

### Not a Good Sign

Armed clashes on the Dhaka University campus, pitched battles between the police and the public in Bogra and a strike call by the Federation of Chittagong Shop Owners' Association in protest against illegal toll collection resulting in a deterioration of law and order in Chittagong are all reminiscent of what we have lived through not long ago. We do not say we are already back to square one, but the incidents are a clear indication that if things are allowed to slide further down the road, the country will be on an inevitable course of irreversible lawlessness and violence. The signal is too clear to be missed.

Here we are forced to conclude that the politicians have virtually learnt nothing from the past five years of politics. There is a definite tendency to politicise events, institutions et al, without ever trying to realise its terrible impact on our society. An overdose of politicisation brings about a sharp division in society while the real issues go out of sight. What has happened in Bogra is a clear case of trivial matters getting blown out of proportion because of indiscretion and subsequent political colouring given to them.

Notwithstanding the prime minister's repeated call for consensus we notice a serious lack of basic political understanding between the ruling Awami League and the largest opposition Bangladesh Nationalist Party (BNP). We do not know who is to blame for the unbridgeable political gap and the unhealthy rivalries, but we surely know that till both of them take to a certain rationality in their behaviour, the country's politics will stay removed from the fundamental issues.

Both the ruling party and the opposition must talk to each other at least on certain issues — if not on all issues. We cannot afford to waste time in a cycle of non-cooperation, violence, strikes, work-stoppages and all kinds of anarchies that follow political turmoils. Both parties have had a taste of power, so also have their credits and discredits. But at the end of the day no one will be a winner if the system of governance itself does not work. So, we appeal for restraint and co-operation between the ruling party and the opposition. Overplaying their cards will be self-defeating.

### Grassroots Consultancy

As part of the Flood Action Plan (FAP) studies the Jamalpur project — a massive flood management undertaking for north-eastern Bangladesh — is currently going through a baptism in fire. The local people are taking a close look at its design and contents at the behest of the Water Resources Planning Organization (WARPO) and the designated consortium of consultants led by Halcrow and Partners for the project. And, just how useful the input of the grassroots-level anthropological appraisal of the Jamuna Char Integrated Development Project (JCDP) in refining that component of FAP has been? Enormously — as it is gathered from the JCDP officials.

The quality and depth of popular perception of the complex engineering project and its allied environmental and other aspects have struck as amazing to the seekers of local opinion in the command area. The people of different socio-economic backgrounds have as much come up with alternative suggestions on certain parameters of the project.

What makes the grassroots participation so important is that the tenders to contract out the job will be floated subject only to the 'refinement' study being completed with the full endorsement of the local people. Furthermore, one is quite heartened by the fact, as already made known by the WARPO authority, that local people would also be involved in the implementation of the project and its maintenance down the line.

The elicitation of opinion of the people targeted to be served under the project has been on a modest scale with only 25 mouzas covered till date. Another 298 mouzas are to come under the second phase of the programme. Now the coverage, speed and quality of the participatory studies will be of crucial importance to the task of perfecting the Jamalpur flood control project envisaging embankment, drainage and dredging of rivers and canals. There are non-structural features encompassing agriculture, fishery and environment as well.

The Jamalpur project is just one of the 31 FAP components. From that point of view, we have a long way to go in associating grassroots opinions with the FAP as a whole.

### Faith in the System

The undelivered justice in the Yasmin rape-and-murder case represents a double outrage. It adds to the one originally committed a year ago when the incident had taken place and sent shock waves to national conscience and international public opinion. If that darkest of symbol and a glaring instance of women indignity and repression could go the way of ordinary crimes under the watchful eyes of the women's rights groups at home and abroad, then who can put faith in our system?

It is understood that administrative complexities are being created to impede the process of trial in the Yasmin case. The accused and the interested quarters have been making the most of their time doing it. The Yasmin outrage was followed by the death of seven persons and injuries to scores of Dinajpurians in clashes between them and the police so that the entirety of the episode puts to a severe test our whole system of justice.

The aphorism "Justice delayed is justice denied" is applicable in the Yasmin case in more senses than one: first, the victim's family is being wronged one more time after they had sustained the irreparable loss of their dear ones a year ago; and secondly, the martyrdom of Yasmin in the way of seeking justice for all women from the tentacles of oppression is still going in vain.

