

Blame it on cronyism, not the free market

ERESH OMAR JAMAL

THE current condition of global economic inequality should be of concern to all. An Oxfam report published this year titled, *An economy for the 1%*, revealed that "the richest 1% now have more wealth than the rest of the world combined." It also said that "62 of the richest people now own more wealth than the bottom half of the world's population. In 2015 it was the 80 richest, in 2014 it was 85 and in 2010, only six years back, it was 388 richest that owned similar wealth", showing that inequality is actually growing at an increasing rate. This is also made evident by the fact that "the wealth of the poorest half of the world's population has fallen by a trillion dollars since 2010, a drop of 38 percent" while "the wealth of the richest 62 has increased [during the same period] by more than half a trillion dollars to \$1.76 trillion."

Whereas many people around the world rightly blame the existing global economic system for the growing inequality, they also wrongly blame the free market. Wrongly because the system we have is anything but a free market, something that most fail to recognise. As Oxfam reported, "The 80 richest people have doubled their wealth between 2009 and 2014" during the period of austerity and quantitative easing. And as any economist that is not bought and paid for by the top 1 percent will tell you, neither of these have anything to do with the free market — they are a part of the cronyism that exists in our society.

The idea of a free market is based on the relationship between risk and reward, which determines the interest rate. When borrowers take out loans, they often put up their owned

assets as collateral against the loan. They then try to invest what they borrowed prudently, hoping to earn a 'reward', pay back the loan and not lose the asset they had 'risked' as collateral against the borrowed amount. This is perhaps well understood. But as there are always two parties to any such transaction, lenders too are exposed to 'risks' because of which they acquire an 'interest' — reward — on the loan. As both parties face certain risks in going ahead with such transactions, both parties are also 'liable' to do their own 'risk analysis' — whether taking or giving the loan is beneficial.

This means that when there is a non-payment, the borrower and the lender are both liable, as both were supposed to do their own risk analysis which, in case of a default, they failed to do properly (except for in cases of force majeure). Yet, we have seen borrowers losing their homes through foreclosures or going bankrupt because of their failure to repay loans throughout the world, whereas big banks were bailed out using public funds for their 'failed risk assessments' or lack of 'due diligence', as was also the case in Bangladesh.

Just think about it. When you make bad decisions in your professional life, does the government ever bail you out? I would not think so. If we truly had a free market, these banks too would not have been bailed out. They would have gone bankrupt for making bad decisions like they should have in a free market. Furthermore, that alone would have discouraged most of these banks with highly 'skilled professionals' from making such 'amateurish mistakes'.

In reality, however, they were anything but mistakes. For example, in Bangladesh, even the finance minister had said in Parliament

that the loan scams in the banks were 'dacoity' (robberies). And it is because we do not have a free market and instead, have such 'selective interventions' by states that are largely serving the interest of the top 1 percent — bailing them out for committing robberies — that inequality throughout the world has increased and continues to do so. Meanwhile, those

is, in fact, the opposite of it. Ironically, however, more and more people throughout the world, as they wake up to the fact that the current economic system is flawed, are starting to blame everything on the free market. And this is perhaps what we should be most concerned about, our lack of understanding of economics.

But regardless, what is important for people to realise is that the economic despairs plaguing the majority of the world's population today, has very little (if at all) to do with the free market, and more to do with the fact that states are 'selectively' allocating resources to 'special interests' groups — largely the 1 percent. Because in order to cure the patient (economy), we must not get distracted by the symptoms; we have to first, identify, and second, treat the disease. To be able to do that, however, we must first educate ourselves in economics rather than letting the talking heads on TV, bought and paid for by the 1 percent, define what it is for us.

Henry George, one of the best economists of the 19th century, prophetically identified the tendency for such problems to arise in his book *Poverty and Progress* and how they can be best addressed, as so brilliantly defined by Cliff Cobb in more recent times, in the foreword to that book: "Many economists and politicians foster the illusion that great fortunes and poverty stem from the presence or absence of individual skill and risk-taking. Henry George, by contrast, showed that the wealth gap occurs because a few people are allowed to monopolise natural opportunities and deny them to others. If we deprived social elites of those monopolies, the whole facade of their greater 'fitness' would come tumbling down. George did not advocate equality of income, the forcible redistribution of wealth, or government management of the economy. He simply believed that in a society not burdened by the demands of a privileged elite, a full and satisfying life would be attainable by everyone."

The writer is a member of the Editorial team.

