

## He Spells Out Again

Mincing words is something that perhaps nobody can say about President Shahabuddin Ahmed, at least from the records until now. Throwing light at the heart of darkness with the zeal of a reformer and the equitiveness that behoves his former office, this chief justice-turned-president never fights shy of calling a spade a spade whenever an occasion demands. The moral guardian of the republic was once again at his impartial and critical best couple of days back while speaking in an international workshop on electoral law reform.

He could not have summed the psychology of country's political leaders more aptly when he said that the fairness of election today is certified or censured by a party on the basis of its outcome. If the result favours a party it is full of encomiums for the election but the same party has an altogether different opinion when the outcome does not go its way. This is the fundamental crisis of our political culture. We can only inexorably march to chaos and confrontation if the leaders make no attempt to come out of the mindset that a thing is only good as long as it helps my purpose.

Dwelling on the debate over the use of black money in elections, Mr. Ahmed observed with his hard-boiled love for truth: it is thoroughly immaterial to talk about the colour of money. The point is goal of fairness in elections gets lost whenever more money than what the CEC stipulates for the contestants is pumped in. The motive then is to buy votes by making light of voters' discretion. The issue does not admit of any scope to enter the slippery zone of debate over black or white money. Crossing the mark is an offence enough to provoke punitive legal measure. Unfortunately the unceasing fountain of wisdom that Mr. Ahmed happens to be has not really come to serve in reforming our political parties. Only the other day the Chief Election Commissioner lamented the lack of cooperation from the parties regarding electoral reforms.

The president has taken the pains of showing them the way. The only expression one can think of regarding our politicians' reaction to the relentless urging for reason and good sense is nothing but criminal indifference to the weal of the people and the country.

Will good sense always remain a patented presidential responsibility?

## Touch of Vision

World Bank President James D. Wolfensohn's five-day visit to Bangladesh yielded him such first-hand impressions of and insights into the economy, culture and politics of Bangladesh, reckoned by his own parting words, as could rev up own sluggish image overseas.

After having utilised nearly the whole of his sojourn in rural Bangladesh with a side tour of slums when in the city, Wolfensohn formed a gem of an impression about the so-called poor Bangladeshis: they have the culture, diligence, application and will to hold their own and prosper in the competitive global scenario reaching swiftly out to the next millennium. Therefore, like the Grameen, BRAC and Proshika have found out on the ground, and several independent studies on eradication of poverty had deduced earlier on, the poor do not need charity, they need opportunity. The WB president's own words are more emphatic: 'people don't want charity, they want a chance.'

Wolfensohn sounded not merely correct but also visionary when stressing the point before the Prime Minister that expansion of education and cultural activity would quicken amelioration of poverty. His emphasis on the culture of a country as a catalyst for economic change and on the need for the World Bank to devolve and be responsive to criticism are signs of a new direction being given to the role of the Bretton Woods institution.

The annual WB aid package to Bangladesh is likely to increase from the current US\$ 300 million to US\$ 500 million during the next five years. The ten-year programme for literacy and nutrition will enable us to frog-leap into the 21st century. But all this is subject to 'speedy implementation' of projects and 'absorption' of money to be entitled to more of it.

The World Bank President's visit was rounded off by meetings with the president of the Republic and the leader of the opposition Begum Khaleda Zia. While laying stress on political stability for sustained economic development, he underscored the need for long-term 'strategic decisions based on consensus' for private sector-led growth. It is not a tall order, if political parties get their vision right.

## A Pat Well-deserved

Here is some heartening performance for a change. The First Dhaleswari Bridge has been completed before schedule and is now open to traffic. It has cost substantially less than the sum earmarked for it. It was wholly funded by our government with no assistance from abroad — not even technical. Was it a small job, dischargeable at will? Not quite. The First Dhaleswari is 262 metres long and 10 metres wide.

