BEHIND THE HEADLINES

An unsung hero

HOSSAIN ZILLUR RAHMAN

THERE have been many drivers of change in the remarkable transformation of Bangladesh from a famine-stricken country always on the edge to a country now aspiring to become a middle income country. We, however, have not been so kind in celebrating all of our drivers of change. The contribution of Quamrul Islam Siddique, the visionary founder of LGED, in ushering in the first connectivity revolution via all-weather rural roads is one of the lesser-told stories of Bangladesh's transformation.

I first became aware of the visionary drive and energy of Q.I. Siddique around 1990 while preparing a brief report on LGED as part of an ADB infrastructure-related consultancy. For me it was quite a discovery to find a government agency that was thinking and acting totally outside the typical bureaucratic mould that is all too familiar in Bangladesh. Presiding over a network of rented offices in Lalmatia, Q. I. Siddique seemed intent on a novel task -- creating a new cadre of socially-minded engineers as well as developing a style of leadership and supervision that was strong on motivation, close monitoring of performance and continuous capacity development through intense training. From the establishment of the Works Program Wing by the Ershad-era Enam Committee on administrative reorganisation and its transformation into initially the LGEB and finally LGED, Q.I. Siddique was a departmental leader driven to carry forward the first connectivity revolution of feeder roads with the astonishing result that within a decade a new reality of physical connectedness touched even the remotest corners of the country. Today, there is virtually no village in Bangladesh where you cannot reach by sunset if you start out with a car from the capital Dhaka at sunrise. It is an astonishing achievement for a poor country. Rural roads have powered the wheels of growth, allowing the farmers and micro-credit entrepreneurs to connect to the market, the rural youth to seek the opportunities of migrant labour, the non-farm occupations to flower within the rural environment, and the rural poor to break the chains of dependency and venture out to new lives in the expanding urban universe. Banishing the curse of remoteness from the length and breadth of Bangladesh is perhaps the finest legacy of Q.I. Siddique.

Remembering our visionary drivers of change has never been more urgent, not for ceremony but to re-ignite the sense of what has been possible and more importantly of what can be possible.

I was deeply saddened when I heard of the untimely passing away of Q.I. Siddique in 2008. He had so much more to give to society. For the nearly two decades that I have been acquainted with him, I was continually impressed by the restless energy with which he sought to find solutions to the myriad problems of a modernising society. He was the visionary who saw the potential of rubber dams to protect and promote localities subject to flash floods. I personally went to see the one near Cox's Bazar and since those early times, rubber dams have spread to other such localities. In a land full of armchair policy-makers, Q.I. Siddique was a rare breed of a doer unconsciously adhering to Karl Marx's famous exhortation not merely to interpret the world but to change it.

If he had been given the support and the leeway, he may have been able to do to the power sector what he had achieved in the road sector. There were so many other firsts that Q.I. initiated. While advocates were busy in their seminars on decentralisation, it was Q.I. who came up with the idea of a fixed address for our rural local governments, the union parishads. The union parishad complexes which now dot the countryside and which have given a permanency and shape to the local government identity was very much a Q.I. innovation introduced in 1997. It was an honour when Q.I. joined the Local Government Support Group which we formed in 2002 with Professor Muhammad Yunus as the convenor to press home the demand for elected upazila parishads.

