

Pipeline Grows, Economy Doesn't

One thing that came out of the series of interviews published yesterday with the special supplement on the Asian Development Bank's Bangladesh Resident Office's 10th anniversary, was the continuing problem being encountered with project implementation and hence the build-up of a long pipeline of undisbursed funds. According to Enam A. Chaudhury, Secretary at the Economic Relations Division of the Ministry of Finance, however, "a long pipeline is more of a myth than a reality". Though we would wish to agree with him, unfortunately the figures speak otherwise. During the past 19 years, ADB has alone approved US \$ 3,646 million worth of loans tied to projects. As of October, 1992, a massive \$ 1,683 million remain undisbursed. As Geert van der Linden, ADB's Dhaka Resident Representative, said, a pipeline of around one billion would be considered normal, but that still leaves \$ 600 million inexcusably unutilised.

Given that situation, exactly how the ERD Secretary could refer to the pipeline as a "myth" remains a mystery. He did talk at length about problems involved in land acquisition, signing of contracts and preparation of bidding documents as the main causes for the delay in project implementation. These problems are certainly not denied by any one with any knowledge about the way our bureaucracy works (or does not), but at the same time, these are also problems that ought to be solved by the authorities. The pipeline is as real as the problems cited by the ERD Secretary. The amount of undisbursed ADB loans pale into insignificance when one considers that the grand total of unutilised loans from all external sources amount to nearly six billion dollars, which is several hundred million dollars more than the combined revenue and development budgets for 1992-93.

It is quite incomprehensible how successive governments of this country, which have averaged less than four per cent economic growth over the past one decade and where the percentage of population living below the absolute poverty line has continued to rise over the past three decades, could have failed to introduce the sort of reforms that would speed up implementation of projects. We have heard in the past that "money is no problem", and the availability of this huge amount of loans only proves that point. The problem has been our lack of expertise, efficiency, sense of urgency — in short, an absence of good, honest government. Recently, the World Bank published a report which said that Bangladesh was losing \$ 300 million every year due to serious delays in project implementation. Worse, officials of disbursing agencies have said that if Bangladesh continued to build up such a huge backlog of loans, then it might become difficult in the future to justify approving further loans. Resources are getting scarce worldwide, and the number of borrowers and grant-seekers are increasing, severely limiting our room for manoeuvre.

According to the ERD Secretary, the government has already identified the problems, and is working to solve those. However, the government has to take the initiative in identifying and designing projects, so that donors are persuaded to be more responsive to local needs and priorities. The procedures for designing and approving projects ought to be simplified, and administrative red tape removed to speed up the process. The government should also begin to take a tougher line on conditionalities which may not be appropriate for local conditions. If it means foregoing a loan or two, then it is better to do that than committing ourselves to actions which may prove politically or socially detrimental to effect.

A Signal for Sharif

The Sind Provincial Assembly deserves all our praise for taking a firm line against a proposed move by the Federal Government in Pakistan to force all people in the country to list their religion on their identity cards. Islamabad's proposal has been defied by the province through a resolution unanimously adopted by its legislature last week. The resolution, moved by a non-Muslim member of the assembly, comes against the backdrop of protest marches staged by a small minority of local Christians and a hunger strike undertaken by a Catholic Bishop.

In an arrogant response to the Sind Assembly's resolution, the Minister for Religious Affairs of the Central Government has threatened to carry out the proposed invidious measure, thus making it obligatory for all Pakistanis to declare their religion on their identity cards. It would not surprise any one if, as the next move, the religion of a citizen is also listed on his or her international passport. When a country decides to emphasise religion in the socio-political life, using it as a dividing factor rather than as a unifying force, it can go to any length to carry out its plans whatever they may be.

