

FOCUS

FINANCE Minister M Saifur Rahman is a thoroughbred professional with many years of outstanding public service to his credit. He has a deep and endearing interest in the global economic development in general with a personal involvement in the study and practice of economic management of Bangladesh in particular. He is one of the few persons in Bangladesh who has examined the economic compulsions confronting the country at close quarters and sought to devise ways and means how to get the country out of the poverty syndrome. He occupied the driver's seat for long 10 years as an economic minister of the Government of Bangladesh seven of which as the Finance Minister. Even when he was not occupying a ministerial position, development economics had always remained a kind of passion to him.

People of Bangladesh particularly those who are involved in some way or other with economic development either as theoreticians or professionals or business leaders or bureaucrats have developed a fairly good idea about how Saifur Rahman's mind worked. His views on major economic issues are pretty well known to the people who follow his plan of actions and his perception of national problems. He never keeps his opinion secret from the people. Good or bad, he is a highly opinionated person. He expresses his views freely and candidly without caring for political popularity. He rarely plays to the gallery.

The reason for saying all these about Saifur Rahman is to analyse the metamorphosis which seems to have overtaken him recently. He seems to have become weary and tired. His voice does not have the same familiar ring of the unbending commitment to the fundamentals he so jealously nurtured all his life. He sounded distant and gave the impression of having loosened his grip on the control mechanism.

Budget Speech

Yes, I am, of course, talking about his last budget speech. This was certainly not the kind of speech we were used to hearing from him or, for that matter, expected from him. The man who is known for his management expertise, depth of knowledge and who is an articulator about matters highly debatable, was found to be perfunctorily reading out from the prepared speech which lacked commitment, soundness of judgement and the determination to do the right. He seemed to have abandoned caution, urgent economic issues were left undiscussed and even the arithmetic did not seem right. He left things to the unknown future to sort themselves out with no indication as to how to go about it. He left too many gaps, too many areas untouched and too many things unsaid. The question everyone wondered was, what had gone wrong with the Finance Minister?

Political Compulsions

From the beginning to the end, one could discern that political compulsions of his party weighed very heavily in the speech. Economic factors were brought in now and again only to reinforce the so called political achievements.

Economic Document

National budget is not merely a statement of receipts and payments in monetary terms. Unless economic issues confronting the country are fully highlighted and a careful and acceptable remedial plan of action is included in the budget speech symbolising the political commitment of the Government, the whole of process of budget making and budget presentation becomes a totally wasteful and redundant exercise. If the objective of the budget is to produce and place before the Parliament only a statement of accounts showing the estimated receipts and payments then the job can be left to a Deputy Secretary and the nation, in that even, would be spared an enormously expensive and a highly professional Ministry like the Ministry of Finance.

National budget is the most important economic document of the country. It provides an in depth study of the economic successes or failures of the year just gone by and, at the same time, outlines the shape of things which would emerge in the coming year. Besides, a fully documented study of how the economic policies pursued by the Government have transformed or are likely to transform the social sectors is catalogued in the budget speech. In doing so the constraints both, physical and otherwise, are fully dis-

Things Finance Minister Left Unsaid in His Budget Speech

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by Jamal Uddin Ahmad

cussed. The idea is to let the people know not only how the money management has fared but also how the nation as a whole has fared. There is therefore no scope to look upon the budget documents perfunctorily merely from the political viewpoint. Its depth and dimension covers a much wider horizon. On the other hand, it also serves as the strongest vehicle of communication between the people and the Government.

GDP Growth

The Finance Minister estimated that the GDP growth in the current financial year would be around 5 per cent against 4.6 per cent of the previous year. He also predicted that the growth rate in the next year i.e. 1995-96 would be 6 per cent and then would accelerate to higher rates in the succeeding years. But the figures relating savings and investments tabled by him did not add up to justify these claims. True, there has been increased saving and investment in the current year. But there was no mention that these could be sustained and then improved upon. A 6 per cent GDP growth would need a minimum of saving/GDP ratio of over 16 per cent, an investment/GDP ratio of 18 per cent and an actual ADP expenditure of at least Tk 18000 crores. But the budget was silent how

chunk of the revenue derived from tax taks leaving a relatively a smaller size of the cake for development. By any reckoning, this is indeed a disturbing picture.

