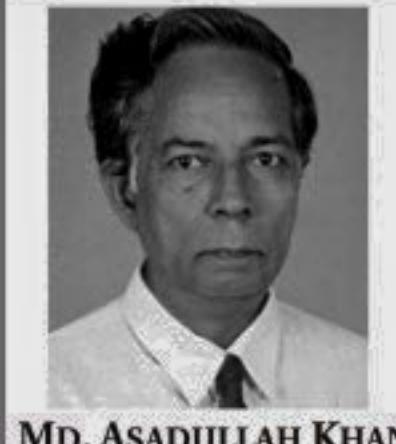


BITTER TRUTH

Needed sanity and transparency for stability and sustainable development



THE present political chaos and the *hartals*, street agitations, price hike of essentials and violence on the streets are a threat to the country. Seldom has this country so desperately needed leadership to steer clear of the crises, doldrums and chaos as it does now.

Because of poverty, endemic corruption at all levels of the society and administration, non-governance and remittance fall due to job losses in UAE and Malaysia, there has been a disastrous upsurge of violence and crime that has caused loss of hundreds of lives, worsening of the economy and an unprecedented polarisation of the society.

Police inaction and non-governance become apparent when people see an indicted war absconding even though he was being watched by both policemen in plain clothes and in uniform before the warrant was issued.

The unstable political climate has invaded the RMG sector. Production in about 350 garment factories in Ashulia industrial belt remained suspended for a day as workers took to the streets following rumours of death of a co-worker. It did not end there. Clashes between the agitating workers and police left at least hundred people including 10 cops injured. In the melee that followed, one female worker was crushed under the wheels of a bus when the workers were chased by the police.

Panic grips the citizenry when they read in the newspapers about attacks on journalists. A report published in *The Daily Star* on May 20 said that the right arm of a staff reporter of *Samakal* was hacked by unidentified assailants for reporting about an obscene dance performance in the campus of Pabna Edward College. Only four days before, a zonal correspondent of *Kaler Kantha*

was allegedly beaten up in Bera upazila of Pabna by a nephew of a state minister for publishing a report on the alleged corruption in tender process of Test Relief (TR) and Food for Work (*kabikha*) programmes. Such reports show how the nation is being looted, in some cases in collusion with people who have been elected by us.

The report that a ruling party law maker had to open fire from his licensed pistol to escape the fury of his electorate must be a chilling one for the nation. It must be made clear to the nation why he had to incur the wrath of the people in his constituency.

In recent times, reports of disappearances and secret killings have filled the pages of the newspapers with sickening frequency, and the law enforcers are clueless about all such dastardly acts. The assurances by the high-ups in the government about the progress achieved in Ilyas disappearance and Sagar-Runi murder incidents cannot keep the people happy.

The culture of corruption is all-pervasive and stalls all development efforts. A report in *The Daily Star* on May 20 said that law enforcers seized over 18,000 copies of high-school textbooks, meant for free distribution in Kushtia, from a paper vendor in the town. A report in *The Daily Star* on May 22 said that Rapid Action Battalion seized more than three lakh litres of furnace oil stolen from Padma oil depot in the port city shows the sweep and size of corruption.

Shockingly, politicians and public servants are not bothered that the image of the country is taking a beating abroad. The complete lack of political will to con-

tain and recover illicit transactions or outflows has escalated poverty and inequality, degraded public institutions and weakened the private investment climate. Poor governance and corruption have contributed to financial and economic collapse, public alienation and even violence, with disastrous consequences for the poor. It is important to bring corrupt politicians to justice by giving exemplary punishment to those who have abused power. Law enforcement agencies have to stop being the handmaidens of those in power.

The message from all these ominous developments is clear: democratic norms are rapidly disappearing and anarchy is gradually creeping in. Most people feel that if

the government fails to contain this surge of corruption, violence, extortion, abduction and mayhem in the streets, reform measures or economic rejuvenation of the country can never be implemented.

Sensible citizens are wary of the consequences of the societal breakdown - creation of an ideological

void that is filled with militancy, religious intolerance, and political animosity. Before these maladies turn into a catastrophe, a new pattern of politics imbued with sensibility and responsibility is needed. What is needed is a clean-headed sense of democracy's fragility and limitations. The primacy of human rights and the rule of law, consensus on national issues and tolerance must be enshrined in the society. The move for the revival of the society will definitely have to come from its leaders and intelligentsia who are now at loggerheads with each other.