An astute politician, Prime Minister Nawaz Sharif should appreciate that a country which has had its full share of ethnic conflicts can do without the introduction of a new divisive policy. In terms of number, minority communities in Pakistan constitute a tiny proportion of the total population. And their socio-economic position in the country is insignificant. It should be the policy of the government to bring them into the national mainstream, instead of isolating them from the majority community. The fear expressed by member of the Sind Assembly that people belonging to non-Muslim communities, identified in their identity cards by religion, may one day fall victims to the so-called cleansing process, currently used by Serbs against Muslims in Bosnia, may not be as far-fetched as it sounds. The Sharif Government may just now dismiss this fear. But the best way to remove it is to abandon the move to list the religion on identity cards. Here, Islamabad should listen to the signal from the Sind Assembly.

More than four decades ago, the founder of Pakistan, Mohammad Ali Jinnah had made a statesmanlike declaration that in his newly-independent country, Hindus would cease to be Hindus and Muslims would cease to be Muslims "in the political sense." If the Sharif administration carries out the proposed move, the Jinnah declaration will be buried and dead — for ever.

Policy Agenda Designed by Donors Fail to Find Cure

by Rehman Sobhan
Star Guest Columnist

I find that there is a tendency in the public eye to convert essentially professional discussions on such themes as the role of the public and private sector into a boxing match. An impression is created that the Public sector, cast in the red corner, embodies the spirit of Karl Marx and the Private sector, placed conveniently in the blue corner, incarnates the ghost of Adam Smith. This adversarial perspective to what are really today common problems afflicting the economy of Bangladesh detract from a serious debate on the nature of the malaise which has put the Bangladesh economy into a state of protracted stagnation. It is vitally necessary for us to take a more analytic rather than an adversarial perspective to Bangladesh's long standing economic malaise. It is now recognised by the Government of Bangladesh (GOB), opposition parties, donors, bureaucrats, business community and the economists that our economy is suffering from some pandemic disease which has laid low both the private and the public sector in Bangladesh and for which we have neither an adequate diagnosis or prescription.

It has been argued by me and others in various fora that Bangladesh's blind adherence to a policy agenda designed by our donor friends, but willingly embraced by successive governments, at least since 1982, when the New Industrial

Policy (NIP) was launched by the Ershad government, if not earlier, has so far failed to improve the health of the economy. What we have to diagnose is the billion dollar question why does the economy remain sick if we are taking repeated doses of the same medicine? Does it mean we have taken too little of the medicine or have we lapsed into bad habits, against doctor's orders, which are weakening the effects of the medicine? The fact remains that our good doctor, our donor partners, have over the years since the late 1970's, been giving us regular certificates of fitness, complimenting us for taking our medicine, accepting their dietary restrictions and even carrying out a regular regime of exercises. In only one year, in 1990, did the donors give the GOB a bad report at the April 1990 consortium meeting in Paris. We accepted their admonishments, most obediently negotiated a Policy Framework Paper prepared by the IMF and World Bank in August, 1990 and got yet another glowing fitness certificate in November, 1990 at a meeting when the donors were witness to the mass movement in Pantha Path which marked the twilight of the Ershad raj. When therefore the same donors who were endorsing the Ershad regime's faithful adherence to their policy prescriptions start handing out similar certificates of good conduct to the present administration one can only register genuine concern about

the longevity of the regime.

The Economy is Sick

The unpleasant truth however remains that the patient — the economy of Bangladesh — is sick and has indeed been sinking since the mid 1980's.

The GDP growth rate in the 1987-92 period has been lower than in all the successive quinquenniums, even below the crisis ridden post-liberation period. The rate of investment has declined, the rate of gross domestic savings sank below 1% in 1990-91, one of the lowest levels in the developing world, the growth rate of industrial output has been at its lowest, private manufacturing investment in real terms, has since 1985, declined absolutely. The only positive signs of good health, the agricultural sector, has registered growth largely in cereal production. But most other crops from jute, sugarcane, tea, oilseeds have shown low or negative growth so that overall agricultural growth has been weaker than in the 1970's and more irregular. Our success story of garment exports which must be recognised as such by all of us, has given us a net value added from its export, of about \$ 300 million. This is due to our continuing need to import cloth and other inputs for making garments. Our earnings from garment exports is thus not enough to compen-

sate the slump in traditional exports, so that our export/GDP ratio remains where it was at the end of the 1960's.

