

Goodluck on PM Mission

Prime Minister Begum Khaleda Zia leaves today on a four-day goodwill tour of the Middle East. She is scheduled to spend three days in Saudi Arabia and a day in Kuwait. She might also make a stop-over in the United Arab Emirates (UAE) on her return journey. There are three important reasons why her diplomatic mission to the Middle East is of special significance. First, she is going there after emerging victorious in an election which has been recognised to be among the fairest anywhere in the world. She goes abroad as the freely chosen leader of her people.

Second, she is visiting Saudi Arabia and Kuwait, the two countries that Bangladesh stood by during the recent Gulf War. In this connection we recall the role of our soldiers who formed a part of the Allied multinational troops to protect the Holy Places. For its principled support for the struggle to liberate Kuwait, Bangladesh has earned tremendous goodwill among the people of the region, especially of Kuwait and Saudi Arabia.

Thirdly, our PM will be visiting these fraternal countries after we have suffered the century's worst cyclone, followed by the onslaught of flooding in the Northern parts of our country.

As we stood by Saudi Arabia and Kuwait during the time of their trial, we are confident that they will extend the same hands of fraternal help during the time of our need.

It is not only direct assistance that we are seeking. The countries of the region, especially Saudi Arabia, Kuwait and the UAE can help us by hiring our workers, our technicians, our construction houses, our professionals etc. all of whom have had considerable experience of working in the region. Our people have built a sound reputation of being diligent workers and excellent professionals. Our construction houses have built many roads, highways, bridges, buildings etc. in these countries. Hiring our workers, professionals and business houses will help us to generate the much needed foreign exchange and build our pool of qualified manpower which will act, in the long run, as the basis of our own future growth. The sense of greater co-operation with Saudi Arabia and Kuwait will also give us the satisfaction of having participated in the reconstruction of our friendly Arab countries.

We are confident that our Prime Minister, and the team of professional diplomats and experts that she is taking with her, will be able to impress upon the host countries of the merits of greater co-operation between our countries in the lines that we have suggested.

We wish the Prime Minister all the success, in her first official trip abroad.

Population Front

The annual report of the United Nations Population Fund usually produces some good news but a lot of bad news. Much depends on how the report is interpreted by demographers whose perspectives often differ widely. However, judging by the just-released study of the Washington-based Population Reference Bureau, the UN report this year contains quite a bit of good news and some bad news. In some ways, it may be more balanced than on previous occasions.

The real good news is that birth rates are declining in all major regions of the world, although the level of decrease varies from region to region, and country to country. This explains why the success in population control in China, Indonesia and Thailand is reflected in the regional figure, thus hiding somewhat unimpressive performance in a number of South Asian countries, including Bangladesh where the rate of growth is probably between 2.5 per cent and 2.8. We should get a more accurate figure when we have the final result of the census.

The overall decline in the birth rates in different regions is not the only good news. More impressive is the percentage of couples in developing countries using birth control methods. It went from less than 10 per cent in the 1960s, to 45 per cent in the 1980s, to 51 per cent today. Some would say that in most developing countries, including Bangladesh, the rise in the percentage of users of birth control methods is largely concentrated in urban centres. The scepticism is justified. But, then, one cannot — indeed, must not — overlook the success in the Indian state of Kerala. The achievement of the South Indian state can be repeated elsewhere, including in rural Bangladesh, provided work on the population control goes hand in hand with literacy programme and expansion of health care facilities.

Other statistics offer gloomy projections. The United Nations had predicted in the 1980s that world's total population — now estimated at 5.4 billion — would eventually stabilise at about 10.2 billion by the year 2085. Now, a new projection suggests that the global population would keep rising until it reaches somewhere between 12 billion and 12.5 billion, more than double of today's population, with the increase mostly taking place in Asia and Africa.

