

Reducing case backlogs

CJ makes a point

GIVEN the fact that the Supreme Court (SC) spends six months in a year vacationing, including weekends, and has some 300,000 pending cases, the chief justice (CJ) has iterated the need for reducing the number of holidays. Although a proposal has been put forward to the High Court judges to address this gridlock, we understand the CJ's emphasis on increasing the number of working days is consistent with the general concern over the issue of reducing the glut of cases. We have nothing but utmost admiration and respect for the SC as the highest seat of judiciary in the land; however, we also believe that something has to be done to expedite the resolution of so many thousands of cases in public interest. For, justice delayed, even unwittingly, may cause justice to be denied.

The CJ's proposal strikes a responsive chord in all right thinking people who value expeditious adjudication of cases. When considering what judges of supreme courts in other countries are availing themselves of in terms of vacations, we find that South Korean SC reportedly has a total of 20 days of holidays in a year. This may not be the exact benchmark but perhaps the highest judiciary in its best wisdom will find scope for adjustment of timetables. The cases that make it to the SC are of great significance and a judge hearing the case must have enough time to hear both defence and prosecution to properly adjudicate the issue at hand, before passing judgement. All this requires time, so optimal use of time is of the essence here.

Rein in the unruly BCL elements

They have gone far enough

THE main reason why some of the ruling party's student wing Chhatra League (BCL) cadres have been able to carry on with their unbridled acts of unruliness is the blanket cover of impunity they have been afforded. In spite of the litany of misdeeds in the last several years, particularly at various universities, not many of them have been held to account. A glaring case of impunity is that none has been prosecuted for the burning of MC College students' hostel, a heritage sight as such, even after an inquiry committee had clearly identified the perpetrators.

It is quite a remarkable phenomenon that BCL has been involved in intra-party clashes in turf war resulting in deaths of their own party members. What is reprehensible is that the BCL has interfered with the work of the university administration and dictated them to do their bidding, particularly when it came to employing various categories of university staff, as was the recent case in Rajshai University. Even more unwarranted is the fact that some local AL leaders had allegedly warned the VC of the university not to disregard their diktat in this regard.

Although in some cases the university authorities have taken action against some of these delinquent BCL cadres, merely suspending them is not enough. Some of their acts are culpable and must be dealt with under the law of the land. And merely ordering the law enforcing agencies to act is not enough either. The regime of impunity is glaring and the government should take stringent demonstrable action against the errant BCL members.

Why do all developed countries want more inflation?

DR. ABDULLAH SHIBLI

A recent headline in *The Daily Star* announced that the inflation rate in Bangladesh rose by 0.13 percent in March as compared to February this year, and on an annual basis went up from 6.14 percent to 6.27 percent. The slight uptick in the rate of inflation should not give the average consumer any cause for concern. Even economists like us grew up with the knowledge that inflation is bad and sustained periods of high inflation can wreak havoc on the economy.

The 1980's, when inflationary pressures in all major countries of the globe reached an all-time peak and often coexisted with stagnation in GDP growth, we saw coinage and popularity of the term "stagflation". In recent years, inflation has been less of a headache in almost all countries, except for a few economies on the fringes like Zimbabwe and some South American countries. However, in recent years, economists and central bankers are battling a new type of price behaviour trying to rear its head: deflation. But, many would ask, if inflation is bad, why can't we embrace deflation with open arms, since falling prices, particularly for gas and other petroleum products always seem to herald good times for the average consumer?

First of all, it must be told that not all countries are in the same boat. Inflation in Bangladesh in the last decade averaged 6 percent and currently there is not any expectation that it would overshoot, or undershoot the band that the rate has been confined to since 2002. Second, inflation, like many other economic variables, can be steered in the right direction, within some limits, but it is often not so. In the last two decades, it is estimated that while in developed countries consumer price index or CPI growth has averaged 1.5 percent, the corresponding growth rate for developing countries is 5.6 percent. For most countries in the developing world, including our neighbours, central bankers and finance ministers often face the same dilemma, i.e. how to keep inflation under control as the public sector runs a huge budget deficit and prints money to pay its bills.