The donors favourable mention of successful macro-economic performance in the way of narrowing the budget and payments deficit, the improved reserve position of \$ 1.7 billion, and decline in the rate of inflation, are in fact further symptoms of our economic malaise rather than signs of good health. The build up in reserves from about \$ 7/800 million when the elected government took over in March 1991, by an additional billion dollars in the last 18 months, is a symptom of the deep business recession in which the Bangladesh economy has been trapped for the last 5/6 years. This recession has only deepened in the last 18 months. This recession is further manifested in the slow oftake of aid, the resultant increase in the size of the aid pipeline and the build up of liquidity in the commercial banks.

No New Investment

In spite of removing margins on L/Cs for imports, reducing interest rates and exhortations by the Finance Minister to the banks to activate lending to the business sector, businessmen remain inhibited to revive imports, build up inventories,

increase production and plan new investments. I can think of no major new investment in the private manufacturing sector which was planned and more to the point, commissioned in the last 18 months. The lament of the Finance Minister that the government have given the right policy signals, and that there is no shortage of credit of finance investment, reflects the fact that neither the GOB, the donors, the business community or the economists have managed to diagnose the sources of our illness so that they can prescribe workable remedies.

What some of us have been trying to say in our writings over the last several years is that we must first recognise that the economy is sick. This was certainly recognised by the Finance Minister when he was addressing seminars and public meetings against the policies of the Ershad regime before March 1991. This malaise is recognised now most vocally, by business community and somewhat reluctantly by the donors. Where there is more uncertainty is over the causes of the malaise. Before March 1991, the Finance Minister could distribute the blame between the over-simplified policy prescriptions of the donors and the rottenness of the Ershad government. Today he finds the donor's medicines more palatable and has made common cause with the donors

that it was the irremediable worthlessness of the Ershad government which made the donor's prescriptions unworkable.

No Modification

But can this proposition of the GOB hold good? After all the policies of the Ershad government were not personally executed by the President or some of his Ministers. They were executed by the very same bureaucracy and executive machinery in the field serving the present government. The present government has modified neither a comma or semi-colon in the policy prescriptions negotiated by the Finance Secretary, now retired and the ERD secretary, still in place, in Washington in August 1990. The present government has reaffirmed commitment to all the loan conditionalities negotiated by the previous government such as the Food Crop Sector loan and Public Enterprise reform loan with the ADB, as well as the Financial sector, Energy sector, the Industrial sector loans with the World Bank which have dictated virtually the entire policy regime of the present government. Since all these policies are today being implemented by the same bureaucratic machinery which served the previous government it would be difficult to place all the responsibility on the failures of implementation on the outgoing regime.

(To be concluded tomorrow)

Victory of Marxist Leader Bucks Worldwide Trend

Mohamed Hamaludin writes from Miami

THE electoral victory in Guyana of Dr Cheddi Jagan, a Marxist of more than 40 years' standing, bucks the worldwide trend of leftist leaders being rapidly discarded. For Jagan, a 74-year-old dentist, the victory has been a long time coming.

The story goes back to the late 1940s when Jagan, of East Indian parentage, returned to what was then British Guiana after studying in the United States. He became involved in politics. A few years later, Forbes Burnham returned home from studying law in Britain. Of African descent, Burnham soon found a popular following among the country's Afro-Guyanese.

Jagan and Burnham were united in a movement that became known as the Peoples Progressive Party, the first popular political group in the small nation that brought together both the rural-based Indo-Guyanese and the urban-based Afro-Guyanese. It was a mass movement that was to end British colonial rule in 1966.

In the 1950s, British de-colonisation was gaining steam, and Burnham caught on quickly while a student activist in London. Jagan, meanwhile, was exposed to the appalling conditions in which non-Whites lived in the still-segregated US as he studied in Chicago and later Washington.

