

REPLY TO "ERDOGAN'S WAR AND US MYOPIA"

HÜSEYİN MÜFTÜOĞLU

I refer to the article "Erdogan's war and US myopia" by Mr. Taj Hashmi, which was published in The Daily Star on August 3, 2015. The article unfortunately carries a number of false accusations as well as baseless propositions. Hence, for the sake of informing the readers of The Daily Star of the actual situation and the reasoning behind the Turkish military operation against the terrorist organisation, namely PKK, I feel obliged to bring to your kind attention the following:

Turkey has time and again reiterated its determination to fight terrorism in all its manifestations. Turkey has never been a safe haven for any terrorist organization, including DEASH (ISIS). On the contrary DEASH had committed many terrorist attacks in Turkey, the last of which was on July 20, when 32 innocent Turkish civilians were killed in the town of Suruç. Following that, Turkey immediately started operations against DEASH.

However, while Turkey has been fighting DEASH, PKK exploited this opportunity to increase its terrorist attacks. Until today, 16 security personnel have been killed, 2 have been abducted, 39 of them wounded. Also, two civilians have lost their lives and 13 civilians have been wounded.

PKK has also attacked pipelines, railways, electricity infrastructure and taken security and health personnel hostage.

Attacking PKK targets has thus become an obligation. This is about maintaining public order and guaranteeing the fundamental rights and liberties of our own citizens, including the right to live.

Turkey has kept its patience against PKK's belligerence for some time because of the ongoing reconciliation process, despite the fact that only in 2015, PKK conducted around 2,173 terrorist attacks in Turkey. Ongoing operations against PKK do not in any way mean that Turkey has given up the reconciliation process. However, the government's efforts should be reciprocated by goodwill not by terrorist attacks. Unfortunately, it seems that the successful election result of the HDP has given the PKK a false self-confidence and terrorist incidents started increasing after the elections. PKK's continued attacks will only derail the reconciliation process.

A terrorist organisation cannot be cleared from its terrorist nature, just because it is fighting another terrorist organisation.

Our operations against the PKK terrorists will continue until this terrorist organisation ends its attacks in Turkey.

The writer is Turkish Ambassador to Bangladesh.

BANNING THREE WHEELERS ON HIGHWAYS

How not to implement a policy



MD. RIZWANUL ISLAM

THE move to ban the right to use all types of three-wheelers on highways is, over the longer term, a quite sensible and optimum one. This should lessen the heavy congestion on our highways and thus, somewhat pave way for faster movement of vehicles. Of course, the road safety authorities possess the right to determine what type of vehicles would move on what type of roads. There is also a serious concern about the road worthiness of many of the makeshift three wheelers popularly known as easy bikes. These being said, the way the decision has been rendered and the justifications offered for it begs some critical questions, especially when it encroaches on the livelihood of millions of drivers of three-wheelers and restrains the freedom of choice of many ordinary people who used to rely on these three wheelers for their daily movement.

Three-wheelers have been banned mainly for two professed reasons, namely: increasing the road safety and reducing congestion on the highways. Three-wheelers are only one of the many reasons for congestion on highways. It is also very simplistic to blame the three wheelers for the very high number of accidents on our highways. With the availability of compressed natural gas, the number of three-wheelers on our highways has significantly increased only in the last decade or so, and it is not known whether or not in proportion of the number of vehicles, the number of accidents has risen during this period compared to the past. And more importantly, who are responsible for what proportion of these accidents. Is it reckless drivers of cars, buses, trucks, or three-wheelers or reckless pedestrians or any structural issues with the highways itself? It is also not known whether freer movement of high speed vehicles would have anything to do with reducing the number of accidents. Indeed, all other things remaining as they are now, given the reckless nature of many of the drivers of high speed vehicles in this country, it is not improbable that banning three-wheelers would actually increase the ease of movement of vehicles but only at the cost of more lethal road accidents.

Another problem with this ban is its indiscriminate treatment of all types of three-wheelers irrespective of whether they are registered CNG auto-rickshaws or paperless, unauthorised vehicles. This is because, there are structural differences among the various types of three-wheelers and while some of them have at least some legal papers to move on streets, many do not

have any. It is not improbable that the authorities are appeasing the demands of the powerful bus owners' association which for years (for obvious reasons) has advocated for restrictions on the movement of three-wheelers.

It is also possible that the move would only have moderate impact on fast movement of vehicles on highways. Indeed, during the Eid holidays, millions of commuters on highways would have noticed that thousands of buses, which are typically only used as town services and visibly unfit for highways, were running virtually unimpeded on highways. Often these unfit vehicles and their drivers, inexperienced in driving on highways, were contributing to the congestion on the highways. While isolated steps may have been taken, the heavy hand of authorities failed to take any visible action against this group of vehicles.

