

## FOCUS

## Do We Need a New System of Government in Bangladesh?

by Abdul Quader

One way to address major issues of national significance could be to put the issues to a referendum so that the people representing all shades of opinion can express their views and contribute to the development of key political and legal institutions that govern their lives.

A modern society aspires for an environment in which everybody has equal opportunity to participate in social, economic and cultural advancement. However, it would be naive to expect that an ideal and perfect environment would ever prevail for human beings to pursue various activities in order to achieve the desired goals and objectives. This is because of the limitations in human thinking and behaviour. Man is a rational animal, but far from being a perfect animal. This does not, however, constrain the pursuit of a relatively better social environment and every nation is free to define its own political and social approach to managing its physical, financial and human resources.

Democracy is seen as an important tool, which assists in generating people's views on different social, economic and cultural issues confronting them in their everyday lives. These views are taken into consideration by the government in making policy decisions affecting the lives of the people. We should note that democracy is not an end in itself but a means to an end. Democratic rule encourages the expression of free and frank views, without fear or favour. It is based on the fundamental belief that collective wisdom is better than individual judgement.

The operation of democracy in its varied forms and contexts improves the quality of decisions made by the government and its various administrative machinery, and helps achieve better outcomes of these decisions. Democratic rule is expected to satisfy the greater needs of greater number of people in a society. In modern world, democratic governance is carried out through people's representatives usually elected in a general election. The people place their trust and faith upon these representatives to govern the country on their behalf in the best possible way.

A civilised society is governed by the rule of law made by the people's representatives in the legislative arm of the government. In such a society all are treated "equal" in the eye of law. Justice demands that nobody can escape the long arm of the law if there is any breach of it. However, the enforcement of law is possible in an environment where undue interference by the government or by any influential quarter is absent and where this enforcement is not tampered with by corruption, intimidation or by any other way.

In my view, we need what the economist Joseph Schumpeter calls "creative destruction" to usher in a new era of hope, efforts and achievements. Man creates, man destroys and man

recreates. I believe that ad-hoc and piecemeal approach often adopted by the government, without holistic and fundamental changes in the framework conditions, is of little use to tackle the monumental tasks facing the nation as a whole. A collective effort underpinned by the desire to fix the economic and social fundamentals can do much to bring in real changes in the people's lives.

Given the ever-increasing size of population with accompanying pressures on the government to provide for the growing demands for jobs, food, housing, water, energy, health and sanitation facilities, educational services, improved law and order etc., the first thing, in my view, is to correct the political environment around which everything else revolves. People appear to have less faith in the current centralised system of government in Bangladesh. This system is not compatible with the changing social and economic circumstances in Bangladesh that have evolved over the past twenty-seven years.

We may ask ourselves whether the holding of election every few years is a precise way of eliciting the voters' wishes with regard to various current and emerging issues facing them. This could be assessed from two points of view. One is the fact that people are concerned with a large number of issues and the elected representatives do not obviously represent them on several of these issues. The other is that the people have little control over their representatives between elections. These two constraining factors, among others, justify the rationale for governments closer to people, particularly in a country such as Bangladesh, having a very large and growing population.

Bangladesh needs a number of growth centres, not just one or two (Dhaka/Chittagong), with a view to expanding the opportunities for economic growth and employment creation. This could be better done if political and administrative powers are decentralised with the creation of a number of provinces accompanied by the development of appropriate institutions so as to allow the people to actively contribute to

managing the affairs of their own lives.

The provincial governments are likely to serve the people better than a singular government in Dhaka in respect of the day to day needs of the people such as jobs, food, education, health, sanitation, environmental management, security of person and property, community welfare etc. The closer the government to people, the more responsible, transparent and accountable it would be. And this is expected to release the energy of local people for local growth because of the opportunity emanating from such a political-administrative system.

The point I would like to make here is that given the enormity and complexity of different social and economic problems facing the nation, we need to diffuse the tension from the centre and substantially reduce migration of people to Dhaka from other areas of the country. Most of the problems, both social and economic can be effectively tackled at local/regional levels. But to do this requires political and administrative authority at local levels that could be made possible under a federal system of government.

The social and economic problems in Bangladesh have different dimensions in respect of location, magnitude, complexity and prospect of their solution. For example, agriculture, irrigation, health and sanitation, environment, education, and law and order are basically local problems and planning for addressing the problems associated with these subjects can be effectively and efficiently done at provincial government level to be supported by local governments. On the other hand, posts and telecommunications, flood control, foreign affairs, international trade, national security etc. should be left to the federal government because of the nature of their cutting across a number of territorial jurisdictions.

