

Relief Package

The interim government appears to have taken the safest route to economic recovery imaginable under the deficit-ridden circumstances it finds itself in.

The package of relief the government has readily on its mind to shore up the hard-hit sectors includes administrative measures like deferred payment of advance income tax on export earnings and facilitation of import by allowing release of containers in Dhaka rather than at the Chittagong port which remains highly pressured and where clearance is usually cluttered with formalities.

Definitely a brand new dimension to the default culture of non-payment of bank loans we have long since smarted under would be the most dreadful thing to countenance when the growth rate of the economy is on a downhill journey.

Furthermore, there should not be a free-for-all clamour from all segments of trade and industry for the facilities and incentives to be accorded by the government. Two broad criteria may be applied to determine the eligibility of people for the support being extended: firstly, of course, the high-profile export business, such as the garments should, in all fairness, receive it; and secondly, the recommendations of the trade and chamber bodies need to be heeded because that will carry an additional guarantee, apart from the future stake of the recipient so far as the deferred payment goes.

In the ultimate analysis, we stand in need of balance of payment support of the IMF to steer clear of the macro-economic instability that stares us in the face.

EC on the Right Track

The Election Commission (EC) has placed a very modest budget before the government for conducting the next parliamentary election. Even without going into comparison with the budgets for previous polls, one gets the impression of a good beginning made by the EC under the new Chief Election Commissioner (CEC). We not only find this commendable but would also like to plead for generosity in case a revision of the budget is required. The EC also has had an auspicious beginning in that it stands reorganised at the top with the appointment of two men having distinctive service records as election commissioners.

All this is going to earn a lot of credibility for the EC. This is important, particularly after the damaging controversy surrounding the EC in the past couple of years. Now the new CEC has already expressed his sense of urgency about formulating a code of conduct for the political parties and candidates for membership to parliament. His emphasis on the need for the political parties' consensus on the question is welcome, but in case of an inordinate delay in reaching an agreement on a code of conduct the electoral process could receive an avoidable jolt. If the consensus is hard to come by, let the EC make its own independent decision well in time. Better it would be if the code of conduct is announced concurrently with the election schedule.

Now we would like to draw the attention to a recently-announced feature to the code of conduct for election in India. There the provision for a cap on expenditure and accounts of the same is worthy of notice. The loan defaulters are most likely to be barred from contesting the election. But all the good work will be frustrated if we cannot contain the electoral expenditure of candidates within safe limits.

Fake Registration

As one recalls, fake registrations of SSC and HSC candidates were on the news before. A few headmasters and teachers were also found guilty of cheating students intending to appear at SSC and HSC examinations. Now, we come to learn of incidents of bribery spawned by the late submission of applications for BA examinations. The National University, which is the authority to approve the candidates' registrations and hold examinations at the graduation level, has flatly denied its involvement with the malpractice.

If that is the case, the colleges, where the illegal but tempting business of late registration goes on, are doing a great disservice to our education system. We can only condemn the practice but that will not help. When educational personnel and students in collusion with each other make a mockery of public examinations, one can see through the bankruptcy of the entire system.

We suggest a thorough probe be conducted into the whole affair. It should not be difficult to identify the culprits. One victim from whom a college employee demanded Tk 4,000 and from another Tk 2,000, are there to help the investigation. The authority must move fast to plug the holes with the benefit of an accurate knowledge about where these are located.

The Economy and the Politicians: Fact versus Fiction

by Iyanatul Islam

One can hardly claim that the BNP regime in the first half of the 1990s represented the golden age of the Bangladesh economy. In terms of economic performance, its record is as undistinguished as its predecessors. Behind the glittering facade of the macroeconomic stabilisation of the 1990s and its hype that surrounded the economic reforms lie a disappointing story of lost opportunities.

In recent public speeches, Begum Khaleda Zia, the former Prime Minister and the leader of the Bangladesh Nationalist Party (BNP), has argued that historically unprecedented economic progress took place during her regime and that Bangladesh was well on the way to joining the success stories of East Asia (Singapore, Malaysia, Korea et al.). She has even implied that, confronted with such evidence of success, a belligerent coalition of political parties representing the Opposition conspired to wreck havoc on the economy under the guise of 'harkals' and the 'non-cooperation' movement.

