

Criticism Myopia

Kibria-Saifur debate over the state of economy in the winding up phase of the supplementary budget discussion in Parliament on Saturday whetted the appetite for authentic versions on the economy. We thank the present and former finance ministers for their analytical and informative presentations which gave an ample proof of how useful a debate really can be when based on facts, figures and data and devoid of rhetorical flourishes and frills one has grown wary of these days.

So much for the flavouring, liveliness and enlightening aspects of their slanging match. Now we come to the disappointing side to it. Their versions rambled on never hitting one meeting-point, and almost as torrid as between knights in shiny armour engaged in a show-down. No squeak or squirm, just a dourly fight; each manifestly over-confident of the powerful ammunition held against the other and unleashing it to a totally muddling effect on the public mind.

It was a proverbial debate over the 'half full' and 'half empty' glass with the two well-informed presenters reeling off facts and figures and citing examples that suited them best without perhaps realising that each was right in his own ways, and in his water-tight half of the posturing. Saifur Rahman did not sound wrong when owning improvements in forex reserve, DSE capitalisation, domestic financing of ADP, non-farm activation and social mobilisation from the levels of 1991. The macro-economic stability in 1994 with some major indicators of the economy reading positive earned kudos of the international community which egged Bangladesh on to a growth path from stabilisation. The rest followed as a story of political confrontation.

S A M S Kibria is spot-on, too, when he complains of a difficult legacy left by unbridled government borrowing, uneconomic bank-lending, heightened national debts, dwindling food production, perfunctory divestiture of industries, sick or closed down industries and last but not the least, an underdeveloped energy sector.

Let's give the credit where due, build on the positive and go forward, so that the people are no longer confused by any prolonged diatribe of heavy-weights on economic management. At the level of Rahman and Kibria we expect a healthy departure from the culture of one-sided criticism, an anathema to progress.

Truth at Any Cost

The arrival of a lawyer from the UK on a fact finding mission about the alleged murder of an immigrant Bangladeshi by one customs official at the ZIA has been overshadowed by the preliminary account of her investigative movement so far. Apparently she is no better informed on the matter after rounds of deliberations with people in the higher and inner circles of the local administration than she was at the time of her setting foot on this land.

The cause of Siraj Miah's death, if one can say so to leave the privilege with truth to determine its nature as murder or anything else, for that matter, has suffered many versions as has his name from Surat to the present one. But the fact of the matter is mystery shrouds the incident even after almost three months of its occurrence. Not only does it make a mockery of the law and order but also give a very poor account of our level of conscientiousness.

ZIA is seemingly a veritable Pandora's box for the enormity of malpractices reported from there in the recent times. Given the tardiness of the people concerned in this matter, it may sound syllogistic and premature to say this that the death of Siraj which has tarnished Bangladesh's image outside considerably, looks like a heinous act of the Cains among the custom officials at ZIA.

There is no way we can hide the shame of the fact that the dynamics of a proper probe into the matter had to have their origin in the House of Commons. To make sure now that the image of the country suffered no further denigration on account of lawlessness, the government should really get a move on immediately and have the real culprits put on a course of exemplary punishment.

Dharna Snare

Lack of specific guidelines in the posting of teachers employed in different government colleges is not only contributing to the sustenance of a corrupt culture but also seriously affecting the quality of education in advanced studies. An assortment of news and views with the latest coming out in a leading Bangla daily last weekend has thrown new light on the problem. Almost all the 1252 appointees of the 16th BCS education cadre are yet to get any directive about their posting. While the less advantageously connected new teachers are finding it difficult to have even a proper audience with the authority about the basic queries, their fortunate fellows are spending their energy and resources in using people at places to ensure posting to their preferred places.

Lack of guidelines in posting has a crippling effect on education from another point of view. Since there is no utilitarian rationale behind a posting, a teacher who is used to teaching at the intermediate level suddenly finds himself catapulted to the role of a university teacher without any preparation or groundwork. The reality cannot be dodged because there are a number of university colleges across the country.

Dharna is something of a culture in this part of the world where the atmosphere is highly conducive to making one believe that lobbying and luck are as inseparable as a mother and a child. Nevertheless, we hope for a change because the present government has really spelled out its intention to launch a crusade against corruption in all its manifestations. Together with the highest allocation for the education sector in the recently-announced budget, it really warrants a fairly serious attempt to make a compelling case of its sincerity in matters related to education.