Politics must be oriented to serving the people, lift-

ing the people from the depths of misery and working for the progress and development of the country, which our leaders seem to have discarded at this critical time of the nation. Foreign investors are wary of venturing into an inflammable area, a conflict-ridden site that has largely been made so by the politicians themselves with utter disregard for people's sufferings.

Since most people are mute spectators, politics, perhaps in its worst form, is a free ground for many whose vision does not go beyond their personal gains. The great potential for progress that was envisaged is fading out, giving in to chaos and violence everywhere. The country from Teknaf to Tetulia is mired in political unrest, with repression and deception masquerading as populism.

There is no hiding the fact that the parties or alliances that came to power have done more talking than improving the lot of the vast populace, as evidenced by the nagging power sector, ailing health sector and mounting inflation, price hike of fuel, electricity and essentials.

With all the upheavals that the people witnessed during the last few years, they must see the emergence of charismatic leadership in this critical period when there is shortage of everything other than greed and violence. The leaders people are looking for must try and win political allies, seek consensus and avoid vendetta. There has to be a change of governance and style.

The government has to be more transparent in national development programmes and the opposition, even if they don't have a sizable number in the parliament, must join the parliament and raise the issue of non-party/caretaker government issue for conducting the next parliamentary election.

The writer is a columnist of *The Daily Star*.
E-mail: aukhandk@gmail.com

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The hidden subsidy in gas pricing

M. FIROZE

THERE are two momentous dates in the energy history of our country. The first is 1962, when Titas gas field was discovered. It was then believed that gas was a free bounty and all households and power generation plants should be provided with this gift of nature.

The next date is 2009, when the nation switched to imported heavy fuel oil (HFO) to generate power in the face of declining reserves of natural gas. The decision was momentous as, for the first time, fuel imported at world market prices would be used in power generation. As HFO was an imported fuel it received a heavy dose of price subsidy to bring its price down to the arbitrary and artificial price level of natural gas in the country.

Then, what is the correct price of gas? In the global market natural gas is a valuable commodity and its price is determined by supply, demand, costs and perceived risks. The chart, printed in a recent issue of the *Wall Street Journal*, sheds some light on the current market prices of natural gas in major gas consuming and producing regions. These are prices in long-term contracts, typically 12 years, for LNG sup-

plies. Spot prices are much higher. Qatar Petroleum recently offered LNG at \$ 18/mmBtu to India and Pakistan. Spot prices for natural gas are pegged to Brent crude oil prices.

What is of interest in the chart is the US price of gas. Till 2009, gas futures in the US were priced around \$ 13.50/mmBtu. The miraculous collapse in the US price of gas was not the result of an executive decree by President Obama or any legislation on Capitol Hill.

In a major technological breakthrough, largely unnoticed by the mainstream media, US oil companies discovered and managed to extract gas in sedimentary rock layer, known as shale, over 4 miles deep underground by hydraulic fracturing and horizontal drilling. The schematic diagram illustrates the process. High pressure water fractures the shale rock and the gas trapped in the shale is released. The unexpected and sudden glut in production led to the US price collapse. No wonder, Pres-

ident Obama declared his country "The Saudi Arabia of Gas." The shale gas revolution has redrawn the energy map of the world. As of April 2012 the Energy Information Agency, a U.S. government agency, estimated U.S. proved reserves at 2214 trillion cft. Poland, till now, completely dependent on gas imports from Russia, have discovered massive deposits of gas 5 miles below the ground. India has added another 572 tcf of shale gas to its proved reserves. In a post Fukushima world, Japan has chosen natural gas as the mainstay fuel for power and transport.

Unfortunately the possibility of shale gas has not even registered on the radar of our energy

the most affluent sections of our society and for operating some of the most inefficient power plants in the world.

As most of our major shallow reserves of gas have been either exhausted or are in proved reserves we must search deeper and technologically challenging shale rock bearing gas reservoirs. This is immensely costly and the technology is the sole domain of international oil companies (IOC). No IOC will set foot in Bangladesh for costly and risky shale drilling as long as our gas prices are kept arbitrarily low on domestic political considerations alone, with no relevance to market forces.