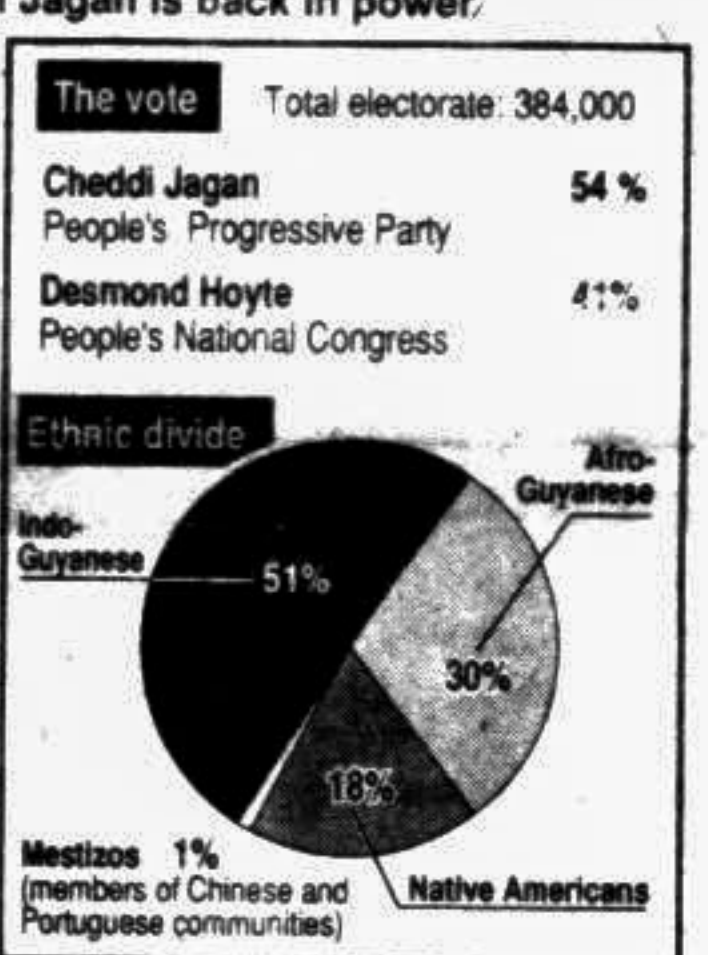
In 1953, Jagan became premier of the first PPP government when the party swept to power, but was kicked out of office by the British because of his Marxist leanings.

The PPP again won elections in 1957 and, as Britain prepared to cut colonial ties to Georgetown in the early 1960s, Jagan seemed destined to become the first popularly elected Marxist leader of an

Veteran Marxist Cheddi Jagan is back in power in Guyana after nearly three decades in opposition, having polled 54 per cent of votes cast in the general election on October 5. Gemini News Service traces the long career of Guyana's new president, and assesses some of the problems facing his new government.

The return of the radical

After 28 years veteran Marxist Cheddi Jagan is back in power.



independent country. But that probability did not sit well with the West. It is widely believed that the CIA was the instigator of widespread social unrest in both 1962 and 1964 that led to race riots, loss of life and substantial destruction of property.

With racial tension running high, the British imposed a proportional representation electoral system in a new constitution. Despite polling the most votes in the 1964 elections, Jagan failed to establish a majority.

By this time, Burnham had split from Jagan to form his own Peoples National Congress (PNC). He snubbed overtures from Jagan to form a coalition government, and instead picked a small new conserva-

tive party, the United Force, which represented the elite business class and was led by industrialist Peter D'Aguiar, of Portuguese descent.

Many observers, and certainly Jagan himself, insist the 1964 elections were the last free and fair elections in Guyana. Burnham led the country into independence on May 26, 1966. In elections in 1968, his PNC claimed a majority and formed the government.

Burnham adopted an increasingly leftist posture, nationalizing the bauxite and sugar industries and subsequently pronouncing a policy in which the ruling party assumed power over the government.

Jagan, meanwhile, was pushed even further left, ce-

menting relations with the Soviet Union and Cuba. He was to remain in the political wilderness for 28 years, until his victory on October 5 this year.

Jagan is credited with staying off a bloody confrontation between his PPP and Burnham's PNC as the ruling party became further entrenched in power.

As his followers demanded strong opposition, even to the point of armed revolt, Jagan insisted that the problems of the country would become so desperate that the people would themselves reject Burnham and the PNC and seek his leadership.