The National Budget, 1996-97: Some Comments

by M Syeduzzaman

Experts have agreed that the key to raising activities in all other sectors of the economy is to make the agriculture sector dynamic. Experts have also agreed that the key to making the agriculture sector dynamic is to raise per acre productivity and diversification of production. In this context, how critical a role subsidy can play remains a matter of debate among the economists more than among any other group. The provision of Tk. 100 crore for subsidy in this sector is a political decision which the Finance Minister and other government leaders have clearly said. I would like to take this as an experimental step because the amount is modest indeed, and the modalities of using the funds and their effectiveness remain to be seen. It has to be made sure that the mechanism of using these resources meets the other test — that of equity. This is easier said than done. The number of landless in the rural areas far exceeds the number of farmers with cultivable land. The landless farmers will not benefit from subsidy, whether it is on fertiliser, irrigation water or agricultural implements. But, if through effective use of the subsidy agricultural production goes up, particularly of the small farmers who are known

complexes and union health centres which absorb a major part of budgetary resources. Benefits are not flowing from huge capital investments in these areas, again made mostly with foreign aid. I am pointing to these not as original ideas. These are well known, but have failed to attract adequate government attention in the past few years. My objective is to point out that the government can deliver better services to the people by making better use of the existing assets and resources if the political will is there and the administrative and local government institutions play their role. This way the new government can present a new face of public service in the social sectors, and that will make a difference in fact and in public perception.

The other related issue is the composition of the ADP and the nature and quality of new projects included therein in the past two years — particularly those which are supposed to be financed from government's own resources. Here again, the mix of perception and reality is that the number of projects included on criteria other than economic or felt needs may not be insignificant. It was clearly not

the priority issues in this area and to indicate the sequence of decision making. The urgency of the issue is evident from the Minister's speech where he has pointed out that the total loss of the publicly owned enterprises increased from Tk. 1400 crore in 1994 to Tk. 2300 crore in 1995. Government can move only in one direction — to reduce the loss. There is not much time for experimentation. Clear position of the government needs to be defined as early as possible taking the top management of the enterprises into consideration through frank discussions in collaboration with the concerned Ministries. Some rethinking may be necessary about the structure of the Privatisation Board to accelerate decisions. Stories of political interference have circulated from the management of the Board. For transparency and for building confidence a joint Parliamentary Committee with some Opposition members may be considered for overseeing the privatisation decisions. This is an area where the new government can show how things can be done differently if there is political will. Freedom to operate on commercial basis is certainly an option which may be

amine the situation and to place the real picture before the public. Special attention will need to be given to the large number of term loans sanctioned in the most recent years (especially in 1994 and 1995) by the nationalised commercial banks. This is recommended as much for unearthing the real health of the banking sector as for confidence building. The BKB and RAKUB will need special attention if they are to support the government's emphasis on boosting the agriculture sector and agroprocessing activities.

From the comments on the budget proposals in the media, it seems that some critics have almost chastised the Finance Minister for not making revolutionary changes. This is not only unrealistic, but unfair to say the least. It is inconsistent to ask for continuity of economic policies and for 'revolutionary changes' in the same breath. The message of such criticism is that in the coming months the Finance Minister will have to gradually convince his critics that he will be conducting government policies in a way which will make him look different from his predecessor.

This year's budget proposal is a certain raiser, prepared under many constraints. If this budget has not covered all issues, people should understand. But people's expectations for the next year's budget will be high. Important signals have been provided which should set the ball rolling and the Finance Minister will have no time to lose or relax.

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to be the most productive then the benefit will reach the landless indirectly through higher employment, income, expansion of demand for non-farm activities and through stable food prices. Careful administrative measures will be necessary to ensure this and to ensure that there are no abuses, political or otherwise.

An important complementary measure will be necessary for increasing agricultural production or spread of direct and indirect benefit. This relates to strengthening and developing the rural infrastructure on a massive scale. It includes roads, feeder roads, irrigation canals, culverts, improvement of rural markets, rural electrification, schools, health centres, post-offices, bus stands, easy access to fertiliser shops and banking facilities etc. These will not only provide direct employment, but will also lower the cost of production, make marketing easier, open up employment and income opportunities for the landless, help expansion of the micro credit programme, and thus help to realise the ultimate objective of social justice and equity.