Public Sector Reforms

The budget did not spell out any short or medium term plan to bring about urgent reforms in the public sector in the foreseeable future. As days go by, the public sector in Bangladesh, instead of showing any sign of loosening is, in fact tightening its grip in all fields. The so called free market economy with an accountable and transparent administrative machinery, promised by the Government, is nowhere to be seen. In the decision making machinery of the Government there is no presence of private sector even as observers or advisers although the Government's role is meant to be only regulatory and supportive to provide stimulus to private sector development. In actual fact, private sector is strangled. Look at energy, telecom, transport, roads and highways, airlines and airports, seaports, NBR, EPB, law and order, banking, land administration—everywhere the majesty of the colonial type of administration are in full evidence. In the secretary, directorates, autonomous bodies, corporations and in every wing of the public sec-

which he had hardly any control. He could only make his feelings known and he does it quite often but the decision making was not his area of responsibility. It looks as though we have to live with the SOEs for an unknown period of time because this is an area which provides raw power to bureaucracy and politicians and which they would never part with voluntarily.

Privatisation

After all the sound and fury about the Government's privatisation policy, it is now clear that this policy has now run out of steam. Furthermore, there is a lack of understanding in the Government what privatisation really means. The fact that privatisation is a total economic concept and is not confined merely to the disposal of a few sick, financial losing and technologically obsolete SOEs from the public sector to private sector, is still unknown to them. Massive political will and commitment among the political parties is an essential prerequisite to any policy of privatisation. This is totally absent. Resistance from bureaucracy is indeed very strong. The composition of the Privatisation Board, lip service to the privatisation policy and the roadblocks created in the mechanism of privatisation, all these and many others point to one conclusion and, that is, privatisation is doomed to failure in the foreseeable future. Keeping this ominous reality in view, the talk of buoyant private sector, active capital market and an accountable and transparent public sector are matters which can be subjects for well paid consultancy jobs for foreign consultants and national and international seminars. FM knew too well about it and he decided to skip it in the budget speech.

Legal Reforms

Unless the legal reforms which have been promised over and over again are speedily brought into being, no real economic development can take place. FM knows about it too well. He has cried hoarse about it without success. The Companies Act 1994, which was already 15 years old at birth, does not still have an authorised English version. Foreign investors remain ignorant of its provisions. Law Ministry, we are told, has been engaged on the translation work. If left to this Ministry, the nation will have to wait for another 5 years before it can hope to see the light of the day. Bankruptcy Law is still lying with the MOL. Implementation and monitoring of laws are still in nascent stage. Legal decisions at each stage is far too time consuming.

Macro Economic Fundamentals

The FM deserves the nation's unreserved gratitude for bringing about a marvellous set of macro economic fundamentals. These are about the best things that have happened to this country on the economic front. We are now faced with the danger that these might not sustain for very long unless other reforms mentioned above are put in place. Once we lose grip on these stabilisation factors, the country will be faced with the serious catastrophes. These warning signals regrettably were absent from the FM's speech.

Tax Holiday

The FM took about 5 minutes of his time reading about Tax holiday, 98 per cent of which was against extending its validity upto year 2000. It was only in the last sentence that he suddenly came out loud and clear to extend it. It was evident to everybody who listened to his speech that this extension might have been imposed upon him and he did not like it. Anyway, the fact the Tax Holiday would be extended was already known. In any other democratic country this could be considered to be a budgetary leak and could lead to the resignation of the person who did it.

Conclusion

There is a strong feeling that since the budget for 1995/96, for all practical purposes, is geared for the next general election, the usual trappings that normally go with the budget making were unfortunately lacking. To believe or not to believe in what the FM has said in the budget is now the big question facing the country. But one thing is for sure. He will be leaving the MOF in a much healthier state than when he took over. Herein lies his reward and satisfaction.



Finance Minister M Saifur Rahman presenting the national Budget 1995-96 in the Jatiya Sangsad.

these minimum rates were to be achieved. With the aid fatigue already in evidence and to which FM constantly reminds the people, the prospect of getting increasing foreign aid for ADP financing in future years will be highly unrealistic. This will naturally mean that increasing amount of domestic resources would have to be ploughed into ADP. As it is, in percentage terms, the investment of domestic resources in 1995/96 ADP is 36 per cent which is less than the current year.