The construction of the Second Dhaleswari, separated from the First by only yards, which was scheduled to be completed in 1999 can be commissioned half a year before that, by June '98, said Works Secretary Rezaul Hayat at the inaugural of the First by Prime Minister Sheikh Hasina on Friday. The Prime Minister congratulated and thanked specially the workers on the project for their achievement and observed that while a thing costs more if done in a shortened timeframe, it was creditable that the workers had, through sheer toll and dedication, economised on both time and money.

We cannot help remembering the fact that India, our neighbour, has for decades been a leading builder of bridges in the world — with their own resources and know-how. And both of us commenced our journey together in 1947. That the Pakistan span was for us a bunch of totally wasted years, there's one more telltale proof of that.

The small bridge achievement will become big if it can infect all of our national enterprise. The Dhaleswari bridges will bring far off Khulna nearer to the capital. Dhaka and the whole region east of the Padma will get a chance in return to have a second entrepot to serve this area. This should all be to the good of the nation as a whole.

# The Draft Fifth Five Year Plan

A Five Year Plan, which is a plan for an intermediate period of five years, originates from a Perspective Plan of 20 or 25 years which gives a broader vision envisaged for such a longer period.

BANGLADESH Planning Commission has produced the Draft Fifth Five Year Plan (DFFYP) for the period 1997-2002 in June 1997. The new government has been in power for only about 16 months now, and it is commendable that it has been able to reinvigorate the Planning Commission to produce a DFFYP reflecting its vision of the future development as well as its electoral commitments to the people. Since its publication, there have been some reports on the DFFYP in the press. Further, the report of the Panel of Economists (PoEs) appointed by the government to review the plan has been submitted recently and a summary of it has just been published in the newspapers for the benefit of the general public. It is, therefore, an opportune moment to assess these documents by an independent observer and to give some thoughts on what kind of Five Year Plan, if at all needed, would be appropriate for the country in the present context of both the global and the domestic situations.

The intention here is not to be nihilistic or totally destructive of whatever has been accomplished but to give some reflections on the whole concept and technology of national economic planning in the changed socio-economic and global environment based on realism and past successes and failures of planning. Since it is a vast and intricate subject, only some important aspects will be dealt with in this short article, may be in several installments. The issues that will be discussed are: i) Planning model, ii) uncertainty, iii) business cycle and the planned growth path, iv) absence of institutional shapes in planning, v) lack of proper prices and economic incentives in planning, vi) planning in a corrupt vs. normal economy, and vii) what kind of plan is appropriate for Bangladesh?

### The Implicit Model of DFFYP

Planning is a systematisation of very diverse, and sometimes conflicting, set of inter-related economic policies into a consistent and coherent framework to serve the political

for a specified period. There are two kinds of planning models: Consistency Model and Optimising Model. The former tries to ensure the internal consistency of all the policies envisaged in a plan while the latter sets out with an objective like the maximisation of income growth with or without some measure of equity or income redistribution over a period of time subject to meeting all the relevant constraints of policies and resources etc. Usually, a Five Year Plan, which is a plan for an intermediate period of five years, originates from a Perspective Plan of 20 or 25 years which gives a broader vision envisaged for such a longer period.

For Bangladesh, one would have thought that if the politicians were serious about national development, then a national consensus ought to have been reached among those represented in the Parliament on such a Perspective Plan so that successive governments would be pledge-bound to implement its broad framework and would not deviate from it. Inter-governmental disagreements on national economic policies would then have diminished substantially. The economy would then be on a reasonably agreed growth path. Strategies of development in the intermediate periods could have been different but the longer period objectives would have remained the same. One doesn't see any framework of such a Perspective.