Jagan was especially heartened by such a trend in the 1980s in Dominica, where Patrick John was repudiated and Grenada, where Eric Gairy had to flee.

But the only popular revolt that started to gain ground came not from Jagan and the PPP but from historian Walter Rodney, formerly a teacher in Jamaica and Africa. He took up the helm of the fledgling Working Peoples Alliance.

Rodney openly challenged Burnham's rule in words and deeds that were unfamiliar to the political culture that had been fostered by the PNC-PPP rivalry.

But he was assassinated by a car bomb and the movement that he led foundered. Once again it was a two-horse race between the PNC and PPP.

No other mass movement arose to challenge the PNC-PPP hold on politics. Many of

the professional, skilled Guyanese went into voluntary exile, scattering across the Caribbean and North America.

Ironically, the rivalry of Burnham and Jagan is believed to have been key to stability in a country whose politics has been volatile for a generation because of the racial mix. Some 51 per cent of Guyanese are Indo-Guyanese and 30 per cent of Afro-Guyanese.

Jagan pursued a policy of tacit complicity with Burnham's socialisation efforts, often complaining that his rival was not proceeding fast enough to shift the country into "scientific socialism."

Burnham preferred "co-operative socialism" and underlined that philosophy when he named the country the "Co-operative Republic of Guyana" — breaking away from the British Queen as the titular head of state in 1973.

Burnham died in 1985 while in office. The PNC named one of his senior lieutenants, lawyer Desmond Hoyte, to succeed him.

Hoyte claimed victory in his own right in elections in 1985 and embarked on a programme to privatise all state enterprises and open the country to foreign investment. He unraveled the fabric of socialism Burnham had weaved.

Jagan remained a firm opponent of renewing Guyanese ties with the West and flirting with capitalism. But his ideology suffered a blow following the collapse of the Berlin Wall and the disintegration of the Soviet bloc.

After nearly three decades in opposition, it is ironic that Jagan's final return to power came not through a popular uprising but through the repudiation by Hoyte of the very social principles that Jagan held dear most of his life.

The active intervention of Western governments and institutions, particularly the Carter Center in Atlanta, helped to ensure the election was not rigged.

In the past two years, Jagan has softened his view on "scientific socialism" and has become willing to accept private enterprise. But he remains adamant that the national interest and the rights of workers must be protected. That will no doubt govern his economic philosophy.

The economy will be his most important challenge. The value of the Guyana dollar has dropped from an almost equal status with the American dollar less than 20 years ago to the present rate of G\$125 to US\$1.

There is no hard currency in the country to pay for key infrastructural work, and Jagan must be able quickly to attract outside help, whether in foreign aid or investment.

But, like Burnham and Hoyte, he will find that little can be done, even with a small population of 700,000 and a land mass of 83,000 square miles, without stability and national harmony.

An encouraging sign is that he was able to garner 54 per cent of the vote, indicating that his appeal cut across some of the racial and economic barriers that have plagued Guyanese politics all these years.

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To the Editor...

Letters for publication in these columns should be addressed to the Editor and legibly written or typed with double space. For reasons of space, short letters are preferred, and all are subject to editing and cuts. Pseudonyms are accepted. However, all communications must bear the writer's real name, signature and address.

Unemployment

Sir, Most of the countries of the world have unemployment problem but Bangladesh is perhaps the worst sufferer in this case. Nearly one crore prospective people are out of employment. Among them ten lakh are educated.

Recently, the Malaysian Government has shown keen interest to import manpower from our country. This is an excellent opportunity before us. Our government should not miss it. The Government should also try to find job vacancy in some other rich countries as we are a poor country which cannot provide all the unemployed people with jobs. In this respect the government may have to relax our immigration formalities and set up such banks as can extend loans to the people interested to work abroad.

Payezur Rahman
South Masdar, Narayanganj.

Father Timm

Sir, One cannot help but wonder why father Timm, recklessly seeks to gain Bangladeshi citizenship by writing letters in various newspapers using words 'deftly' about his career, and mentioning the many years, he has spent in Bangladesh. He could have very well tried to do so through a court of law.