When I first visited the LGED headquarters in Agargaon in Dhaka, I was struck by a tree near the entrance. It seems at Q.I.'s express instruction the tree had been saved when the construction for the building began in the early 1990s. I saw further evidence of this love of nature when I visited the LGED-built flood shelter on the outskirts of Cox's Bazar and again in the LGED office in Rajbari. It seems an aesthetically-pleasing garden had been made a mandatory component of any LGED compound. I do not know how well these traditions are being sustained by Q.I.'s successors at LGED or indeed how LGED is currently faring as an agency of change. But that is not my concern today. It is rather to remember a driver of change and salute a patriot. Like many doers, Q.I. Siddique could be impatient and brusque with poor performance and slow progress. I am sure he had many detractors within the profession. But that in no way diminishes the lessons of his achievements and the example of a driven agent of change that he was all his life. Today is neither his birthday nor the day of his passing away. Indeed I do not even know when these dates are. But it is not for such ceremonial reasons that Q.I. Siddique has loomed large on my consciousness recently. Bangladesh has beaten the odds to become a contender for new prosperities. But as new horizons beckon, we are sinking into fresh rounds of self-inflicted disarray. Remembering our visionary drivers of change has never been more urgent, not for ceremony but to re-ignite the sense of what has been possible and more importantly of what can be possible.

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Trojan horse on Greek shores

MAHMOOD HASAN

GREECE had been living beyond its means, by borrowing, even before it joined the Eurozone in 2002. It gave fake statistics to the European Union about its economy, hiding the huge loans it had taken. By 2009, it was revealed that Greece was about to default on repaying its debtors. The debt has bloated and now stands at €355 billion, which is 165% of its GDP (2011).

In May 2010 the IMF-ECB hurriedly arranged €110 billion as bailout funds, but that was not enough. So a second bailout of €130 billion was arranged in February this year. Greece's private creditors agreed to write off more than half of their debts -- known as "Greek haircut."

Yet Greece was not out of danger. Its economy is stagnated with a negative growth rate of 7% (2011). Eurostat projects that, end of 2012, the debt will be €420 billion i.e. 198% of GDP. The debt burden continues to grow. It is a vicious cycle

While bailouts were being made available to Greece -- ECB and EU demanded that Greece drastically cut down its public sector expenditures and boost revenues through enhanced rates of taxation. This prescription is evidently self-defeating. When in recession, governments are required to increase -- not cut back -- public investments to revive the economy (Keynesian theory).

No growth of GDP and drastic cuts in public spending, and a series of harsh austerity measures introduced by the government had angered the people, leading to violent strikes and protests in Athens. People are really suffering, with unemployment at 22% (Jan 2012), slashed salaries, and dwindling social welfare.

The debt problem quickly turned into a political crisis in Athens. It has also polarised the society into "pro" and "anti" austerity camps.

The May 6 elections (proportional representation system) produced a hung parliament, with no party winning a simple majority in the house of 300 seats. Fresh election on June 17 was announced when President Karolos Papoulias failed to persuade party leaders to form a coalition government. Greek voters clearly rejected the parties that were pro-austerity.