No matter how these figures are interpreted, Bangladesh has no choice but to step up its population control activities. Some work has been done in this field by successive administrations — yes, some work but a good deal of window dressing to attract financial assistance. While non-governmental organisations (NGOs) earned their due credit, even the official statistics became suspect in the eyes of donor agencies. It is essential that the whole situation is carefully reviewed by the new government, with special attention paid to the role of the Ministry of Health and of the other related government agencies. Even the NGOs, local and foreign, should be ready to submit themselves to a thorough scrutiny, preferably by independent experts rather than by any government agencies. Here, the objective should be to raise the level of performance of each and every agency connected with the population control activities, in a spirit of cooperation and mutual trust, to meet the challenges outlined by the UN Population Fund.

Economic Planning in Bangladesh : Issues and Challenges

WHEN The Daily Star decided to take an in-depth look at the economic challenges facing the country and assess the prospects and problems which lie ahead of the new elected government of Begum Khaleda Zia, we had no difficulty in planning the format of the coverage. We, the Editor and his senior colleagues, agreed that we would invite two noted experts of our country to join us in an unstructured free-wheeling discussion on the issues we had in mind and to let them speak to our readers in direct narration. Thus, we decided to have a "Conversation", the second in the series, as encouraged by the success of the first one, with Poet Shamsur Rahman, which was published in our supplement on Pabla Baisakh.

We did not have to look very far to identify the two experts for the discussion. Fortunately for us, the two we approached — Prof Rehman Sobhan and M. Syeeduzzaman — readily agreed to join us, despite their busy schedules, and endorsed the format — both had liked the piece with Shamsur Rahman — without any reservation.

To discuss the economic challenges facing the country — and its new elected government — it would be hard to find two experts as qualified, knowledgeable and articulate as M. Syeeduzzaman and Rehman Sobhan.

With a distinguished career as a civil servant, Syeeduzzaman has been deeply involved in the field of finance and planning, at national and international levels, for close to four decades. Soon after liberation, he served as the Executive Director of the World Bank and then returned home to take up several high-level positions. In the eighties, he successively served as the Finance Secretary, Adviser on Finance (with the rank of a cabinet minister) and, finally,

Two noted experts, Prof. Rehman Sobhan and M. Syeeduzzaman, reflect on and answer questions on the economic challenges facing Bangladesh, especially the country's newly elected government. They offer retrospective views of the performance of successive regimes, starting with the Awami League government, and suggest how the mistakes — and blunders — of the past can be corrected by the new administration. They talk about the country's relationship with aid agencies and donor nations, with reference to the Paris meeting of the Aid-to-Bangladesh, starting on Wednesday, and make a case for the official delegation from Dhaka adopting a new and a more dignified approach to the consortium meeting, an approach, as Prof Sobhan puts it, based on self-respect and the exercise of the country's sovereign rights.

made the conversation stimulating, candid and at times provocative.

Instead of making any introductory remarks on the topics taken up during the discussion, we will let the two experts speak directly to our readers, in their own language.

Syeduzzaman: It is basically a crisis of resources and management of those resources, in terms of priorities. So it is a question of ordering the priorities, keeping in view the availability of resources and the managerial capacity of the government in the short, medium and long term.

Rehman Sobhan: The point I am making is that the real crisis may be, that in the short-run the inheritance is such that we do not even have areas of choice left to us. This is largely because the central problem has been the structural and general stagnation of the economy which has really been the main feature of the 1980s.

In fact, if you really look at the main macro-economic parameters of the economy, for any developing country they are really disturbing. You had declining rate of investment, you had declining rate of domestic savings which in the

TF. The underlying idea was that most political parties really have not had the time to satisfactorily address the issues, and to identify them, and to then develop their own policy alternatives. Whatever the circumstances behind them — that is a separate matter — the historic fact is that since time immemorial governments have come into office with no perspective of the nature of the problems faced and the options they can exercise.

Now, the resource available was that there was a large number of competent professional people who were motivated by the democratic upsurge and were quite enthusiastic about making some contribution. It was undefined as to how they could actually contribute.

So, you have this enormous potential and the crying need to advise the new democratic order about the nature of the problems and priorities they will have to face, and some of the policies that they may in fact review. There was a third factor.

For virtually the last decade — longer than a decade, I would say really — all policy priorities have tended to originate in papers prepared by respective donors. My view was that, with this enormous amount of talent which exists within the country, we would be doing ourselves a great disservice if we should not attempt to recapture the high ground in terms of setting the priorities for an incoming democratic government.