His claim, "so I am no different than Christian Bangladeshi citizens..." is not true (letter of October 9, 1992). The Christian Bangladeshi citizens are the "children of the soil by birth."

Father Timm has claimed to be an educationist. Then he must be aware of the poem called "Patriotism" by Sir Walter Scott. If he has failed to recognize the facts of life, then I must say, I feel sorry for him. Nevertheless, at this age Father Timm ought not to go for any kind of material gains.

Nahasha Kamal
Dhaka.

Review for Promotion

Sir, I strongly endorse the views expressed by Mr Kabiruddin Sarker in your daily of 5th Oct (Review of Promotion). In fact he has echoed the sentiments of all right thinking people on the subject. It is sadly felt that promotion by 'interview' in our country is a synonym of promotion by nepotism favouritism. Promotion to the posts of Joint Secretary, Deputy Secretary a few months ago has rightly led to a widespread and scathing criticism. It is not understood why the government went for a system which is questionable and which made hundreds of officers victims of injustice. The Council Committee is the highest body on service matters and if it acts with motive nothing can be more painful and agonizing.

It may be mentioned here that a few days after promotion to the posts of Joint Secretary and Deputy Secretary, about 700 officers of BCS (Edn) cadre were promoted to different higher posts. These promotions were made strictly on the basis of seniority, ACR and dossiers. As a result, no criticism were made, no eyebrows were raised from any quarter.

Similarly, one month ago, 14 officers of BCS (Taxation) were promoted to the posts of Commissioner (Tax) on the ba-

sis of the above principles and there was no creeping and heart-burning from anywhere. The same principles are followed by BCS (Accounts), BCS (Customs) and practically all other cadres.

But deviation in the case of promotion to the posts of Joint Secretary and Deputy Secretary was apparently deliberate maybe for giving favour to some people. The whole thing appeared as a result concerned officials have a feeling that promotion does not depend on their efficiency, honesty and integrity but on how much "political backing" they can muster. If at all there is need for interview that should be conducted by a neutral body like PSC and not the questionable Council Committee.

It may not be out of place to mention here that during Pakistan time only a fraction of people sitting for Central Superior service examination could get jobs but never any question was raised about the integrity of the PSC. But now integrity of the Council Committee is being questioned. Does it not provide some food for thought? By acting whimsically and arbitrarily the Council Committee created a big problem where there was none.

If the Government is honest in its intentions it should retrace its steps, cancel the promotions under question

and reprocess the matter on the basis of seniority, ACR's and dossiers. It is not a shame to admit one's mistakes, rather it is a sign of magnanimity and large-heartedness. There is a general feeling that in about 60 per cent cases selections are made on the basis of nepotism and favouritism. As such the Council Committee has also lost respectability and reliability.

Judiciary is the last resort for justice and the affected officials have rightly taken its shelter. So if the Judiciary does not come forward and rise to the occasion people will have a feeling that even the semblance of justice is also gone for good.

A retired officer

Company Dividend

Sir, Bangladesh Export Import Company Ltd. is the pioneer company of the Beximco group, one of the few renowned group of companies in Bangladesh. The Export Import Company started its business some 20 years back and with its bright achievement has now more than 20 associated companies.

The Export Import Company sold its shares to the public about three years back. Business persons in general and the stock brokers in par-

ticular anticipated a bright future of the shares of this company. During the 1st year (1989-90) after the company went public, the board had declared a dividend of 20%.

For the 2nd year (1990-91) the board had declared a dividend of 10% only which is less than the bank leading rate. What is more shocking is that the dividend was declared from last year's reserve and the company has now a reserve of Tk. 5,000.00 only. If business of the company goes in the same pace, then there will surely be no dividend from the earnings of the company in future. It is very surprising that while other units of the same group are making good profit, why the pioneer company which is lovingly called the "Mother Ship" by the stock brokers is limping backward?

As a shareholder of the company I draw the attention of the management of the company to reorganise the activities of the company so that good dividend may be paid to the minority share holders who have a very strong faith in the capability of the management. I hope the Directors of the company will act to the expectation of the shareholders.

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