

Power Supply Problem

Figures do not speak it all and all the time. But sometimes they do and in a most telling way. The statistics of power generation and supply are one such measure of how the public life in general is being affected. According to a report, electricity supply falls short of its requirement in the Dhaka Electricity Supply Authority (DESA) area by at least one-sixth of the amount. The country's total requirement of this distribution-based energy has been estimated at 1,750 megawatt as against the present production capacity of 1,400 megawatt. Naturally the Power Development Board (PDB) has been forced to ration its supply of power. The DESA area has to be satisfied with 100 megawatt less and in the same token the cut on power supply to the south and north of the country is by 99 and 95 megawatt respectively. Even more importantly, 16 out of 28 power generation units now remain shut for repair, refurbishing and overhauling.

These are however only cold figures. Compared to the sufferings and loss people and industries are being subjected to as a result of the frequent disruption of power, these figures look rather innocuous. And all the excuses made by the authority are simply cold comfort for the victims. That it is the lean season and the water level of Capital Lake would fall below the standard mark is common knowledge. Repair and overhauling works, to our knowledge, take place in phases and this cannot ignore the effects it might have on the consumers. After all, the consumers here pay one of the highest rates for electricity in the world. No excuse is enough when they pay so dearly and yet are subjected to intermittent power disruption.

Against the backdrop of serious adverse impacts on industrial production, such a patchy system of power generation cannot be allowed to continue. In keeping with the principles of free-market economy the system has to be efficient and competitive to the extent that the industries consuming power also become competitive internationally. Even the domestic consumption has to be as much trouble-free. But the agencies responsible for the production and distribution of power tend to behave in a most strange manner. The attitude is that they are doing people a favour and sometimes use the commodity as private property. This notion must go in the first place. Then, of course, the in-built deficiencies and corruption have to be strictly dealt with.

As we know, the World Bank stopped releasing funds for new power plants and the repair or overhauling of the aging ones unless the much-maligned system loss could not be done away with. The WB pressure made the PDB and DESA get up from their slumber and the system loss actually recorded a fall for the first time. But that was a year back. Nothing is heard about this anymore. This points to the fact that the disease is curable and the establishment itself could be nurturing the ailment. Unless pushed too hard, it won't mend its way. Most of the self-created problems can be solved if the system asserts itself.

There is no reason to think that the system loss is endemic. Apart from a reasonable amount of power lost in the process of generation and distribution, the unaccounted for loss is largely a result of the meter readers' ingenuous concoction. Then to ensure uninterrupted power supply, a proper plan has to be put in place. The phased repair work has to be so planned that it does not cause any dislocation. And, build more units if the demand for electricity goes up.

All this will be only possible when the internal working becomes transparent and the system is made accountable for its service.

Keep it Up, Please

Two main events out of many decisively prove the effectiveness of the non-formal schools now being run by one of the biggest NGOs of the country. One, at many places these one-room schools catering the 3Rs are being subjected to arson and other criminal acts of vandalism. Two, these schools have earned a nationally wide fame as BRAC schools and for their distinctive approach to as well as practice of disseminating education in areas of utter poverty and deprivation — the fame seems to have spilled abroad as the BRAC school model.

These schools at present number 22,000. A report published in Wednesday's Daily Star said BRAC plans to raise the number by 13,000 to 35,000 during the current fiscal year. Judging by past performances, we have no doubt that the target will be reached. And we very much feel this that here is a very good eye-opener for the government.

The BRAC schools are designed to be socially sustainable — that is appropriately small. One room, one teacher and not more than perhaps 30 pupils. This tends to compare with formal and standard primaries in the ratio 5:1. Has our government ever built 2,600 primaries, ever in a year, which is the equivalent of the BRAC augmentation plan for the year? The BRAC schools cost inconceivably less and their rate of drop-out is incredibly low. How do we compare the formal primaries with the non-formal BRAC ones? The most important of the possible comparisons lies in the assessment of the products — the children that is — after an equal span of exposure to whatever their classes offer. And an intelligent guess is the BRAC children would score over the others.