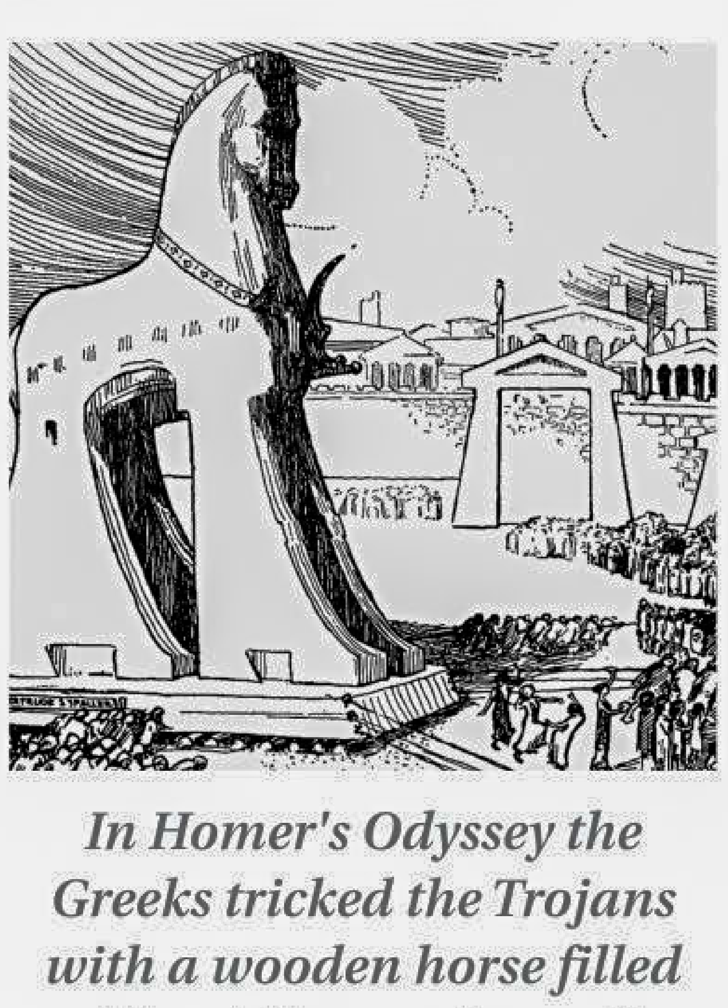
A coalition could not be formed due to "pro" and "anti" austerity positions taken by the parties in parliament. New Democracy (centre-right, 108 seats) and PASOK (socialist, 41seats) were pro-austerity parties but did not add up to form a majority. The anti-austerity parties -- Syriza (radical left, 52 seats); Independent Greek (National Conservative, 33 seats); and KKE (Communists, 26 seats) -- together also could not muster a majority.

Actually, the June 17 election will be a referendum on whether Greece continues in the Eurozone or not.

What happens if Greece quits? The question is how and under what conditions Greece can quit the single currency. The Maastricht Treaty did not foresee a member quitting the Eurozone. It is not clear what legal problems will arise.

Greece dropping out of the zone is a possibility. But the reintroduction of the Drachma is not going to give quick solutions to the woes it now faces. Regaining economic growth will be extremely complicated.

However, it is clear that Greece's debts will not blow away if it quits the Eurozone. The debts will have to be denominated in



In Homer's Odyssey the Greeks tricked the Trojans with a wooden horse filled with soldiers and won the war against Troy. Today, the proverbial Trojan horse filled with massive odious sovereign debts is on Greek shores, threatening to tear asunder the Hellenic society.

Drachma -- evidently the burden will be double if not more. Salaries, bank deposits, property values will be halved. Prices of imported food and fuel will skyrocket. The banking system will be hit hard with no liquidity, as international credit lines will freeze. Corporate houses would reel, losing their capital assets. Most importantly, Greece will lose it access to the Eurozone market. In the short term it will be a nightmarish situation.

The positive side is that the devalued Drachma will make Greek products cheaper -- leading to rise in exports. Since the central bank will control the monetary policy it will be able to devalue or appreciate the value of Drachma, when necessary. Under disciplined management the GDP growth rate will once again show positive figures, pushing unemployment figures down. Theoretically, the economy should slowly revive. But it will take a long time.

The EU, led by Germany, has been putting too much emphasis on austerity and not so much on growth. The G8 summit, which recently met at Camp David, emphasised that growth (meaning more investments) and employment generation have to go simultaneously with austerity. President Barack Obama is deeply worried about the crisis in Europe. It may negatively affect his bid for reelection later in November this year.

The crux of the issue here is that under the single currency, the monetary policy of euro was managed by ECB, while the fiscal policy was left to member countries. No government can afford this dichotomy. It is a recipe for disaster. The policy led member governments to borrow funds merrily to cover budget deficits. Result -- enormous debts in Greece, Spain, Ireland, Portugal, Italy and even in France and Germany. Government and central bank have to work in tandem to control the fiscal policy and monetary policy respectively and keep the economy out of danger.

The value of euro continues to erode against the dollar as people transfer their savings into other currencies fearing a euro meltdown. EU leaders ended a summit in Brussels on May 24, inconclusively. New French President Francois Hollande is at odds with the German Chancellor Angela Merkel over issuing of Eurobonds.

