

Finding a Footing on the Global Trade System

Commerce Minister M Shamsul Islam said the other day that a task force would be set up soon to examine ways to exploit in full the potential for our export sector offered by the recently concluded Uruguay Round global trade pact. This indeed is what we need to do at this hour. We have to do our best to take the fullest advantage of the market access package offered by the General Agreement on Tariffs and Trade (GATT) accord.

The Commerce Minister was speaking at a seminar on free market policies and their impact on our economy, organised by the Dhaka Chamber of Commerce & Industry. Stressing the urgent need for further expansion and diversification of exports, he pointed out that the GATT accord has opened up a new opportunity for the integration of our trade with the globalised system.

The GATT accord is said to contain the most comprehensive package of measures designed to liberalize trade in goods and services across the globe. However, the sheer volume of the agreements — thousands of pages — and the complexities of the text, would probably dissuade an individual exporter, or even a single trade body, to delve into the contents. All the same, exporters and their organizations, entrepreneurs and industrialists, policy makers, even the farmers, also the service sectors, need to understand the full implications of the agreement. They have to learn where benefits lie and where pitfalls lurk.

Analysts suggest that the global trade accord lacks in specific provisions for stimulating exports of least developed countries like Bangladesh. To be sure, least developed countries would earn exemption from certain provisions of the accord and gain a longer time frame to implement certain other requirements of the pact. Yet, there is hardly anything by way of targeted incentives for the least developed countries' exports. By and large, they would have to compete with other and more advanced developing countries to expand, or even retain, their market shares.

The proposed task force would fill up a vacuum in the area of study and follow-up action on the global trade pact. It is said that the body would comprise of both local and foreign experts. It is important that the task force is set up with least possible delay. Arrangements have also to be made for the dissemination of its findings widely and quickly. In fact, a continuous stream of information should flow from the task force to the exporters and entrepreneurs. The task force should also be in a position to answer queries from all those concerned with export trade. The government should make necessary institutional arrangements to let such an information network function smoothly and effectively.

Locating product-specific market access provisions of the global accord which could benefit our export trade most in the short term, should perhaps be the immediate priority of the task force. For instance, the developed countries would apply deepest tariff cuts on imports of tropical products. There is no reason why Bangladesh should not seek for itself export markets for products in this group. Needless to say, such ventures would call for building new export capabilities, active marketing strategies and an appropriate policy framework.

Let the establishment of the task force mark the beginning of sustained efforts to strengthen our export sector to enable it to face stiffer competition that world trade liberalization is sure to usher in.

Bravo Vicki

There shouldn't be anyone in the world calling oneself educated and yet not knowing the name Brian Lara. Similarly there was a time the whole world knew of the feat of Charles Lindbergh. And his legend lives on 67 years after he pulled his world-stunning feat-flying solo, naturally non-stop, across the Atlantic. And alas! who knows about Vicki, the 12-year-old who on Tuesday did exactly what Lindbergh did. Is it that the world has yet to wake up to the fantastic flight in such a short time? True, Vicki's performance came without a notice as against Lindbergh's which set the civilised world all agog with excitement and anticipation. Now that Vicki's dream flight has been well-covered by the global press, will mankind remember Vicki as it does Lindbergh? Hardly likely — who remembers the duo that set the world record of 'solo' non-stop circumnavigational flight of the globe recently? And every school child knows his Magellan although that courageous man could not complete his trip.

How we want the world to be impressed by Vicki Van Meter and to remember her as a true heroine of our time! Because of her tender years? Sure. A child she is by every definition and not many summers yet past her infancy. And she flies a plane across an ocean! Her technical adroitness is beyond question but at the same time is hardly as impressive as her fearless engagement of the improbable task haul. Can it be that she is not yet grown up enough to get scared or to have doubts and to falter? Perhaps not. Whatever her age, she is already a more seasoned aviator than many of her seniors by tens of years. And on the way of her logging hundreds of hours — she must have collected a bagful of dangers lurking every moment of each of her flights. We must say Bravo Vicki, we must say you are wonderful Vicki. Forced by weather to give up your 30,000 feet lane, you just got down to a 500-foot attitude and pulled it through! Courage, thy name is Vicki.