A reliable energy infrastructure is an essential backward linkage in industrialisation and employment generation. Today gas shortage has emerged as the greatest road block to industrialisation and GDP growth as even existing industries have to run below capacity for both gas and electricity shortages. Load shedding is the direct result of inadequate gas supply.

Most of our export based industries are labour intensive not energy intensive; higher gas price will not affect their competitiveness. What all industries require is uninterrupted and reliable gas and electricity as outages are more damaging than higher prices.

The only long term solution to this crisis is pricing and linking domestic gas price to global market prices. This will encourage private investors to set up LNG terminals and import gas as there is huge demand for the fuel. It will also attract investment, by IOC's for exploring gas in the country. Aggressive exploration to raise the country's proved reserves to higher levels should be a strategic goal in our economic planning. Higher proved reserves of gas makes the country a more attractive destination for overseas investment as it is a sure sign of long term energy security.

Even if we do not find gas, below our feet, a deregulated market for energy, where gas is available at global market price still makes the country an attractive investment destination.

The biggest gainer, from a deregulated and market based gas price, will be the Govt. of Bangladesh (GOB) as the increased revenue from higher gas prices will more than offset the subsidies on furnace oil for rental power plants. The National Board of Revenue (NBR) can set up well head meters in the gas fields and realise a sovereign royalty on all gas pumped into the grid.

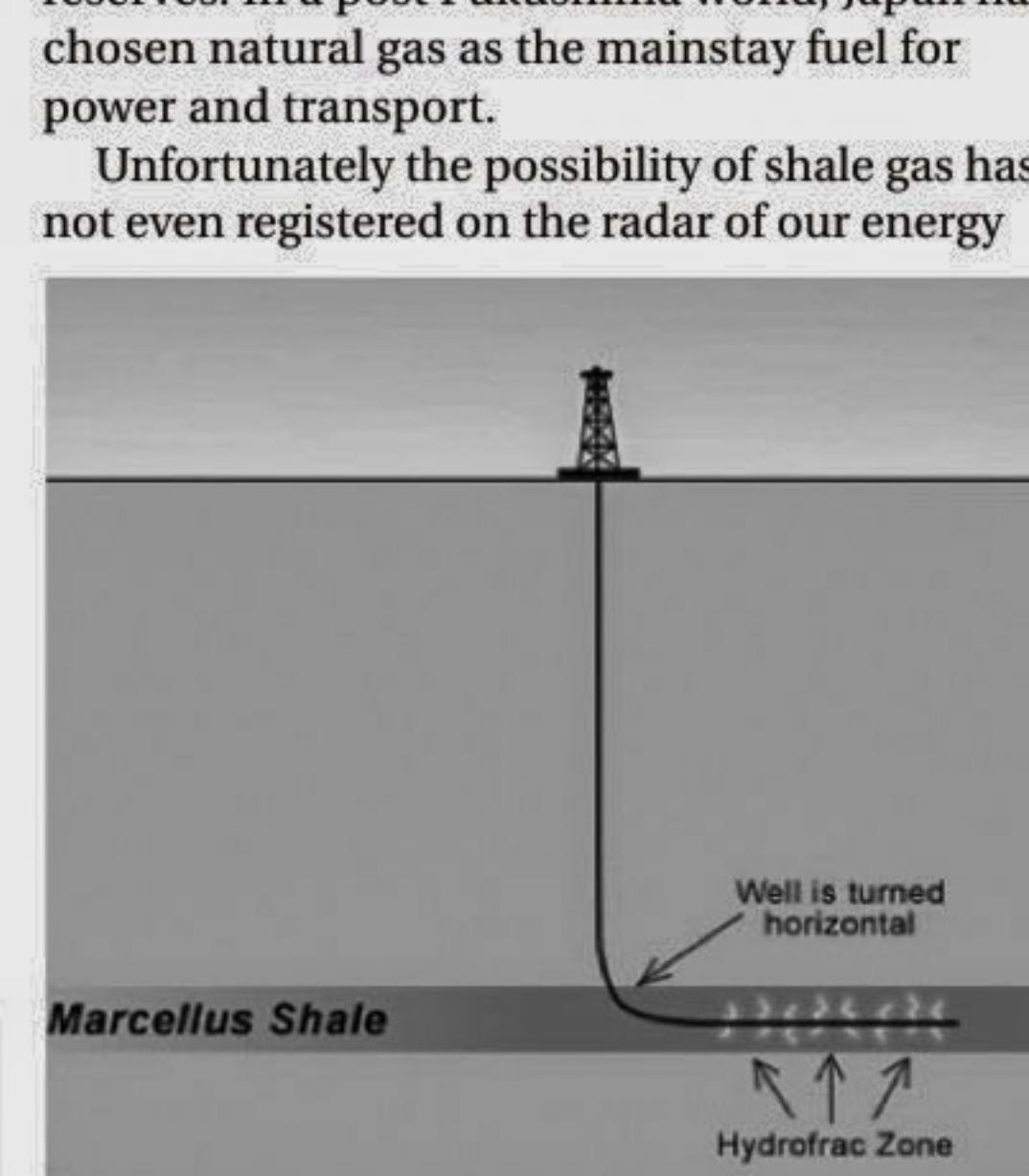
Our honourable Finance Minister has spelled out plans for linking the price of all imported petroleum products to global prices. Our domestic gas prices should be linked to global prices as well. This will be a strong signal to investors both at home and abroad that energy shortages, very soon will be a thing of the past in Bangladesh.