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who are poor and have no involvement in these robberies have to endure extreme austerity measures that are literally inhumane, enhancing economic inequality in the process. For example, the current government budget saw the lowest allocation of funds to the healthcare sector since 2010-11 and to the education sector since 2009-10, while the proposed budget for the next fiscal year has a provision of Tk. 2,000 crore for investment in recapitalisation of the state-owned banks despite massive amounts of money being already injected into them over the past years, to save them from the consequences of their own disastrous policies.

All this combined is simply a form of wealth transfer that is being facilitated by the collusion between states and big banks. It has nothing to do with the free market and

Such a lack of understanding can also be seen on part of the pro-free market economists who can identify that we do not have a free market but then say that if we did, we would have perfect equality by misquoting Adam Smith, the father of modern economics. Because what Mr Smith said was that the free market would only produce equality "in a society where things were left to follow their natural course, where there was perfect liberty [emphasis mine], and where every man was perfectly free both to chuse [choose] what occupation he thought proper, and to change it as often as he thought proper" (*The Wealth of Nations*, Adam Smith). Given, however, that we have never had conditions of 'perfect liberty', it is impossible to say whether Mr Smith's assumption was right or wrong.

The Japanese Wife



FAHMIDA KHATUN

HE did not see the bombings on Hiroshima and Nagasaki. She wasn't born yet. But she knew the sufferings brought by the two bombings on August 6, 1945, by the US with support of the UK. Born on November 1, 1950, she only read about the event in history books and learnt from her parents about the extent of the carnage that killed at least 129,000 people through the use of nuclear weapons. She thus inherited a sensitive and sympathetic disposition, which would later be moved by the miseries of the cyclone-hit Bangladeshis.

On November 12, 1970, Bangladesh was hit by a devastating cyclone - the deadliest of all natural disasters in the history of Bangladesh, killing about 500,000 people. Kazuko Uematsu, a student of Jissen Joshidai University in Tokyo, joined Bangladeshi students who were raising funds in a street campaign for the cyclone victims of Bangladesh at that time. One of the students, Momtaj Bhuiyan, who was a student of Naval Architecture in Tokyo University, founded the Bangladeshi Students' Association, and worked in support of the Liberation War in 1971, along with fellow students. Kazuko became a member of this group as well, and dedicated herself in the struggle of Bangladesh's independence. She continued her



Kazuko Uematsu Bhuiyan

During these four decades, she first worked at the Japanese Embassy for a couple of years. Later, she worked as a teacher at the Japanese Language School of the Embassy of Japan in Bangladesh. In 35 years, she taught hundreds of students, who are now well-established in their respective fields, both in Bangladesh and Japan. She wasn't only a teacher; she would teach the nitty-gritty of the Japanese language as well as inspire and help students apply for higher studies in Japan. Her students fondly remember her superior human qualities, and her motherly and friendly demeanour. Many of her students feel that had they not met Kazuko, they would have missed a great opportunity and might not have achieved the success that they enjoy now in their lives.

After the killing of Japanese citizens during the terror attack at Gulshan Holy Artisan Bakery on July 1, 2016 along with other victims, Japan assured us that they would continue to stand by us in a gesture of friendship to Bangladesh. As our largest bi-lateral donor, Japan has been a long standing partner of Bangladesh's development, and it provides loan at a very low interest, making it easier for our policymakers to plan development projects. The Japan International

Cooperation Agency (JICA) and the Japan External Trade Organization (JETRO) have been Bangladesh's companion in its development strides for decades. Bangladesh's exports to Japan, including readymade garments, are also on the rise. Japanese companies are also interested in exploring market opportunities in Bangladesh in sectors such as textile, finance, infrastructure, IT, agriculture and social entrepreneurship. Japan's contribution in the infrastructural development of Bangladesh, including bridges and culverts, is particularly significant. With their sincerity and uncompromising quality, Japan has earned the trust of the Bangladeshi people.

Kazuko Uematsu Bhuiyan was a reflection of the gentle Japanese disposition. She took on the responsibility of promoting and strengthening the Bangladesh-Japan friendship. She wouldn't let anything destroy this relationship. And this was evident in her staunch belief that the Holy Artisan attackers did not represent Bangladesh. Her Bangladesh was friendly and warm; one which welcomes foreigners and makes them one of their own in no time; one which always tries to make guests from other countries feel comfortable and happy, sometimes going out of their way and even at their own cost to ensure this. She took part in the candlelight vigil

held in memory of the terror victims and spoke at the condolence meeting at the Central Shaheed Minar with emotion and conviction, asserting that the terrorists could not be Bangladeshis.