Our power to wonder at things is definitely diminishing at a dangerous speed. We are simply being mobbed by hordes and legions of improbable-to-impossible events achieved by man. This is a positive loss. Let Vicki turn on in us that beautiful thing — the joy of marvelling at things we thought were beyond the powers of man.

THE independence of the central bank is gradually heading to assume a perennial source of discussions among academics, policy-makers and donors. For example, Mr Leigh Pemberton, the last governor of the Bank of England made no secret of the view that the central bank should be free so as to combat inflation comfortably. In a recent memorial lecture in Calcutta, the Governor of the Reserve Bank of India Mr C Rangarajan, is reported to have candidly brought to the fore the issue of the autonomy of the central bank of India. Although adorned with brevity and pragmatism, such a speech by a central bank governor in many other developing countries could invite all sorts of problems for the honorable governor, including a show cause, if not a dismissal. As we all know, governors of central banks in most of the countries are treated like other public servants with little freedom to place independent views where central bank appears as "spokesman" of government not of the state. However, Rangarajan is an academic of outstanding height by himself, an authority in financial management, especially, of central banking and as such his views, probably, were reckoned with due respect rather than with sticks.

Central Bank's Role: Historical Anecdote
Once upon a time, under the gold standard, the central bank's principal function was

to manage gold reserves with a view to protecting the solvency of the banking and monetary system. It was in fact a servant of the market where the central bank had to obey the rules but not a master that could alter the parameters of the rules. With the demise of the gold standard and with erratic variation in gold reserves happenings, some central banks started poking into markets in the interest of monetary stability. Keynesianism in the post-war period saw a virulent shift in opinion where the central bank was expected to pursue a government supportive monetary policy implying that the monetary policy of the central bank should be friendly to the government's avowed interventionist objective of managing aggregate demand. The central bank was, however, bestowed with some discretionary powers but the application of that power was made subservient to the policy parameters of the government for facing the macro-economic stability. From the early 1970s, with monetarism reigning supreme, the central bank was stridently urged to uphold its sovereignty, move by its set targets and give less credence to the populist pressure of the government.

Central Bank and Government
Cross country experiences suggest different degrees of

independence of central bank. Developed countries like Japan and France, even without legal structure of an independent central bank, demonstrated their immense ability to orchestrate sound monetary policies while the US and German counterparts thrived with more autonomy and sound monetary management. The Deutsche Bundesbank Act clearly entrusts the bank with the power to regulate money in circulation and the supply of credit in the economy and at the same time stipulates the independence of the bank in performing the job. In case of a conflict between the bank and the government, the objective of price stability would carry the day. It is not only independent of federal government but also independent of the review and control by Bundestag. By and large, the bank can make monetary policy without consulting Bonn. The 1946 Nationalization Act of the Bank of England sought to give power to government to issue directives to the bank. Of course, this power is hardly being exercised but we can quite well guess where lies the power. The nationalization of the Reserve Bank of India in 1948 was intended to ensure that it served the purposes of the government. The roles played by the bank and government apparently look complimentary but as is being argued, the bank behaves more as an agent

carrying out the fiscal and monetary intentions of the government than that of an independent advisor as is expected of a central bank. The Bangladesh Bank order inherited some of the attributes of the State Bank of Pakistan and that of the Reserve Bank of India wherein the complimentary role is enunciated but it is being alleged that more often than not government's continuous instructions tend to undermine the sovereignty of the central bank. It does not, however, mean that the central banks of Bangladesh, India and Pakistan don't exercise "NO" to some of the directives but such "NOs" are often like that of good housewives who nag for a while but have to accept the reality that the adamant husband is the ultimate decision maker.

The relationship between the central bank and the government is not thus uni-modal, rather multi-modal based more on factors of historical evolution of the bank, the diverse interest in the societal polity, war ravages and attitudes of government peculiar to a particular country, and should therefore be non-comparable. What is, however, comparable is that over the course of the period, more independence to central bank has been recognized and half-hearted attempts were made towards achieving that end.

Amidst growth and adjustment worldwide, tremendous changes in the financial landscape is already taking place or changes are in the offing. Views are galore that in this changed scenario, the central bank ought to be given undisputed authority to act as an independent professional institution to be linked with the question of accountability. The proponents of central bank autonomy would like to say that ... in the process of growth and adjustment we need an ambience in which an opportunity is given to the central bank to form its views and the bank is sufficiently independent to do so; at the same time the executive government should feel that the skills and the expertise available within the bank make the bank's view worth listening to...