Now, to get a large number of professional people to volunteer their services — because the government was in no position to commit its resources — and to then deliver a professionally respectable product in a matter of two months was a pretty difficult task. That you would have had 250 people coming into this (29 task forces) and perhaps another 200 wanting to quarrel with me because I did not call them in, was an impressive and moving experience for me personally.

I have read all the reports, and I must say I am deeply impressed with the quality of most of the reports. There is obviously considerable variation in quality as well as the amount of work that actually went in, but no single report exists which does not have really interesting ideas in defining the problems, and in making suggestions about the feasible alternatives for a new government as well as the issues which the elected parliament can raise in the course of the next few years.

But it is not an alternative to the FFYP. The Plan has framework and expenditure priorities. This was essentially an exercise to look at the possibilities that exist in terms of the resources and capabilities which are within the economy, and not whether you should completely change the direction of your expenditures.

The other terms we gave them were commonplace ones. For the last 20 years everyone has thought about the eradication of poverty. But where have we moved in this direction? Each TF was asked to suppose that the government would take itself seriously and try to eradicate poverty, and also that parliament would make poverty eradication the focus of its agenda. The TFs were then asked to see what could actually be done to realise this.

Similarly, you have had stagnant growth, up, down, you have remained where you have been. Again, suppose we were to put ourselves in a dynamic upward trajectory. Then the TFs were asked to find what should be done about that.

Then of course, the binding constraint was how much of these could be realised through more use of domestic resources and domestic skills.

And finally, particular task forces were asked — where relevant — to bring in the concern of women into their sector of the agenda. Women are the most neglected and deprived segment of the community. If we were to genuinely attempt to integrate them into the development process, the TFs were asked, then what should you do about

it? DS: Before we ask Rehman any supplementary question, I would like to ask Syeeduzzaman for his evaluation, if you have any thoughts on this, on what the TF has accomplished and how you think its work and report can give us a help in our future direction.

SZ: I think this was an admirable initiative by Rehman, and he has very clearly explained the objectives behind it. Putting the issues on the table gave the government choice, and also allowed attention to be focussed on those issues. And I think it was a matter of great pride for us that 250 professionals volunteered to work on the task forces.

I did not have access to all the reports. I think I got about a dozen, and my perception is that, by and large, the reports were very good. Some were very good, others were good, and few I couldn't include in either of these categories.

One thing I noticed in these reports was that the approach, in most cases, was highly normative, highly moralistic, saying what should be done in an ideal situation, not necessarily what was practical or could be done.

DS: Would you call it utopian ideas, do they border on ideas that can be termed utopian?

SZ: No, I would call them normative. I don't know what approach the government is going to take to these reports. But I think for any ministry — and there I include the minister and secretary of the ministry — who is seriously interested in their particular sector or sub-sector, should take advantage of these reports. These should be subjected to in-depth study, analysis and evaluation to see what they can do in the short and medium term.

But I must also sound a note of caution. That in policy-making exercises, the rate of obsolescence because of elapse of time is very high. Things which are of very high priority and relevant today may not remain so in three months time. Its already three months since these reports were submitted, and I don't know how the situation will be in another three months. We have already been over-taken by the cyclone, for example. Some of the reports that were relevant before the cyclone may not be so, on an objective basis, today or in two months time.

DS: Have you had any feedback from the government? We get the impression that the media as well as experts and people outside government have welcomed the reports. Now, do you have any indication, Rehman, as to what the government wants to do with these reports?

RS: Well, I suppose the question should really be addressed to the government. They obviously have their preoccupations. We don't really know who, to what extent, is making use of these reports. The prime minister has a full set of these reports, and quite a few ministers have also been given their own copies.

What I think we are looking forward to is that the Bangladesh Economic Association is holding a meeting on the reports, and the PM will in fact be inaugurating the conference. Quite a few people from within the government will be expected to participate in the meeting and make comments. But how far the government has formally addressed itself to the reports is something I am not in a position to say.

DS: How do you react to Syeeduzzaman's comment that most of the suggestions were normative?