Why is the government enterprise on the literacy front so very weak and unfruitful? Of the many factors involved, two can be mentioned. The formal and government primaries do not involve the social milieu. Two, monitoring and supervision are next to nil there. Why is that so?

The resistance to BRAC schools by a section of anti-social elements posing as religious zealots is positive proof of not only their effectiveness but also that they are growing in popular appeal and esteem. Keep it up BRAC. Keep it up all who are similarly sculpting a literate society out of this present illiterate and almost wayward one.

In a developing country like Bangladesh major objectives of fiscal policy include economic growth, equity, efficiency and alleviation of poverty. These objectives, however, are not always in harmony and are not achieved in desired degrees. Fulfillment of these objectives depends not only on fiscal policy but also on monetary policy, industrial policy, trade policy, and institutional policy.

Institutional Conditions

Effectiveness of fiscal policy in achieving the objectives mentioned above depends on several institutional conditions. First, in Bangladesh the process of consultation involving the government and various sectors and regions is not institutionally well developed during the preparation of the budget. Interaction between the government and the private sector is infrequent and usually involves a few organized traders and manufacturers. The government should hold frequent dialogues with all interested groups including labour unions, representatives of small-scale industries, farmers, and academic experts, not only in Dhaka but also in major regional centres. This process is likely to improve credibility of the government and thereby enhance efficiency of tax collection, quality of government expenditure, and consistency in fiscal and industrial policies. The government should adopt a consensual approach and need not hide from the public broad fiscal objectives and methods until the day when the budget is presented by the finance minister. While some secrecy concerning taxes and duties on commodities is inevitable, the government can minimize uncertainty and speculation by making tax rates as uniform, stable and simple, as possible.

Second, many developing countries including Bangladesh are characterized by institutional disequilibria — for instance, experiments with de-

centralization and devolution of power, changes in the constitution, reforms in the legal system, and changes in the degree of state ownership and control in the economy. These phenomena affect the efficiency and structure of government taxes and expenditures. The economic situation of state enterprises and nationalized banks provides a good example. In 1992-93, for instance, state enterprises incurred losses which totalled more than Tk 13.5 billion. Privatisation of unprofitable state enterprises is now an important government policy to improve the fiscal position. However, in a rent-seeking environment privatisation is likely to favour the rentier class without any significant long-run positive effect on economic growth and efficiency.

Finally, the source of government borrowing can have significant implications for fiscal policy. The government can borrow from (a) foreign countries, (b) the public, (c) financial institutions, and (d) the central bank. Currently, the government of Bangladesh relies mainly on the first two sources. Because of various strings attached to foreign grants and loans, the multiplier effect of government expenditures financed by external borrowing is often much less than presumed. Fiscal deficits financed by borrowing from the public through, for instance, sale of saving certificates are likely to be least expansionary.

The Finance Minister has claimed that the present government has taken major steps toward economic self-reliance by stating that in the 1994-95 budget domestic resources will contribute 35.8 per cent to the Annual Development Programme (ADP). Other figures, however, confirm that Bangladesh is still addicted to

A Look at the Fiscal Policy

by Dr Sadequul Islam

foreign aid. In the revised budget for 1993-94, 58.7 per cent of the overall budget deficit was financed by foreign grants and loans — the rest was by domestic sources. In the proposed budget for 1994-95, the proportion of the budget deficit to be financed by foreign grants and loans is 74.2 per cent. Furthermore, the ratio of external debt (disbursed and undisbursed) to GDP has been steadily increasing for Bangladesh, from less than 10 per cent in 1972 to about 68 per cent in 1993.

Methodological Issues

Every year the Finance Ministry of Bangladesh presents a lot of figures in documents relating to the budget. Still, the figures do not provide a complete and clear picture of activities of the government sector. The Ministry of Finance provides data on various categories of revenues and expenditures in detail but does not publish good analytical reports. Nor does it clarify methodological issues concerning the definition of the government sector, accounting methods, and alternative measures of the government deficit.