How will history judge the economic legacy of Begum Zia's Prime Ministership? It is possible to argue that during the first half of the 1990s (most notably 1990-1994), one witnessed a 'macroeconomic revolution' to wit the remarkable reversal of the macroeconomic imbalances that were inherited from the 1980s. Thus, one saw a combination of record-low inflation, a strong improvement in the government's fiscal position and an unprecedented build-up of foreign reserves in the early years of the BNP regime. In addition, the government appeared to intensify its political commitment (relative to previous regimes) to a broad-based programme of economic liberalisation that would transform the inward-

looking industrial structure of Bangladesh into an internationally competitive entity. Thus, Bangladesh became at the time a vibrant case of the World/IMF-guided 'structural adjustment programme' in action.

The World Bank became so impressed by the Bangladesh experience that it offered unreserved praise for the nation's policy-makers in a restricted document published in 1993. It wrote: 'The GOB (Government of Bangladesh) successfully stabilised the economy after the potential problems of the late 1980s... Successful stabilization in the midst of the political transition of FY91 and FY92 and the devastating April 1991 cyclone, is a commendable achievement for which credit is due... to economic policy makers and its political leadership.'

In 1995, in a Country Study, it reiterated this glowing assessment. Successful stabilization during the past four years is a highly commendable achievement, both when viewed against Bangladesh's own record over the 1980s, and the record of other adjusting coun-

tries. The progress on stabilization... is all the more commendable because at the very start, the reforms could have been derailed by exogenous shocks... and political instability.

Thus, the BNP regime under Begum Khaleda Zia can feel justifiably proud of its record on macroeconomic stability. I will argue, however, that the BNP regime faltered in one fundamental sense: it was unable to capitalise on its record of macroeconomic stability and make the difficult transition to sustained growth. More importantly, I will argue that it is highly likely that it would have failed in this central task even if it was not impeded by a bell-curve oscillation.

I will rely on the notion of a 'critical minimum rate of growth' that is necessary to bring about substantial reductions in poverty and commensurate progress in human development (as reflected in improvements in basic literacy, life expectancy etc) in offering my assessment of the economic performance of the BNP regime in the first half of the 1990s. Advocacy of the 'critical mini-

um rate' has gained momentum in recent research undertaken by economists. As I will note later, estimates for the 'critical minimum rate' exist for Bangladesh. One thus has a simple, but effective, yardstick against which judgements on economic and social outcomes at the macro-level can be made.

A Pakistani economist (S. Naqvi), in a study published in 1995, has assembled international evidence to show that when countries grow above the 'critical minimum rate' substantial and sustained progress in human development invariably happens. When countries grow below this threshold rate, one witnesses a sorry combination of slow growth and barely perceptible progress in human development. Bangladesh stands out in the study as a representative member of this undistinguished sample of slow growing economies.

A Bangladeshi economist (Binayak Sen, drawing on collaborative work with Martin Ravillion) has observed that: '...the minimum rate of growth in national income needed before

the total number of the poor in Bangladesh will begin to fall is... at least 5% per year (italics added). The World Bank suggests a higher figure. The key to sustained poverty alleviation - the overarching objective of economic reform in Bangladesh - is labour-intensive growth of 6-7% in the medium to long run' (italics added).

Did the economy in the first half of the 1990s reach and sustain the 'critical minimum rate' noted above? Regrettably, the answer is 'no'. Rehman Sobhan, who heads the Centre for Policy Dialogue, summarises the evidence succinctly: 'The growth of the economy would appear to have remained arrested at around 4% with rates of growth registered in the 1990s actually lower than rates which prevailed in the early 1980s... Since the central premise of our economic reform programmes has been to improve the overall growth rate of our economy, the fact that (it) has never exceeded 5% must be occasion for some concern to both policy makers and the people of Bangladesh.'

The World Bank concurs: 'At 4.6% GDP growth in 1994, as in the past four years... has fallen considerably short of the growth of 6 to 7% required for substantial and lasting poverty alleviation.'

As expected, the available evidence offers little support for any optimism concerning progress in poverty alleviation in the first half of the 1990s. The Asian Development Bank, in a sombre review in 1994, concludes: 'The improvement in macroeconomic performance over the last three years has not been reflected in... progress in poverty reduction... The lack of employment creation has had an adverse impact on poverty. A recent survey indicates that, while living conditions of the moderately poor may be increasing, conditions of the extremely poor, which constitutes 30% of the population, are not.'

What has been the proximate cause of the inability of the economy to reach the 'critical minimum rate of growth'? It is widely accepted - both by leading Bangladeshi economists (such as Wahiduddin Mahmud) and donor agencies - that policy-makers were unable to bring about the regeneration in both private and public investment that would provide the momentum for the economy to reach a path of sustained growth. In 1993, the World Bank estimated that reaching the 'critical minimum growth rate' would require investment to be 17-19% of GDP by the end of the present decade, with a public share of 9% and a private share of 9-10% (italics added). Evidence compiled by Wahiduddin Mahmud shows that actual performance consistently fell short of these key targets: the share of public investment never exceeded 6% and the share of private investment languished below 8% between 1990 and 1994.