# Budget 1996-97: An Appraisal

by Kabir U Ahmad

THE Minister of Finance Mr Shah A M S Kibria has presented his first national budget to the parliament on July 28, 1996 within five weeks of the installation of the new government. It is a matter of credit and he deserves congratulations for that. However, the annual budget is not only an account of expected receipts and expenditures of the government household, but also a statement of its political commitments, priorities and future directions of the path of expenditure and the structure of tax-subsidy laid out in the budget.

Through its financial tentacles, the budget influences not only the levels of activities of the government but also the entire economy. It is, therefore, the most important national document and needs to be carefully assessed in the light of the new government's political-economic philosophy and pledges to the nation as well as the efficiency criteria of resource allocation embedded in it. It is with due respect and a sense of objectivity that the new budget is analysed here. It is done under the following heads: (i) the political-economic philosophy and pledges of the new government, (ii) its assessment of the past budgetary performances, (iii) pattern of expenditure (or allocation) in the budget, (iv) changes in duties and taxes, and (v) some concluding observations.

### Political-Economic Philosophy and Pledges

There is no doubt that 1990s Awami League stands for political plurality or multi-party democracy as against its single party system of 1974-75. This is a healthy change in its choice of political philosophy. Similarly, there is an equally radical shift in its economic philosophy also. It no longer harbours socialism of the 1970s vintage anymore, it has committed itself to free market economy. In a more emotive but pragmatic language the Finance Minister has stated that the Awami League government wants to "realize the dream of Golden Bengal by providing the basic needs of the people such as food, clothing, shelter, education, medical facilities and a clean and safe environment" in the next ten years. (Budget Speech (BS), Part-1, page-8). It wants to achieve these ultimate objectives by promoting dynamic and efficient "market economy", but the broad strategy it has adopted is the acceleration of "economic growth with social justice". For the latter, it has stressed on its "supreme goal of poverty alleviation", use of "man power" by generating "employment opportunities" and "development of agriculture". As a means of stimulating growth, it has adopted "export-led strategy" of industrialisation but moderated by "equal facility for export and import-substitution industries" (BS, part-1, page-12). These two strategies of industrialisation, however, usu-

ally lead to conflicting policy choices in that the former calls for reduced tariffs and indirect taxes while the latter calls for high tariffs and indirect taxes. No hint has been given in the budget speech on how to fine-tune these two opposing tariff-tax structures. One has to wait and see what they do in future.

Nevertheless, for achieving their goals, the budget has emphasized, quite rightly, on good governance and sound principles of financial management as preconditions. However, such statements on their political-economic philosophy and choices of strategies and policies were needed to be spelled out clearly and coherently, which the Finance Minister has done quite commendably. The problem now is to examine whether these are consistent with their expenditure and tax-subsidy structures given in the budget. This will be pointed out as one goes along with the analysis.

### Assessment of Past Performances

It is understandable that a new government has to analyse first the benchmark or the initial position from which it is

going to launch its programme of accelerated development to achieve 5.5 per cent GDP growth rate this year and further raise it to 7 per cent in the next five years (BS, Part-1, page-13). The Finance Minister has asserted that this target growth rate is "achievable" which, this writer also thinks, is not only achievable but also sustainable provided the colossal amount of wasteful expenditures in the government and in the public sector are drastically cut, financial sector is reformed, legal framework is tightened, government does not unnecessarily interfere in the market and all-round efficiency is restored in the economy. This is a tall order, no doubt, but that is what a "people-oriented" government with commitments to "fast growth" and "poverty alleviation" is expected to undertake. One doesn't see much discussions on these issues in the budget except some announcements of future reforms.

However, the Finance Minister thinks that his "Government has inherited a sluggish and fragile economy" (BS, Part-1, page-7) and has quoted a lot of facts and statistics in support of his claim. Some of which have been analysed further below. As usual with any incoming government in a democratic system, the Finance Minister has blamed the immediately preceding BNP government for a variety of sicknesses, mismanagement and inefficiencies in the government and in the economy. To defend the record of that period is the responsibility of the BNP stalwarts, and

not of an independent analyst. But there are some issues which he has raised that need objective evaluations.