### Plan in the DFFYP

However, although it hasn't been mentioned clearly, the conceptual framework implicit in the DFFYP is an old 1950s-1960s vintage Consistency Model, and not the more advanced Optimising Model. Nevertheless, it is not a major criticism of the DFFYP since this writer believes that all that is needed for Bangladesh is a simple and well-structured model the principal interrelated equations and their dynamic effects of which can be rigorously analysed in easily understandable terms so that people can see their present and future implications on

economy. As far as the internal consistency of the DFFYP is concerned, the PoEs have done a good job by pointing out some inconsistencies in it. Witness how strongly the PoEs have pointed out the visible upward 'jumps' in the revenue mobilisation in the first year ('a 30 per cent increase in real terms') and investment growth (27 per cent), how 'ambitious' the projected average growth rate of 7.3 per cent seem to be in the background of only 4 per cent growth rate over the last 15 years. 'little prioritising of policies in terms of their administrative implementability or political feasibility' and expected regular flow of foreign aid of \$1.5 billion and private capital of \$500 million every year.

can do much better than taking the blame for others' poor work by insisting on doing quality work which may take longer time, effort and resources. What planners should do is to set lower but feasible targets with considerable flexibility to manoeuvre the instrumental variables which can be realised and sustained for longer period. If the economy performs better than what is targeted, it is a bonus to the economy.

But these targets should be better than what the market would otherwise produce without a plan. If the outcomes are better than what the market can produce, then the Planning Commission doesn't justify its existence. The final point that one would like to raise is that there is hardly any emphasis

on these so-called plans with all certainty calculations has had disastrous consequences. Take the example of the First Five Year Plan of Bangladesh (FFYP). The country's best talents in economics and statistics professions were gathered together after independence and the Planning Commission grew into a huge organisation. It produced a plan in less than a year which was the best record of production performance for any planning commission in this sub-continent. What happened then?

In less than a year of its official launching, the FFYP had to be abandoned because the situations both inside and outside the country became uncontrollable and all the plan calculations became totally irrelevant in the face of the internal and external commodity price boom. No one had expected that such a commodity price boom would occur with quadrupling of oil price and a famine situation at home to boot. What is surprising to see in the DFFYP are the estimates of some realisation of the FFYP which was abandoned.

However, when one talks of uncertainty in Bangladesh economy, one has to take a broader view to include political uncertainty, natural calamities and the normal statistical uncertainty or non-realisation of expected production and prices or of contractual delivery of goods and services, revenues, exports and consumption demand etc.

What is surprising is to see that not a single plan either in Bangladesh or in its former partner Pakistan has laid any emphasis on uncertainty. All analyses in all plans are in certainty terms as if the world has never seen anything risky or uncertain. The launching of

## INSIGHT

by  
Kabir U Ahmad

Export growth has been underperformed compared to the rate it has reached in recent years in spite of adopting the strategy of export-led growth. By and large, the DFFYP seemed to have been more concerned with giving some projected quantitative estimates of critical variables over the next five years than with real feasibility. As far as internal consistency is concerned there is a lot to be desired.

However, what this writer wants to emphasise is the point of view that there is no virtue in fixing a high rate of growth and the related instrumental variables which may not be realised, and even if realised, may not sustained for long. Such an outcome generates frustrations among politicians, bureaucrats, business people and general intelligentsia and distrust about the entire economics profession for wrong reasons. Economics profession

on sustainability in DFFYP. One cannot exercise too much pressure on the national resources to grow too fast too soon, because it depletes the exhaustible resources and destroys the environment too soon. What grows too fast also declines too fast. The example of Thailand should serve as an eye-opener. It would, therefore, be wise for Bangladesh to grow at a reasonably high but sustainable rate of about 6 per cent or so per year for a couple of decades. At that rate it can triple its per capita income in two decades.

### Uncertainty

What is most surprising is to see that not a single plan either in Bangladesh or in its former partner Pakistan has laid any emphasis on uncertainty. All analyses in all plans are in certainty terms as if the world has never seen anything risky or uncertain. The launching of

the planners would be to see how the basic core of the plan activities could be protected and continued. As for the natural calamities, plan should incorporate some resources to mitigate the effects of such events on the economy and the people. Disaster management should be an essential part of the national economic plan in a country like Bangladesh. That is the only practical way this risk can be taken care of.