In sum, judged in terms of core performance indicators (failure to reach the 'critical minimum rate', lack of progress in the living conditions of the poor, feeble investment performance), one can hardly claim that the BNP regime in the first half of the 1990s represented the golden age of the Bangladesh economy. In terms of economic performance, its record is as undistinguished as its predecessors. Behind the glittering facade of the macroeconomic stabilisation of the 1990s and the hype that surrounded the economic reforms lie a disappointing story of lost opportunities. This stark fact is well-known to those with a close, professional knowledge of the Bangladesh economy. It must also be known to Begum Khaleda Zia and her coterie of

advisers. After all, I have culled the evidence from World Bank and related documents that were primarily meant for the consumption of policy-makers. It is possible to argue that the macroeconomic stabilisation of the 1990s and the reform programme that were put in place was simply not given sufficient time and scope to generate the expected benefits because the political agitation by the Opposition that started towards the end of 1994 fatally sapped the reformist energy of the government. Such an interpretation does not seem to stand up to scrutiny. I will provide two reasons for this pessimistic conclusion.

First, the failure by policy-makers to regenerate both public and private investment is necessary to attain the 'critical minimum rate' is evident well before the political agitation became a stark reality and well before the government considered this to be a threat to its survival. Second, evidence of structural adjustment programmes in other countries show that policy-makers and political leaders tend to follow a predictable sequence. In response to serious macroeconomic imbalances, the government embarks on a broad-based, serious programme of stabilisation-cum-reform. Once the hazardous and urgent task of restoring macroeconomic stability is accomplished, reform complacency sets in and a syndrome of 'politics as usual' takes over.

The World Bank was acutely aware that the Bangladesh government was vulnerable to this well-known risk of a reform process going astray. In 1993, it issued a note of warning. Unless the Government of Bangladesh accelerates the implementation of its reform agenda, it will not succeed in convincing the private sector that the reforms are credible and irreversible... and the economy will continue growing at the historical rate of 3-4%.

In a report published in 1995 (based on an economic review done in 1994), it reiterated this warning: 'There is a strong rationale for reinvigorating the political commitment for reforms in Bangladesh... Unless implementation quickens and the Government takes bolder and swifter action, there is a danger that the... growth objectives may not materialise. Such an outcome would repudiate the excellent performance on stabilization.'

One can scarcely find any hint in these observations by the World Bank that the reformist zeal of the government was abated by an irresponsible Opposition. The BNP government was beginning to falter in its ability to make the difficult transition to sustained growth anyway!

Let I am misunderstood, let me hasten to add that I do not condone the violent and destructive means that the Opposition adopted to attain its political objectives. There must be much more humane and sensible ways of establishing a mechanism for holding free and fair elections! This does not mean, however, that one should condone strident and unsubstantiated proclamations by a former Prime Minister who is offering a highly selective interpretation of the achievements of her government. I believe that concerned citizens should not stay as members of a sullen, silent majority. Dispassionate and intelligent discourse on economic and social issues must rise above the cacophony of slogan-chanting, finger-wagging rable-rousers. Unless this happens, and unless political leaders are made accountable for the statements they make, democratic governance in Bangladesh will remain crucially incomplete.

The author, a Cambridge PhD, teaches at an Australian university. He is currently visiting Dhaka in connection with a book that he is co-authoring on South Asian Economies (to be published by Routledge, UK).

Code of Conduct for the Election

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THE Code of Conduct for a parliamentary election is formulated well in advance of the election by the Election Commission, for the guidance of candidates and political parties. The list is exhaustive and contains rules which, if followed scrupulously by those concerned, would hardly leave any scope for wrong doing and must ensure a free, fair and impartial election peacefully. Unfortunately, the rules are proven by its violation, perhaps more so in our land.

Everyone is well aware of the fact that quite a few of the codes are blatantly violated by the candidates, their supporting parties and activists. I take for example, the issue of law and order. There exists no individual or political party which has publicly advocated terrorism or use of arms as a direct means for achieving success in the election. On the contrary, every political leader has denounced vehemently all forms of terrorism and pledged full support and cooperation in maintaining law and order as well as in recovery of arms from unauthorised holders.

If the leaders acted sincerely and stood by their commitment and the law enforcing agencies diligently performed their duties, the caretaker government would have no difficulty in recovering a lot more of the unauthorised arms and in promoting law and order. Why do the leaders fail to keep their commitments and get their respective supporters broiled in incidents which mostly result in violence, loss or death?