Rising Unproductive Expenditure

BNP Government came to power with a promise to reduce unproductive and wasteful expenditure and also to reduce the size of the Government. How far have these promises been successful? Figures released by MCCI reveal that revenue expenditure/GDP ratio has risen from 6.3 per cent of the early 1980s to 8.9 per cent in 1990s. This has naturally caused in the reduction of the capital expenditure/GDP ratio from 8.9 per cent in the late 1980s to its lowest point of 7.2 per cent in the mid 1990s although the revenue/GDP ratio during this period had increased from 8.2 per cent to 11.2 per cent. What these figures indicate is the fact that unproductive expenditure has been eating away the increasing

tor administration, graft and corruption rule the waves. Private sector entrepreneurs who are direct victims of this malady have been forced to look upon the B and C (Bribery and Corruption) as a part of their normal cost of overheads. Not long ago, the president of BCMEA had told the Finance Minister in a meeting of the Association that his members spent, on an average, about Tk 180 crores a year by way of B and C. This is only a fraction of the extent to which this malignancy has spread in the society.

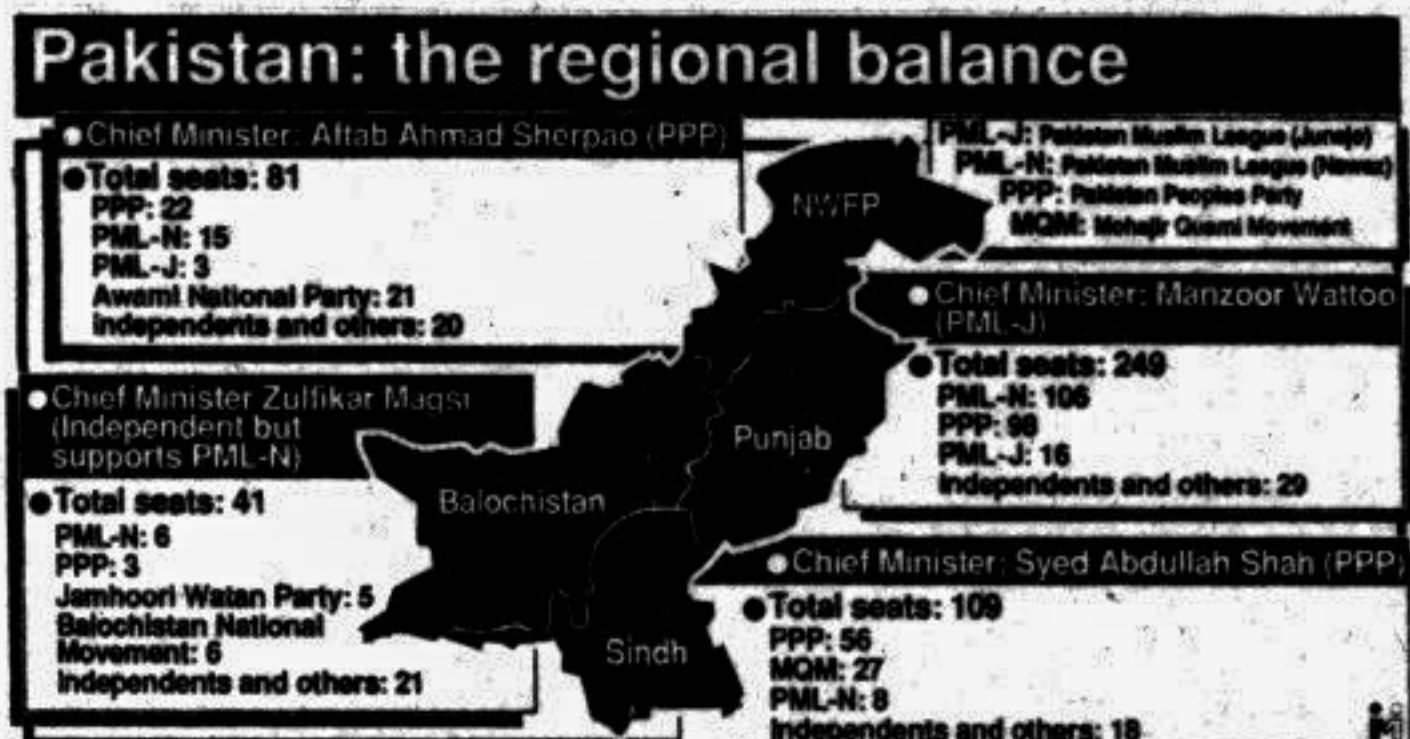
State Owned Enterprises (SOEs)

Although the Finance Minister had some harsh things to say about these enterprises, there was no specific proposal in his speech to rid the country of these blood gushing enterprises which cost the country over Tk 2500 crores a year. The saving of this kind of money could finance the entire ADP of education and physical infrastructure in each year and, according to the Finance Minister, would increase the GDP by 2 per cent p.a. Listening to his speech, one could get the impression that SOEs were something over

Politicians Stall Democracy Trickle Down

Local elections in Pakistan's Punjab province have once again been postponed. In the other three provinces too, there has been no elected representatives in the local administration for over two years. The impact on the people is immense as unelected bureaucrats run government's development programmes.