Ironically, for others, and particularly

in the world's largest economies, the current economic problem is not one of inflation but of deflation or deflationary expectations. Many central banks, including ECB of Europe and the Fed of the USA, set a target rate of inflation which is around 2 percent. The target is what the central banks use to adjust monetary growth and other instruments including interest rate and reserve ratios. But, targets have been missed more often than not in recent years. One cannot open the newspapers or tune in to the world news without being aware of the unique struggles that the USA, European countries, and Japan are facing as the inflation rate starts to move either in the negative territory or hover very close to zero. CPI in the 19 countries that use euro has declined for three straight months since December - according to Eurostat, the statistical arm of EU - going down by 0.2 percent in December 2014, 0.6 percent in January 2015, and 0.3 percent in February 2015.

When the price index of a country decreases, i.e. price drops across-the-board, it is symptomatic of a deeper malaise which may be either economic slowdown or a lack of confidence in the country's short term economic future. Deflation in some instances is also accompanied by prolonged period of declining wages and stagnating per capita income. The other worry is its stickiness and appears with other macro variables to be stuck in a low-level equilibrium trap.

Japan suffered from this plight in the 1990s and was beset by slow economic growth, sluggish employment, and low rates of investment. Recently, it appeared that Japan finally managed to be able to break away from the clutches of this stagnation-deflationary cycle, but in recent months the ghost of the 90's appears to have made a comeback.

Let me get back to the question I posed at the beginning: Why not let the price level go down and allow the consumers to enjoy the benefits of an increase in real income? After all, if the price of gasoline goes down, you pay less to fill up the car gas tank, and the extra money in your pocket then allows you to spend more on food or

other necessities? But, there is the rub. First, there is no necessary link between lower price of gas and greater demand for, say, other commodities. Second, if prices of all commodities are going down, it might be symptomatic of a deeper malaise. Deflation often coexists and is caused by lack of jobs and a decrease in consumer spending on domestic goods. Thirdly, if prices are going down, business and households might adopt a "wait and see" policy in anticipation of even lower prices. Finally, falling prices cause the burden of borrowing, the "real rate of interest" to increase, and leads borrowers to cut back on investment. Thus, all this might lead to a deflationary cycle and keep the economy in recession.

So what are governments doing about it? To boost inflation, central banks can offer the same type of monetary stimulus that has been used by the USA and UK to combat unemployment and low growth in GDP. The Eurozone countries have struggled for almost two years with the "to be or not to be" mindset and finally ECB announced on January 22 its policy to use quantitative easing (QE) and pump more money into the economy. ECB is set to buy government bonds

and other assets at a monthly rate of \$67 billion with a goal to push the inflation rate to the 2 percent range. Japan's central bank announced on October 30 last year that it will strengthen QE by \$730 bn. The US Federal Reserve System on its part has ceased QE but is hoping that the inflation rate will pick up before it raises the interest rate which it had kept close to zero in the last six years. Britain and China are also taking measures to counter deflationary pressures.