Eurobonds will be issued by an international syndicate and are supposed to be an attractive financing tool. Investors will be interested to buy them as they will have small par values and high liquidity. Eurobonds can help countries like Greece to regain growth.

What happens if the euro implodes? Departure of Greece from the zone may lead to a collapse of the euro -- a scenario too chilling to envisage. Contagion may lead to a domino effect encouraging Spain, Ireland, Italy and Portugal, who also have huge debts, to quit the Eurozone.

The powerful euro is in peril. It is surprising that European leaders did not foresee this eventuality. For the past three years they were engaged in lots of rhetoric, but did little to stem the rot.

It would be a catastrophe if Greece departs from the Eurozone. And it would be cataclysmic if the euro implodes, because of its repercussions on trade, investment and banking around the world.

In Homer's *Odyssey* the Greeks tricked the Trojans with a wooden horse filled with soldiers and won the war against Troy. Today, the proverbial Trojan horse filled with massive odious sovereign debts is on Greek shores, threatening to tear asunder the Hellenic society.

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Our political circus

ALAMGIR KHAN

SINCE 1991, the Awami League and the Bangladesh Nationalist Party have been coming to power alternately. Just before the 1991 elections, Sheikh Hasina predicted that the BNP would get only 10 seats, but she herself experienced a humiliating defeat with only a little more than half the seats her rival achieved. The failure of the BNP brought the AL to power in 1996. Still people's perception about the two political parties did not swing too far during those elections, and so the gap in the number of parliamentary seats the two main parties got was not so big. But after having twice seen the two major parties alternately, people began to become more and more disappointed and the signs of this were reflected in election results. The national parliamentary election results in 2001 and 2008 gave landslide victory once to the BNP and then to the Awami League.

It was interpreted at both times, and especially after the 2008 elections, that people heaped their hopes on a particular party. It was also interpreted throughout the media as a display of people's power. But there is a need to look at it in a different way now. Is it great hope or utter disappointment that leads people to thrash the incumbent? On May 22, Nobel laureate economist Amartya Sen wrote in *New York Times* ("The Crisis of European Democracy") about the current European politics: "Given the transparent disdain for the public, it is no surprise that in election after election the public has shown its dissatisfaction by voting out incumbents."

Bangladesh's next parliamentary elections also hold the possibility of seeing a landslide win by either of the two main parties. What will it matter for 99% of the people if the winner is the AL or the BNP? There will be little change in the scenario of growing unemployment, rising income inequality, disappearance of people, murder, violence, price hike of daily commodities, dropout of children from education, homelessness, health problems, and all sorts of negative things. There will be development for 1% of the people, which will be propagandised as development for all. Since independence, a class has grown rich by looting national resources, and now they stand at the head of the tunnel blocking all the routes to development, wrote Ahmed Sofa in 1997 *(Samprotik Bibechona: Buddhibrittir Notun Binyash.)*

The poor working people are caught in the middle of the tug of war between the two major parties. In the game of hartal by the opposition and counter hartal (!) by the ruling party, the really important issues for people are pushed away.

The AL and the BNP belong to the class standing at the head of this tunnel. Our people have fallen into their vicious circle. It will not be long for people to understand that they are not the real players in thrashing either of the two parties in elections; they are rather the ball at the feet of the AL and the BNP, the real players in the political sport. Since independence in 1971, these two parties have been running the country except for some brief periods by substitute players from the military and the bureaucracy. Substitutes always did a worse job.

The poor working people are caught in the middle of the tug of war between the two major parties. In the game of *hartal* by the opposition and counter *hartal* (!) by the ruling party, the really important issues for people are pushed away. People have now become desperate to come out of this vicious circle and to cease to live like a ball at their feet. Now it is time to decide who will be the football and who will play it. History says that people of Bangladesh are good players in the field of politics, but there are times when the chips may be down for some time for anybody.

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