Another important measure which can help raise agricultural production without fresh investment is the effective use of large existing capacity in the water sector—both surface irrigation and tubewells, built mostly with foreign aid. Expansion of the command area can bring significant dividends. This is not something new which I am saying. What has been lacking is the effective use of the existing administrative machinery, local communities and local government.

A methodological issue is whether the amount of Tk. 100 crore should have been under the revenue budget or in the ADP. The Finance Minister may consider this while presenting his next year's budget. Interest subsidy through the ADP is not easy to defend.

This brings up two related issues — the location budget provisions for a particular purpose under the revenue budget or the ADP, and effective use of those provisions. Use of grants under the revenue budget for educational institutions has expanded at a fast pace in the past 7/8 years. This is a growth which no one can object to, and the objective of the new government to support education as an effective strategy is clear from the combined allocation under the revenue and development budgets. In fact this is how it should be seen both for education and health sectors. There is no evidence that use of these funds, particularly under the revenue budget has been influenced by extraneous considerations for supporting pressure groups, without any linkage with performance of teachers and students (failure or pass rates) of the institutions. To this may be added the need for effective management and supervision of primary schools, the initial point at which intervention with public resources start. The same comments will apply to management and operation of the large number of thana health

possible for the new government to look into the large number of such individual projects within the short time after assuming office. The reason for bringing up this issue is that if low priority and non-economic projects can be identified and eliminated, more resources can be diverted to the construction of rural infrastructure — which will bring quick return.

Other areas where better management can generate higher growth by use of existing capacity are the Power sector and the Railways. A reduction of 3-5% in the system loss of electricity will make a perceptible difference. Better management and maintenance of the existing rolling stock and locomotives can increase the handling capacity of the railway system — according to experts who have studied this area in depth. All these will, call better governance, political will and generation of confidence in the administration.

Some critics have pointed out that the budget statement does not go far on the reform of the public enterprises. The government needs some time to familiarise themselves with

tried in some cases. But in no case can the government afford to maintain the present level of drainage of resources through the public enterprises. It is also crippling the banking system. The loss has to come down to free resources for strengthening physical infrastructure.

This brings up a few comments on the financial sector. This is an area of considerable concern judging by the combination of perceptions, realities, and data and statistics which have been mentioned by the Finance Minister and some of his adversaries. After six years of financial sector reform the position of the banking sector has not improved, to make an understatement. It is understood that a second phase reform programme for restructuring the financial sector actively considered by some donors has been postponed by them for such factors as large scale 'loan forgiveness'. This is a time for the government to set up a Commission under a respected non-party personality — preferably a retired judge (with strong professional and administrative support) to ex-

amines the situation and to place the real picture before the public. Special attention will need to be given to the large number of term loans sanctioned in the most recent years (especially in 1994 and 1995) by the nationalised commercial banks. This is recommended as much for unearthing the real health of the banking sector as for confidence building. The BKB and RAKUB will need special attention if they are to support the government's emphasis on boosting the agriculture sector and agroprocessing activities.

Building up political will and administrative capacity are essential preconditions for good economic governance, for growth and social justice. These are easier said than done. So far we have not seen any dearth of the new government's intention to move towards these goals. The Prime Minister has expressed her determination on this. An important factor in our political system will be active cooperation of the opposition in the Parliament. In no way the claim of the opposition in the Parliament that no work will be done until the government has moved the economy during their last tenure will be better demonstrated than by their cooperation with the government in pursuing sound economic policies that will benefit the poor people of the society.

Lastly I would like to draw attention to two things. One is the debate or argument about

the extent of self-financing of the ADP. It can be misleading.

There are items in the ADP which are clearly of revenue nature and should be excluded from the ADP. Similarly there are items of expenditure in the revenue budget which are asset creating. At the same time a large part of the expenditure in the education and health sectors within the ADP though not creating physical assets, are 'investments' in more than one sense. So, some thought should be given to the need for proper classification of expenditure under the revenue and development budgets, and to bring the system to an internationally comparable basis. It was not so important in the 90's, but it is important in the nineties, not that domestic financing of investments will be an important criterion for more than one reason. While on the subject I cannot help commenting that in the recent years the claims of the government about higher and higher share of domestic financing of the ADP were not transparent. Domestically borrowed funds should not be taken as a self-generated resource. I have said this more than once in the past. An important factor was slowdown in the utilisation of available aid, sadly enough in some important sectors like physical infrastructure. The Finance Minister has also pointed this out. There should be no room for showmanship here.