Tariq Butt writes from Islamabad



POLITICAL wrangling over local elections is continuing to disrupt provincial governments in Pakistan, and contributing to growing public alienation. Since Benazir Bhutto's Pakistan People's Party (PPP) government took office in 1993, there has been a void at the local level, with no institutional set-up for the disbursement of development funds or for implementation of government policies. In the absence of elected representatives, bureaucrats are running local institutions. The trouble goes back to the 1993 dissolution of local councils in all four provinces — Punjab, Sindh, North Western Frontier Province (NWFP) and Balochistan — by the caretaker central government headed by Prime Minister Moen Qureshi.

The councils were controlled by supporters of former Prime Minister Nawaz Sharif, who was and remains Bhutto's main political rival. They were disbanded to ensure that they did not become an obstacle to the holding of the general election that the caretaker government was responsible for organising. According to the constitution, when councils are prematurely dissolved, elections should be held within three months.

But the PPP is stalling, fearing that it will not do as well as other parties in early polls. In Sindh, for example, the government is not prepared to hold elections because it reckons that two major cities, Karachi and Hyderabad, will be won by its main opponent there, the powerful Mohajir Qaumi Movement (MQM). The MQM has a huge following among the Urdu-speaking Muslims who migrated from India after partition in 1947. The party claims that even after nearly 50 years of living in Pakistan, its followers still face discrimination.

Nawaz Sharif has backed the MQM's call for elections, but is silent over the much-delayed polls in other provinces. In Balochistan and NWFP there are no plans to hold elections. Manoeuvring has been most intense in Punjab, the country's most populous and politically crucial state, where a series of legal moves included an attempt by the provincial government to empower itself to terminate the tenure of local councils at any time. Finally, the Lahore High Court set 19 May as the deadline for elections. Despite the ruling, elections were delayed once again.

The provincial government's principal law officer, Advocate General Abdul Sattar Najam, has interpreted the court's ruling as 'not requiring the holding of local bodies polls by May 19. All that it requires is the announcement of an election schedule under the law.' Bhutto believes an early election would favour one of the PPP's partners in the provincial coalition, Chief Minister Manzoor Wattoo's Pakistan Muslim League (Junejo Group). Wattoo, on the other hand, wants an election because his authority will help secure the election of people of his choice, who in due course will return the political favour. Wattoo told reporters that the elections schedule would be announced by July 8 but he did not give a date for the polling.

There is another bone of contention: Bhutto's election manifesto suggested that district councils should replace the existing local council system. Wattoo opposes the idea and, for Punjab at least, she has had to drop it. Nawaz Sharif's Pakistan Muslim League (Nawaz Group) party rejects district councils, which MP Malik Naeem Khan describes as "a recipe for chaos."

—GEMINI NEWS

TARIQ BUTT is on the staff of The News, Islamabad.

Scientists Get Close-in View of Black Hole Power

by Malcolm Ritter

SCIENTISTS have gotten their most close-in look yet at the awesome power of a black hole, finding evidence of energy struggling to keep from being sucked in. Researchers detected X-ray waves that had been stretched out by fighting the enormous gravitational pull of the hole, said researcher Andy Fabian. Previous research focused on the far weaker gravitational tugs being exerted on matter much farther away from black holes, Fabian said. The latest finding involves energy very close to the edge of a hole. This is the first time we're actually making measurements where we can clearly say that we're dealing with matter that's close to a black hole," said Fabian, an astronomy professor at the Cambridge University Institute of Astronomy in England. "That means the gravitational pull can now be studied at close to its strongest point, and further work may yield clues to such questions as how material falls into a black hole." A black hole is an extremely dense object with gravity so strong that nothing can escape from it, not even light. Scientists define the edge of a black hole as the gravitational "fence" that encloses the area of no escape,

and they keep track of the distance from the black hole's centre to this fence. The new work picked up the distorted X-rays from gas spread out between three to 10 times that distance from the black hole's centre, researchers reported. They could not calculate the actual distances of the gas. The observed effect of the gravity on the X-ray waves is a characteristic signature of black holes. The black hole, which lies in the middle of a galaxy, is about 150 million light-years away in the direction of the Southern Hemisphere constellation Centaurus. A light-year is the distance light travels in a year about 5.9 trillion miles. —AP