Fluent in Bangla, Kazuko never felt that she was a foreigner in this country. She always felt safe and comfortable in Bangladesh and didn't hesitate to relay that message to the world through an interview on the Gulshan attack aired on the Japanese television channel, NHK. In fact, she was committed to participating in the follow-up programmes that commemorated the victims of the brutal attack.

To some people Kazuko was a dedicated teacher, to others she was a passionate social worker, to many she was a charming host who would cook Japanese cuisine herself for her guests. To me, she was the symbol of positive vibration in life. She upheld Bangladesh in her heart but didn't leave her birthplace. A mother of three highly qualified and successful yet very modest children, Jun, Rumi and Yurika, Kazuko Uematsu Bhuiyan breathed her last on July 29, 2016 after a tragic road accident in Abu Dhabi. But Kazuko will continue to light up Bangladesh with her everlasting smile and melodious laughter for innumerable years to come.

The writer is Research Director at the Centre for Policy Dialogue.

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support to this country till the end of her life. At the time of her marriage with Momtaj Bhuiyan in 1973, she was working at the Shizuoka Bank in Mishima, Japan. She left her job and her family, living in Bangladesh for the next 43 years and continuing her work for the cause of Bangladesh.

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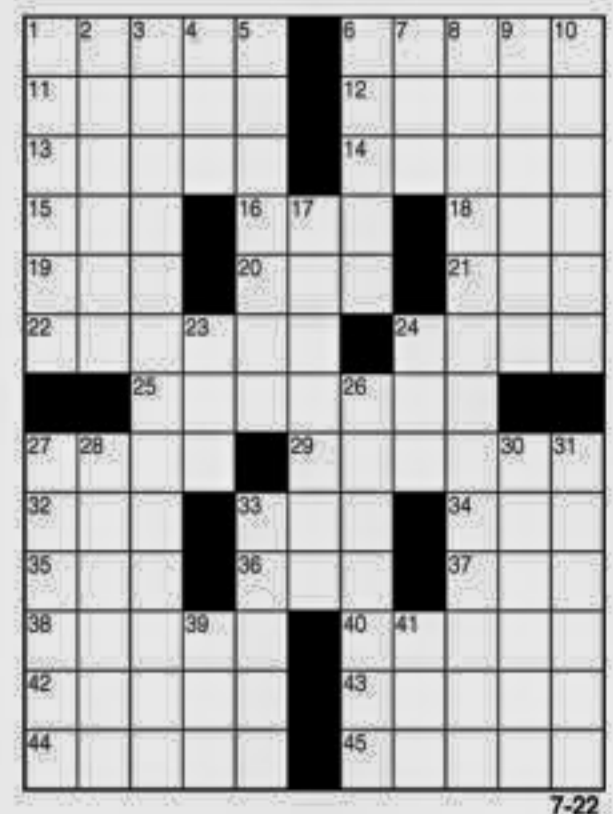


MAHATMA GANDHI

Intolerance is itself a form of violence and an obstacle to the growth of a true democratic spirit.

CROSSWORD BY THOMAS JOSEPH

- ACROSS**
- 1 Juggler's collection
 - 6 Farm machine
 - 11 Net receipts
 - 12 Like gymnasts
 - 13 Reached
 - 14 Clan symbol
 - 15 Valuable rock
 - 16 Derisive cry
 - 18 Eden name
 - 19 Way off
 - 20 School carrier
 - 21 Spectrum end
 - 22 Intensified
 - 24 Quite a few
 - 25 Rhapsodic
 - 27 Take in
 - 29 Child of the 1050s
 - 32 Stop--dime
 - 33 The whole amount
 - 34 --de France
 - 35 Snaky shape
 - 36 "The Matrix" hero
 - 37 Sine qua--
 - 38 Writer Sontag
 - 40 Reversed
- DOWN**
- 1 Ask out of
 - 2 Ignoring ethics
 - 3 Football plays
 - 4 Tipsy
 - 5 Make like a bulldog
 - 6 Spa attraction
 - 7 Previously
 - 8 Prosaic
 - 9 Football team
 - 10 Fix
 - 17 Football play
 - 23 Reubean base
 - 24 Chinese chairman
 - 26 Hues, in Hull
 - 27 Murders
 - 28 Hesitant
 - 30 Precocious Plaza resident
 - 31 Provide
 - 33 Queen--lace
 - 39 Tiny worker
 - 41 Once called



YESTERDAY'S ANSWER

PEDAL SELMA
IRENE AXIOM
GREENA BIDDY
PERMIT
PACUN HAL
ABODES PANE
COVERCHARGE
EVEN LENDER
DER LEA CRY
BISTRO
HERON HIVES
AMAZE ELENA
TUTOR NERDY