Bangladesh's performance in the use of IDA credits in the 90's has been particularly unsatisfactory. The goal should be to raise domestic savings as well as to ensure faster utilisation of available and new foreign aid to maximise the level of total investment.

The last point is about re-vamping the administrative capacity of the government. Experience and quality of personnel are vital preconditions for strengthening the administration. The new government can ill afford to lose the services of some senior public servants in all services and cadres who are due to retire in the next 3-6 months as they reach the age of 57. The government should raise the retiring age to 60 years without further delay. There are arguments for and against such a measure. But on the whole, in national interest, and considering the need of the new government, the arguments in favour far exceed those against such a measure.

If the government is looking for better management, it will need experienced managers and technocrats at all levels of the administration.

Army: 'Syndromes' that Need to be Tackled

THE Bangladesh army, whose roots were sown when the Mukti Bahini or Freedom Fighters took up arms against the Pakistani army in 1971, is a national force, but 'syndromes' that afflict the forces over the years still linger on about the Awami League government of Prime Minister Sheikh Hasina.

Military officials also spoke of a past 'gap' between the forces and the ruling party, that required to be addressed speedily, because of the fact that mistakes made in the past by the Awami League has been used as a major political weapon by its main rivals.

I asked what caused the gap to exist? The reply: 'The Awami League has been in power for the past 21 years and there has been a sustained negative campaign against it during this long period.'

A further probe revealed the main causes, which I would like to call (a) the Rakhi Bahini Syndrome and (b) the Uncertainty Syndrome.

The Rakhi Bahini Syndrome

Tracing back I think the syndrome comes from the fact the role of the Rakhi Bahini militia played and how Bahagbandhu Sheikh Mujibur Rahman dealt with them. Lawrence Ziring in his book entitled *Bangladesh from Mujib to Ershad: An Interpretative Study* (UPL 1992) wrote that Mujib faced military's anger after he 'refused to allocate sufficient funds to expand, train and equip a modern fighting force' and 'the armed forces were especially unhappy with Mujib's reliance on the publicly sustained Rakhi Bahini and the violence it had unleashed throughout the country.'

The Awami League may have reasons to dispute what Ziring wrote, but the fact is, the syndrome exists?

The Uncertainty Syndrome

This syndrome is also partially linked to the other syndrome, but mainly centres on fears about the influences on the prime minister regarding the armed forces by her relatives.

The appointment to the security post of the former militia man has brought about uncertainty among some as to whether their merit and seniority would be overlooked in favour of the Rakhi Bahini.

The other fear is that some character will emerge who, claiming personal relationship with the Prime Minister, will exert undue and unhealthy in-

fluence on the army. This happened in the case of the last PM, with disastrous consequences in the army and the country.

The majority in the armed forces want a change of this pattern, as a large number suffered for similar reasons in the past.

The 'Syndromes' aside, Army Chief Lieutenant General Muhammad Mahubur Rahman recently told me during an informal meeting that his relations with the Prime Minister was 'very good' and that the two were 'trying to build a relationship of reciprocal confidence.'

Gen Rahman was recently made the chief of the prestigious Bangladesh Olympic Association, a step viewed as a sign of his acceptability by the Awami League government. He took charge of the army during the high drama that shook the nation between May 19 and 21.

the majority of the young officers is dealing with what they claim 'corrupt officers' who not only set bad precedents, but also are the ones who take 'undue advantages, conspire and are the main turn coats.'

Sheikh Hasina told the forces in their first official meeting that her government would build a 'well-trained and disciplined force' and any kind of 'grouping or lobbying' would be suppressed. 'I will keep the armed forces above any unwanted interference and the chain of command will be in force through the service chiefs,' she said.

Thus the choice of the next army chief would be a crucial indicator of the government's actual position, although still a long way to go. There might be divergent views whether to give or not to give the incumbent his full term as the chief, but the government's priority should be 'acceptability' and

IN FOOL'S PARADISE?

by Nadeem Qadir

He praised Sheikh Hasina for reviving a board for the promotion to the rank of general, a practice kept in abeyance for a long time for reasons best known to the previous governments and that caused the sufferings of many an officer.

The army chief supported the increase of defence budget for the year to June 30, 1997, saying it definitely showed the new government was keen to develop the forces in line with the needs of the time. Others added the step would 'definitely help build confidence.'

