

A sudden curfew

Govt must explain the unprecedented scale of deaths

A nation-wide government curfew was declared from midnight on Friday till 10 am on Sunday. A government declares curfew and brings the army to the aid of civilian administration as a last resort when a situation gets out of control. We are made to understand that this last resort had to be taken to stop the unbelievable violence we have witnessed for the last five days, especially on Friday. We hope and expect the army to handle the situation judiciously and not in the way the police and BGB have, which has been shockingly brutal. We must remember that a curfew does assist the restoration of law and order, but it also throttles the economy, kills small businesses, greatly harms the lives of daily wage earners and generates harmful rumours. Thus, it should be enforced for the shortest period of time.

This brings us to the most horrific part of this crisis—at least 66 (officially confirmed) lives lost in one day (July 19) and many hundreds injured. It put the death toll as confirmed by this paper at 101 as of Friday, although the actual figure was probably much higher. People, mostly students, have been shot dead throughout the country. What happened that so many people had to be killed? According to media reports, the majority of deaths was caused by firing from the police and the BGB (with the highest death toll on July 19). Is it acceptable that law enforcement agents and other state actors can shoot so many civilians “to control a situation?” Can something as irresponsible as law enforcers firing bullets and throwing sound grenades from helicopters, killing and wounding people indiscriminately, be legitimate? In fact, their action, instead of reducing violence, inflamed it further. The nation demands a credible explanation for such unprecedented deaths along with a believable investigation into these killings. Those responsible must be given befitting punishment and those who ordered such violent measures to be taken must be held accountable.

At this point the violence must end, and we extend our support for the eight-point demand given by the anti-quota movement leaders to the law minister late at night on Friday. We think the demands are reasonable and should be quickly accepted by the government.

There is some truth in the government’s statement that political elements have entered the students’ anti-quota movement. It is obvious that non-student elements including those that are political have become players in the crisis which makes it all the more important that the government accept the students’ demands in order to separate the students from these non-student elements. Once these demands have been accepted, the government must ensure that no student is intimidated, harassed or attacked for being part of the movement by the police, university authorities or by members of the Chhatra League.

We condemn the large-scale destruction and arson attacks on government establishments which we believe were carried out by non-student actors and fair investigations must be made of these incidents. We urge the government to refrain from any further hardline approach to this crisis and restore the country to normalcy as soon as possible.

Why this prolonged internet shutdown?

Curfew, internet outage combine to severely restrict space for citizens

The nationwide complete internet shutdown has not only brought life as we know it to a screeching halt but also cut off Bangladesh from the rest of the world. The blanket shutdown, which started on Thursday evening and continued as of writing this editorial on Saturday evening, is unprecedented in the history of Bangladesh. Never before has there been such a lengthy internet outage encompassing the whole country. Together with the curfew, also in effect since midnight on Friday, the total restriction of both digital and physical spaces has caused unimaginable sufferings.

As per a report by this daily, people all over the country have been struggling to access essential services that rely on internet to function, including digital transactions, utility bill payments, online communications, mobile credit recharge, etc. Customers couldn’t use ATM booths or the apps enabling mobile financial services (MFS), nor could they pay through their bank cards or use other online banking services. The only ray of hope for MFS users was the *247# service, but its scope too was limited. In fact, any service or activity requiring internet has been halted, and its cumulative effect is immeasurable at this stage. In the IT sector alone, BASIS estimates a loss of Tk 80 crore in the first 24 hours of outage. As well as the staggering daily financial losses for the IT and digital commerce sectors, another significant concern is the reputational damage for those operating in these sectors.

The question is, how can the government justify such severe and prolonged restrictions? Internet shutdown is one of the major aspects of control that the government has exercised to curb protests over the last decade. This time, it took it a notch up, timing it with a curfew. The justification given for such measures is that they are essential to restore normalcy amid the complete breakdown of law and order that saw over a hundred people killed in just three days in the ongoing quota reform movement. But the risks of internet outage, in particular, far outweigh any benefits. Besides the losses and sufferings that it brings for citizens, an outage invariably means information blackouts which can only lead to the spread of rumours and misinformation. In a country where freedom of expression and mass mobilisations around common political issues are severely restricted, it is vital that such blackouts are resisted as they sow the seeds of long-term instability. Only free flow of information can neutralise such threats.