There are some areas or subjects that require action at both levels of government and these are usually incorporated in the concurrent list of functions in a federal system. In my view, Bangladesh should have at least

four autonomous provinces roughly representing 30.1 million population. It would be easier for a government to look after the welfare of 30.1 million people than taking care of 125 million people.

Some people may argue that Bangladesh is a small country which does not require another level of government such as a provincial government. Some vested interests benefiting from the status quo may also oppose the idea of a federal system of government. But it is not the size of the country that matters but the size of population and the magnitude and dimensions of problems that matter most in relation to an appropriate structure of government in a country. Reform in the political system is a demand of the time in which we live. In this context, it will not be out of place to note Edmund Burke saying, "a nation without the means of reform is without the means of survival".

A number of state/provincial governments with a federal government at the centre can go a long way in achieving real socio-economic development and minimising the scope to make undesirable excesses likely to be found under a centralised government currently prevailing in Bangladesh. A federal form of government distributes political power to different tiers of government according to a predetermined formula and can ensure checks and balances in relation to decisions and actions of governments.

We should note that the form of government itself may not make any real difference in the process of development unless different levels of government, including local governments, are allocated adequate powers and functions required to address the problems and issues at particular jurisdictions. The constitution must provide for this in order to ensure unhindered operation of functions consistent with powers vested at each level of government.

One may also argue that a federal system of government would lead to the creation of additional decision-making tiers and frustrate the very objectives underlying the system. Here lies the crux of the issue that poses a challenge for the

politicians and the people. What kind of power distribution between the central government and the provincial governments do we envisage? If real autonomy is not vested in the provinces, and the provincial governments cannot make key political decisions concerning different social and economic issues within their jurisdictions, then this is likely to give rise to cumbersome and complicated decision-making processes.

Such a situation would be incompatible with the idea of a truly federal system of government.

It is obvious that a number of new provincial governments with machinery of administration in each province or state would emerge out of a federal system of government. However, there would not be any relevance for the existing administrative structures to continue in a new system.

Since most of the development planning activities would be transferred to the provinces, the central planning agency, the Planning Commission in Dhaka, will cease its operation in its present form and extent. Its role in national development planning would be greatly reduced and most of its current functions with associated physical, financial and human resources could be transferred to the provincial planning agencies.

Similarly many other ministries, departments, autonomous and semi-autonomous public agencies could be restructured in line with the distribution of political power and functions vested at each level of government, federal and provincial. This means that the number of departments and other government agencies in Dhaka would be decreased and most of their resources, including human resources, could be transferred to the provinces for utilisation in provincial agencies. Moreover, there are already branch offices of many departments at divisional and district levels.

The resource transfer and the existence of branch offices would greatly reduce the need for additional funding for the establishment of administrative machinery at provincial level. Moreover, a smaller government at the centre would need less spending for its operation, thereby releasing funds that could finance expenditure at provincial level. This would be consistent with the restructuring of governmental functions where many policy-making and project planning and implementing activities would be located in the provinces. I believe that the people are feeling the growing inadequacy of representative government located in Dhaka — a government engaged in implementing its own agenda that does not necessarily reflect the real needs of the people.

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This

also includes effective policy coordination between the federal and the provincial governments to bring in greatest possible positive impact on the outcomes of government policy decisions on the basis of the principle of co-operative federalism.

A major challenge for the central government would be to ensure that all levels of government, including by itself serve national interest. One of the functions of the central government compatible with serving national interest could be, for instance, to look at regional economic disparity, including disparity between the urban and rural facilities, and take appropriate measures to reduce this disparity.

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This could also act as a check and balance concerning the use of discretionary power by the government provided the rule of law is allowed to operate without hindrance. Coupled with the development and operation of appropriate political and social institutions, decentralisation of political power and devolution of administration is expected to lead to greater benefits for greater number of people.

Moreover, the benefits of economic growth could be widely distributed, serving the cause of social justice, only in a society where rule of law is the norm of governance because this does not allow special favour to anybody, thereby minimising the scope of taking resort to nepotism and favouritism or other forms of corruption. Only policy would guide the delivery of government services to the people in the context of overall governance.

One way to address major issues of national significance could be to put these issues to a referendum so that the people representing all shades of opinion can express their views and contribute to the development of key political and legal institutions that govern their lives.

The role, functions and powers of local governments have to be guaranteed by the constitution. Local governments are not the "arms and legs" of higher levels of governments, rather they are "governments" in their own right. It is, therefore, necessary to place local governments in proper perspective so that they can effectively function to meet local needs without being unnecessarily dependent upon a higher level of government. The spirit of Article 9 of Bangladesh Constitution providing for the promotion

## Agroindustrial Project Analysis

### The Procurement Factor

by A B M S Zahur

The plant's major alternative to using the existing structure is backward vertical integration, and the desirability of the alternative should be assessed in relation to control, capital requirements, flexibility, costs, social effects and political feasibility.