We need the budget for training for geo-political reasons and to buy equipment for our troops participating in the United Nations peace keeping missions. Since the Gulf War, some 25,000 defence personnel have made their contribution to almost all UN peace efforts,' he said.

The new budget gave the defence 22.15 billion Taka (527.38 million USD), seven per cent more than in the previous year.

The rank and file praised Sheikh Hasina's maiden speech to the forces at the Army Headquarters as 'bold and candid' with messages of hope that this Awami League government would quickly deliver its pledges, specially those linked to postings, promotions, punishing those responsible for giving favours and the pay commission.

An important issue among

the man in that post should be given a real chance to streamline or bring back discipline in the forces that has been politicised over the years.

Yes, the Inter-Services Public Relations (ISPR) directorate can deny it and as they have said following the May 20 abortive rebellion that people should refrain from making any statement or comment which might create division or disunity in the army — (the military) cannot be a partisan organisation of any particular party' (JUNE 4, 1996).

In a lengthy statement issued on the night of May 24, 1996, the ISPR warned against attempts to divide the Army between those who fought in the 1971 war of independence and those who were repatriated from Pakistani camps after the war ended.

By these statements the ISPR made it 'black-and-white' that the army's neutrality was in question and there were apparent differences between the freedom fighters and those repatriated.

The balm, according to insiders, was Sheikh Hasina's speech where she also said 'there will be no scope for politicising the armed forces and I request you to forget it, if there were any internal chaos in the past.'

Rapid changes create panic and suspicions, and here too Sheikh Hasina appeared to be going slow on appointments even to the sensitive posts, including that of Defence Forces

Intelligence, which has 'contributed in building trust and narrowing the gap.'

What was good to learn, that the rank and file, despite two opportunities to flex their muscles under an 'attempted state of emergency' between March and April of last year, wanted to remain out of any controversy and interventions in the country's politics by way of a coup, that started with the 1975 putsch.

The two major reasons are the military's image as a 'non-political fighting force,' sustained by tax payers' money, has been tarnished by 'misuse' for political reasons since 1976 and guaranteed international backlash against such a move, according to defence experts.

'No, there will never be any coup in Bangladesh... everyone (in the military) wants peace and politicians to run the country,' said Gen. Rahman, a view echoed across the forces. Possibly because of that stand and to restore its image, some 40,000 troops nearly one-third of the forces, were deployed to maintain peace during the June 12 general election, which was described by the officers as an 'acid test' to prove their 'political neutrality.' Gen. Rahman, according to ISPR statements, repeatedly told his forces that they must support democracy and 'ensure that people have total confidence in you.'

On Sheikh Mujib, the general view is 'history must honour all those who have played a role in the birth of this nation.' Added a policy-maker: 'No one can deny the role or sacrifice made by Bahagbandhu, and denying his role has been unethical.'

To end, I would like to add a few points on the ISPR, basically an extension of the intelligence wing.

Officials are normally found to be ignorant of all important military developments. 'Let us find out what is happening' or 'Is it true' are among the few 'useless' comments that concerned officials make to the press.

Maybe those who speak to the press are not to be blamed, but if they do not have the freedom to say one honest word, then the office should be shut and instead the defence ministry can have its own spokesman, who would be more candid in his replies to queries from the press corps. The current set-up of the ISPR has led it to blunders in crisis times, which we hope would not be repeated any more.

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BADC

Sir, With a view to bringing about technological transformation in the field of agriculture, the then East Pakistan Agricultural Development Corporation (EPADC) was formed during the early fifties which became Bangladesh Agricultural Development Corporation (BADC) after the independence of Bangladesh. Since its inception, BADC, being a supply and service oriented autonomous organisation, has been contributing significantly in the modernisation and development of Bangladesh's agriculture sector through procurement and distribution of agricultural inputs.

Of late the BADC faced a setback following the squeezing of its area of activity. Meanwhile, the present government is contemplating to re-mould BADC to reactivate its developmental functions. I would suggest the government to reintroduce the distribution of fertiliser through BADC and the seed production and distribution sector should also be given under this organisation. It may be mentioned here that farmers face serious problems in procuring genuine seeds for cultivating different crops. In addition, the BADC should be given the task of supplying and servicing of irrigational inputs plus development of agricultural land.

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