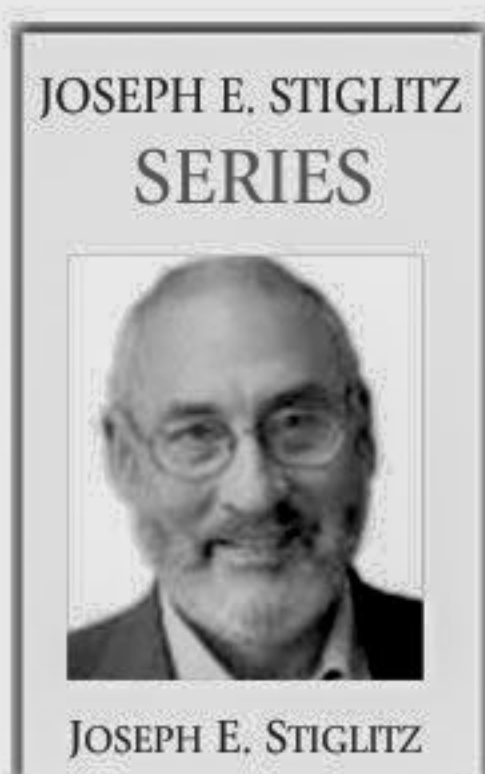
So, what can we expect in the future? The US economy is poised to accelerate and experience an inflation rate that is above the current rate but not over 2 percent that the Fed targets. ECB is more optimistic about the prospects of economic growth than inflation. Inflation, which it targets at 2 percent, will remain close to zero level this year, and increase to 1.5 percent and 1.8 percent, in 2016 and 2017, respectively. So for old-timers like us, it appears that the economic outlook we grew up with, i.e. stagflation is out. The "slow-growth, low-inflation" is becoming the dominant paradigm, at least in the short term.

The writer is an economist and often writes on public policy issues.



PROJECT SYNDICATE

Asia's Multilateralism



JOSEPH E. STIGLITZ

THE International Monetary Fund and the World Bank are poised to hold their annual meetings, but the big news in global economic governance will not be made in Washington DC in the coming

days. Indeed, that news was made last month, when the United Kingdom, Germany, France, and Italy joined more than 30 other countries as founding members of the Asian Infrastructure Investment Bank (AIIB). The \$50 billion AIIB, launched by China, will help meet Asia's enormous infrastructure needs, which are well beyond the capacity of today's institutional arrangements to finance.

One would have thought that the AIIB's launch, and the decision of so many governments to support it, would be a cause for universal celebration. And for the IMF, the World Bank, and many others, it was. But, puzzlingly, wealthy European countries' decision to join provoked the ire of American officials. Indeed, one unnamed American source accused the UK of "constant accommodation" of China. Covertly, the United States put pressure on countries around the world to stay away.

In fact, America's opposition to the AIIB is inconsistent with its stated economic priorities in Asia. Sadly, it seems to be another case of America's insecurity about its global influence trumping its idealistic

rhetoric - this time possibly undermining an important opportunity to strengthen Asia's developing economies.

China itself is a testament to the extent to which infrastructure investment can contribute to development. Last month, I visited formerly remote areas of the country that are now prosperous as a result of the connectivity - and thus the freer flow of people, goods, and ideas - that such investments have delivered.

The AIIB would bring similar benefits to other parts of Asia, which deepens the irony of US opposition. President Barack Obama's administration is championing the virtues of trade; but, in developing countries, lack of infrastructure is a far more serious barrier to trade than tariffs.

There is a further major global advantage to a fund like the AIIB: right now, the world suffers from insufficient aggregate demand. Financial markets have proven unequal to the task of recycling savings from places where incomes exceed consumption to places where investment is needed.

When he was Chair of the US Federal Reserve, Ben Bernanke mistakenly described the problem as a "global saving glut." But in a world with such huge infrastructure needs, the problem is not a surplus of savings or a deficiency of good investment opportunities. The problem is a financial system that has excelled at enabling market manipulation, speculation, and insider trading, but has failed at its core task: intermediating savings and investment on a global scale. That is why the AIIB could bring a small but badly needed boost to global aggregate demand.

So we should welcome China's initiative to multi-lateralise the flow of funds. Indeed, it replicates American policy in

the period following World War II, when the World Bank was founded to multi-lateralise development funds that were overwhelmingly coming from the US (a move that also helped to create a cadre of first-class international civil servants and development professionals).

The World Bank's assistance was sometimes overburdened by prevailing ideology; for example, the free-market Washington Consensus policies foisted on recipients actually led to deindustrialization and declining income in Sub-Saharan Africa. Nonetheless, US assistance was, overall, far more effective than it would have been had it not been multi-lateralised. Had these resources been channelled through America's own aid agency, policymaking would have been subject to the vagaries of development thinking (or the absence of reflection) from one administration to another.