RAW materials are dominant cost to most agroindustries. As such procurement system is a major determinant of an agroindustrial project's economic feasibility. It is also critical to the project's effect on development because it links the industrial and agricultural sectors. By transforming the market stimuli to the farmer, the procurement system directly affects rural population.

An effective agroindustrial project has five characteristics — quantity, quality, time, cost and organisation. The first step in analysing the raw material supply is to examine the principal production determinants — area planted and crop yields.

One of the factors affecting land area is the prevailing and expected land-use pattern. Land has multiple uses. A farmer has several planting options. So it may be seen as to what extent farmers switch among crops for an indication of the yearly supply variations in the crop needed by the processing plant. In areas surrounding major urban centres farmlands can also be used for urbanisation and industrialisation projects. Industrialisation not only absorbs land it also bids away labour. In the forties and fifties it was seen in some industrialised countries in western Europe that due to setting up of industrial projects there were declines in numbers mainly of small and medium farmers and farmhands and farmers began to change their occupations. This resulted in decreasing raw material supply and jeopardised the processing operations of agroindustrial plants of the area.

Agrarian reform projects for the producing region under consideration may be examined because some reforms may significantly affect processors. Land reform planners should coordinate the market-outlet benefits of their project with agroindustrial development. Agroindustries, on the other hand should support reform efforts to ensure adequate supply of raw material.

Farm input usage and techniques of cultivation are also important. The use of agrochemicals and improved seeds significantly increase yields. The extent to which agrochemicals are presently being used by the producers of raw material and the barriers to increased usage that accompany a particular project design, should, therefore, be determined. Raw materials supply is uncertain because of the variables inherent in agronomic production.

Therefore, it is advisable to have "supply sensitivity analysis" to measure the effect of total output of changes in area planted and crop yields. The mid-

should ensure an adequate supply of good quality raw material. Poor quality raw material may yield poor quality product. This may cause consumer resistance. Several factors such as inputs, handling and transport and storage affect the quality of raw material and as such they may be adjusted to ensure better price. The input that affects product characteristics and quality most significantly is the seed. The handling and transport of the product particularly affect the quality of more fragile and perishable products. Defective and insufficient storage may also affect the quality of the product remaining after losses from excessive humidity or heat or insect damage.

Appropriate timing is an important factor for the agroindustrial procurement system. The major characteristics that depend on time are raw material's seasonality, perishability and period of availability. Ideally, the raw material would flow from the field to the plant at an even pace or be adjusted to meet the prevailing pattern of demand. Such flexibility in supply, however, is not possible in agroindustries.

Storage is prime regulator between the production and transformation of raw material and channels into the processing operation as it is needed. Raw materials are perishable in varying degrees. Thus the firm should try to reduce the risk of perishability. If such risk cannot be reduced the change of form of the final product may be considered.

As raw material costs are critical pricing mechanisms and test the sensitivity of profits to cost changes should be explored. Several factors such as supply and demand, opportunity costs, system structure, logistical services etc. affect the cost of raw material. When supply is scarce it will go to the firm that bids the highest. If a project is the dominant buyer of a raw material it may create a semimonopsonistic market position in which the enterprise becomes a price setter rather than a price taker. Although this would reduce the project's raw material costs, it might also have negative effects on the income of the farmers and their nutritional well-being if they are small, low income producers.

Opportunity costs to the farmer who supplies a particular agroindustrial product act as limitation to buyers' power and influence on raw material prices. Thus it is necessary to determine the farmer's crop flexibility and the compute the profit of alternative crops relative to the profit of the crop the agroindustry requires. Structural factors can also influence raw material costs. The most common of these is the mid-

effective as long as external conditions do not significantly alter the underlying economics of the contracts. Some consider inviting producers to invest in the industrial plant to ensure reasonable costs for raw material. The system is not foolproof. The suppliers may demand higher prices for their supply. For some products backward integration is considered as highly economical and ensures reducing raw material costs. As raw material costs are uncertain it is desirable that the project's financial analysis includes a "sensitivity analysis of raw material cost" to determine the effect of variations of raw material prices, or profits and investment returns.

The procurement system's overall effectiveness ultimately rests on its organisation. To achieve this organisation the firm should begin with studying the farm-to-factory structure. The pattern of farmland ownership, existing degree of vertical integration and the volume and channels of commodity flow. The structural analysis may include examination of power within the supply channels and the implication of such power holds for the project's raw material supply.