Information given in budget documents should be examined with other related information not shown in the budget. For instance, proceeds from the sale of government assets constitute capital revenue and form part of non-tax revenue. The magnitude of this type of revenue in a particular year depends on the speed and the magnitude of privatisation carried out by the government. In order to provide a more complete picture, the government should present a balance sheet (with assets and liabilities) of the government sector.

The Ministry of Finance should compute different mea-

asures of budget deficits for the benefit of analysts. The ministry now presents both the revenue budget balance and the combined budget balance (revenue and development). However, several additional measures of the budget balance need also to be computed; for instance, the primary budget balance which excludes interest payments on public debt, the structural or permanent budget balance (the balance that would prevail if the economy were operating at the trend level given the structures of taxes and expenditures), the budget balance according to the national income account basis, and the budget balances for the central government sector as a whole (including all levels of government departments, institutions, and enterprises).

The Ministry of Finance should present information concerning public debt in detail. It should show figures for gross debt as well as net debt (gross liabilities adjusted for government financial assets). The Ministry should also present trends in the internal debt-GDP ratio and the external debt-GDP ratio. Budget documents should present and clarify internal and external sources of government borrowing and methods of retirement of internal public debt.

Economic Fundamentals

Before presenting tax and expenditure proposals the Finance Minister examined some basic economic indicators: the rate of inflation, the magnitude of international reserves, the stock market index, the GDP growth rate, the debt-service ratio, and export growth. Clearly, some major economic fundamentals appear impressive for Bangladesh. Selective statistics, however,

can be misleading. For instance, increased international reserves and current account balance may be partly attributed to problems in implementing the ADP and stagnant private investment. The savings-GDP ratio — the most critical determinant of economic growth — has failed to increase significantly in Bangladesh.

The Finance Minister compared the performance of Bangladesh with 19 other low income countries (without naming these). The minister also highlighted the commitment of the present government to human development. The position of Bangladesh in this regard, however, is far from impressive. As reported in the Human Development Report, 1994, the human development index is much worse in Bangladesh compared to Sri Lanka, Myanmar, Pakistan, and India. For instance, while the infant mortality rate (per 1000 live births) is 109 in Bangladesh, the figures for Sri Lanka, Myanmar, Pakistan, India, and Nepal are 24, 83, 99, 89, and 100, respectively.

During the presentation of the budget the finance minister also mentioned several institutional reforms which are being initiated by the government. Indeed, institutional reforms are absolutely essential for achieving the broad objectives of fiscal policy. However, the gap between rhetoric and reality can be enormous. During the tenure of every government, many reform commissions are set up. Unfortunately, the "value added" from the "industry" of reform commissions becomes negative because of non-implementation or partial implementation of recommendations.

Apparently, the tax and expenditure proposals in the budget are growth — and ex-

port-oriented. However, privatization, deregulations, and reforms in trade policy will not guarantee sustained economic growth and international competitiveness. In recent years, economists are paying greater attention to the endogenous nature of the growth process which requires consistency in economic and institutional fundamentals. To see whether institutional fundamentals in Bangladesh are in tune with macro-economic fundamentals one has to examine statistics on several phenomena usually not found in budget documents: tax evasion, political and bureaucratic corruption, the crime rate, the default ratio concerning bank loans, capital flight, fraudulent business practices, the quality of products sold on domestic markets, the quality of utility services, unemployment and underemployment among the educated youth, the quality of general and vocational education, the quality and relevance of research and training, the diffusion of technological knowledge and innovation, formation of new business companies and bankruptcy of business firms serving domestic and international markets.

Nobody expects the Finance Minister to provide quantitative information on all the above issues during the presentation of the budget. However, the government should have the courage to provide qualitative information so that one can understand better the direction toward which the economy is moving. It may be easy for the government to solve the problem of budget deficits by borrowing from foreign and domestic sources. Will the government take credible steps to deal with other "fundamental deficits" involving commitment, competence, and governance?

