

Weed Out

Feuding in the BCL is an old story. Deaths have occurred from it, too. But what is new about the gruesome murder of BCL city unit (north) leader Imam Hossain Tonai is the expose it has so thoroughly given of the student underworld which outsiders, terrorists and extortionists have made a home of their own.

While the cut marks on Tonai's face were incised with such venom as must have put even some homicidal maniacs to shame, we have to wait and see if the ruling party's felt embarrassment with a dastardly infight in its student front turns into a weeding action.

The backlash of the murder has really opened the Pandora's box. The BCL has expelled a vice-president and a central committee member of its Dhaka city unit implying that they were involved in the stabbing incident. The expelees have said that the murder occurred in consequence of differences over the sharing of extortion booty (toll money). Furthermore, the Shariatpur-Madaripur faction of BCL has gained control over Fazlul Haq Hall of Dhaka University with relative ease as the Gopalganj faction did not put up any resistance. Even so, some workers of the Bohujatik (composite) group were reportedly pushed out of the hall by some beating. All these conjure up the image of a student party indulging in infights for power and self, which obviously can be traced back to Awami League's coming to power. And, therefore, it is the AL which has to set its extended house in order. The government should feel obliged to do more than verbally disown the terrorists and their acts on the campus when it has the police force and intelligence agencies at its disposal to act decisively.

The internecine shoot-outs within the BCL have been marked by intrusion of weapons and sometimes outsiders too. Now these malcontents have been present evidently in a greater measure in the rivalries between Bangladesh Chhatra Dal (BCD) and Bangladesh Chhatra League (BCL). So, the deep fissures within the BCL along with the violent eruptions therefrom and the bristling, often armed, fights between the BCL and the BCD make the campus situation worse confounded. Unless the AL leads the way in delinking student politics from terrorism we do not see how the BNP will be sufficiently morally pressured to follow suit.

Far-fetched

Although belated, the Rajdhani Unnayan Karti-pakkha (Rajuk) has made a welcome move towards addressing one of the city's most intricate and vexed problems--traffic congestion. More than 1,000 lanes and by-lanes will be widened, turning quite a number of them into one-way streets, under a master plan now awaiting approval from the Planning Commission for funds. Lanes and by-lanes, as arteries of the city's communication network, are the determinants of the flow of its traffic. Their narrow widths and sharp turns and twists—common features here—were not much of a problem when the city's population was small and the traffic thinner. But now the alleys are far too inadequate to cope with the pressure of traffic in a city of Dhaka's size and demography, to say nothing of the horrific projections for the future.

Why chalk out a programme for as long a period as 40 years to have the network of lanes and by-lanes in place? Over the 40 years not only will the traffic volumes increase but also new and sturdier structures could come up on both sides of roads. The task will become more difficult then. We understand that there are complications in acquiring private land and demolishing structures where need be, but given the urgency could we not shorten the time-frame to 10 years? What matters is the will to do the job.

We also find it a reasonable approach for Rajuk to take up a few lanes and by-lanes on an experimental basis for widening and use them as models. We understand that the broadening of the alleys will also make room for a better sewerage and drainage system and request the planners to incorporate this additional facility into the project.

Yet another suggestion that deserves consideration is the regulation of traffic. The plan is to turn some of the lanes and by-lanes into one-way streets. We think it should not be a fixed arrangement. Not only lanes but also a few roads can be made one-way during the peak traffic hours. They remain one-way from one direction during office hours and one-way again but from the opposite direction after the office hours. This can be introduced even before widening the alleys.

Mongla EPZ

Even after two years of its conceptualisation, the EPZ project for Mongla has not yet stepped out of the drawing-board. The land earmarked for the project belongs to the Mongla port authorities who are taking their time to formally hand it over to BEPZA. Besides, the basic infrastructural facilities like gas, fresh water and road linkages are far too inadequate to cope even with the initial demands of an export processing zone, let alone the projected ones that is completed when it gets into full swing.

What is within our capacity and means must be taken up and completed as quickly as possible to be at a vantage point in terms of project implementation. As first things first, let land acquisition be finalised and fresh water supply and road networking problems sorted out. Then we use the newly-discovered gas reserve at Shahbazpur in Bhola district to fuel the planned 161 MW power plant for Mongla. Further down the road, we have Rupsha Bridge and an airport in Mongla.

We want the government to attach top priority to the implementation of the BEPZA project at Mongla for the simple reason that this can help in realising the unutilised potential of Mongla port as the second maritime outlet of the country. Moreover, the EPZ holds the key to persuading some Asian countries in relocating some of their sun-set industries in Bangladesh.