Control, capital requirements, flexibility, social effects and political feasibility. It should also be determined whether producers could be grouped into cooperative organisations and how such organisations would affect the agroindustry's procurement system.

The writer is a retired Joint Secretary

VER since the BJP government exploded with bravo nuclear devices at Pokhran on May 13 — following which the USA imposed "sanctions" of diverse kinds on India — the Government of India has been surrendering steadily on every issue, every point on which US exporters, US bankers and investors have been demanding concessions, for capturing the emerging Indian market. Take but two recent examples. First,

effective as long as external conditions do not significantly alter the underlying economics of the contracts. Some consider inviting producers to invest in the industrial plant to ensure reasonable costs for raw material. The system is not foolproof. The suppliers may demand higher prices for their supply. For some products backward integration is considered as highly economical and ensures reducing raw material costs. As raw material costs are uncertain it is desirable that the project's financial analysis includes a "sensitivity analysis of raw material cost" to determine the effect of variations of raw material prices, or profits and investment returns.

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which separates Thailand and Myanmar.

Ivory travels through Thailand to Hong Kong and then ultimately to Japan. Skins, bones and other animal parts are usually destined for use as traditional medicines in Thailand. It is thought that the smugglers often take their booty through Thailand back to China. This is because in this warlord Karen-dominated region of Myanmar, transportation through the country is difficult. Thailand provides an easy transit point to other Southeast Asian countries.

Further, the Japanese and the Thais want dried bear gallbladders and tiger bones; South Koreans demand antlers, while the Chinese want everything from pangolin scales and otter skins to swiftlet bird nests and tortoise shells.

which are used for experimentation. If the experiment fails, the drug can be withdrawn; never mind that millions of poor Indians have suffered in the process. If the drug has proved successful, the company can take in enormous monopoly profits (for the patent will last for 20 years).

So, why should India opt for this dangerous ER route?

The Strobe Talbott-Jaswant Singh parleys provide the key to the answer. And that diabolical bluff can be called, first, by postponing presenting any Bill, and getting the entire question widely debated in the country;

and secondly, by presenting to Parliament a well-considered Amendment to the Indian Patents Act, with proper safeguards, both in regard to the criteria of patentability and to the provision for 'compulsory licensing' which is already on the statute book.

— Mandira

present session? (It is understood that the Congress Party would support the BJP Bill, so that passing the Bill would present no difficulty in Parliament now). All other proposed legislation, it is understood, is being deferred for the present. The BJP itself is divided. It is divided even on this issue; but apparently, Strobe Talbott has threatened that either you pass the EMR provision now or else ...

Are we to succumb? We do have until April 19, 1999 to pass the required legislation, after a country wide debate.

Secondly, if we were to allow straightforward product licensing of pharmaceuticals and agrochemicals — and start by taking into consideration all applications in the 'mail box' — the grant of patents can be made subject to several essential requirements. They must be 'original' in terms of use of new molecules, 'new' inventions, and not be in mere 'dosage form'. They must have been tested, and passed as not harmful or even doubtful (e.g. by the US Drugs Controller). And as per our extant laws, they can be made subject to 'compulsory licensing' by the patentee, of manufacture by an Indian pharma manufacturer, subject to the payment of specified royalty. (This has already been passed by Argentina and Brazil without any protest from the WTO).

What are the dangers of the EMR route? Technically, suppose Pfizer have obtained a Patent and an EMR in, say, Papua New Guinea (a member of WTO), for a new drug. India must grant an EMR for that product for a minimum period of five years. The Indian population can then be used as human guinea pigs for experimentation. If the experiment fails, the drug can be withdrawn; never mind that millions of poor Indians have suffered in the process. If the drug has proved successful, the company can take in enormous monopoly profits (for the patent will last for 20 years).

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## Bone Bazaar

by Anil Agarwal and Sunita Narain

TWO small border towns, Tachilek in Myanmar and Mae Sai in Thailand, thrive on illegal trade in animal products, flouting all international wildlife laws.

On display in bustling Tachilek, sharing its borders with Thailand and located in the Golden Triangle region notorious for its narcotics trade, are skins of clouded leopards (*Neofelis nebulosa*), usually thought to be the closest of the living cats to the extinct sabre-toothed tiger. Found across the Northeastern Indian range, southern China, Myanmar and Malaysia, this animal has become exceedingly rare and is listed in the Red Data Book on vulnerable Indian animals.

Other threatened leopard species such as the *Panthera pardus* and the leopard cat (*Felis bengalensis*) are also sold alongside skins of Royal Bengal