IMF/World Bank-Imposed Globalization Leading Bangladesh Further Into Hell

by Ramtanu Maitra

On Oct. 10, several thousand angry textile workers in Bangladesh torched a factory in Dhaka and attacked several other factories with stones. The outburst of anger by the textile workers has been building over months. It finally spilled over when the Bangladesh government's minimum wage board commission fixed the minimum monthly wage at 1662.50 taka (the equivalent of U.S. $25) after four months of protracted negotiations.

A news article reported that the garment workers earlier that morning had held a rally and "demanded a minimum wage of taka 3,000 (US $45), and chanted slogans against the leaders who, they alleged, had hatched a conspiracy against them." In a Sept. 14 article in *The New Nation,* "Volcano May Erupt," author Abdur Rahim had pointed out to the Begum Khaleda Zia's Bangladesh Nationalist Party (BNP)-led government, that "it is easy to ignite a fire," but people generally are prone to overlook small fires, "not taking into account the possible danger that is likely to follow afterwards."

Bangladesh's biggest foreign exchange earner is its garment sector. Bangladesh earns nearly $7 billion a year by exporting textile products, mainly to Europe and the United States. This is about 70% of the total export earnings of the country. But the garment workers get virtually no real benefit out of their efforts, and are being allowed by their government to be driven down financially by the owners who claim that the kind of wage increase that the garment workers are seeking, would make Bangladesh's garment sector unprofitable in the international market. Moreover, Dhaka has already agreed to end the quota restriction system on Chinese garments within the next three years. The cheaper Chinese-made garments will likely put not only the owners, whom Dhaka is backing to the hilt, but also the garment workers, out to pasture.

In essence, arguably the poorest country in the poverty-stricken South Asia, Bangladesh, and a vast majority of its 144 million people are now caught in the classic globalization trap. If the garment industry and its beneficiaries—the owners and the government in Dhaka—want to survive for any length of time in Bangladesh, they must employ the garment workers at the lowest possible wage, giving them no benefits and firing them when the chips are down. If they take the welfare of the garment workers into account, the owners say, the business will leave Bangladesh and go somewhere else. Owners are supported fully on this by the International Monetary Fund (IMF), the Bush Administration, and the Bangladeshi government. But already, social conditions in Bangladesh are fast approaching what is even worse than the law of the jungle, epitomized by the phrase "survival of the fittest."

Bangladesh's Real Weakness

Since its liberation from Pakistan in 1972, Bangladesh has remained politically unstable. A weak political system has remained under the control of the families of two major assassinated freedom-fighters, while the Bangladeshi Army has kept intervening from time to time to maintain a certain level of order. This process has not helped one bit. As a result of this uneasy alliance between the weak politicians and a more powerful military, the political process has been stunted. And destructive forces, such as the Islamic fundamentalists, arms smugglers, and drug mafia, have found places in Bangladesh's power structure.

Because the political process is so weak, the economic policymaking of the country has been fully handed over to the IMF-World Bank. The IMF in Bangladesh not only endorses widespread globalization and liberalization, but plays a key role in shaping Bangladesh's budget, planning, and trade policy. The IMF's resident representative, Jonathan Dunn, is directing Dhaka to back the owners in their dispute with the 1.8 million underpaid garment workers. Cristine I. Wallich, the other half of the IMF-World Bank duo, is a rabid promoter of free trade and a member of New York's powerful Council on Foreign Relations (CFR). The two have made it clear to Dhaka that the path to Bangladesh's nirvana is through exports, and more exports. It is the voluminous exports of cheap products that allows Bangladesh to pay its loans to the IMF, and make room for future loans, they point out.

How tight this duo's grip is on Bangladesh can be fathomed from occasional outbursts by the Bangladeshi technocrats who chose to go along with them, to get along. Last February, Bangladesh Finance Minister M. Saifur Rahman criticized the World Bank and IMF, and told a Dhaka workshop on "Action Plan for Public Financial Management" that the two agencies "think of the Finance Minister as a clerk when it comes to fuel price hikes." However, Saifur Rahman would not go any further. Being co-opted by the duo years ago, the entire Bangladeshi Finance and Planning ministry, in particular the Finance and Planning Minister, M. Saifur

Bangladesh/Independent

Bangladeshi garment workers rally in June rally for higher wages. The government has fixed their wage at the equivalent of $25 a month, far less than they have demanded. The justification is, that if the workers received more, the companies that hire them would move elsewhere.