One must admit that they did not raise armed cadres per se, if they all did, and for other considerations. There may have been serious compulsions. Perhaps, this may be for self-defence. One may be in perpetual danger of being harassed or attacked by the armed cadres of rival parties. This could be a genuine fear which would be unrealistic to ignore and must be taken cognizance of.

But, if all the armed thugs are deployed for defensive purposes alone, then there could be no acts of violence as such. Defence is needed only in the face of aggression. Therefore, the armed gangs

commit acts of violence, normally against the rival parties, either on the dictates of their own or those of their mentors or a combination of both. Our misfortune lies in our inability to regulate these armed hoodlums and to prevent them from resorting to force beyond the wishes of their political masters. The political leaders have a solemn duty to bring them under full control and gradually try to disband them, even if it is not possible altogether. All the leaders have spoken; some made commendable gestures by urging their followers to exercise restraint and to dissuade them from taking revenge.

The alternative would be a bleak, terrifying future for all of us. With the multiplier effect of violence the pre-election

ment and/or to pay off his financiers?

There is no legitimate way of earning that much money by any member of the parliament, to be even a minister. The alternative is to resort to corrupt means and practices. How could one expect to root out corruption, if the evil practices of the use of black money is not curbed effectively? Not can anyone reasonably expect worthwhile people for deplorable calibre who would or could not spend a staggering sum of money for election to be a parliamentarian and be instrumental to a welcome and befitting change in the complexion of the parliament. It enjoins upon the government and the Election Commission to devise sound and workable methods to address this issue

and set a shining example of impartiality and prudence by way of acting fairly and without fear and favour.

For the government officials, the task is overwhelming, both in terms of magnitude and intensity. An orderly election throughout the country is a Herculean task and none other than our public officials are able to accomplish it. They have done it in the past, mostly under the supervision of a political or pseudo-political government with its concomitant shortcomings. Now that the election is being held under the aegis of a non partisan caretaker government officials are expected to put on their mantle of skill and impartiality, without publicly subscribing to a political cause or expressing solidarity with one or more political parties.

Even the Council of Advisers have both a legal and moral Code of Conduct to adhere to. Legal duties and responsibilities have been duly set in the last amendment to the Constitution enabling the formation of the caretaker government itself. The Chief Adviser was forthright in his assertion that the functions of his Council will be scrupulously guided by the Constitution and laws of the land. His fervent appeal to political parties not to introduce controversial issues, solution of which went beyond his limited mandate and legal authority, that might impede functioning of the government did not escape notice of all observers. The appeal needs to be heeded to in letter and spirit by all those concerned, in a sense of patriotism and in the interest of democracy, and was a timely one.

So far moral code is concerned, the transitional government will seek full cooperation of all political parties through constant consultations and derive benefit of the opinion and advice expressed in the media. The Chief Adviser just spoke in that vein. In this way, the present government will be able to fulfill its given objective, that is to say, the holding of a free, fair and impartial election, in a manner instilling full confidence of all concerned so that a broad base is established on which will flourish the blossoms of democracy.



Current and Crosscurrent

by M M Rezaul Karim

scenario would be anything but congenial for holding a free, fair and impartial election. If we fail this time to achieve the desired objective, may Almighty save our nation, if He can and so wishes. One thing would then in any case be certain that our experimentation in democracy would be doomed to failure and may take long for us to venture again.

The second most important item on the Code of Conduct, in the opinion of many, is the profuse and indiscriminate use of ill-gotten unaccountable money for the purpose of winning election by a candidate. The Election Commission set earlier a limit of Tk 500,000 for a candidate is allowed to spend for the election and that too for specified purposes. The actual expenditure an average candidate generally incurs is incredibly high and may range over a crore, in some cases. It is common knowledge and is happening unhindered. Does not this suggest that the candidate spending one crore of taka will have to earn two to three times that amount in order to gain from his invest-

suitably. Numerous other codes of conduct have been formulated many of which are flouted by candidates often, but they may not pose as severe problems as the ones mentioned above. Again, a host of sound and appropriate codes may appear on the prescribed list but these would be futile if not implemented properly and adequately. The government officials have an effective role to play in this respect. National and international teams of observers would also seek to monitor the election and their observations and reports are likely to constitute the bulwark on which international credibility of the election will be established.

