

## Emulate Sylhet Spirit

THE hitherto deeply troubled Sylhet has bounced back. What's more, she has shown the path for political reconciliation for others. Against the backdrop of her reeling in all sorts of trouble — campus violence, ham-handed intrusive politics from national political parties, embittered relations between them and above all a law and order breakdown — who ever thought Sylhet would come unstuck from all these so soon? But she has — in style. Sylhet branches of the ruling Awami League party and the four-party opposition alliance led by BNP sat across the table for three consecutive days and in the end reached a consensus on three points. They put a lid on student politics for two months in addition to the one month's moratorium they have already implemented. Underlying this move is a self-implying commitment which is that the political parties bind themselves to refraining from dabbling in campus politics. As part of a composite remedial policy they have resolved to free Sylhet from the stranglehold of terrorism and create an atmosphere of political civility duly fostered by an appropriate code of conduct. It is also significant that the leaders of all political parties have formed a 19-member steering committee to carry forward their agenda on a collective basis.

The national political parties should take a cue from what their Sylhet microcosms have done under some exacting circumstances which made them realise the futility of stretching confrontation to a point of being blinkered to some common interests. Sylhet has led the way in another sense also in that without the willing cooperation from their student bodies, the all-party political leaders would have failed to clamp the temporary moratorium on student politics with any chance of success. This adds an important dimension to the whole episode.

On a wider canvas, with a limited implication though, opposition leader Begum Zia has ordered moratorium on JCD activities following instances of severe leadership conflict, infighting and groupings within the student wing of her party. Begum Zia deserves kudos for being so prompt in disciplining the wayward elements among her student supporters. Equally important is the fact that she is up against a vicious malcontent of student politics which is feuding in the student wings that often erupt in the form of armed showdown creating havoc on the campus. Student infighting has been widespread within the BCL, the ruling party's student front with a telling effect on academic atmosphere. We have urged the prime minister to rein in the wayward elements in the BCL quite a few times over. Now we implore her again to do it. In fact, the PM and the principal opposition leader in the country are almost universally expected to apply a lid on student politics of the kind that has done more harm than good to their respective party image!

## Trade Union Right in the EPZ

THE American pressure for grant of trade union rights to employees in the Export Processing Zones (EPZs) of Bangladesh has so far been received with an indifferent attitude by the industries involved. The American Chamber of Commerce in Bangladesh (AmCham), representing American business interest in the country has also voiced a discordant note to the US government's position on the question. AmCham is of the opinion that the time is not yet ripe for Bangladesh to allow trade union activities in the Export Processing Zones and the government must proceed with extreme caution in making any policy decision in this regard. The AmCham is expected to be more conversant with the realities on the ground than the US government in Washington. Our own position is that we welcome formation of employees' associations with the caveat, of course, that these will be entirely welfare oriented rather than be trade unions of the type we are loathe to. Their activities have proved detrimental to the growth of industries as well as that of the overall national economy.

There is hardly any trade union which is not linked to any political party in the country and hence the well-being of the members of these unions is not the primary concern of the TU leaders who are rather interested in serving their party leaders. We urge the government to exercise its wisdom in taking a decision on this matter of far-reaching importance. Any decision must ensure welfare of the workers as well as peace and prosperity in the EPZs and also protect the interest of the foreign investors who have been promised certain incentive in lieu of their investments.

## Blitzkrieg in the Offing

THE government is planning to go for a "blitzkrieg" operation to catch the criminals and terrorists unawares and haul them up. This is in apparent reaction to the gruesome murder of a journalist in Jessore.

The news should augur well for the country's deteriorating law and order, but it has been observed that whenever any mind-boggling criminal activities take place, ad hoc and sudden police actions are resorted to. The authorities should bear this in mind that these usually warn off the crime operatives from out of the law's reach.

In fact, any action with prior announcement and publicity carries the risk of unwittingly alerting the terrorists and *mastaans* to an impending raid and thus ducking for 'safety'. Moreover, they grow an immunity to such operation because of their poor success rating. We believe the police have dossiers on the *mastaans* and their godfathers. And this leads us to infer that the law enforcers should be able to track them down if they are serious, regardless of any well-publicised action. It has got to be a continuous process of intelligence-gathering, carrying out raids in urban centres and, if necessary, going into various possible hide-outs of the law-breakers. We wouldn't be surprised if a self-preservation strategy has already developed in the crime world to fend off occasional forays into it.