In the first place, the Finance Minister has observed that "During the last five years the economy of Bangladesh has been trapped in a vicious circle of low growth. GDP grew at 4.2 per cent in 1993-94, it edged up to 4.4 per cent in 1994-95. GDP growth rate for the year 1995-96 is projected at 4.7 per cent" (BS, Part-1, page-7). What strikes one immediately is the fact that these growth rates are measured at constant 1984-85 prices and thus reflect real rates. These data also show a trend of growth from 4 per cent upwards which is somewhat better than what happened in the past decades. But when he said that "the economy of Bangladesh grew, according to BBS, at the rate of 6.6 per cent during FY 1973-74", which is according to him, "the highest growth rate in Bangladesh during the last twenty five years" (BS, Part-1, page-13), one wonders whether this rate of growth in 1973-74 was indeed deflated by the same 1984-85 prices! If it

losses were financed by issuing bonds. The implication of the latter is that the interest burden was financed with government revenues.

What is far worse, the lending policy of these banks was largely dictated by governments of various periods. The favoured few received large loans which turned into bad debts. A whole new "default culture" has developed in the country with the support of political leaders, administrators and bankers. For the first time, it was the previous Finance Minister Mr Saifur Rahman who published the names of these defaulters and chased them to recover their debts. In spite of his best efforts, he did not succeed. Hopefully, the new Finance Minister succeeds during his tenure in realising this colossal amount of bank debt. One wishes him best of luck in this effort.

The most critical question now is the following: Should the government stop recapitalisation of the nationalised banks and let them go bust if situations so develop? So far the policy of all governments

actual disbursement is however estimated at less than \$1.45 billion. The failure to utilize foreign aid is one of the reasons for the reduction of the foreign exchange reserve" (BS, Part-1, page-8). This raises two issues that need to be addressed: (a) the pattern of aid disbursements, and (b) the failure of aid disbursement as a cause of decline of foreign exchange reserve.

Pattern of aid disbursement: If one looks at the pattern of total aid commitment and disbursement over the last 25 years one finds that (i) the disbursement of aid has never exceeded \$1.8 billion in a year, (ii) the commitment and disbursement of aid were adjusted sequentially in a staggered way especially since 1986-87. That is, if the same year the disbursement was less than the commitment, then commitment in the following year was reduced and the disbursement went up quite surprisingly above that year's commitment. For example, in 1986-87, commitment was for \$1,603 million while disbursement was \$1,595 million, but in 1987-88, commitment was \$1,529 million while disbursement was \$1,640 million. Similar thing happened in 1989-90 and 1990-91, 1991-92 and 1992-93 and in 1993-94 and 1994-95. (Bangladesh Economic Review, June 1995, Finance Division, Ministry of Finance, page-87).

Therefore, from the staggered pattern of commitment and disbursement found above, one does not see that the total disbursement has fallen significantly. One must also take into account the political turmoil in 1994-96 during which all economic activities slowed down considerably, and one cannot use that abnormal period as a referral point for normal statistical analysis.

From what has been said above, it follows that the decline in foreign exchange reserve from \$3.07 billion on June 30, 1995 to \$2.03 billion on June 30, 1996, cannot be due to failure in aid utilisation. A hard look at the pattern of exports, imports and expatriate's remittances during 1995-96 shows that it is due to import of 5 million metric tons of food items like wheat and rice, necessitated by the shortage of food crops due to flood and fertilizer crisis of 1995, at a time when the world prices of those commodities had shot up far beyond the normal range. One must also note in passing that one of the major mistakes of the last BNP government was to interfere with the existing distribution system which has cost the farmers and the country heavily. However, the other factors that contributed to the fall in external reserve is the decline of exports and remittances both of which are attributable to political turmoil in the country. One must not forget the number of export L/Cs cancelled due to political troubles.

(To be concluded tomorrow)  
The writer is an economist

Should the government stop recapitalisation of the nationalised banks and let them go bust if situations so develop? So far the policy of all governments has been to keep these banks afloat at the cost of the taxpayers' money. Has the new government taken any decision on this issue? If it has, it should be announced publicly.

has been, then it was certainly the highest growth rate in a specific year in the entire history of Bangladesh. If it has not been, then this rate is not comparable with those of 1990s.

Incidentally, one must remember what a difficult time the country had gone through during 1972-75 period with huge expenditure on reconstruction so as to bring the economy back to 1970 level, poor economic recovery rate, high rate of inflation ranging from 15 per cent to 20 per cent due to oil price rise and the world economy in a modish boom, and 1974 famine to boot. One must also remember that the 1970 level of economic activity of Bangladesh was eventually achieved in 1976-77.