Another moral question is about the timing of the decision. The presence of three-wheelers on the highways is by no means an overnight occurrence; this is a development taking place over a decade. When something not formally condoned by law takes place for years, the law often prevents overnight overhaul of the status quo. Doing otherwise may inflict unbearable harm to the beneficiaries of the status quo. That is why the law in this country does not permit overnight forcible removal of squatters. While there may be no legal right, even squatters do acquire some vested rights. Thus, it is pathetic, that the road safety authorities have tolerated the three-wheelers for years and now have become overzealous to eradicate them from highways.

The drive against unsafe vehicles to move on the road is a legitimate step, but a drastic, all-embracing ban on all three-wheelers is a cruel blow on the livelihoods of millions and a discomfort for many commuters who have been accustomed to rely on them. If the move was a more phased one and targeted only unregistered vehicles, it would have made better sense. Similarly, over time, separate lanes on the highways (though expensive) can be another option to be explored. The poorer section of people of this country are resilient enough and over time, they would manufacture new options, but the hasty way this decision has been implemented without exploring less painful and drastic measures is not an ideal example of how to make policies. One may be excused for saying that this may serve as a good example of how not to implement a good policy.

The writer is an Assistant Professor at School of Law, BRAC University.

Is this monetary policy growth supportive?

OPEN SKY



BIRU PAKSHA PAUL

BAKGLADESH Bank recently announced its monetary policy for the fiscal year 2016. As always, the announcement has sparked a number of criticisms. The main allegation canters on economic growth since growth is the main driver to increase employment. Some economists view this monetary policy as cautious but growth supportive, while others attempt to brand this policy as conservative enough to stifle growth. We also believe that any opportunity for growth must be cultivated to the fullest extent. But the second camp goes as far as to argue that the country should embrace even high inflation for the sake of growth. Some claim that even a slightly high inflation, say 8 percent, is good for investors' incentives.

The argument of inflation indulgence seems desperate and defiant of consumers' sufferings. We should not forget that consumers represent 70 percent to 80 percent of the GDP in a developing economy. Inflation control is the prime job of a central bank and any negligence on this part would be detrimental to growth because high inflation will erode consumption and dampen growth.

Inflation can be compared with blood pressure which has a standard measure for the well functioning and improvement of the body. No matter how high or low one's blood pressure, both are bad for health. If a person wants to improve his health by eating a lot of carb, fat and sugar, his cholesterol will most likely rise along with his blood pressure, which may lead to a heart attack. Then the whole pursuit of improving one's health goes in vain. Adequate food with necessary exercises is needed to maintain balance between body weight and blood pressure. In the same way, a central bank's main job is to maintain a moderate level of inflation pressure while continuing endeavours to maximize growth.

Bangladesh Bank's policy stance to not reduce policy rates, such as repo and reverse repo rates, has come under criticism when inflation remains moderate at 6.4 percent now. Although general inflation has fallen from 7.25 percent in August 2014 to 6.4 percent in June 2015, core inflation has been on the rise since then. Non-food and non-fuel core inflation is a variable that a central bank must seriously take into account because the bank is primarily held responsible for this part of inflation. Food inflation may go up because of a drought, and unfortunately, Bangladesh Bank has no command over rainfall. Fuel inflation may trigger owing to wars or geopolitical tensions, and Bangladesh Bank does not have any control over Middle-East politics.

The recent fall in general inflation directly came from the food part and indirectly from the fuel part. But core point-to-point inflation has risen from 5.75 percent in August 2014 to 6.74 percent in June 2015. Hence, it has been prudent of Bangladesh Bank to remain vigilant on core inflation and to keep policy rates unchanged. If core inflation keeps on falling in a convincing manner, lowering policy rates would soon be warranted. Thus, the monetary policy keeps room for changes based on needs.

In addition, the policy rate is not the only weapon in Bangladesh Bank's arsenal. Money supply is another effective tool where Bangladesh Bank has remained adequately obliging to accommodate private credit growth which is sufficient to support 7 percent output growth that the regime targets. The growth target of private credit at 15 percent seems adequate to achieve 7 percent GDP growth. India engineered more than 8 percent output growth with 15 percent private credit growth in the recent past. Our economy registered 6.5 percent output growth with private credit growth at 13.6 percent over the last fiscal year. Although the relationship between private credit growth and output growth is not mechanical or linear, we get some idea from evidence and also from other comparable economies.

The latest monetary policy has apparently been accommodative, but we should not ignore its inherent expansionary nature with other qualitative aspects such as selective easing and financial inclusion. Given the government targets 7 percent growth and 6.2 percent inflation, the core math requires 13.634 percent money growth $[(1.07 \times 1.062) - 1]$. But Bangladesh Bank is adding another 2 percentage points, easing space on top of that core requirement. The World Bank and Bangladesh Bank are going to develop a joint fund of \$500 million which will act as another injection of quality credit. Foreign borrowings will remain open for quality companies as before, easing more funds in commercial banks for disbursement toward projects of small and medium enterprises and women entrepreneurships. Bangladesh Bank is trying to make private investments as dynamic as possible. Of late, interest rates of banks have begun to fall, albeit slowly, to reflect the market forces emerging from competition as a result of gradual liberalisation.

