

Feature

Development

Economists: Who Cares, Who Dares?

On Managing the Bangladesh Economy without Economists

by Qazi Khaliquzzaman Ahmad

PROFESSIONAL economists have, because of exclusion, played little direct role in economic policy making or planning development in Bangladesh since 1974. I am talking of economists not in regular government service, and are not therefore subject to official obligations, restrictions and trappings that go with regular government service. One still hears some people allege that the economists who led the first Planning Commission of independent Bangladesh messed up the economy, almost suggesting that they remain responsible for the ills that the economy is beset with today. Well, while I do have my differences with them, I dare say that if the 'mess' created by them in three odd years could not be cleared by a whole host of people in the following two decades those few economists must be worth much more in terms of brilliance and capability for doing whatever they did then the parade of people who got into the act of developing this country since then.

There is a reason why I decided to write this article. On several occasions I have been asked the question: what have the economists done for the country's development, particularly in relation to economic policy making and development planning. The answer is: they have had virtually no direct role and hence virtually no direct contribution one way or another. But many have been putting forward their ideas, considered opinions and research findings in learned writings, newspaper articles, seminars and other fora. There is no way of telling whether these have been read or heard and, if yes, taken into account in any way in the relevant decision making processes. There are others who have worked as consultants; but consultants do not make decisions.

Now, if the economists have had no role, they obviously have no responsibility for whatever has been happening to the economy. Of course, even if some economists had been involved, the whole community of economists would not have been accountable; but, at least, a part of the credit or blame would have lain at the door of the economics profession in Bangladesh. But, given the way things have been, both the economists and the economics profession in Bangladesh can claim full immunity.

What is the current state of the Bangladeshi economy? The government claims, with certification from the World Bank and other donors, that the economy is poised for entering into a phase of accelerated growth of the order of 7 or 8 per cent or more per annum. The claim is based on the successful implementation of a major structural reform programme, initiated in the late 1980s, aimed at the establishment of macro-economic

stability, reduction of the government's economic role, the establishment of the primacy of the private sector and globalization of the economy, as prescribed by donors led by the World Bank and IMF. Incidentally, similar packages have been prescribed by the same donors to other poor countries around the world, regardless of widely differing socio-economic conditions among them.

The major instruments used include public expenditure management, deregulation, privatization, fiscal policy reforms, including import liberalization and administrative reforms. Since the private sector is the kingpin in this paradigm, it was required that various instruments be so packaged as to create an incentive framework for private investment to expand fast and perform efficiently to accelerate growth. As associated

unworthy of human dignity would be much larger. The poverty trap of low income — low savings — low investment — low productivity — low income is as entrenched as ever, if not more so now than before.

Economic disparity has in fact increased. The proportion of income accruing to the bottom 40 per cent declined from 18.3 per cent in 1973-74 to 17.5 per cent by 1988-89 while that accruing to the top 5 per cent increased from 16.4 per cent to 20.5 per cent. The share of the top 20 per cent increased from under 43 per cent to over 46 per cent during the period. More recent data are not available. But it is well known that concentration of wealth takes place as World Bank and IMF induced structural adjustment programmes are implemented and market economy promoted; and a concern has recently been expressed that

Indeed, trying to run the economy without economists is like staging the Hamlet without the Prince of Denmark. A fiasco isn't it? Note that in countries like the USA and UK there are councils of economic advisers advising the chief executives, apart from other crucial roles that economists are called upon to play. In Bangladesh, there hardly exists anything like a coherent economic policy making process, let alone an economic advisory council or direct involvement of professional economists in the macro economic management of the country.

steps, emphases have been placed on social sectors (education, health, women development) for promoting human development and on targeted 'safety net' programmes for hard core poverty alleviation.