However, to be statistically correct, for comparing the economic outcomes of two different regimes in two different periods, one should compare the average rate of growth of the two periods rather than the arbitrarily selected growth rate of a specific year in each period. The latter method will contain bias.

In the second place, the Finance Minister has said that "The Government has issued bonds to the tune of Tk 3917 crore and paid Tk 1061 crore in cash to four nationalised banks for provision against bad and doubtful debts." (BS, Part-1, page-4). There is a serious policy issue involved here. Ever since independence, all governments have treated these nationalised banks as nationalised industries whose surpluses they used to finance government expenditures and their

those who held him facilitate his treatment abroad and was telling time and again that he could not have met his expenses without their help. But in spite of having been a member of parliament several times and head of a district unit — Habiganj — a big political party, he died almost empty handed. Even he had no money to pay for his local medical treatment. Mr Sharifuddin Ahmed certainly stands out as a glaring example that persons associated with public life are not always meant to fill up their own pocket at the cost of people. It is not a crime to be affluent since the nature of the earning is important not the quantity of it. Even taka five earned in a dishonest way can be condemnable while earning taka five lakh may not be faulty if the way of securing the amount is not faulty.

There is no denying that there is a general impression that politicians, cutting across political lines, are mostly well-off and some of them are rich while some others are tycoons financially. Not that all of them have changed fortunes because some might have inherited wealth or made money through good business or other appreciable manner but it is also true that many people have utilised public life to build their own financial base. While it is no guilt to be rich or financially comfortable but it is desirable that persons dealing with people must check the temptations of the glare of affluence at least publicly since people do not accept this condition with grace since overwhelming majority of them are mired in poverty — most in abject poverty. One reason for the communist government in West Bengal has returned to power in successive elections is that people are at least convinced that the government is making effort to reduce their plight — not that their problems are resolved. Unfortunately, most of the politicians of three major parties in our country are perceived by people as affluent while there are definitely politicians who also struggle to maintain a minimum standard of life.

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### WITH MALICE TO NONE

## Values have to be Admired and Encouraged

by Zaglul Ahmed Chowdhury

events in the context of formation of government and political expediency forces the largest parliamentary group to take up opposition role.

Mr Vajpayee's tenure as the prime minister was certainly the briefest in the Indian history but he stands out as one of the most admirable leader not only in India but in the entire south Asian and south-east Asian region. At a time when important politicians from both ruling and opposition parties are facing serious allegations particularly that of corruption in different countries which practice democracy including Japan, he is one of the very few politicians at top level who is untouched on this count when many important politicians in his own country, which once used to boast of morality in public life, are being submerged under waves of allegations like corruption — and not surprisingly, even persons like former prime minister P V Narasimha Rao and former leader of opposition L K Advani along with several other heavyweights in the Indian political scene have been tainted with such allegations which made their political career uncertain.

Mr Vajpayee's politics may be controversial even if he is known as a moderate in the otherwise controversial BJP known for its communal stance but in my view the 71-year-old bachelor politician, known for his dynamic but simple aplomb, is the outstanding public figure in this region in the present times and his honesty is certainly the main asset as he occupies this unique position. I am sure many others will agree with my opinion because I found similar views from many persons about Mr Vajpayee after he figured prominently in the last column.

Here I would like to pay tribute to a politician of our country who may not be much known but certainly he was a politician. I would not have written about him because he is not well-known, but his honesty and simplicity deserve him a place in our current time political writup since we can also find people with commitment in public life and do not have to look always to other countries for such instances. Here, I will certainly draw a parallel between honest politicians of other countries with this little known figure, whom I will describe as a politician since he was elected to parliament more than once and was the president of the district committee of a big political party. I fondly remember Md Sharifuddin Ahmed, the member of parliament, who died the other day and his was the first death of an MP of the present Sangsad. He had no money to meet the medical expenditures of his illness.

A college teacher-turned-politician, I knew Mr Ahmed well as we came from the same place. He was ill for quite some time and once he came to my house soon after his return from medical treatment in London. He was then still a member of the fifth Jatiya Sangsad. As he comes from Sylhet area, there was no doubt after his illness and friends took care of his expensive political treatment in London. He was gratefully remembering

those who held him facilitate his treatment abroad and was telling time and again that he could not have met his expenses without their help. But in spite of having been a member of parliament several times and head of a district unit — Habiganj — a big political party, he died almost empty handed. Even he had no money to pay for his local medical treatment. Mr Sharifuddin Ahmed certainly stands out as a glaring example that persons associated with public life are not always meant to fill up their own pocket at the cost of people. It is not a crime to be affluent since the nature of the earning is important not the quantity of it. Even taka five earned in a dishonest way can be condemnable while earning taka five lakh may not be faulty if the way of securing the amount is not faulty.