Rahman, has become a virtual handmaiden of the IMF. (The inaugural session of the workshop, jointly organized by the World Bank and the government, was addressed by World Bank Director Wallich, David Wood, the head of Britain's Department for International Development, and Finance Secretary Siddiqur Rahman.)

The Duo Dictates

To understand why Saifur Rahman had complained on that occasion of being treated as a mere "clerk," it is important to note the pressure that the two international agencies had exerted earlier on Dhaka to raise the fuel price. At the February workshop, Saifur Rahman explained why the fuel price cannot be raised.

But last month, the IMF told Bangladesh to raise fuel product prices, before it made a decision on lending the country about $100 million for anti-poverty efforts. "Bangladesh is lagging behind most other countries in adjusting to world price increases; and domestic prices of kerosene, diesel, and natural gas are well below international levels," IMF Asia Pacific advisor Thomas Rumbaugh told reporters in Dhaka. Subsequently, the fuel price was raised.

Rumbaugh did not directly link the pending loan to higher fuel prices. He said that it was one of several issues discussed with the government, which is scheduled to hand power to a caretaker administration in late October, ahead of Bangladesh's general elections in January.

Now that a $100 million anti-poverty loan has been assured by the IMF, the Bush Administration's next objective is to exploit Bangladesh's increasing economic dependency to pull it into the U.S. camp to save the World Trade Organization (WTO) talks. U.S. Trade Representative Susan Schawab is now pressuring Bangladesh, in a separate move, to bring the failed WTO Doha Round of talks back on track. Agence France-Presse reported Aug. 16 that the Bangladeshi Commerce Minister Hafizuddin Ahmed had received a letter from the U.S. trade representative in which she sought suggestions from the Bangladesh minister about how the abandoned talks may be revived. Schawab had pointed out in the letter that the failure of the WTO talks "has created a dangerous retreat from realizing an ambitious opening of free trade in the global scale."

In July 2002, following the floating of the Bangladeshi currency, Finance Ministry officials pointed to the IMF-led pressure to float the taka on the foreign exchange market. The taka was floated then, despite initial opposition of Finance Minister Rahman, who told reporters that Bangladesh would not do it before November because "We cannot allow a free floating currency at the moment when the [foreign currency] reserves are low."

Gathering Storm

It is likely that neither the hiking of the fuel price, nor suppressing the wage demand of the 1.8 million garment workers will do much good for Bangladesh's social and political stability,

On Oct. 10, a national rail strike occurred against the proposed privatization of the industry. Railroad workers blocked tracks across the country. One station master was severely beaten by angry passengers when he refused to let a train proceed on a blocked track; another had his station master's office burned by strikers when he attempted to move trains through his station.

The Bangladeshi railroad workers had never previously struck, since the birth of that country. But they do realize now that their years of work on a privatized railroad could be wiped out any day, under the pretext of cost-cutting and increasing efficiency.

Bangladeshis resisting the effects of globalization this past Summer also led protests against the police, and cuts in electrical power. No doubt, opposition political parties are trying to exploit the issue, and assume leadership of the protests, for maximizing political gains in the run up to the January general election.

But the state of affairs in the capital city of Dhaka is for all to see. "We had been experiencing an unusual on-again, off-again electricity supply that we had not seen ever before, causing immense sufferings . . . throughout the night in abnormally hot and humid weather," said a Dhaka resident to a Bangladeshi newspaper. Some Dhaka residents received two hours of electricity each day during the height of Summer. This is even worse than Baghdad and Kabul!