In Parliament, the other day, Prime Minister Sheikh Hasina, defending her appointment of her in-law (father-in-law of her daughter) Mr Mosharraf Hossain as ambassador to Canada made, what this writer thinks to be, an unthinking comment which may send all sorts of wrong signals if not immediately clarified and reversed. Sheikh Hasina said: 'There is nothing wrong in appointing competent relatives'. 'Are we to only give blood and make sacrifice and not get anything even if we are competent?' she asked. She did not say so, but clearly implied that since her family made a lot of sacrifices, it was entitled to some benefits and rewards. The appointment of her in-law was one such benefit she expected because of her family's sacrifice. (Compared to many members of her family, what sacrifice did this particular gentleman make?)

If we are to accept PM's logic, are we not equating patriotism with reward and thereby insulting our rich heritage of selfless sacrifice of our people and of our illustrious leaders like Bangabandhu, Moulana Bhashani, Sher-e-Bangla and many others? How will she reward the families of three million martyrs for whose supreme sacrifice we are an independent country? What about the two hundred thousand Bihanganas (women who were kept prisoner in Pakistani army camps to serve their animal lust)? How will she reward the families of thousands of mukti-joddhas injured and disabled during our Freedom struggle? The list goes on and on. Sheikh Hasina herself says that she is doing everything for the love of the people. So where, how and why, does the question of 'reward' come in? Serving one's country is its own reward. That is what we have been taught, and that is how it should remain. This is precisely what patriotism is all about.

Prime Minister will commit two fatal mistakes if she starts taking rewards for her own family's sacrifice. First, she will be insulting, and thereby corroding the image of her family, especially that of her illustrious father; secondly she will be deluged under flood of demands for 'rewards for sacrifice' which she will neither be able to meet nor refuse, having taken it for her own family. She obviously did not think it through before making that comment.

We would, perhaps, not have chosen to write on this issue if PM had just said 'We appointed this man because, in our judgement, he would best serve our needs in Canada, and the fact of his being my relative had nothing to do with his selection.' Alarm bells rang and we felt obliged to comment when Sheikh Hasina not only defended this particular appointment but implicitly laid a foundation for such appointments in the future by saying: 'There is nothing wrong in appointing competent relatives.'

Let us take this argument a bit further. If the PM thinks there is nothing wrong in appointing 'competent' relatives to important jobs, how can she prevent her ministers searching out their own 'competent' relatives for the same purpose? And once the ministers do it, how can you stop the secretaries and the people down the line? What can then stop Chairmen of corporations, DGs of departments and other heads of government bodies giving out jobs and lucrative contracts to their 'competent' relatives? We would soon have a whole government of 'competent' relatives—a 'relativocracy' instead of our present bureaucracy.

Is this the type of government that Sheikh Hasina would like to head? She got a lot of kudos by preventing a highly ambitious relative from not getting a cabinet berth and continuing to prevent some others from getting cushy jobs. Sheikh Hasina can also be praised for keeping her cabinet small and

giving out some important ministries to newcomers—in some cases with disastrous results—in an effort to put experienced people in crucial ministries. So she has, what we think to be, an impressive record, at least so far, of keeping relatives and party henchmen at bay.

With such a background, her appointing a 'competent' relative would perhaps have gone without much public reaction, but for theorising that 'there is nothing wrong in appointing competent relatives.'

Sheikh Hasina's above statement comes, we think, from her relative inexperience as an administrator. To be fair to her, while she has nearly two decades of experience as a political leader and leader of anti-government agitation, this

gives her a long way in creating the moral edifice upon which a government rises or falls. It gives credence and credibility to a government that empowers it far more than rules in statute books can.

In the parliament the example was given of British Prime Minister James Callaghan appointing his relative to some post, which Mrs. Thatcher later upheld. (If we are going to emulate British leaders, could we not find a better way of doing so?) A more illustrious example would be John F. Kennedy appointing his younger brother Robert to the post of Attorney General. But of all the heads of governments in the world, how many leaders appoint their relatives to government posts. Why do most

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in the public mind. That is why elected leaders totally de-link themselves from their relatives in handling their public life and public offices regardless of the qualification of their relatives. Those who don't suffer in public esteem.

Recalling an Ambassador is a big thing in the diplomatic world. A routine appointment itself raises a lot of eyebrows when it is an in-law of the Prime Minister. But when the same thing is done following a sudden recall—in the middle of his term—of an Ambassador who has a considerable reputation—must avoid making such appointments. When a relative is placed in any echelon of administration, it totally subverts the hierarchical structure by creating tangential lines of communication with the chief executive, and as such of power and authority.