Code of Conduct for the Election Commission will be transparent, unambiguous and impartial. It is not important for the Commission to merely profess neutrality in its dealings with political parties. Having known the present incumbents, it becomes evident to assume so. What is more important is that the Commission, specially in times of crisis, must rise to the occasion

To the Editor

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

The shame

Sir, It is a shame by any standard if you consider the happenings in Chittagong in connection with Begum Zia's meeting on 9th April 1996. The meeting as you have said under the photograph of the meeting was 'mammoth'. Your staff reporter has rather cheated your readers by not describing the depth of the 'mammothness'. Nobody expected such a meeting which was larger than any ever held in the Port City. The two Awami sympathisers Daily Purbakone and Azadi went lyrical about the size of the meeting.

It would not have been so but for the shameful obstruction caused by the opposition activists, 'allegedly' Awami Leaguers. Any citizen of Chittagong could identify them because of the well known spots they occupied to stop the BNP processions. Every vantage point of entrance to the city was occupied by the activists. Why? What was the strategy? To establish that the opposition leader's meeting held four days earlier was larger? There

A frustrated friend of founders of Awami League.

'Pahela Baisakh'

Sir, I have read with interest the article on Pahela Baisakh by Waheedul Haque in the Weekend Magazine of Friday, April 12th.

Since some family members introduced me some years ago to the annual gathering at the Ramna Batamool, I have discovered the joyous atmosphere of the occasion and rather look forward to it each time. Like the author, I see little reason for this celebration to be viewed as a Hindu legacy. We should, indeed, be able to claim the day's festivities as belonging to all of us, because it was in Bangladesh (then East Pakistan) that the festival started to be given an organised form. Articles like this do, therefore, contribute to our knowledge and understanding of the roots of Pahela Baisakh, and thereby serve a useful purpose.

However, I wonder if other readers felt, as I did, that at least one false note created a certain dissonance in Mr. Haque's often-lyrical piece. When he writes of 'the nation' discovering and rejuvenating itself every Pahela Baisakh morning, and Pahela Baisakh as a 'national institution', I presume that the nation he is talking about is Bangladesh. When he talks of Ekuushey being accepted as a 'trans-border great national event', what nation is he referring to then? I must admit that I am somewhat confused by the idea of a nation which celebrates Eku-

shey and which we therefore presumably belong to, but which extends beyond Bangladesh's border. Perhaps Mr. Haque will clarify this conception, and educate us further about the outlines of this other nation in another article.

S Hasan Banant, Dhaka

People's victory

Sir, We congratulate President Abdur Rahman Biswas, former Prime Minister Begum Khaleda Zia, former Leader of the Opposition Sheikh Hasina and the newly appointed Chief Adviser Justice Mohammad Habibur Rahman on the people's as well as constitutional victory for the formation of a caretaker government with a view to holding a free and fair general election within 90 days following the dissolution of the sixth Parliament on March 30, 1996.

Thanks God the nation has been saved from an apprehended disaster and our 24-month old political crisis has come to an end peacefully. Time, and again we have proved that the people are the source of power. We are confident that holding general elections under a caretaker government would not only help nourish democracy in our country but it would also inspire many developing countries in Asia and Africa to follow our steps to democracy.

O H Kabir Dhaka-1203

'On the Record'

Sir, As a regular reader of 'The Daily Star', I go through the post-editorial columns which are written by a galaxy of gifted persons. Irrespective of the point of view, the columns are wellwritten and moulded with fresh air of knowledge and freethinking.

With his background of finest quality of intellect Mr. Kibria's writings are excellent food for thought. His columns strike the reader for the clarity of thought and the direct address to the issue he dwells with.

In his column on the record, he usually gives vent to his reflections on current issues of socio-economic importance which are excellently written for the readers to ponder over. Bangladesh is currently at the midst of socio-political upheavals. After fumbling around most of the time since the departure of the British Raj, we are seized with the opportunity of making a fresh start. Various political parties through an election under a neutral caretaker government.

the political parties, but an objective discourse would no doubt help bring about a clarity of thought on our development strategy and a national consensus so urgently needed for carrying out a longer period programme.

M. Nazmul Hasan 404/A, Free School Street, Hatipool, Dhanmondi Dhaka-1205

Journalists and newspapers

Sir, Newspaper is a very powerful massmedium, its influence on the common people is enormous. So, it should be the journalists' sacred duty not to mislead people by anyone's personal likes or dislikes, especially when it comes to politics.

But recently, I become very disappointed, as I noticed that a section of newspapers became oversympathetic to the opposition political parties. The editorial and mode of reporting seemed to be disappointingly partial. I think it is unethical. Neutrality should be maintained, otherwise standard of newspapers will suffer and people will lose faith in them. So I hope and believe, that the journalists will not hesitate to change their attitude for the sake of righteousness.

Nur Jahan East Nastrabad, Chittagong