Necessary and Sufficient Condition
Rangarajan's suggestion for autonomy on the plea that the ministry that gives directives to monetary phenomena changes with political swings and hence the autonomy would ensure that continuity has its logical standing. But a complete independence carries a grave risk by putting the bank in the eye of political storm. That Bundesbank did not face such a risk is altogether a German story rooted in its history and culture. In this part of

the continent, autonomous institutions are yet to take roots and that for central bank is yet to think of. However, the independence of central bank, if comes at all, should be treated as necessary but not as sufficient condition for a strong and effective central banking. The sufficient conditions are levels of the bank's expertise and professionalism which are functions of its research and communication abilities, of high quality recruitment and the independence in the determination of salary structure and career profiles.

In the mean time, it seems, attempts should be made to bring the "good housewives" out of the household premise. First the directives to the central bank by the government should be open and transparent and second, they should be allowed to clearly state their views on the economy in general and monetary world in particular, in proper forums and before the legislature. This is not to suggest to place the central bank at the disposal of the legislature but to suggest the relationship existing between the Federal Reserve Board and the Congress.

The former has to report to the latter but the latter has no control over the former. Along with government views, the views of the central bank would make things more transparent and productive.

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The Daily Star Public Debate: What do Our Readers Think?

Election under a Caretaker Government or Perfecting the Election Machinery?

by Abdul Momin

ELECTIONS under a caretaker government in 1991 had been the unique innovation of Bangladesh, with Pakistan being the sole imitator. In course of the "Star" debate, one of the esteemed participants stated that certain African countries were thinking of following suit, but he did not name them. In actual fact, the elections in South Africa took place under a regime that had practised apartheid for decades and had for centuries kept the overwhelming black population under the heel. In Malawi polls were held under the 30-year dictatorship of Dr Hastings Banda. Both these elections have been hailed as having been fairly and impartially conducted, all sides expressing satisfaction. That fair elections are possible under a party gov't or adversarial disposed regime is also proved by the 1954 elections in East Pakistan when the ruling Muslim League was thoroughly trounced, and the 1970 elections when a party advocating near secessionary autonomy swept the polls. There must

have been special circumstances in Bangladesh leading up to the situation in 1991 when a caretaker government was seen as the sole alternative.

Lt Gen H M Ershad had illegally seized power in 1982 from a democratically elected government and consequently faced agitation throughout the 80's from a combined opposition to make way for a legal and fairly elected government. In that situation his endeavour was to rehabilitate himself as a legal government by holding elections which by their verdict would legitimise him. However, the rigging in these elections was so that people had no faith in any election under his regime. Thus, on the one hand the illegal government had to make way for a legally elected government but elections under that regime were deemed self-defeating. Hence the device of a caretaker government.

The question is: have those conditions been duplicated so that there is no alternative but to re-apply the same remedy?

The present demand is based practically on the basis of one by election-viz. Magura-2 and it has lately been asserted that the legally elected government should immediately vacate office and elections be held under a caretaker government. If this demand is conceded and the precedent is established that when a combined opposition makes normal working of government difficult through abstention from Sangsad and street agitation because of dissatisfaction with one or more by elections then there would be no alternative to the government vacating office in favour of a caretaker government. Since by elections are to be held under the government in power (even if the preceding general elections were held under a caretaker government) such a precedent will introduce a permanent source of turbulence and destabilisation in the body politic. The opposition of the day may grow restive after 2/3 years and be eager to try for power anew immediately by unseating the elected government. If this state of affairs

comes to prevail, development effort will be permanently retarded as entrepreneurs will never feel sure of tomorrow.

The basic premise of the growth of democratic governance is that the elected regime will be allowed to rule for the prescribed period so that they either justify the people's choice or damn themselves in the next elections. India is held up as a bright example of democratic governance. There, the elected governments have been allowed to govern for the prescribed period during the last 45 years with one interruption of Mrs. Gandhi's emergency. Not that there were not adverse circumstances in national life. There was the Himalayan debacle in the Sino-Indian clash in 1962. India was kept provided by a chain of Liberty food ships even during the sixties — 20 years after independence. The other day the Chief Election Commissioner of India spoke of a disease in the heart of Indian democracy. But neither the military tried to step in nor

have the opposition parties called for the resignation of the government and elections under a caretaker government. All this has given time for the democratic culture to take root and grow. Should we not follow that example?