When it comes to normal risk calculations of any economic activity like exports, imports, balance of payments, revenue collections, industrial growth, project completions and maintenance of price levels etc, planners should at least give some estimates of confidence levels of realisations of these proposed activities under the prevailing environment so that people would at least know within what percentage of errors these plan projections are expected to be realised. What would be more useful for the economy and the active participants and economic analysts is to get a plan revision and the required adjustments of various critical instrumental variables for meeting the plan targets. There are various alternative adjustment possibilities exist in such a situation. If a sufficiently flexible computable planning model can be developed and used properly, then it will be easy to re-estimate the model almost every month with new data.

There may also be the need for re-structuring the model itself if a major basic assumption of the model changes in the meantime. This is a tall order no doubt, but it is essential if planning has to be meaningful in the ensuing liberalised global market so that the domestic economy can adjust its position quickly. Such adjustment is, of course, a political decision but the planning technicians can enlighten the politicians and the bureaucrats about the various alternative possibilities from which they can choose their best alternative. There is a lot of hard and sophisticated technical work involved which need to be done continuously rather than once in a five-year period.

Next week, the writer analyses more on the subject.

## Strengthening the Weak

Much will depend on the political parties which have to take up the cause of South Africa vigorously. They alone can strengthen the weak. Otherwise, the seeds which Gandhiji had sown and which should be bearing fruit now, may go waste.

### BETWEEN THE LINES

Kuldip Nayar writes from New Delhi

faith in the means, not the end. And as Gandhiji pointed out: 'Wrong means will not lead to right results.'

Gandjali's or, for that matter, India's predicament is how to refurbish Gandhiji's image — his contribution towards igniting the spirit of defiance among the black — without New Delhi coming into the picture. The youth is increasingly impressed by the west and its values. The white may tolerate his name but not his message of social justice. Although the apartheid has been officially abolished, the black has only jobs and practically no contact with the white. Can a government-to-government level relationship fill the hiatus? And the absence of contact till three, four years ago, when South Africa became free and re-established diplomatic relations with India, has accumulated dust on what Gandhiji fought for while resisting the white oppression.

The high point was his visit to the prison where Gandhiji was detained. The prime minister, deeply moved and emotionally overwhelmed, promised: 'On behalf of the nation we shall always remember him and his message, the message of oneness of man, of resisting of all evil, of equality and social justice.' I wonder how Gandjali would redeem his promise in India where communalism and casteism are increasing and disparities widening. His own government is that of contradictory forces.

Gandjali had an eye on the future. He released the joint communiqué between India and South Africa from that very railway station. Gandhiji was thrown out by a white man from the first class compartment at this very place on June 7, 1883. A night at the waiting room, now a ticket counter, changed him from an ordinary barrister to a revolutionary. A plaque reminds the incident but not his thought process, which made him stay in South Africa and help the black to stand up to the white.

Gandjali had been able to revive some

faith in the means, not the end. And as Gandhiji pointed out: 'Wrong means will not lead to right results.'

All African leaders, including deputy president Thabo Mbeki and foreign minister Alfred Nzu, who recalls India's help in opening in New Delhi the first office of the ruling African National Congress (ANC), appreciate this. They, indebted to India, do admit that the youth is generally unaware of Gandhiji or the part he played to challenge the white when they were entrenched. The west and its culture has been able to crowd out most of the memory of all that Gandhiji did from the minds of young Africans. India appears to have shrunk to the population of India.

The white, who still control the bureaucracy and business, have neither forgiven New Delhi nor forgotten the role it played in pushing them out of power. They are the real vested interests coming in the way of close relations between South Africa and India. They are sabotaging business deals and slowing down the process of friendship, which the black leaders in South Africa are very much keen on having as they indicated during the speeches in response to Gandjali.