Lottery to Offer AIDS Patients First Shot at New Drug

by Lauran Neergaard

THE first of a promising but still experimental new class of AIDS drugs will be made available free to some 2,000 patients through a government-sanctioned lottery. Manufacturer Hoffman-LaRoche will offer intravenous advanced AIDS patients outside current clinical trials of protease inhibitors, drugs that appear to be the most potent yet at reducing the amount of HIV virus in patients' blood. Twelve companies are racing to develop protease inhibitors, which are designed to keep the virus from reproducing by disabling a crucial enzyme, but none has yet filed an application with the Food and Drug Administration. Early data indicate protease inhibitors lower the HIV levels in the blood while

while dying patients outside of trials have long been allowed special access to experimental drugs, it is so difficult to make protease inhibitors that companies feared they wouldn't have enough doses to go around if they allowed this compassionate use, explained Dr Alberto Avendano of the National Association of People With AIDS. So Avendano proposed a lottery, and Roche and the FDA agreed. The lottery is an attempt "to be as fair as possible," said Dr Jon Court, Roche's project manager for Invirase. "If we have a huge demand that exceeds the number of places in the lottery, we'll have to review that. It is the first time AIDS drugs have had to be rationed through a lottery," Avendano said. —AP

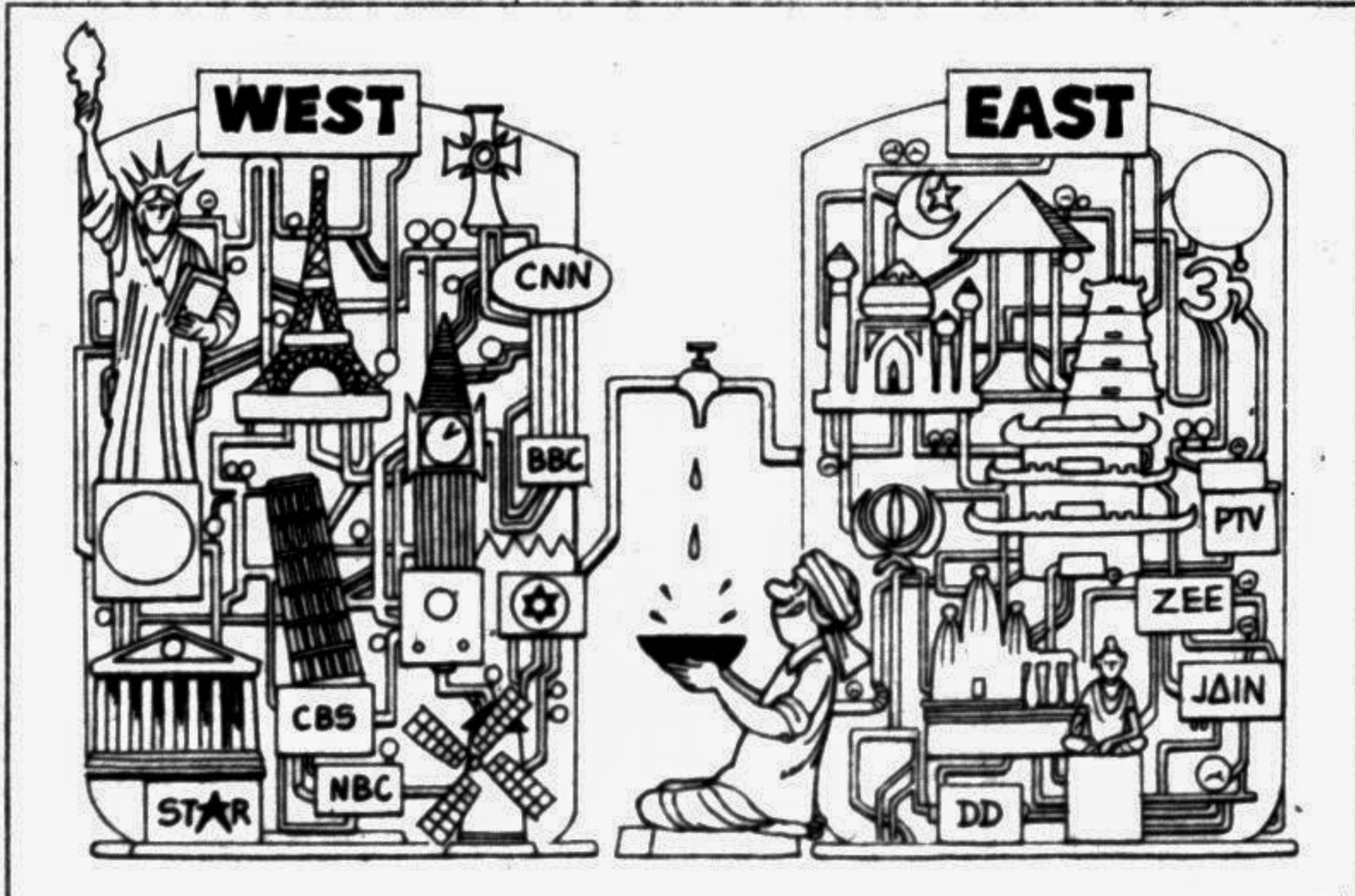
KUALA LUMPUR —

The current heated debate on Asian values has brought about a more meaningful engagement between Asia and the West and may bring both to a better understanding of themselves as well as each other. Ironically, the debate seems to be more actively pursued in the Western international press rather than in the Asian national media. Perhaps the latter have been lulled into a state of complacency by the so-called East Asian economic "miracle." Asian values themselves would call for the critical examination of our society vis-a-vis humanitarian ideals such as freedom, justice and virtue. The growing self-coherence and assertiveness of Asians, however, have not yielded a proportionate awareness of the severe limitations and shortcomings of their societies.

In much of Asia, there are abundant signs of moral entropy, corruption and other excesses, which the elite, for reasons best known to themselves, choose to gloss over. One of the greatest challenges facing Asia is to nurture the growth of civil society. In all honesty, we must admit that we are still struggling to eradicate the vestiges of so-called "Oriental despotism." These will remain unless we vigorously develop and fortify the institutions of civil society, enhance the workings of truly representative participatory governments, promote the rule of law rather than of men, and foster the cultivation of a free and responsible press. This cannot be brought about without the participation of the media. Historically, Asian journals and newspapers have been the catalysts of anti-colonialism, leading to emancipation for

East and West Are One

The debate on Asian values versus Western values may be the key to the two regions reaching a better understanding of each other, writes Anwar Ibrahim, Finance Minister and Deputy Prime Minister of Malaysia in this exclusive Inter Press Service column.