The device of a caretaker government will be a permanent crick which will hinder the growth of built-in strength in the democratic process. It would be as if the baby which tried to stand up walk from the crawling position was kept continuously in the mothers arms lest it hurt itself. Should we not try to be more dynamic and innovative than the re-apply the same device whether it was appropriate or not?

In course of the "Star" debate allegations have been made of government misuse of power during the by-elections by which they tried decisively to influence the outcome of the elections. That is the main bone of contention. Could not an agreed regime be drawn up as a result of discussion which will keep the exercise of governmental power within appropriate limits during the period of elections? Some of the suggestions that have been made so far are deserving of note:

(a) The Election Commission may be made as independent of the government as possible and invested all necessary powers for the conduct of election free from all extraneous influences.

(b) Transfer of key officials on the eve of elections/by-elections should be made with the concurrence of the Election Commission.

(c) Identity cards should be introduced as in Dupunta.

(d) Influence of money should be curbed as suggested by Finance Minister Saifur Rahman by government itself providing funds to the parties for the purpose. EC should more rigorously control the expenditure of money by candidates.

(e) Mr Muslehuddin Ahmed made many valuable suggestions which together with others may be gone over by the political leaders to evolve a blue print of agreed measures.

There Mustn't be a Dilemma on the Issue

by Engr Alamgir Faruque

THE well-thought and timely move to initiate a debate and seek public opinion on the most pressing issue currently being confronted by the nation deserves praise. As an educated and conscious citizen of Bangladesh, I take this opportunity to express my views on the subject.

In the context of Bangladesh, I strongly endorse the view that national election should be held under a non-partisan caretaker government. Rationale of my views are presented below:

1. Judging from how all the national elections were held in Bangladesh since our liberation in 1971, it becomes clearly evident that the party in power has always manipulated and influenced or, at least attempted

to do so, to a varying degree. The electoral results by misutilizing various logistics and physical facilities of the government run by the ruling party. Election Commission, despite its often good intentions, often remains a helpless spectator. Helpless, because the EC does not have real control over various Govt agencies and departments engaged to assist EC to conduct elections. In most cases, EC has hardly any control over these agencies and departments whose real control lies with concerned ministries, whose real control lies with the party in power.

2. Alluring voters with tall promises or even intimidating voters of dire consequence by the party in power, which is often encountered by minority voters, is highly unethical and

exceeds all civilized norms. Contesting parties face a big dilemma with majority of our improvised voters, whose mental faculties are not as developed as in highly literate and developed countries, who are prone to these kind of swindling promises by the ruling party causing hindrance to fair judgement by the voters.

3. Irrespective of the procedural amendments adopted by EC for conducting national polls, as long as the dependence of the EC continues on the various agencies of the government run by the ruling party, we cannot expect a free and fair election. So amendments of EC's election procedure will have absolutely no impact on fairness of an election.

All conscious citizens of Bangladesh are well aware

about what happened in Magura 2 by-election. If swindles of such magnitude can happen in a by-election whose results had no impact on the ruling party's rule, one can well imagine what would happen in a national election.

5. So far in Bangladesh, we have not seen a single election other than the one held under the caretaker Gov't of Chief Justice Shahabuddin Ahmed which was free and fair. There is not one single example, where a ruling party lost a national election and handed over power to a winning party. There has never been a winning party other than the one who is in power. Immense greed for power makes our political parties absolutely irrational and arrogant, discarding all respects for democracy and patriotism.

Based on the election results, a government formed by the winning party, singularly or in coalition with others, would run the affairs of the country as per democratic principles for next five years.

During the process of ruling, they would work hard for the welfare of the people and the country. Obviously, they would refrain from all sorts of autocratic and anti-people steps as because they would look forward to facing the next election and seek popular support if they desire to stay in power.