RS: Well, if you are making recommendations over a two-month period about what might be done, then you are bound to make a large number of normative suggestions. By normative you mean you are talking about things that ought to be done, and merely backing it up with a great deal of supporting empirical evidence.

Now, some of the task forces really did put in a great deal of empirical work. Take

the energy and transport reports, for instance. Each was has about 200 pages with an enormous wealth of factual information and analysis. But most of them took the empirical premise of the suggestions they made as given. Because all of them have worked in these areas for the last 10-15 years, many of them provided the empirical basis on which they were making their recommendations.

Here again I think it will apply to some of the reports, and within reports to some of the recommendations. Some of the observations really did derive from long-term problems facing the economy. Most of these problems have been with us for 10-15 years, perhaps longer, and they are not going to go away, unless they are effectively corrected. And the task forces have attempted to address problems which in many cases have been addressed but then buried in consultancy reports, or official papers and so forth.

DS: Judging by the successful experience of the reports, do you think our professionals are capable of carrying out large-scale consultancy work? Can you suggest to our gov-

In the very nature of aid relationship, there is a possibility that you will be ending up paying higher prices than is internationally justified. If you want that aid, then you have to accept that as part of the deal. I don't think you should put the blame entirely at the door of aided projects.

ernment to ask the donors to let the consultancy part of projects to be carried out by local professionals?

RS: I would say 100 per cent yes to that. I have come across very, very few expatriate consultants who were more competent than their domestic counterparts. In the social sciences, virtually none; in the hard sciences, obviously there are some highly specialised areas where in fact you can import expertise that you do not possess.

But obviously you have the domestic capability, and virtually 90 per cent of your consultancy needs are redundant and imposed by donors as a transaction cost to getting foreign aid. This substantially devalues your domestic capabilities. It would be one thing to bring in the Amartya Sens of this world, but you are bringing in the students of their students, who by and large would be manifestly inferior to your domestic skills. Then what are you getting out of this enormous US\$120-130 million that you invest in consultancy? Can you imagine that 50 per cent of project cost goes for providing skills in making cheera to poor rural women for which you have imported foreign consultants? When you see things like that, you don't know whether to laugh or get angry.

DS: You mentioned in your opening statement our inability to realise savings as a major reason for the crisis. Or is it our inability to curb unproductive expenditure?

RS: Well it's a combination of both. The source of this is the whole, you might say, narcotic dependence on aid. Essentially, you are now going to the donors for meeting areas of expenditure which were traditionally funded from your domestic savings. What you now call the re-imbursable project aid, which really provides the taka component of a project, traditional dividing line was that came from domestic savings and aid provided the foreign currency. Now what is happening is that anything upto 90, sometimes

100, per cent a project's cost is in fact provided by donors. I would actually say that in most cases 150 per cent is provided by donors. That is because while the effective content of project may be worth say 10 crore taka, but because it is an aid-financed project, it is costed at 20 crore taka, with perhaps 10 crore taka of the project being largely redundant.

This is the built-in distortion which has now come into aid-financed projects, most of which I find badly-chosen, sloppily-designed with an inherent waste factor. Considering that donors have participated in the designs of these projects, then have invested large consultancy resources for expatriate consultants, I am amazed that they could in fact design projects so sloppily.

DS: Let's hear Syeeduzzaman's view on this. You have written about the importance of internal savings — in this paper as a matter of fact — now would you like to comment on what Rehman said?

SZ: Well, I would like to make a normative comment, in the sense that we have talked about our domestic capacity in many of these task force reports. But judging by our own experience since liberation in 1971 — and also by my own experience as a bureaucrat and a minister — that in the First Five Year Plan period of 1973-78, the Two-Year Plan of 78-80, Second Five Year Plan of 80-85 and Third Five-Year Plan of 85-90 periods, we have exhibited a capability to exaggerate our domestic capacity and our domestic resources.

DS: When you said "we have exhibited", did you mean it was the political leadership, or the civil service, or the regime as a whole, or was it the planners who gave us this misleading impression that domestic capacity was higher than what it actually was?