New attempts to multi-lateralise flows of assistance (including the BRICS countries' launch of the New Development Bank last July) are similarly likely to contribute significantly to global development. Some years ago, the Asian Development Bank defended the virtues of competitive pluralism. The AIIB offers a chance to test that idea in development finance itself.

Perhaps America's opposition to the AIIB is an example of an economic phenomenon that I have often observed: firms want greater competition everywhere except in their own industry. This position has already exacted a heavy price: had there been a more competitive marketplace of ideas, the flawed Washington Consensus might never have become a consensus at all.

America's opposition to the AIIB is not unprecedented; in fact, it is akin to the

successful US opposition to Japan's generous New Miyazawa Initiative of the late 1990s, which offered \$80 billion to help countries in the East Asian crisis. Then, as now, it was not as if the US were offering an alternative source of funding. It simply wanted hegemony. In an increasingly multipolar world, it wanted to remain the G-1. The lack of money, combined with America's insistence on flawed ideas about how to respond to the crisis, caused the downturn to be far deeper and longer than it should have been.

That said, US opposition to AIIB is harder to fathom, given that infrastructure policy is much less subject to the influence of ideology and special interests than other policymaking areas, such as those dominated by the US at the World Bank. Moreover, the need for environmental and social safeguards in infrastructure investment is more likely to be addressed effectively within a multilateral framework.

The UK, France, Italy, Germany, and the others who have decided to join the AIIB should be congratulated. One hopes that other countries, both in Europe and Asia, will join as well, helping to fulfil the ambition that infrastructure improvements can raise living standards in other parts of the region, as they have already done in China.

The writer is a Nobel laureate in economics, Professor at Columbia University. His most recent book, co-authored with Bruce Greenwald, is *Creating a Learning Society: A New Approach to Growth, Development, and Social Progress*.

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COMMENTS

"7 ex-officials of Oriental Bank jailed"
(April 14, 2015)

Awlad Hossain
Looking forward to Basic Bank and other such cases.

"3 month turmoil costs nation \$2.2b"
(April 13, 2015)

Mushfiqz Zaman
Calculate how much it ate up in the last 43 years and we will all have a heart attack.

Galib Ahmed
We could've build Padma bridge with that. Still we can do something better.

Shahid Ullah
Political parties are responsible for the loss.

LETTERS TO THE EDITOR

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The rich get richer and the poor get poorer

Protests are being held across the US in what organisers call the "largest-ever mobilisation of underpaid workers." Fast-food workers in 230 cities are walking off the job as part of the "Fight for \$15" campaign, a push for a \$15-an-hour minimum wage and the right to form a union.

The picture of the oppression of the common man and its resemblance to today is plain to be seen. The poverty, the lack of representation and the trampling of human rights are obvious parallels to similarities today—in a world where the poor are getting poorer and the rich richer.

Ted Rudow III, MA
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Stop tobacco cultivation

Recently I have come across a report in your daily which focused on the health and environmental hazards of tobacco cultivation. Tobacco cultivation has been increasing among the farmers, especially in Rangpur. They have cultivated tobacco extensively on the dried up riverbeds and chars. Farmers show interests in tobacco farming mainly because it earns them more profit. Moreover, some tobacco companies are providing them with necessary inputs, cost free seedlings.

This harmful tobacco farming must be stopped as soon as possible. Department of Agricultural Extension should make the farmers aware of this and government should take measures to motivate farmers not to cultivate tobacco.



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"What must be said"

Gunter Grass drew sharp criticism after publishing the poem "What must be said" in 2012. In that poem, he criticised the Western hypocrisy over Israel's nuclear program and labelled Israel as a threat to "already fragile world peace" over its belligerent stance on Iran. It was declared persona non grata by Israel after this but Iran states that, "Never before in Germany's post war history has a prominent intellectual attacked Israel in such a courageous way."

Anyway, observing the world's situation, we wish that the superpowers of the world would understand the message of his poem.

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