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I was pleasantly struck by a suggestion by a ruling party member of parliament in the recent convention on terrorism organised by Hope Minister Rafiqul Islam. I was present at different sessions of the convention and in one of them Mr Wazuddin Khan, MP, suggested

that a commission may be set up to find out the persons who have accumulated wealth beyond their known sources of income. This should cover not only the politicians but civil and military bureaucrats and other professionals, businessmen and last but not the least, journalists and intellectuals are not excluded either. Because, he said, those give the sermons themselves may not be clean. I do not know if the suggestion of the simple looking MP will at all be taken seriously by persons at the helm of implementation of such a proposal any day see the light of the day, but I admire him for the idea that he broached boldly in front of a select audience covering those many of whom should come under the purview of such a commission.

An issue that raised some dust in the convention was a remark by a former senior government official about the expenses of the MPs who fight elections. Mr Khaleque is not an unknown person, having been the first inspector general of police after independence and later secretary to the government in charge of different ministries including relief and rehabilitation.

I remember we were together in the countryside on many occasions during the early phase of liberation when he was the relief secretary. I have always liked him as a simple nature officer, dedicated to his work and also for being a freedom fighter. His comment that the members of parliament give false statements on election expenses as they spend more money but show less than Taka three lakh as required by election laws. I was not present at the convention when he made the remark in the convention and what exactly he said. If he had told about all the MPs, he must be at fault since there are successful or unsuccessful candidates of last elections who spent really less than three lakh. I have a former journalist-turned politician friend who spent less than three lakh. However, these cases are mostly in the areas where some particular parties have tremendous influence and their nominees had easy sailing like Awami League candidate in Faridpur, BNP's in Bogra and the JP's in the greater Rangpur area. Anyway, it is true that majority of the MPs must have spent more than three lakh — and some of them much more — at least that is what people believe and discuss.

Mr Abdur Rashid Tarkabagish said before his death that he could never own a car despite his intention to have a small one. Mr Dhiren Dutta seldom got into a car when he was a minister. Mr M R Akhtar (Mukul) said once he won a bet with a friend many years ago when he claimed a person taking his own car for going to far away Engineering University ground from his Bakshi Bazar area was an important minister of the United Front government!

There were politicians and ministers both honest and otherwise in those days as well as these days. But values have to be admired and encouraged.

### To the Editor

#### Daily Star's stand

Sir, Ms Natasha Kamal's gratuitously offensive piece "Have you seen this..." (August) happens to be quite unfair. In the first place, The Daily Star's stand on social and civic issues has been consistently energetic and the recent services of photos are of a piece. In the second place, our very intelligent, very amiable, very plausible and very honourable Mayor has got away with a great deal in the past by averting that the government has been inimical to his own people-oriented interests. Unlike, apparently, the long-suffering Ms Kamal some of us were rather hoping that in the present atmosphere of equivalency between city and state we would begin to see some improvements.

On the contrary, the dereliction of duty all around remains breath-takingly blatant and depressing.

Mizanur Rahman  
Banani, Dhaka

#### Situation of educational institutions

Sir, I would like to draw the kind and sincere attention of the Education Minister on the situation prevailing in the Medical College, Chittagong Medical College, Mymensingh Medical College and Barisal

Medical College. As a student and as a citizen of this country, I have the right to know what led to the closure of these institutions. I would also like to know why did all the main medical colleges of the country were closed since die as soon as the Awami League government took office; which probably made a history in Bangladesh of such closure as soon as a new government was sworn in. Moreover, Dhaka Medical College was closed again sine die only after nine days of its resumption.

If this situation prevails, what will be the future of the medical students in Bangladesh? Wouldn't they be forced to leave the country and go to neighbouring countries like India and Pakistan? Is this the strategy of sending students abroad? Did the Muktiyoddhas fight for such a situation in this country?

The government is in power to do good for the country and the nation. But if this continues then this government has to answer to the people of this country. The students and the nation want to know, when will these violence in the educational institutions come to an end? What immediate measures have been taken by your Ministry to control this?

Yasser Khan Chowdhury  
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Dhaka