in recent days.

One would argue that stock market is not for the common people, it is rather a game for making money by the rich to a large extent. There is no denying the fact that under globalisation stock market indices have become one of the major barometers of a healthy economy. This is also true for the Dhaka Stock Exchange, which has been going wild mindlessly in recent days.

The incumbent government's apparent discomfort with the prices of essentials was touched upon by the PM in her speech to the nation. This is indeed a very good sign, at least some truth is being recognised at the highest level outside the House. It is common practice in this nation to put all shortcomings or achievements on the shoulders of the leader. Without the leader being directly involved, the decisions at crunch time are not being made with confidence or courage, with some exceptions of course.

The burden of failure or success must be borne by the right people (generally ministers and departmental heads) at the right place, whether in the case of keeping prices of essentials within the reach of the ordinary people or managing the day-to-day fluctuations of the stock market.

While it is true that an open economy in the era of globalisation must refrain from controlling the market, one can show clearly that the prices of essentials and the stock markets are micro-managed at times of need in the home of true market economies. What this nation wants to see at this point in time (short-term) is no more failures in managing the prices of essentials or the stock market. The ministers and bureaucrats responsible must show confidence and courage now, before it is too late.

The voters know well that the nation has no lack of rules or regulations, and it is because of the lack of will, courage, and competence of the people in charge that things are not getting done when they need to be done. Red tape and the lack of timely decision making are taking a toll of micro-management of the economy and, as a result, voters' backlash at the first available opportunity cannot be ruled out -- for example, in the current local polls.

As they say, seven days are a very long time in politics. Voters are one of the major parties in a democracy. Indeed, they change colour without warning. At times, they do not even let the left hand know what the right hand is doing. They know very well which side the scale tilts for the candidates' achievements or failures. Voters do like visionary leaders and indeed want to hear about mega projects, but do not vote for those who lack drive in providing economic security in the short-run. The 2009 election was a good recent example.

DR. MOAZZEM HOSSAIN IS THE PRINCIPAL AUTHOR OF SOUTH ASIAN ECONOMIC DEVELOPMENT, ROUTLEDGE, LONDON AND NEW YORK, 2010.

# Ominous signs for oil

PETER CUSTERS

OMINOUS signs were there right at the beginning of the year. On January 3, it was reported that the world price of crude oil had reached its highest level in two years. The price of a barrel of oil was stated to be \$94.84. This, energy analysts were quick to point out, represented a more than 200% increase over the price at the beginning of last year.

After the price of crude had climbed to its highest ever level in the middle of 2008 -- when it stood at \$148 per barrel -- it had descended to \$35 per barrel when the world economy faced recession. Moreover, both the price peak of 2008, and the price peak registered at the beginning of 2011 are exceptional from a historical point of view. There is only one time, i.e. the late 1970s and early 1980s, when the price for crude oil traded on the world market had climbed to a comparably high peak.

Analysts predict that the price of crude will remain at an average of about \$87 throughout 2011. In consequence, are we witnessing a price rise which can be explained by regular market factors like rising demand for oil by China, or dealings of speculators at the futures' market in oil? Or are we witnessing the onset of a structural crisis in the extraction and production of crude?

There is a second ominous sign of bad tidings, largely coinciding with the steep rise in the price of oil. This sign comes from the International Energy Agency (IEA), an organisation representing the interests of Western oil consuming nations, created in the 1970s as counterweight to Opec, the cartel of oil producers. In early November, the IEA published its annual World Energy Outlook which, in the Western world, is widely considered the authoritative

statement on the state of fossil fuel production and energy supplies.

While the report contains modest references to the need for a reorientation in policymaking on energy by the world's capitalist powers critics of the I.E.A. were quick to pick up the most significant critical element in the report, which is that the I.E.A. admitted that the production of conven-

price of crude oil, we are also witnessing the effects of a second peak -- a peak in extraction of conventional oil!

But why is the admission by the IEA dramatic? Those wishing to remain undisturbed will point out that the debate on "peak oil" is far from new. It is true that academicians have been debating the idea of a peak in world oil production

crude has been seriously debated in leading policy circles of the West. However, analysts and observers have continued to be at loggerheads over the question as to when exactly a world production peak would be reached. Whereas defenders of the status-quo and of the interests of oil corporations continued arguing that it would be reached by 2020 or 2030, critics

What are the implications of this admission? At least three temptations by Western policymakers may be noted off-hand. The first is to intensify the scramble for conventional oil resources. This temptation did, of course, underlie the US's attempts to expand its control over oil in the Middle East via the launching of the war in Iraq in 2003 which, to all accounts, has backfired, as even sections of the US Republican Party admit that the Iraq war was a futile venture.

The second temptation is to

ter which took place in April last in the Gulf of Mexico, quite close to the US's coast, has given the lie to proponents of this option. It has shown that deep sea drilling by BP and other oil giants can only be undertaken at great risks to other economic sectors such as fisheries and tourism, and to biodiversity in nature.

Surprisingly, the IEA implicitly appears to have drawn conclusions in line with what I have stated above. For its annual report, the World Energy Outlook advocates a transition in the world economy and increased reliance on "modern renewable energy sources," such as wind, solar power, geothermal energy and biomass.

This proposition from the IEA sounds as dramatic as the admission that world production of conventional oil has reached its ultimate peak. For it means that an agency which for decades has defended the interests of Western oil corporations and consumers of gasoline is now reorienting, or rather has been forced by circumstances to reorient, its energy perspective.

Surely, the IEA's report falls short of admitting the need for industrial restructuring. It belatedly speaks of phasing out subsidies for the extraction of fossil fuels, but fails to state the urgency of stepped-up state interventions to promote primary reliance on wind, solar power and other alternative energy. Yet the IEA's admission of the inevitability of an energy transition does have historical significance. There could indeed be no clearer sign that production of conventional oil is set to decline, and that the era of cheap oil extracted via drilling has passed for ever.

DR. PETER CUSTERS WRITES FROM LEIDEN, THE NETHERLANDS. SPECIAL TO THE DAILY STAR.



KHATULISTIWA

tional crude oil 4 years ago reached an all-time peak at 70 million barrels per day.

Conventional crude oil refers to that portion of world oil supplies which is extracted via normal drilling methods. According to the 2010 World Energy Outlook, the production of conventional oil reached its ultimate peak as far back as 2006. Clearly then, we need to visualise present constraints on the world market for oil as double. Not only are we witnessing a peak in the

for several decades. In 1970, the now renowned oil geologist King Hubbert put forward the idea that there are physical limits to the extraction of oil from the earth. Not only is exhaustion of individual oil wells inevitable, national and worldwide extraction of crude oil too is bound to reach its peak and ultimate decline.

Until the late 1990s, Hubbert's views were controversial. Yet, since then the inevitability of an ultimate decline in world production of

have been insisting that a peak would be on much earlier.

Hence, the IEA's admission does have significance. The institution now speaks of existence of a plateau in the production of crude. While the decline in the production of conventional oil is not taking place exactly the way expected by Hubbert -- in the form of a bell-shaped curve and a rapid decline -- the IEA's admission indeed confirms the alarmist views of its own critics.