I think that even after independence of South Africa, New Delhi has allowed other countries to go ahead because of inertia. Gandjali is the first prime minister to visit South Africa after its freedom. That has itself taken four years. In the mean-

while, South Africa has been impressed by the west, willing to go all out to give economic assistance. There is some tilt visible towards the Americans. They are coming in a big way to the country which, they realize, is the key to the rest of the African continent. Even China is trying to exploit the pro-Asia sentiment and investing heavily in different tie-ups. Comparatively, India has little to invest, although a delegation of top industrialists visiting Gujral's tour, has discussed joint ventures.

Nonetheless, South Africa can be brought closer by developing ties in other fields. Is India or, for that matter, the people in the country are willing to

do so because the lurking impression among the black is that Indians, too, prefer the white? Gandjali's example was long time back. The west-inspired elite in India has to prove that it is not so. The black have several examples to cite about discrimination on the basis of colour in New Delhi itself and at the places where Indians live in South Africa. There is hardly any African-Indian marriage. But black-white marriages are common.

Gujral's visit has not provided answers to these questions. It cannot. He has prepared the ground on which a new structure of friendship and solidarity can be built. Much will depend on the political parties which have to take up the cause of South Africa vigorously.

Otherwise, the seeds which Gandjali had sown and which should be bearing fruit now, may go waste.

## OPINION

### "Man Cannot Live by Bread Alone"

A Rahman

In these troubled times, we appear to have lost our sense of direction. We no longer have a clear concept of what contributes to our happiness or otherwise. Under these circumstances, Mr K A Hossain's article "Man Cannot Live by Bread Alone" which appeared in *The Daily Star* of 24th August '97, can be considered to be a timely reminder of an important aspect of our nature which we appear to be forgetting, the need in man to pray, which the philosophers have called "a cruel thirst for worship".

Prayer is perhaps the best remedy available to us for man's chronic unhappiness which originates from his isolation from Nature. When man became aware of himself, of his separate unique identity, he effectively isolated himself from Nature, and from his God. He fell out of steps with the rhythm of the life of this planet of which he is a part, of the rhythm of ebb and tide, of summer and winter. The resulting persistent need for unity, I believe, is the spiritual thirst that Mr Hossain has referred to. Man, the errant child of Nature, made matters worse by believing that all would be set right by praying at the alter of progress.

Prerequisite for any form of prayer is a firm belief in a God whom most of us have not come to know. Hence except for the rare souls whose faith is truly unquestionable, there is a rocky road to be traversed before the state of mind can be reached in which prayer truly brings peace.

Experiences of a life-time have taught us to trust our thinking and our instincts. Therefore, it is only natural that these form our initial guide as we begin our inward journey. Our contemplations will invariably lead us to a point from where the whole of creation, and its inevitable extinction, will appear to us to be no more than a momentary disturbance.

It is also well to be reminded here that a prime-focus of all great religions has been on development of ethical men, leading to an ethical society, which in turn permits the unfettered development of the individual. Achieving anything genuinely good or great has never been known to be easy, but all efforts made towards such a goal have always been worthwhile.

## To the Editor...

### Excise stamp racket at ZIA

Sir, Recently, on my return journey from Chittagong, while I was coming out of ZIA Domestic Terminal, one youngster followed me entreating for handing him the used Bilman Ticket. I saw other incoming passengers were also being followed similarly. I doubted his intention and asked him what would be his benefit? At first, he did not disclose, but when I insisted, then he gave out that he had some benefit out of the used ticket as Excise-Stamp affixed on it as embarkation fee was still intact and valuable. I did not mark it earlier that such unlabelled excise stamps could be craftily reused by the interested ones.

There must be a strong connection between these used ticket collectors and the personnel responsible to collect embarkation fees from the air travellers. For above racket, the government must be losing a considerable amount of revenue in the said manner. So I urge the Ministry of Finance to concentrate

and carry on for hours together