SZ: I should not say it was misleading deliberately. But



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as the Finance Minister, the position from which he resigned, on his own volition, in 1987. Now, a private citizen, based in Dhaka, he takes up occasional consultancies for international organisations and foreign governments. A former professor in the Department of Economics, Dhaka University, and once one of the most articulate advocates of the Awami League's Six Point Programme and then of the liberation of Bangladesh, Rehman Sobhan was a natural choice of the first government of Bangladesh as a Member of the first Planning Commission. However, it was as a Director of the Bangladesh Institute of Development Studies (BIDS), the position he held until recently, that he established his reputation which has spread far and wide as a scholar on economic planning as well as an author of much-acclaimed books on Bangladesh. In his most recent job in the government, as the Adviser on Planning for the Interim Caretaker Administration of the Acting President, Justice Shahabuddin Ahmed, Sobhan was responsible for the setting up and coordination of the Task Force which produced 29 volumes of reports, praised at home and abroad.

The three-hour conversation with Syeeduzzaman and Sobhan produced some significant insights into the thinking of the two experts. Neither of them took up any partisan line nor followed any particular ideological approach. Thus, both were refreshingly objective and candid, with their opinions revealing a large area of agreement in their perspectives.

Since both had served several regimes in this country in high positions, we had fondly hoped that they would make some startling disclosures that would make the front page news in The Daily Star. They did not. In fact, their perspectives were only indirectly coloured by the knowledge they had gained by working inside various administrations. And what they had learnt from inside was balanced by what they knew as independent experts. This is precisely what

last two years was below one per cent of Gross Domestic Product (GDP), which must be one of the lowest in the developing world.

The structural composition of the economy in terms of the share of the manufactured goods to GDP has remained virtually unchanged in the past decade. And the degree of external dependence of the economy, manifested in the share of aid — both project and commodity — which finances the Annual Development Budget (ADB), has grown to the point where for all practical purposes 100 per cent of the ADB is likely to be aid-financed. And the dangerous problem at the moment is, that the forecast of resource-mobilisation domestically indicates that for the next two to three years this situation may persist.

Now this has a very severe price. It means that if they are going to finance your development budget, then they are going to exercise a decisive say over your policy choices. Unless the government can then address the problem which Syeeduzzaman has raised, of bringing about a fundamental transformation in its capability to both generate resources and manage them, this situation may continue.

Daily Star: We will go into that in some detail when we come to the question of economic planning. This is, generally speaking, your understanding of the crisis we are facing. Now we will go into some specific areas, and one of the areas is of the Task Force (TF). While you were an adviser in the interim government, Rehman, you presented a very interesting report prepared by the TF that you had set up. We will, of course, ask Syeeduzzaman to comment on it, but before that we would like to ask you Rehman about your thinking. What were the terms of reference of the TF and how do you integrate its recommendations into the Fourth Five Year Plan (FFYP)?

RS: Well, I think the first thing is to understand the logic of the setting up of the



our own judgement and our own pride in our ability, quite frequently persuaded us to exaggerate our capacity. We have to be realistic about this.

Coming back to the question of wastage of aid money, I think there is considerable amount of truth in this. In the very nature of aid relationship, there is a possibility that you will be ending up paying higher prices than is internationally justified. If you want that aid, then you have to accept that as part of the deal.

It is a question of the ability of our own managers, people who deal with aid negotiations at the project level, to determine whether a particular project is over-designed, how much fat is there in the project and so forth.

The other point is that I don't think you should put the blame entirely at the door of aided projects. Can we say that projects that are financed from our own resources are totally free of wastage? My own feeling is that there is much greater percentage of wastages in projects financed from our own resources.

DS: Do you find any clue in these task force reports concerning the possibility of changing the priority of the FFYP now that a political government has come in?

RS: I think because you had 29 task forces, you could not set inter se priorities. Prioritisation is a conscious political decision. Whomever is the elected government has its own set of priorities and they are to assess the issues raised

(Contd. on following page)

In order to accommodate this special feature, "Conversation," some regular features of this page, such as "Letters to the Editor," have been dropped for this issue. They will appear as usual tomorrow. For "international news," please see page six.