Meanwhile, the opposition political parties will have to evaluate reasons for past mistakes and come up with better plans and programmes to gain confidence of the people to win next national election. This two-fold awareness amongst

the ruling as well as the opposition parties will lead to adherence to democratic principles. Such elections held under a caretaker government will act as a refining media for all the political parties and create accountability. As a result, after repetitions of four to five national elections under a neutral caretaker government, democratic principles will make a firm foothold in Bangladesh, culminating in rapid development of the country which is the ultimate goal of the nation.

So, for the sake of democratic values and norms, let us amend the constitution and hold national elections under a non-partisan caretaker government, till such a time our political parties attain a high ethical standard.

To the Editor...

Letter on the Debate

Caretaker Government or Powerful Election Commission
Sir, History, in fact, never repeats; not 1970 and 1991 would either. The campaigners for caretaker government for the next general election point to the cases of the two historic elections. The citation is wise in terms of building argument but unfortunately torn from the context.

The whirlwind of debate concerning caretaker government evolved to the present shape amidst 'ego battle' of the political parties. In fact, the event that hatched the present uproar in political environment was less than significant. The incidence of Magura by-election only sparked the demand. The fate of Bangladesh politics is that it is never governed by the priorities of national interest and the whim of the political parties overrides the interest of the people. The last two Budget sessions were

boycotted or walked out by the Opposition putting forth a cause that had died away even without being resolved. It is the third Budget session where Opposition is likely to be absent. And nothing short of, as they argue, the commitment for caretaker government could bring them back to the Parliament.

Similarly, the ruling party has been behaving in a manner as if the Parliament can be monopolised.

In this context, the demand for a caretaker government for next general election has become the affairs of ruling-opposition controversy rather than the reflection of people's ambition.

The concept of caretaker government inherently refers to an ad hoc set up. It is more than clear to the nation that the electoral process, from securing party nomination to getting declaration of result from the Election Commission, is far from fair. But if the ques-

tion is put to the ruling or opposition party that how many people of the country are aware that there is a separate body namely Election Commission which is assigned for holding election, could they offer an unhesitant answer? Not at all. The successive autocratic regimes have made the EC invisible and ineffective. The present ruling and opposition parties have played no positive role to rebuild the role and image of the EC. Some of the arguments came out of the opposition personnel tried to give the impression that the people had accepted the idea of caretaker government. How do they know that?

On the other hand the ruling party is trying to reject the proposal outright saying that the proposition is unconstitutional. Do they ask the people to believe that the Constitution is a holy book that ever can be changed? In both cases the ruling and opposition parties have been considering the is-

sue as partisan not as national political interest.

However, if the demand for a caretaker government is to restore voting right and fair election environment, the whole frame should be envisaged to strengthen the EC. On the other hand, it should incorporate some other important considerations as to how long the caretaker government will be needed to surrogate the Election Commission? Could it prevent electoral violence? Could the provision of caretaker government repair the eroded values in election behaviour? And finally, will it be able enough to eliminate the process of vote buy-up?

Introduction of caretaker government will be viable only if, as Rashed Khan Menon, MP, argued, it is taken with the consideration of strengthening the role of EC. In fact when the EC will be functionally able to control the whole electoral process autonomously, only then the

spectre of unfairness in voting can be driven away. The last mayoral election was sufficient enough to prove that EC can proclaim notifications of different manner but virtually powerless to take action against violation of electoral conduct. From the Public Debate of the ruling and opposition leaders, it appears that either they are short-sighted or they have tactfully ignored other issues which should have been inseparable from the issue of caretaker government.

If the ultimate aim is to establish the voting right of the people and an unbiased powerful and independent EC, the following measures should be pondered along with the concept of caretaker government:

i) The necessity of caretaker government should be determined for next 2-3 terms ceding to the commitment that meanwhile the tradition of fair democratic electoral behaviour could be restored.

ii) The mass media should be gradually made autonomous so that it can be used for election campaign without any partiality.

iii) A separate temporary election campaign set up under the supervision of EC can be considered, which will take up the task of election canvass of the competing candidates; in the context of failure to control the unlimited expenditure of the candidates in the past election this can be a useful means.

iv) The success of introducing identity card of the voters in the Dapunia local government election should be extended to national level. The voters list, however, needs to be renewed after every 3/4 years (provided the nation can bear the 5-year term of parliament peacefully).

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