We, therefore, urge the government to restore internet connections immediately. It must give citizens a breather from the suffocating environment that has been prevailing because of its failure to ensure peace in the ongoing student movement.

What lies ahead for the nation

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Let’s begin by revisiting the timeless concept of “protest” in political science. Throughout history, small, loosely connected groups united by a common cause have sparked remarkable and transformative change, political or otherwise. This is a powerful reminder that no display of excessive power goes unnoticed in the annals of history, and no death goes unpunished.

Take the example of 1952. It sowed the seeds of independence and the great Liberation War of 1971. Civil rights movement in the US, the European colour revolutions, the Arab Spring, or perhaps the Indian independence movement—all thrived on the bonding of powerless groups of people against the powerful.

While protests are formed by the powerless banding together, it is common for a wide range of entities—each presenting diverse motivations and grievances—to join them. This diversity underscores the complexity and depth of social issues and individual as well as collective aspirations that fuel protests. That is exactly what is happening in Bangladesh under the quota reform movement 2.0.

The vibrant and energetic young protesters are in their teens and twenties, most of them first-time voters. While electoral politics is not at all a feature of this movement, some have blatantly tried to give it a political spin. As an organic reaction, I am sure many fringe elements have tried to blend in with the movement. Still, their participation does not invalidate the core cause of the general students under any circumstances. Hence, motivations could be different, but the grievances of different sections perhaps coincide.

The students exposed the overall social mistrust and grievances towards political enterprises. One needs to dig deeper beyond our comfortable political narratives.

A protester told me, “The recent protests by auto-rickshaw drivers in May 2024 got the government’s prompt and compassionate response. And look at us; aren’t we supposed to run the country in the coming years? You think they value merit?”

Another promptly added, “Did we ask for political change? We asked for policy changes and reforms. Can you ask the government who appoints these university administrators or Public Service Commission officials?

Our parents and their hard work pay for these universities to run, and all the development work the government brags about.”

Nonetheless, the students’ awakening was unsurprising for those with some political sensibility left.

The grievances were all clearly written on the walls, as my Dhaka-based journalist friend Shahiqul Alam said, “Those anti-quota protests are bigger than the Nur-led successful protests in 2018.” He added that this



This time protestors have achieved a far greater goal—a major moral reckoning among millions of apolitical young people. PHOTO: PALASH KHAN

time protestors have achieved a far greater goal: a major moral reckoning among millions of apolitical young people. With jobs staggering, graft and connections deciding one’s place in society, the cost of migration to the West getting pricier, and the economy in the doldrums, this new generation will decide the fate of our democracy in the next few years.

This leaves us with three painful but critical paths forward.

First, the distribution of quotas must be reformed, which I guess will

AL’s comfortably slow reaction to teachers’ pension-related movements because many of the teachers are in good term with the ruling party. And the teachers, in general, lack the ability to take to the street to protest. If a meaningful outcome of the teachers’ protest is expected and reforms are to be meaningful, the so-called leaders among the teachers should control their appetite for undue benefits and change their political subservience.

If the government is willing to see stability, all these efforts should

transformation, in which the number of protests each year has tripled between 2006 and 2024. The transformation shows that the political attitude of “we know everything,” inequality, inflation, nationalism, conflictive social relations, and sycophancy can lead to more turmoil in the future.

If the abovementioned issues remain unaddressed, things can go very wrong in the coming months. Mark this as an early admonition from a public university faculty member.

Let there be sanity.

Stop money laundering to curb inflation



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The finance minister, in his final speech in parliament on the proposed budget for FY24-25, said: “While it is necessary to adopt contractionary policies to control inflation, it is undeniable that in the long run, this approach can slow down growth.”

Inflation, which erodes the purchasing power for consumers as well as businesses, happens in two ways. One is through an increase in the production cost of goods or services, generally referred to as cost-push inflation; the other happens through an increase in the demand for goods and services due to increased supply of money in the market, which is referred to as demand-pull inflation.

When more jobs and higher wages increase people’s income level, it leads to a rise in consumer spending. The overall effect is an increase in aggregate demand, which gives firms the opportunity to increase the prices of their goods and services. As soon as this happens on a large enough scale, it leads to an increase in demand-pull inflation.