millions across the continent. In the post-independence era, the media have been a force behind the all-encompassing task of nation building and, by and large, it has succeeded. In facing the new realities of our time, however, media organisations in Asian societies must redefine their role. The Asian press will have to find a middle ground between the Western paradigm of unconstrained freedom — including the freedom to incite hatred — and the extremes of developmental journalism of viewing even mild criticism of the ruling elite or any critical attitude, with fear, suspicion and at times contempt. It has argued that economic issues must be kept apart from non-economic ones, that neither politics nor morality must disrupt the peaceful clamour of the marketplace. This argument is a gross misrepresentation of Asian traditions. As opposed to partialistic and fragmentary approaches to development, the major Asian traditions are grounded in a holistic vision of life and society that encompasses the economic, the social and the political spheres. If we want to lay claim to a unique "Asian way", we must articulate this vision in unequivocal terms. Central to this vision is the philosophy that economic development must proceed coterminously with cultural enrichment. The pursuit of prosperity must not be at the expense of environmental degradation, the quest for growth must always be balanced by a profound concern for social justice and equity. As far as Asia's ongoing engagement with the West is concerned, economic affairs will play a crucial if not determining role. With its

seemingly limitless economic potential, its huge markets for industrial products, its mass of hungry consumers of cultural output, and its tantalising contracts for mammoth infrastructural works, Asia will continue to be sought after. It is therefore important that the East and West's emerging consciousness of each other extend beyond the realm of market and capital. It must be an encounter between equals, between cherished ideals and values that will serve to challenge our pride and end our prejudices. Although in the domain of trade and economics it would appear that the West fully recognises Asia's position, there is presently a discernible reluctance to grant similar recognition to Asia's aspirations a culture and a civilisation. While Asia will continue to prosper under the regime of free trade and must accept a gradual process of levelling the playing field, we must also guard against the insidious practitioners of double standards who advocate the opening of international markets while pandering to the protectionist lobby back home. Asia will continue to modernise, even at an accelerated pace, but this does not necessarily mean that it will have to compromise its values and forsake its ideals. However, it must be able to give a better account of itself. Though the debate on Asian values might seem to continue at cross purposes, it has an inherent logic. As history has shown, this confrontation will inevitably lead to the transformation of both sides, consciously or otherwise, and ultimately help to bring about through mutual understanding a partnership of equals.