In a latest spurt of activism the police authorities have reportedly decided to carry out raids on criminal dens, including hotels and messes, under twenty-one thanas in Dhaka city. The police hierarchy will be well advised to regard the whole exercise as a process of continuing surveillance man-hunt and haul-up. And at the same time, the operation, whatever be its name, must not be allowed to degenerate into victimisation of any innocent persons.

LAST week, a busload of people were attacked by hoodlums causing death to eight passengers and wounding many more. The attackers alleged to have belonged to the Islamic Chhatra Shibir who used modern automatic weapons to brushfire their victims. The incident left a pall of gloom over the port city, caused widespread anger in many quarters and deepened the sense of despair in the civil society. Condemnation emanated from most quarters with the Awami League, whose student wing bore the brunt most as victims, was naturally most vociferous. BNP Chairperson and Secretary General also not only condemned this 'inhuman and barbaric' crime but went a step further by demanding a judicial inquiry to mete out 'exemplary punishment' to the 'real culprits'. The general people were horrified, alarmed and left with deep feelings of anguish and indignation.

Never in the history of Bangladesh did the law and order situation degenerate as much as it has done today. The speed with which the situation worsened is most unfortunate, though it may not be altogether incomprehensible. Unfortunately, because the rising tide of crime, both in its forms and intensity, could not be arrested despite loud protestations and diverse measures undertaken by the present government towards this end. Not only the issue of improving the law and order situation was high in the list of pledges made by the Awami League in its election manifesto, but this was the first priority declared by the Prime Minister immediately after having taken oath of office in June 1996.

Why was it so? Why has the government failed to redeem the pledge it has made so frequently? Was there a mistake in choosing the methods of operation in combating crime or was there a lack of sincerity and fairness

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perceived in governmental operation? One does not have much to say against the modality of operation of the law enforcing agencies, they have been in this business all along and achieved varied degrees of success. But on the other hand, there is much to say about some of the *modus operandi* of the ruling party which appear totally different from what had been practiced by the BNP during its rule. The head of a top and friendly diplomatic mission in Bangladesh aptly described this as 'confrontational politics'.

To cite a few examples, one may view the way of dealing with hartals by the two major-political parties. While the BNP allowed the opposition to observe hartal and refrained their supporters from coming out in the streets in order to avoid possible conflicts, the Awami League during the opposition hartals sought to 'control streets' as they had declared and organised huge processions often with lathis or sticks and other weapons. Secondly, senior ministers and political leaders led processions with sticks as a show of force to intimidate the highest rung of the judiciary into taking action according to the dictates of the former. They obviously demonstrated their anger against the judiciary, which was dispensing justice as per the legal procedure and practices in vogue and evidently in accordance with the law of the country. Thirdly, the stick processions organised by the Awami League following the heinous bus killings in Chittagong was also viewed by many as a stark manifestation of the threat to take law in its own hands and introduce a jungle rule in the country. This form of confrontational politics is no doubt counter-productive, as

everyone knows that violence begets violence and, therefore, is no effective solution.

As for sincerity and fairness in combating crime, one may also have some questions to ask oneself. Awami League's sincerity for this purpose, according to many, is conditional. If a police action does not harm Awami cadres, the ruling party is sincere in its approach. Of course, there are exceptions where even the rulers

Besides numerous cases have been reported lately in the press about killings, extortion, unlawful occupation of property and other crimes committed by Awami League ministers, MPs and their family members. Hardly any action has been taken against them. Such unfair and discriminatory policy, no doubt, does not serve the purpose as intended and declared.

Besides the need for the gov-

that far, some measures do require to be devised under which students will detach themselves from active and violent politics, in contrast to their cultural welfare and other legitimate functions, and will refrain themselves from other activities designed to promote monetary gains.

In spite of what was stated above, it would be unfair to cast the blame entirely upon students and the youth of the society. The fundamental problem lies elsewhere. It is basically an economic issue. You provide gainful employment to the unemployed youth, create facilities for the general mass to earn an income with which they can sustain themselves, and show prospects to students for a better future. Then only incidents of terrorism as we witness today will vastly diminish almost to the level of tolerance. But our economic progress, unfortunately, has not assumed the dimension which can satisfy these requirements. Economic prosperity obviously is dependent upon political stability. This we do not have in our country. It is because we as politicians, have not been able to raise ourselves, on many occasions, over party interests and undoubtedly not over personal interests to the level that would serve national interests.

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in our country. As a result, our economic development has been hindered, export trade impaired and investment shied away. The responsibility for taking appropriate remedial measures lies primarily upon the government, which is the depository of state power and resources. The bold and sincere initiative that is warranted from the ruling party in the present situation did not come forth, unfortunately.