In addition to 'no harm in appointing competent relative' thesis, the PM put forward another reason for selecting a new envoy for Canada. She said that during Begum Zia's rule our foreign office was used to reward party favourites which resulted in incompetent people filling up our diplomatic missions. She said that her government was determined to restore Bangladesh's image abroad by reversing the situation, implying that the appointment of the new envoy to Canada was a part of the cleaning up and building the 'new image process.'

Without contesting PM's basic argument, we are forced to say that she chose a totally inappropriate case to prove her point. Mr M A Osmany, the recalled envoy from Canada was the predecessor of the current Foreign Secretary. He is a career diplomat, who has been our envoy in many countries during his long service. He went up the diplomatic ladder and ended up as a Foreign Secretary, the highest position that a career

The Third View

by Mahfuz Anam

her first year as an administrator. Four or five years down the line, when she will have gathered enough firsthand experience to know how complicated it is to run a government; how one negative precedence here creates a thousand problems there; how one deviation from the norm in case A forces the government to accept deviations in cases B to Z; how an inch of slackening in one case will lead to a mile of slackening in another—and how one 'competent relative' in Canada will haunt her for the rest of her tenure.

Governance is not only by rules and regulations. It is also by examples. In fact, more so in a developing country. How does a leader behave, how she interprets the law, and how she applies them to herself and her

heads of government avoid giving any high level appointments to their relatives? Is it because they don't have 'competent' ones? What would have happened to norms and procedures if the principle of 'competent relatives' of prime ministers and ministers were brought to bear on administrative appointments. How would we define nepotism?

Take the case of US First Family President and Hillary Clinton. Hillary used to have a very lucrative law practice. But she gave it up ever since her husband became President. Why? Because her personal proximity to the highest executive office may exert undue influence on the functioning of the government. Even if she did not, there was no way that lingering doubt would not persist

employees but in future when workers show responsible attitude and management skills, it may be possible to sell the industries to them. The urgent need of the government is to get rid of the losing SOEs. iv) The

fourth obstacle to privatisation seems to be the existence of militant workers in each of these SOEs who would resist the sale of their units to private entrepreneurs.

If such sales take place, they realise that they are likely to lose their jobs. There are rumours among potential buyers saying that they wouldn't take some of the SOEs even if they were given to them at a throw away price.

Simply because the entrepreneurs have genuine fear of their lives. How to persuade these workers to accept private entrepreneurs as their new owners? This seems to be the most difficult undertaking. One way perhaps would be to offer them a golden handshake with a huge amount of money which cannot be built into the sale price of the industry. This is possible but in the present budgetary and financial condition of the government it may be difficult unless donor agencies provide some fresh loans for this purpose. The history of the use of such cash money for golden handshake is not very encouraging. The previous government budgeted Tk 100 crore for such handshakes in 1993-94 and 1994-95 budgets. By and large, it didn't succeed. A fresh arrangement perhaps will have to be made with the donors. Until this is done, it looks like the sale of some of the SOEs may not materialise.

All in all, these institutional, psychological, attitudinal and financial problems seem to present real obstacles to privatisation which need to be addressed now.

What are the Obstacles to Privatisation?

There seems to be four reasons for slow pace of privatisation: i) lack of serious commitment of the government, ii) lack of proper evaluation of the assets or attractive terms and conditions for buyers, iii) lack of proper intermediation process, and iv) workers' militancy.

payers' money immediately while the latter causes capital shortage of NCBs and eventually have to be borne by taxpayers' money. How has the first affected the NCBs? The WB's study again reports that 'at the end of 1993, about 50 per cent of the NCBs' lending portfolio consisted of loans to SOEs. Since a high proportion of these loans are non-performing, NCBs themselves had to be recapitalised, during 1990-93, they were provided total of about Tk 51.5 billion'. In consequence, these SOEs have turned 'defaulter' to the NCBs and are substantially responsible for the current sickness of the NCBs. The government cannot repay these loans to the NCBs either to restore the latter's financial health.

The next important question that one has to ask is what is the opportunity cost to the society of all these misallocation of public resources? The same WB study estimated that in the Financial Year 1992-93 alone, the combined losses of 33 SOEs totalled \$ 418 million and in Financial Year 1993-94it came to about \$500 million. Such losses are due to high system losses in all utilities like electricity, water and gas etc., overstaffing and wastage, on the one hand, and the unrealisable loans from the NCBs, on the other. The next question is how long can this heavy bleeding of national resources continue? The answer is very simple. It cannot continue for long. The bleeding patient will die ultimately.

