

SUNDAY POUCH

Rationale for new banks

Heed the advice

NOT only the IMF but also many in Bangladesh do not concur with the idea of the government of allowing new commercial banks. And there are very good reasons to feel that the present 47 banks in Bangladesh are enough to meet our requirements. In fact the central bank had initially objected to the idea, but seems to have wilted under political pressure. Reportedly, majority of the board members had strongly opposed the idea of allowing new banks during last Wednesday's meeting.

As it is, Bangladesh Bank's (BB) supervisory capacity is inadequate to oversee the functioning of the existing banks. And the BB's structure will have to be strengthened before its oversight responsibilities can be expanded. But more than that, we find the underlying consideration behind the move totally out of place and time.

Surely, political consideration cannot be the motive for economic and commercial ventures. If one were to accept the arguments of the proponents of the idea that it will make the industry more competitive, we are not aware of any BB study that has found the need for new banks at the moment. And going by the admission of the finance minister himself one can assume that this is likely to be another instance of crony capitalism, so much so that there is at least one case where signpost of a new bank in an office had already been put up even before getting BB's approval.

The arguments for new banks, and we do not know as yet how many there will be, further falls flat in the face of liquidity crunch and overcrowded market, which experts have also referred to. And when one considers the paucity of banks in the rural areas the idea seems to be even more incongruous.

There is merit in the arguments against new banks at the moment including the possibility that it may not command the confidence of investors, these being allowed under political pressure and therefore may not be operated on any sound banking principles. The government should have a rethink.

Citizens at risk

Remove chemical warehouses, fast!

THE worries voiced by environmentalists and activists of non-government organizations on the continued presence of chemical warehouses in residential areas of the city find an echo across the spectrum. The reason is not hard to seek. In these past few years, demands have consistently been made by citizens and social bodies for a removal of all those factories and industries which pose hazards to public health. In quite a few instances, legal action has also been taken to ensure that such establishments are effectively moved away from the city and relocated away from it. Regrettably, not much appears to have been done about these demands being met.

Which explains why a citizens' rally in the capital on Friday thought it necessary to remind everyone that fifteen months into the fire in Nimtoli, chemical warehouses remain in the area as well as in other parts of the city. These areas, be it noted, happen to be residential ones, which means residents are always vulnerable and tragedy of some sort or the other could erupt at any moment. What surely remains a mystery is that despite the setting up of a task force by the government to work on the removal of these warehouses, little is known about its actual activities. Those who took part at the rally clearly suspected things unethical here and believe a nexus between the bureaucracy and profit-mongering businessmen is coming in the way of an implementation of public demands.

We fully agree with the sentiments expressed at the rally. Lest a new tragedy occur and lest the presence of chemical factories and warehouses further endanger the lives of citizens, the authorities must move purposefully into freeing all residential areas of such establishments at the earliest. No excuses, no amount of sloth, nothing of a

Lessons learnt. Perhaps!



ASHFAQUR RAHMAN

WHEN crafting foreign policy approaches with any country there are several strategies which can be adopted that can lead to

success. But these same strategies can also lead to disasters. It is usual for policy planners to design and move foreign policies along commitments either received from a country or results they themselves are committed to. But if the future turns differently than predicted, a country may then have adhered to wrong strategies.

Policy strategies which are often based on today's commitments depend on tomorrow's circumstances. Take the case of the commitment received from India that the Teesta river accord would be signed during the visit of their prime minister to Dhaka this September. But at the last minute, circumstances changed there, and the accord was not signed. To the ordinary folk it was a disappointment. But to the policy planners this was dealing with "strategic uncertainty."

Despite the uncertainty of what the future might bring, there still remains a need for a country to commit to a strategy. This then in common parlance is a "strategic paradox."

A country therefore, in order to reduce strategic uncertainty, will have to consider adopting strategic flexibility and have several options ready. Any foreign policy apparatus therefore must "actively anticipate, formulate, accumulate and operate" the conduct of its policy.

A country thus needs to separate the management of commitments it receives from its friends or its foes from the management of uncertainty of the future.

This can be done by scenario analysis and formulating strategies and developing options for each scenario. A portfolio of such strategic options needs to be crafted and then efficiently operated.

Thus the last minute changes in the Teesta scenario may have caught many of us off-guard. But it did not disturb our Hon'ble prime minister.

Understanding the gravity of the situation, it is reported that she decided to keep in abeyance the exchange of letters to give India the use of Chittagong and Chalna ports till Teesta is sorted out and the infrastructure for the use of the ports is upgraded.

She therefore seems to have managed the strategic uncertainty of the future and had developed a viable

neighbour. It was a visit to resolve long outstanding issues which had been bedeviling bilateral relations for long.

As was done several times in the past in our foreign office, whenever the government was seized with a substantive event or issue, a special team was created to dedicate themselves, with the political leaders at the helm, to address the issues and arrive at a successful end result.