Despite loss of opportunities, many actions of the government aggravated the situation. For example, the government showed protracted obduracy and undue arrogance in refusing to enter dialogue on the 4-point demand of the opposition BNP for over a year and a half and, on the contrary, exasperated the opposition by way of holding municipal elections in clear and deliberate violation of one of these demands. The commendable gesture made by the prime minister by inviting the leader of the opposition to a dialogue to discuss appointment of Chief Election Commissioner was withdrawn on a pretext and, in the final analysis, turned out to be a political ploy and propaganda exercise. More than the unilateral appointment of the Chief Election Commissioner, the government clearly exposed its nefarious design by appointing a top retired civil servant, the 'Janatar Mancha' famed dihard Awami League supporter, as an Election Commissioner who must be impartial and undisputed. Such actions taken by the government do not contribute to the establishment of a stable political climate which in turn vitiates economic situation and consequently breeds and encourages the forms of terrorism that has now been entrenched in our society.

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## Rising Tide of Terrorism

# It's Politico-Economic Mien with Quality of Governance



## Currents and Crosscurrents

by M M Rezaul Karim

considered a lack of action would have exposed themselves and consequently shunned as undesirable. But fairness in such operations is much more vividly exhibited. For example, while the government earned praise by conducting anti-terrorist combating operation in the south-western region of the country and apprehended some of the notorious terrorists, it was overshadowed by government's overtly discriminatory action of the so-called combating operation in Feni which resulted in detention and framing of charges only against opposition leaders and workers. The ruling party suspects were not touched and their godfather shared the same platform with the home minister. Godfather boasted publicly possession of illegal arms by his cadre. No action was taken against him or against his 20,000 strong cadre or uniformed storm troopers.

ernment to be earnest, fair and non-discriminatory, one should ponder over some other areas in which remedial operation appears warranted. This is about student politics. Politics in our time, some half a century ago for general students, was a matter secondary to studies. It was directed towards fulfillment of an idealistic approach or promotion of a prime national cause. But student politics of today has different objectives. It is seen nowadays, though with notable exceptions, as a way to earn money and power by way of flexing muscles and resorting to other means that could hardly be termed fair or even legal.

The Hon'ble President spoke in no unmistakable terms on a number of occasions about the use of students for narrow political purposes by their leaders and advocated spurning of politics by students. Even if one does not go

bound to push price level upwards significantly. Cutting down the fat from the ADP to contain inflationary pressure, as suggested by Professor Sobhan, will be made difficult by the politicians this year. I read a long time back that 'money is like water. Once you create, it will flow first within the country and then flow outside the country'. It is more likely that we will see pressure building on our foreign exchange reserve. That will force devaluation and push up the prices for imports. This in turn will widen fiscal deficits unless imports are curtailed including those needed for ADP.

Inflation is a form of tax and it is paid disproportionately by the poor people and it allocates more wealth to the better off in the country. That is why inflation must be avoided if we want some reduction in poverty level that is remaining steady despite so-called efforts in poverty alleviation. Inflation, similar to corruption, is surely an enemy of the poor. It is more so for the state. That is why we are concerned at

# Budget: An Instrument to Signal Changes and Guide Human Behaviour

by M Shamsul Haque

**If we do not want to follow the prescriptions of IMF then we have to develop an alternative development financing system based on a whole set of changed strategies in project selection and financing. The 'micro-finance architecture' is emerging as a strong contender as an alternative for bottom-up organisational growth targeting poverty reduction as primary goals.**

quality of expenditure which Professor Sobhan and others have highlighted. Hence, the manner in which he described budget-time shadow-boxing between the current and past finance ministers falls short of the true role of budget as a tool to attain certain objectives by guiding human behaviour.

This is the essence of budgeting in a corporate environment. For example, Nissan Motor Co. of Japan has been losing billions of dollars over the past six years. They hired a CEO, Ghosn, a French citizen, to turn it around. He announced a target of 20 per cent cost reduction including retrenching 17,000 employees and closing down five plants. Recent reports indicate that Nissan will make a profit next year. This year more questions have been raised from almost all quarters except the party in power because the budget is giving wrong signals to spend more and earn less. That is recipe of disaster in the offing.

This year we are more con-

cerned because the government resorted to domestic borrowing to finance bulging public expenditure as a sequel to previous years perhaps to avoid the accountability pressure from the donors that is also linked with certain reforms: Good governance, privatisation and reforming the financial sector to name a few. It was mentioned in the same paper that aid worth about seven billion dollars worth was in the pipeline. The government could not plan to draw down larger part of that fund because they wanted fund to expand its horizon of ADP in which donors might not have been interested.