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planners. With proven reserves of only 13.2 trillion cubic feet, we will run out of gas, in less than 20 years, assuming current consumption levels do not rise.

Now, how does our gas prices compare with world prices? Our gas price for power generation is currently priced at Tk. 2.82 per cubic meter which is Tk. 79.93 per 1000 cft or mmBtu or U.S. \$ 0.97. Imported LNG will cost U.S. \$ 18 for mmBtu which is 19 times the current price of our domestic gas. This is the hidden subsidy which our government unwittingly provides to

The writer is an energy and steel industry analyst.
E-mail: m.firoze@bsrm.com



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PC vs Mac: The tipping point



NEWS from the world's fastest growing demographic (young Asians).

Today, boys and girls, we start with an important life lesson. Never be born the child of a detective, or even a writer of detective novels. You'll never get away with

anything. My children made that mistake and are paying for it.

Case in point: One day this columnist, who writes crime novels, got a panicked text message. "The keys have fallen off my computer!" it said. When I got home, not only had QWERTY and other keys mysteriously leapt to their deaths from one child's laptop, but they had been "accidentally thrown away" so there was no chance of re-attaching them.

She explained that she would have to sadly throw away her aging computer (pre-Jurassic era with a polished granite touch-screen) and dad would have to buy her a fancy new one immediately otherwise no homework could be done from this day forth until death us do part so help us God.

Now this dad is not entirely stupid, despite copious evidence to the contrary. Clearly the keys had been pried off and the evidence destroyed. To punish her, I pleaded extreme poverty, leaving her with no choice but to use the semi-destroyed laptop for all her computing needs for the foreseeable future. Tough love.

Computers came to my attention again just one day later, when I walked into a university classroom to give a talk. To take notes, students lifted their laptop lids -- each of which glowed with the Apple logo. It was like a TV commercial.

Only one young man had a non-Apple PC, and he kept it furtively hidden as if it was something weird and disgusting like an extended edition Justin Bieber CD. When I remarked on this, a 20-year-old told me that all cool young people (ie, students like her and her buddies) had switched from PCs to Apple Macbooks, but uncool people (meaning me and the adults, children and businesses which make up the rest of the world) were trapped forever in Microsoft land.

Less than one week later, my wife told me that the organisation for which she worked was switching en masse to Macbooks. Two weeks after that, I turned up at a theatre to do a presentation for a business conference and found that the "default" stage laptop was a Macbook. Embarrassing but true: most of the speakers were my age and we couldn't work out how to use it.

As the audience trooped in, I set the Macbook to one side and replaced it with my trusty old PC laptop, to the relief of all the speakers. But we knew our days as non-Mac people were numbered.

And my daughter? Well, it turned out that being forced to write on a laptop with half its keys missing for a month was a good thing -- her touch-typing abilities improved no end.

And when I finally agreed to buy her a new computer, she had only one condition. "Any computer will do, dad," she said. "As long as it's a Mac." Aiyeah! Have you seen the price of those things?

Anyway, if children, students, adults and organisations in Asia, the fastest growing part of the world, are switching to Macs, the end of Microsoft's dominance has arrived. Bye, Bill.

Steve is looking down from heaven with a huge grin.