Thus, the latest monetary policy may look too cautious from one angle when it comes to rigid policy rates to put a brake on core inflation, but the regulator is adequately accommodating when it comes to money growth and credit expansion. Bangladesh Bank is committed to revising the numbers whenever that is warranted. Good health of the economy is the ultimate target of the central bank, provided the blood pressure remains under control.

The writer is Chief Economist of Bangladesh Bank.

BEETLE BAILEY



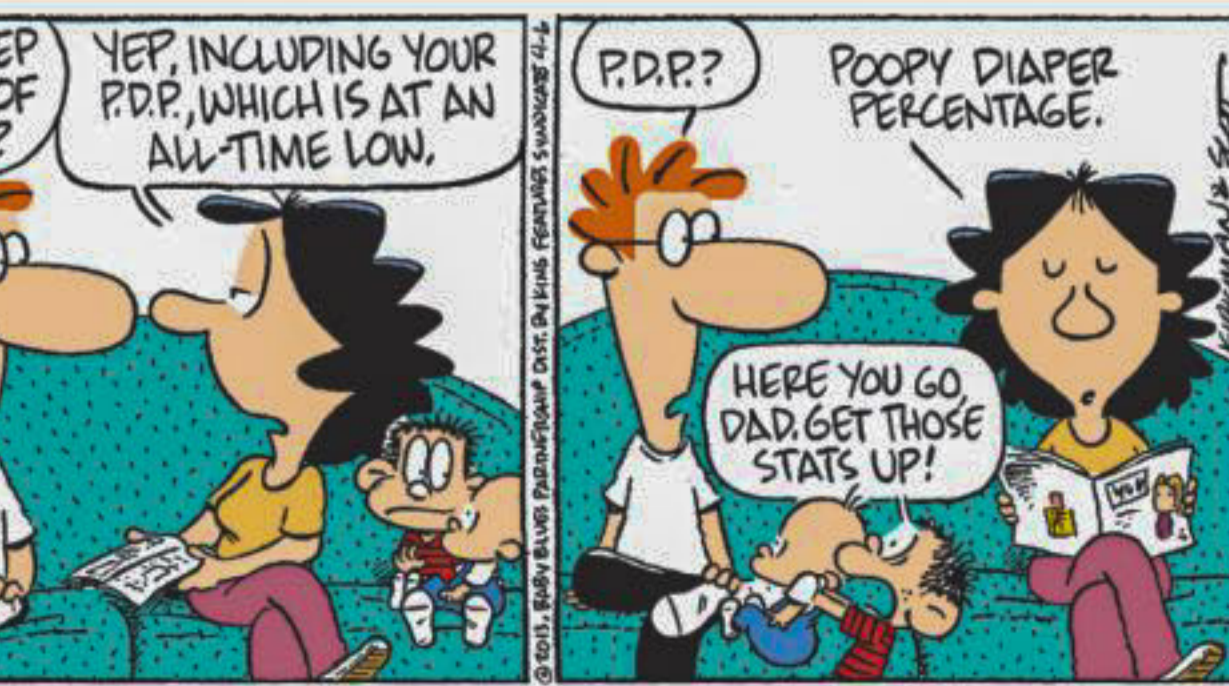
by Mort Walker



BABY BLUES



by Kirkman & Scott



CROSSWORD BY THOMAS JOSEPH

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| ACROSS | 27 Reduce drastically | 3 Writer/Hunter | 21 Curbside cry |
| 1 Crockpot contents | 28 Used an old phone | 4 Man of many words | 22 Unspoiled spot |
| 5 Colorful flowers, forshort | 29 Badges | 5 Plot out | 25 Grime |
| 10 Valentine word | 32 Old photos | 6 Ranch rope | 26 Catching a pop-up, say |
| 11 Brain cases | 36 Announce | 7 Termites' cousin | 28 Swell |
| 12 Saudi native | 39 Give the boot | 8 Spotted cube | 30 Kick of |
| 13 Hurry up | 40 Too | 9 -- Salvador | 31 Cash drawers |
| 14 Metal-cutting shears | 41 Bear in the sky | 11 Settings for goatees | 33 Unadulterated |
| 16 Two-bit gamblers | 42 Some messages | 15 Egypt divider | 34 In -- (really) |
| 20 fills with resolution | 43 New driver, usually | 17 Actor/Julia | 35 Baseball's Musial |
| 23 Suffer | DOWN | 18 Pleasant | 36 Very popular |
| 24 Key group of officers | 1 Thin board | 19 Winter glider | 37 Time for planning |
| 25 Wild card, at times | 2 Spelling on TV | 20 Jazz style | 38 Writer/Stout |

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YESTERDAY'S ANSWER

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