In fact, the macro-economic reform efforts have led to several major successes. Overall budget deficit was reduced to around 5 per cent of GDP, and the current account deficit to about 2.6 per cent of GDP by 1993. Domestic savings rate increased to about 6.5% and national savings rate (domestic savings plus remittances) to about 10.5 per cent. The overall inflation rate was down to below 2 per cent and non-food inflation rate to around 5 per cent. The gross foreign exchange reserves increased steadily, reaching a level of about US \$2,585 million by January 1994, equivalent to 6 to 7 months imports.

But what is the impact of all these macro-economic management and privatization efforts and successes on economic growth and poverty alleviation which are the two critical purposes for which the reforms must be a means?

The estimated economic growth rate for 1992-93 is 4.5

investments have been sluggish, and there has been a very poor response in the case of foreign direct private investment. An estimate puts the figure for actual foreign direct investment in Bangladesh during 1988-93 at a meagre US \$70 million. Moreover, several foreign companies (e.g. Pfizer, Bayer, ICI, Philips, SK & F) have left the country by selling out their enterprises. Then, the productive efficiency is known to be low in Bangladesh in all productive sectors, including agriculture. Industries in both public and private sectors suffer from low productivity and underutilization of capacity.

About half the population lives below the poverty line defined in terms of calorie intake only. The number of people involved is about 55 million. Millions more live marginally above, and under constant threat of falling below the line. If a human dignity line, defined in terms of a minimum level of fulfillment of food as well as other basic needs such as shelter, clothing, education, medicine and freedom of choice is considered instead of a simple food poverty line, the number of people living in conditions

wealth is getting heavily concentrated in the hands of only 36 business houses (see Daily Ittefaq of 30 April 1994, report based on a study of the World Bank).

The targeted safety net programmes, meant for the hard core poor, which include

public works, food for work and vulnerable group development programmes and other programmes implemented by different government agencies and NGOs, have played useful roles. But these are mainly concerned with the survival of the target groups. Poverty alleviation and beyond poverty sustained human development are not and cannot be pursued through such programmes.

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who are below the human dignity line and many more who are shakily above, together accounting for three-fourths or more of the total population of the country.

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don't see the promised outcome materializing, as claimed. Realities on the ground have been 'standardized' globally simply by ignoring them, and standardized structural reform prescriptions have been applied.

These prescriptions are available off the shelf, supplied by the World Bank, IMF and other donors. One need not exercise ones brains and spend ones energies as one can simply accept those prescriptions and administer them as well as one can, as has been the case in Bangladesh. Surely, economists are not needed here as there is no urge to relate those prescriptions to economic realities nor to formulate policy adjustments depending on which ways things are moving keeping in view the ways it is desirable that they do. For that matter, no other types of national professional expertise are needed. Any experts required for implementing the donor induced and supported projects also come with the prescriptions and assistance, who recruit national assistants as required.

There is a joke about economists which runs something like this: economic policy making is too serious to be left to the economists. Laugh one is expected to in response to the joke, but note that the joke invokes the fact that economic policy making is a very serious business. Off the shelf economic prescriptions and speeches dogmatically propagating them that one often hears do not reflect the seriousness needed in addressing the prevailing realities in the country. It is properly guided, thorough economic analysis and economic judgements made at appropriately high levels by qualified people that could bring the necessary seriousness and realism to bear on the process.

Indeed, trying to run the economy without economists is like staging the Hamlet without the Prince of Denmark. A fiasco isn't it? Note that in countries like the USA and UK there are councils of economic advisers advising the chief executives, apart from other crucial roles that economists are called upon to play. In Bangladesh, there hardly exists anything like a coherent economic policy making process, let alone an economic advisory council or

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Finally, I must say that it has not been the purpose of this article to seek official roles for professional economists. Rather the intention has been to point out how remiss it is to try to run the economy without professional economists in key economic policy making and management roles.

The writer is Chairman, BUP.