The lack of electrical power has also affected the farmers. On Jan. 4, 2006 about 12,000 people, mostly farmers, took to the streets under the banner of the Palli Biddut Shangram Parishad (Rural Electricity Movement Association) in the northern town of Kansat, to protest against failures in power supply. Police fired live ammunition with AK-47s, rubber bullets, and tear gas to disperse the crowd, which responded with sticks and machetes. Local news reported about 300 people injured, including nearly 20 police. At least two men were killed, and 50 suffered bullet wounds. The repression did not stop the protests. On Jan. 23, at least seven more were killed, and more than 100 injured in clashes with police. The government claims that increased industrial demand is to blame for the power cuts.

Within Bangladesh, however, another powerful force has emerged. Commonly identified as the Jamaat-e-Islami, these pro-Islamic individuals are much more militant than the political Jamaat. The current BNP came to power in 2001 by bringing Jamaat in its camp. The Jamaat-e-Islami Party, taking advantage of being part of the government, began to establish itself politically by financing and organizing a number of other ultra-Islamist groups (such as Islamic Oikya Jote and Jamiat Qurania Arabia).

Militant Islam

These and other Islamist groups flourished with vast financial help from outside and with the blessings of Dhaka. They set up hundreds of madrassas (religious schools) in the country. A stream of reports from the West and India suggest that al-Qaeda, and other international Islamic militant groups, have set up shop in Bangladesh. The Islamic militant movement in Bangladesh has advanced rapidly in the past three years, particularly since the U.S. invasion of Iraq.

In Bangladesh, the fundamentalists reign in many areas of Chittagong and Sylhet in the east, and Rajshahi in the north. In these areas, they terrorize the community with complete impunity. The murder of the country's former Finance Minister, Shah AMS Kibria, in January 2005, was the handiwork of Islamic militants.

But the Islamic militants' prowess within Bangladesh came to the notice of the world on Aug. 17, 2005, when more than 400 small bombs exploded almost simultaneously in 63 of Bangladesh's 64 districts. According to observers, although the bombs killed three people and injured 150, the most devastating element of the attack was not the damage it caused, but the message it left. That message is that Islamic militants are willing and able to coordinate and perpetrate terror nationwide.

The group blamed for the bombings is Jamaat-ul-Mujahideen. It threatened to strike again unless Bangladesh introduces Islamic law. According to Pakistan's *Daily Times,* Jamaat-ul-Mujahideen subsequently declared, "Everybody is the enemy of Islam who wants to launch democracy as an institutional form. Therefore we invite the ruling party and also the opposition to initiate the rule of Islam within a short time in Bangladesh."

Despite the efforts of the BNP-led government to bring the Islamic militants into its camp to keep them under control, it is evident the approach has failed. It has failed because of the economic policies that Dhaka has pursued under the guidance of the IMF-World Bank and the Bush Administration. Already some reports indicate that the Islamic militants have begun to join in support of the garment workers. It is only natural, since militant Islam in Bangladesh wants to seize power; and there exist very few forces in Bangladesh who are willing to fight both the IMF-World Bank and the Islamic militants.

Dhaka's inability to chart out a vision for the nation, and living for the day, has created other negative forces within the country. The drugs and arms from Southeast Asia move through Bangladesh to various destinations in the region, including Sri Lanka, Bhutan, India, and Nepal.

India's northeast is still one of South Asia's major trouble spots, not only because the region has as many as 30 armed insurgent organizations fighting the Indian state, but because of the cross-border linkages that these groups have built up over the years. The demands of this multitude of insurgent groups range from secession to autonomy and the right to self-determination. Simultaneously, a large number of ethnic groups are clamoring for special rights and protection of their distinct identity.

There are reports that the Bangladeshi Islamic militants have begun to interact with some of these groups. Pakistani Inter-Services Intelligence (ISI) agents are also within Bangladesh to create a crisis situation along the Bangladesh-India borders.

On Dec. 21, 1997, Bangladesh immigration and security officials arrested one of the top Indian northeastern rebels, Anup Chetia, in Dhaka, but have refused to hand him, and other militants they have subsequently arrested, to the Indian authorities.

The presence of Indian insurgents in safe havens in Bangladesh became evident in January 2004, when New Delhi handed over a list of 194 Indian insurgent camps located inside Bangladesh. This was during the meeting of the Indian Border Security Force (BSF) and the Bangladesh Rifles (BDR) in New Delhi between Jan. 6-9, 2004.