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South Africans Discover the Big Wide World

Derek Ingram writes from Johannesburg

South Africans are basking in international popularity. Only since the April elections brought them respectability have they begun to realise just how isolated their country had become because of apartheid. For decades South African diplomats had to stand outside world organisations and look in. After five months in Southern Africa, Gemini News Service's correspondent reflects on the change.



In from the cold — victory night in Johannesburg. Celebrations on the day ANC was declared the winner went on all night.

Realisation of just how cut-off — and how disliked in many cases — South Africans had become and the exciting discovery of what opportunities are opening up to them in a world they hardly knew existed is one explanation for the whites' apparently easy acceptance of black rule.

Another, simpler, explanation lies in the discovery that they had in their midst for so long a world leader of rare quality, a man who, to paraphrase Kipling, can talk with crowds and keep his virtue, walk with kings and keep the common touch.

If he does nothing else in

time when he had to step down, although many are increasingly impressed by the quality of those around Mandela — people like Thabo Mbeki, the Vice-President, Tokyo Sexwale, Chief Minister of the most important region (Pretoria-Witwatersrand-Vereeniging), and Cyril Ramaphosa, general secretary of the African National Congress.

There is a sense of wonder among all South Africans that they have got to where they are in relative peace. Although most whites had come to terms with change before the election, having at last recognised that there was no other way, they were deeply apprehensive about what would happen during the election and

even more so when polling ended and the results began to become known.

Many had visions not only of violence but of black servants withdrawing their labour, of shops being shut for days, of the country coming to a standstill. They stocked up their freezers and got ready for a siege.

It was all totally different from what they had imagined. It was more peaceful during and after the election than it had been for years. People began to realise how much they had been misled and in the end how much they had misled themselves.

It had several years back dawned on them that the apartheid policy had led the country up a blind alley, but

now they began to wonder why they had not taken the leap 20 years earlier. So much suffering and bitterness might have been avoided.

People still talk apprehensively about a honeymoon period and wonder how long it will last. Their answer is that this has been no ordinary electoral change; not just one party taking over from another but a one-off leap across the fence.

There is no going back, and in so many people's minds must lie regret and a feeling of guilt about the years that were lost when so much could have been achieved and so many lives saved. Therein, however, lies the hope of a permanently more settled situation in South Africa — and in much of Africa beyond.

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OPINION

Stop this Suicidal Frenzy

Khan Ataur Rahman

To have faith in a religion and to be religious one has to live a life according to the dictates of that religion. The social aspects of such a pious living are basically similar in all the religions. Peace and piety, love and affection, sharing of joys and sorrows by fellow human beings are the common values taught by all the religions of the world. The rites and rituals of any religion may be totally different from those of others, like the mosques, temples, churches and cinagogues are different in their practices. But to turn away from the troubles, tragedies and miseries of a fellow human being, because he belongs to another religion, is against the norms of all the religions. And this compassion in a man for another is most essential to live a peaceful and harmonious social life in a country where people of different religions and convictions live together.

This has been allegorically stated in the Holy Quran in the following words, "I (Allah the Almighty) do not accept the prayer of a man who refuses an orphan." When the Quran gives such a humane proclamation, and directs us towards compassion, which we have practically lost, it is then the primary duty not only of the Muslims but of all the citizens of a multireligious nation like ours, to be compassionate towards others.

It is puzzling why we, after emerging as an independent nation, failed to develop a commendable national character. Why we could not pay due respect to the liberty of all that was achieved at the cost of innumerable lives? Nobody has given any explanation or a bold, correct analysis.