Botiaghata Demands Special Attention

by Iqbal Shaila

Botiaghata have been a source of profit making zone for the outsiders including the influential people of the Khulna city. The outsiders are planning over how to divide the local people in making the area a land of shrimp farming, villagers said to this correspondent. Villagers of the area are not in favour of turning the paddy field into a zone of saline water.

Attending the rally as special guest Mr Khushi Kabir, Chairperson of ADAB urged the people especially the villagers to resist such move and said that the government including local administration should take an

owner are the outsiders and do not belong to the community, they hardly felt for it — said Sheikh Jabilullah, elder brother of Jaber Sheikh. Narrating the tragic event of that night, parents of Jaber Sheikh said that 'we are being targeted by them due to bold step and protest made by my son Jaber.'

'Earlier we could catch big fishes from ponds. We could even distributed some of them to our kith and kins. But as saline water seeped into the pond, the water became contaminated' — a local school teacher said elaborating the environmental hazards by the shrimp culture. 'We don't feel



People of Amirpur union thronged into a local primary school ground to register their protest

— photo: ADAB

Jaber Sheikh, a UP member who was killed while resisting the outsider.

The local people of Amirpur Union arranged a rally last week where an entourage consisted of political leaders, development activists and media people from local and national level took participation. The local people carried banners and chanted slogans including 'No salt water, no gher in paddy field, resist terrorists and musclemen'.

Local people of Amirpur Union resisted the outsiders on 31st August, 1994 who managed some local farmers to get their land for shrimp culture with a promise giving them a volume of money after shrimp farming is introduced in their paddy field. They allegedly attacked the houses of Bayazid Ali and Nurul Islam and started firing. Later one Abdul Hakim was caught red-handed by the villagers and subsequently he was handed over to the police.

The 'gher' owners mostly outsiders, are obstructing to our traditional way of survival. The poor people can not catch fish in the canals near a 'gher'.

A local farmer said, 'Koria Beel and other 144 villages in

immediate action in this regard. The gathering was addressed, among others, by Dr Hamida Hossain of Atri of Salish Kendra, Dhaka; Mr Nurul Islam Chottor of workers' party; Mr Mirrimoy Saha Kalu, General Secretary of Khulna District farmer samity, Mr Juman Ali Halder, Abdur Rashid Akumjee; Nurul Islam and other local leaders.

According to the local people that the matter has been drawn to the notice of Speaker Sheikh Razzak Ali for an immediate action. Local MP Mr Harunur Rashid has been trying to negotiate the matter, they added.

Mr Rezaul Karim, District Commissioner of Khulna while contacted said that the administration was aware of on-going hassles in Botiaghata but there are no laws regarding shrimp farming in the coastal belt, however, there are rules and guidelines and these are being followed — he added. Mr Huq admitted that most shrimp farmers did not have any license to cultivate shrimp and the administration has encountered such anomalies.

'Shrimp culture has brought a number of vulnerabilities among the poor in the Khulna Shrimp belt. Since the 'gher'

ourselves safe and secured as some of us have been abused by them' — said a group of local female while talking to the journalists.

The President of Khulna Chamber of Commerce and Industries (KCCI) Mr S M A Rashid, Mr Abdul Keshem, former Upazila Chairman Mr Omar Faruque and Abdul Hakim denied their involvements in attacking the villagers and said that they went to Amirpur Union on 30th August for mitigating the conflicts among villagers showing respect to the call of the local people.

Replying to a question the Superintendent of Police, M Awlad Hossain said that the investigation has been going on and if need be more persons will be charge-sheeted. While asked behind the causes of dropping the name of ATM Rafique, an alleged leader of the attacks, Mr Hossain said that his name has been dropped from FIR, and it might be included if he is found guilty through investigations — he added while talking with the team at his chamber.

The writer is a development journalist by profession working for Grassroots, and ADAB journal as Executive Editor.