The current inflation in Bangladesh has not been driven by an increase in the money supply in the market. Rather, a large portion of the active labour force is unemployed or underpaid due to the impact of post-Covid global factors and the war in Ukraine.

A low unemployment rate is unquestionably good in general,

but it can cause inflation because zero or near-zero unemployment means people have higher disposable income. The unemployment rate in Bangladesh was 4.38 percent in 2019, which climbed to 5.21 percent in 2020 due to the pandemic’s affects. The unemployment rate dropped to a low of 4.7 percent in 2022. The Ukraine war that started in February 2022 halted the post-pandemic recovery process—and employment generation could not gain much momentum. So, it is evident that low unemployment (or an economy with full employment), which is a cause for demand-pull inflation, is not applicable in the Bangladesh context.z

The inflation rate as of May 2024 was 9.89 percent, whereas it was 5.57 percent in January 2020. So, what we have in Bangladesh is cost-push inflation. The devaluation of our currency has led to an increase in the import cost of raw materials, leading to an increase in the overall price level. The official exchange rate of the US dollar against the taka was 84.86 in 2021. It was Tk 103.02 and 109.75 in 2022 and 2023, respectively. Finally, it stood at Tk 117.00 after the introduction of a crawling peg exchange rate.

The value of a country’s currency and its exchange rate significantly influences the level of inflation. If a country’s currency depreciates, the cost of imported goods affects

domestic pricing. Thus, a weaker currency triggers inflation.

To control inflation, the standard response of a central bank would be to raise official interest rates. When the central bank increases interest rates, borrowing for commercial banks becomes more expensive. Both consumers and businesses might think twice about taking loans for major purchases or investments. This slows down spending, typically lowering overall demand, which leads to reduced inflation.

This monetary instrument to curb inflation is best suited for inflation triggered by an excessive supply of money. But in the case of inflation in Bangladesh, it is triggered by a rise in the cost of production, especially due to an excessive rise in the dollar price. In August 2021, Bangladesh Bank had \$48.1 billion in foreign currency reserves, which came down to \$24.2 billion in May 2024.

Here, it is evident that the higher inflation rate prevailing in Bangladesh is not due to demand-pull inflation; it is due to a shortage of Forex reserves and an increase in the dollar price. So, contractionary monetary policy will not function here as expected.

Increased policy rate and the introduction of a specific margin plus Six-Month Moving Average Rate of Treasury Bill (SMART) as a lending rate will make the economy grow. It will limit the earning capacity of consumers and affect producers, leading them to lower production. Thus, a vicious cycle will take over the economy, pulling the growth rate down or even push it towards negative growth.

Since the current inflation in Bangladesh cannot be most effectively addressed with a contractionary monetary policy, an alternative financial regulatory intervention

through the repatriation of overdue export proceeds and curbing money laundering is needed.

In 2022-23, the mismatch between the actual realisation reported by Bangladesh Bank and the shipment figure provided by the Export Promotion Bureau (EPB) was \$12.08 billion. EPB data showed that goods and services exports stood at \$63.05 billion in FY23, whereas the central bank reported that Bangladesh received \$50.97 billion in the same year. There may be some differences between the export data of the Bangladesh Bank and the EPB due to disagreements and the time lag effect. But such a huge gap must be investigated meticulously to find any unrepatriated export amount.

According to Transparency International Bangladesh (TIB), Tk 26,400 crore or \$3.1 billion is illegally siphoned out of Bangladesh every year. Reportedly, hundi, over-invoicing, under-invoicing, and trade mis-invoicing are the primary ways of money laundering.

Corruption has a negative impact on the economic growth of any country, as it reduces investment and consequently lowers the growth rate of industrial output. Undoubtedly, corruption is a big hindrance to sustainable development. But it’s not the biggest hindrance for an economy. When money acquired through corruption circulates within the economy, it still generates employment and thus contributes to increasing GDP. The biggest hindrance to sustainable development is the money getting laundered abroad. Money, whether earned legally or illegally, once laundered out of the country, is most likely lost forever and will not make any contribution to its economic activities. The damage that this does is massive, which is why it is so vital to stop money laundering in Bangladesh.