In view of all these hemorrhaging of the Bangladesh economy due to heavy industrial-commercial undertaking of the government, what would Ibn-e-Khalduin say if he saw these statistics of financial losses of SOEs and the near bankruptcy of the NCBs? He would definitely have said 'you bunch of fools, didn't I tell you that these would happen about six hundred years ago? If you don't listen to good advice, go on wallowing in your own created miseries'.

What is the way out then? Every rational person understands that these SOEs will have to be privatised and some which cannot be privatised will have to be closed down. It is better to minimise the recurring losses rather than bring the entire edifice down to the pits.

What Prevents Privatisation?

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only in June 1993 that the government committed itself to privatisation and developed its modus operandi. There were issues like asset valuation and treatment of current and past liabilities of the enterprises which were not very clear. Such liabilities were too high and no buyer would be willing to buy with these liabilities. Government needed to write off substantial amount, if not all, of these liabilities. However, up to June 1996, only 12 SOEs were privatised. Of course, the government of that time faced two years of political turmoil in the country. But the main reasons of such slow pace seem to be the

study showed, but the quoted sale prices were shown to be too high. Instead of holding on to the losing enterprises quoting high prices, it would be worth getting rid of them even by stripping down their assets and selling the lands and buildings attached to them.

iii) Both the previous and the present governments showed sympathies to the workers by way of being willing to sell the industries to them if they were able to come up with reasonable offers. This is a good position for the governments to take. Even in the United States such employee buy-outs are taking

leadership of Privatisation Board and government's hesitation to sell some SOEs for which buyers came forward. The latter might be due to the potential workers' resistance in the pre-election period.

However, the present government's initial commitments were against privatisation, as can be seen in their pre-election manifesto and in the Budget Speech of 1996-97 of the Finance Minister. The stated policy in these documents was that the government would not privatise but would like to improve efficiency of these enterprises. If this couldn't be achieved, only then the government would go for privatisation. It has taken the present government about a year to appreciate that restoring efficiency in these enterprises would take too long (e.g. reaping the benefits of BMRE takes more than 7-8 years) and it becomes too costly even without considering the current losses. Then in 1997-98 budget, the commitment to privatisation has been clearly stated but it also has said that it would compensate the workers laid off thereby. Taking the right decision however late should be appreciated.

Now the government is showing seriousness in that they have appointed a Chairman of PB with the rank of a state minister. Over the last three months or so, some 16 SOEs have been privatised but 9 of them by way of selling shares. It has put out a list of 63 SOEs which are going to be privatised. This is a healthy process.

ii) The government was trying to sell these SOEs with all their current and capital liabilities. This would not attract any buyer. No one would buy these inefficient industries with their huge liabilities to the NCBs, as mentioned above. Further, it is said that the assets were not properly evaluated. The net worth of these enterprises were found to be negative, as the WB

place these days. Among many others, the LTV, second largest steel mill, and the United Airline, a major airline in the US, are owned and managed by employees now. But for such thing to happen in Bangladesh, one can see a number of difficulties. First of all, there are conflicting workers' associations on the same factory floor which will prevent them from reaching a unified decision, which requires a cooperative attitude rather than a fighting attitude. Secondly, there are substantial number of excess labour which

is needed to run the industry. There is a need for loan intermediaries between the workers and the financial institutions, which do not exist now. Banks have to have a sound management plan of the reorganised industry on the basis of which such loans can be negotiated. A financial planner-manager with industrial management background will be needed to prepare such work plans. However sympathetic the government might be towards the workers, it cannot appoint another civil servant or a professional manager to perform this kind of job. Workers will have to accept either the cooperation of professionals of their own industry or hire such professionals from outside. A wholly new management attitude will have to be developed among the workers. All in all, right now it may not be possible to transfer the industry to the workers and

have to be got rid of before the industry can be made to run efficiently.

Who is going to decide and how will these redundant workers to be got rid of? Unless, a strong leadership is imposed or prevails somehow or other, it remains an impossible task. Thirdly, even if these issues are resolved somehow, the management ability of the workers themselves is too weak to be relied on. They will need to hire new managers who will have to accept their dictates. Will managers accept such jobs while there are jobs for them in better work environment? Fourthly, the workers will need bank loans for both short and long terms to run the industry. There is a need for loan intermediaries between the workers and the financial institutions, which do not exist now. Banks have to have a sound management plan of the reorganised industry on the basis of which such loans can be negotiated. A financial planner-manager with industrial management background will be needed to prepare such work plans. However sympathetic the government might be towards the workers, it cannot appoint another civil servant or a professional manager to perform this kind of job. Workers will have to accept either the cooperation of professionals of their own industry or hire such professionals from outside. A wholly new management attitude will have to be developed among the workers. All in all, right now it may not be possible to transfer the industry to the workers and

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