Sustainable Development: ASA Model

by Md Shafiqul Haque Choudhury

Y sustainability we mean keeping something in existence. A development programme is sustainable when it is able to deliver a certain level of benefits for the continuous period of time after major financial, managerial and technical assistance from a foreign donor is terminated. And sustainability of a programme is achieved in order to attain self-reliance. The main objective of any development effort is to create the sustainability of the effort in all respects. Not only the non-government organizations and private organizations are putting their efforts but also the government is trying to provide a sustainable shape to all its interventions. Some are advancing and some are lagging behind, but the ultimate objective is to reach the goal.

ASA (Association for Social Advancement) as an NGO has been trying relentlessly to reach the goal for several years. From 1993, some degree of sustainability has been achieved in its intervention.

How it is a Model

As the organization is serving approximately three lac group members with Tk 1,306.54 million through 263 field offices and 2,157 staff members along with constant 99.85% recovery and covering total costs from service charge for several years, this can be replicated in other places by other NGOs/organizations and treated/termed as model.

Salient Features

1. Formation of 20-member groups by the poor, especially women.

2. Member's participation in development education process.

3. Providing small credits to increase income of the individual members.

4. Ensuring 100% loan repayment.

5. Emphasis on member's own savings.

6. Meeting the cost of credit from a low service

Cost effective unit along with central overhead cost

Duration of time	Description	Unit's monthly expenses	Service charge earned per unit	Deficit	Surplus
1st 2 month	Expenses in interest on capital, salary, allowance and all management cost	42,000		42,000	
3rd month	Disbursement 0.7 million	21,000	4,565	58,435	
4th month	Disbursement 0.836 million	21,000	14,764	64,671	
5th month	Disbursement 0.836 million	21,000	30,952	54,719	
6th month		21,000	31,304	44,415	
7th month		21,000	39,130	26,285	
8th month		21,000	31,304	15,981	
9th month		21,000	39,130	2,149	
Total	2.4 million	189,000	191,140		2,149

A decade of speculation made the details no less shocking. The Sunday Times of London was reporting that Mark Thatcher — only son of former British Prime Minister Margaret Thatcher — allegedly made £12 million for his part as a middleman in a £20 billion arms deal signed in 1985 between Saudi Arabia and his mother's government.

While the family link in the world's largest arms deal was not illegal, it did raise serious allegations of impropriety and abuse of privilege. British newspapers wrote of 'the sleaze factor' and described Mark as an opportunist on a gravy train.

Mark Thatcher has insisted he 'made no money' from the arms deal while his mother has said she is 'absolutely satisfied' the contract between Britain and Saudi Arabia was properly negotiated.

Despite the sensational nature of the allegations, the huge sums of money involved and the celebrity of the parties, the shadiness associated with the Thatcher affair is nothing new in the lucrative global arms trade.

Earlier this year, the British public was enlightened about another arms scandal: the aid-for-arms deal connected to funding for the Pergau dam in Malaysia.

In July, the all-party House of Commons Foreign Affairs Committee slammed Britain's former Defence Secretary, Lord Younger, for agreeing in 1988 to link £234 million in aid for the dam in exchange for Kuala Lumpur's purchase of £1.3 billion worth of British military equipment. Senior civil servants had advised against funding Pergau, labelling it 'an abuse of the aid programme' and 'uneconomic.'

But against the backdrop of a stumbling economy and intense lobbying from business interests, aid for the dam went ahead, with then-Prime Minister Thatcher inking the agreement with her Malaysian counterpart Mahathir Mohamad in 1989.

The arms linkage was admitted months later by government

officials as being against official British guidelines. London formally separated the arms and aid deals but felt it was under what former Foreign Secretary Douglas Hurd's decision to use aid money to fund Pergau.

If successful, the group hopes to halt the transfer of funds from Britain's aid budget to the dam and reallocate the £234 million for Pergau to projects committed to stamping out poverty in developing countries.

The legal challenge is over the alleged abuse of aid criteria: not the arms link, but Ben Jackson of WDM also says that 'aid has been wastefully misused to bankroll and arms deal'.