In such times, even foreign office personnel posted abroad are recalled or temporarily seconded to a separate cell

may keep in mind.

All great leaders have one characteristic in common: the willingness to confront the major anxiety of their people in their time. Our prime minister has attempted to do so in several areas but more so in the arena of foreign affairs. She has put forward the need to obtain our rightful share of water from the rivers flowing from India to Bangladesh. She has also looked at the possibility of cooperating with India and obtaining benefits in trade and connectivity.

But what was the need for the government to raise the expectations of our people? With not much going on with India before she took the helm, our people would have been happy to see things moving towards their resolution. But to say that a change in relations for the better would bring unimaginable gains is self-defeating. With expectations raised, the people were in no mood to accept any disappointments. This, therefore, was a wrong tactic.

In foreign relations it is appropriate to factor in setbacks. That is normal. It is wise not to raise expectations. When success comes about it should be taken in stride. The people reward the government by quietly voting it back to power. This is perhaps another lesson we may learn.

The last lesson for the present is that when one door closes another opens. But often we look so long and so regretfully upon the closed door that we fail to see the one that has opened for us. Do we have the sagacity to understand which door has opened?

This is the same door that encourages introspection, detailed new planning and bold action. The need to revisit issues like Teesta, trade and transit, as well as those like trade in electricity is imperative.

It may be presumptuous to be didactic. But what is important is that by learning we can teach and by teaching we will understand.

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option for the changing scenario.

But such an option should have been given by our foreign policy apparatus to our Hon'ble prime minister. They failed to do so. This is a lesson we may learn.

Fallout from the decision not to sign the Teesta accord has given the policy planners an opportunity to revisit the accord itself. There are grumblings that if we had signed the accord there would not have been adequate water available in Bangladesh during the lean season and the accord would have faced strong internal political headwinds.

If it is really so, then it may be opportune to return to the substance of the proposed agreement and this time try to obtain the rightful share of a lower riparian. Just sharing in "a fair and equitable" way the water available at Gajoldoba may not be what we are seeking. This is another lesson which we may note.

An important lesson for our foreign affairs apparatus is perhaps that we have not used the best of our talents available in that office to conduct the negotiations and prepare the strategic options in our relations with India. This visit was not an ordinary goodwill visit of the prime minister of a friendly

to support the efforts of the political masters in their effort. It is not left to a few sitting in separate offices to deal with such a complex set of matters. This does not mean that we crowd the foreign office precinct, but we bring to bear quality where mediocrity could overwhelm.

Another lesson worth pondering about is the alertness of our mission personnel in times of such shifting and changing scenarios. Our missions abroad are our primary listening posts. They feed the authorities back home with all relevant information on issues relating to the national interest of Bangladesh. They cannot afford to relax in the pursuit to learn, to analyse and to inform our authorities about what is happening out there.

Here also we need to put the best of our best officers, who are well connected to the knowledgeable in that country or are able to establish personal connections with ministers and leaders there at a moment's notice, to know what is happening and report back. This helps our policy planners to get information from the best available source and add the correct perspectives to a developing situation. Another lesson we

Camp David Accords threatened?

MAHMOOD HASAN

A very worrying incident shook both sides of the Suez Canal recently.

On August 17, a small group of extremists, known as "Popular Resistance Committee," from Gaza infiltrated into Sinai (Egypt) and then crossed into Israel and attacked a bus carrying Israeli soldiers and civilians. Eight Israelis, including two soldiers, were killed and 30 injured.

Israel retaliated swiftly and killed four extremists and five Egyptian border policemen. Israeli air force also attacked targets in Gaza killing more than fifteen Palestinians including children. The Peace Treaty between Egypt and Israel signed in 1979 following the Camp David Accords, suddenly seemed to be on the rocks.

The killing of Egyptian soldiers could not have come at a worse time. Egypt is going through political and economic turmoil. Since the Tahrir Square revolution and ouster of Hosni Mubarak, the country is being steered by the Egyptian Army towards a civilian democratic political system. People, particularly the younger generation, have been impatient demanding a new constitution and free elections.

The six-decade-long Palestinian struggle for a homeland enjoys open sympathy from all sections of Egyptian people. The killing of five soldiers and Israeli bombing of Gaza enraged the already angry Cairo residents. Thousands descended on to the streets and marched towards the Israeli Embassy, perched on the top floor of a twenty-storied building in Giza (West bank of Nile in Cairo), demanding expulsion of the Israeli ambassador and scrapping of the 1979 Peace Treaty. Youths burned the Israeli flag and replaced it with the Egyptian flag. The military and police cordoned off the area but did not engage the demonstrators. Similar demonstration also took place in Alexandria.

Indignant and angry, the interim Egyptian government immediately asked Israel for a written apology, compensation for the killed soldiers and a joint investigation into the incident. It also strongly asked Israel to stop attacking Gaza. Cairo also threatened to recall its ambassador from Tel Aviv.