We must know the answer to a very simple question. It is true that the freedom fighters, irrespective of their religious

faiths and socio-economic classes, fought the liberation war shoulder to shoulder and liberated the nation and brought to existence a sovereign country called Bangladesh. The fighters in the war were, one people. The blood that was emergently transfused to the body of the severely wounded freedom fighters had the medical groupings like O+, B-, A+ and such others; there was no grouping called Hindu blood or Muslim blood or Christian blood. Did the war during which, the blood of the warriors got mingled, failed to convince the liberated people that they were one nation? Is this why today there are demands, regardless of the national interest, for allowing religious sectarianism to dominate the political character of the country?

In my humble consideration, this unrest among our people, the rift between the fundamentalist and the progressive factions of the society is in fact an engineered attempt by unknown evil forces to destabilise the integrity of our country. Or are they known? That is a question to the activists who are creating a turmoil almost of a communal nature throughout the length and breadth of Bangladesh.

Some of us are championing a movement demanding the lifestyle and the Constitution of our country to be strictly based on Islamic values and principles and the dictates of Shariah. Are we justified in doing so? Likewise, is it right to tread upon the revered religious feelings of the eighty per cent people of this country and seek corrections and changes in the Holy Quran, the proclamation of the infallible Allah?

When religion was kept in

abeyance during the war of liberation and when Islam, the religion of the overwhelming majority of our people is firmly secure in our peoples' minds, why such a hue and cry for saving Islam? It is equally unfortunate that some pseudo-intellectuals are eager to earn cheap popularity by defaming centuries old religious notions and values through their writings. The other trend is that certain scholars think it to be a contemporary fashion to contend that religion is a back dated concept and to talk about it is unsophisticated.

In this context it will be relevant to quote a paragraph from Kazi Nazrul Islam's novel *Kuhelika*. He wrote that religion is indeed the greatest consolation for the peace-loving people; but a revolution the basis of which is religion can never succeed. The anger that was fanned among both the Muslim and Hindu sepoys of the British administration by the plea of cow and pig lard in the ammunition could not be sustained, and as a result the great Sepoy Mutiny failed tragically. The French Revolution became a success because it had no religious bias. If the object of revolution is not the welfare of the people and the state but the creation of a few more thousands of mosques or temples, it will never succeed and even if it does, it is transitory. What a prophetic statement made by our national poet nearly seventy years ago!

The alarming thing is that the present controversy and the resulting hostility between the opposing forces are gaining cyclonic momentum and is spreading among the people like and epidemic. The sensible citizens of the country must at once do everything within their means to stop this suicidal frenzy.

To the Editor...

BADC

Sir, It was learnt through the Press that the committee for restructuring of Bangladesh Agricultural Development Corporation (BADC) proposed to wind up BADC by 1997. As a result of the winding up, several hundred staff will lose their job.

In my opinion, BADC should not be reduced to a smaller organisation; instead, its responsibilities and job-structure should be changed by retaining the present set-up. For instance, the BADC may be entrusted with the responsibility of operating cooperatives for production and marketing of dairy and poultry products. At present, the dairy and poultry farm owners are facing serious problems in marketing and processing of their products. This organisation may also be

given the job of producing export quality vegetables and fish-products in large scale. The BADC may be assigned to commissioning forestry business and also to look after agro-environmental protection and development projects. The surplus manpower of the existing BADC can easily be accommodated if these new activities are taken up.

It is honestly expected that the democratic government will give a second thought on BADC for retaining this major agricultural organization and also for protecting the job of thousands of employees in these hard days.

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DCC

Sir, Dhaka City Corporation (DCC) has erected a good number of bill boards at impor-

tant road junctions with inscriptions from the holy Koran. At several places quotation from Surah Bani Israel, verse 27, reads as "Verily Allah does not like the squanderers".

DCC has erected small red brick compartments on city roads to fix coloured decorative flags on national occasions but only those located on VIP roads are used. Many of the news stands erected by DCC are used as urinals by the public. Some of the DCC markets remain partially abandoned or incomplete or as no man's property.

Under the above backdrop let DCC authority spend the taxpayers' money more cautiously and do justice to those inscriptions from the holy Koran!

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