Realising the gravity of the situation, Israeli Defence Minister Ehud Barack quickly issued a verbal apology and agreed to a joint investigation into the killing of the five soldiers.

The Palestinian issue will dominate and define Egypt-Israeli relations in the coming days. As Egypt moves towards a truly democratic polity the Camp David Accords may become tenuous because of popular demands.

Washington, the UN Secretary General and European capitals reacted swiftly, requesting both sides to calm down.

Since the revolution last February, Egypt, the largest Arab nation and bulwark of stability in the Middle East, has perceptibly moved away from the line which Hosni Mubarak strictly followed for thirty years. Several developments bear this drift.

The anti-Israel elements Egypt have been getting organised and have been infiltrating the Sinai region. Their first target was the gas pipeline that supplies Egyptian gas to Israel and Jordan. Since February, the pipeline has come under attack four times, the latest one being on July 3.

Palestinian group "Fatah" (controlling the West Bank) and Hamas (in Gaza) signed a reconciliation agreement on April 27 in Cairo, burying their long hostility.

Egypt opened the Rafah crossing with Gaza on May 25, easing the pressure on Palestinians living under Israeli blockade since Hamas took over the strip in 2007. Israel accuses Palestinians of

smuggling arms and explosives through Rafah. Hamas fighters in Gaza launch Qssam and Katyusha rockets into Israel. Hosni Mubarak had kept a firm lid on this border point.

The Palestinian Authority has prepared to move a resolution at the UN General Assembly for statehood next September, though Washington and European capitals are opposed to this demarche.

Amr Moussa, former Secretary-General of the Arab League and a possi-

ble presidential candidate, condemned the attack on Egyptian soldiers and said that their blood would not go in vain. Another Presidential hopeful, Ayman Nour of the Ghad party and the "Muslim Brotherhood" came out with strongly worded warnings to Israel and criticising America.

Egyptians in general were deeply frustrated that Hosni Mubarak did everything to put Israeli and US interest in the region over those of Egyptians and Palestinians. Gas is sold to Israel at a price lower than its production cost. Israeli tourists were welcomed to Sharm El-Sheik and Taba without any restriction. The fact that former Israeli Defence Minister Ben Eliezer offered Mubarak political asylum in Israel during the Tahrir Square uprising incensed the demonstrators.

While Egypt continues to smart under the weight of its unfinished revolution, Benjamin Netanyahu's Israel recently has been going through another kind of upheaval in Tel Aviv -- the "tent-city demonstrations."

Israelis feel that they are working harder, earning less, and paying more.

Since mid-July, hundreds of young Israelis set up igloo-shaped tents in posh boulevards of Tel Aviv demanding affordable housing and a tolerable cost of living. Soon, the number of demonstrators rose to thousands and pressured Netanyahu to improve social services, threatening his right-wing government.

Thus, for Netanyahu the border incident could not have come at a more convenient time. It actually diverted the attention of Israelis from "social" issues to "security" issues. On the diplomatic front Netanyahu is gleeful that the killing of Israeli soldiers and civilians by Palestinians will effectively put the Palestinian initiative for statehood in jeopardy. Israel can now tell the world once again that the Palestinians are terrorists and do not deserve a state, at least not now.

As Egypt moves towards a democratic system of government it will be difficult for any leader to ignore the popular sentiments of its people. Autocratic rulers (like Mubarak) with outside (US & Europe) help could afford to go alone for some time disregarding people's mood -- but not for long.

With Gaddafi overthrown in Libya and Syria's Bashar Assad in the corner the situation in the Middle East is getting more and more fluid. No wonder President Barack Obama pointed out last May that the longer it takes for Israel to agree to the two-state solution for the Palestinians, the more difficult it will be to defend Israel.

The recent incident may well have chilled the relations between Cairo and Tel Aviv. The Palestinian issue will dominate and define Egypt-Israeli relations in the coming days. As Egypt moves towards a truly democratic polity the Camp David Accords may become tenuous because of popular demands.

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THIS DAY IN HISTORY

September 18

- 1502**
Christopher Columbus lands at Costa Rica on his fourth, and final, voyage.
- 1932**
Ibn Saud unites several kingdoms of the Arabian Peninsula, creating a new nation that he calls Saudi Arabia.
- 1934**
The USSR is admitted to League of Nations.
- 1947**
The National Security Council and the Central Intelligence Agency were established in the United States under the National Security Act.
- 1961**
U.N. Secretary-General Dag Hammarskjöld dies in a plane crash.
- 1978**
Leaders of Israel and Egypt reach a settlement for the Middle East at Camp David.
- 1982**
Christian militia begin killing six-hundred Palestinians in Lebanon.
- 1988**
End of pro-democracy uprisings in Myanmar after a bloody military coup by the State Law and Order Restoration Council.
- 2007**
Buddhist monks join anti-government protesters in Myanmar, starting what some called the Saffron Revolution.