We are also concerned that revenue collection targets will fall further short of the target this year although targets are moderate this year compared with the past year. In corporate budgeting realistic targets are set and people concerned are guided through reward and punishment to attain those. This year revenue collection officials will be more relaxed about collection and being an election year not much attention

will be focused on that because there is provision for bank borrowing for the finance ministry.

The tendency to spend more will increase this year, as more of the projects will be undertaken in the earlier part of the year so that money flows out to whom they are intended for. As pointed above construction expenditure covers the bulk of ADP and as 'construction is development', as the finance minister pointed out in the recently held workshop on the education sector allocation, we will see hectic activity of poorer quality in the sector. Many of us got good quality education from un-shed schools and colleges. Can we ask the government to drastically cut construction from the education sector and reduce budget deficit to that extent or divert the money for teacher development?

Currently money supply is rising at the rate of 19 per cent when inflation rate is claimed to be about four per cent. If real growth in GDP is planned for 5.5 per cent, then by simple accounting the excess money supply is

bound to push price level upwards significantly. Cutting down the fat from the ADP to contain inflationary pressure, as suggested by Professor Sobhan, will be made difficult by the politicians this year. I read a long time back that 'money is like water. Once you create, it will flow first within the country and then flow outside the country'. It is more likely that we will see pressure building on our foreign exchange reserve. That will force devaluation and push up the prices for imports. This in turn will widen fiscal deficits unless imports are curtailed including those needed for ADP.

Inflation is a form of tax and it is paid disproportionately by the poor people and it allocates more wealth to the better off in the country. That is why inflation must be avoided if we want some reduction in poverty level that is remaining steady despite so-called efforts in poverty alleviation. Inflation, similar to corruption, is surely an enemy of the poor. It is more so for the state. That is why we are concerned at

the possibility of higher rate of inflation through deficit financing by increasing money supply as indicated above. If we cannot create conducive socio-economic environment for the private sector to invest and create jobs for the unemployed, idle excess money is better than higher public expenditure during the election year. Excess supply of bank credit will lower cost of money that will help 'refinance' earlier government debts and budgeted expenditure on account of interest payments.

If we do not want to follow the prescriptions of IMF then we have to develop an alternative development financing system based on a whole set of changed strategies in project selection and financing. There is little indication in the budget for that kind of a shift in paradigm. The 'micro-finance architecture' is emerging as a strong contender as an alternative for bottom-up organisational growth targeting poverty reduction as primary goals. We have to start thinking to use our strengths as a nation. Following the Pakistani model after 30 years of independence from Pakistan can lead us to the same fate, that is, to stay mired in poverty and uncertainty for the future. Budget can be more prescriptive to favourable changes to avoid that catastrophe.

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## 'Drop the Debt'

by Navine Murshid

**Debt cancellation would mean nothing if the amount saved is not properly utilised. Money saved must go into health care, education, shelter, food, security, poverty alleviation and other social purposes. Debt relief will be meaningless if the money saved goes into the pockets of our political leaders or is spent on defence and military equipment.**

ratio is 80 per cent and the country should have a good track record of three years in meeting the World Bank and the IMF guidelines.

Even after meeting these criteria, creditors still have the option of 1) forgiveness of debt; 2) rescheduling of debt; 3) offering new loans to cover payments of old loans.

In this process, 12 countries were examined by creditors for debt relief but only one country, Guyana, was given a relief package of \$410 million, and the rest of the countries were promised assistance. In order to solve debt problem, thousands of rescheduling meetings were held over the last 15 years without much success. There are also several flaws in debt relief process. Countries under debt relief will have to spend six years under IMF supervision. Moreover debt will only be reduced to a sustainable level while there is a need for deeper and fast debt reduction. Ratio of debt service to export is a selection criterion while number of people under absolute poverty is a better one for a country's debt relief selection. There has been a lot of demonstrations in the west against international lenders under Jubilee 2000.

What makes this campaign strong is the fact that it is an international campaign. The campaign started about five years ago in England with the notion of

beginning the new millennium on a fresh note; of settling old bills; of starting with a clean platter. International celebrities like Mohammad Ali backed up the campaign and during the G-7 meet in Cologne last June, demonstrations under the banner of 'Drop the Debt' took place in different parts of the world including London, Cologne, India, Pakistan, Thailand and different countries in Africa. That resulted in a one-third cut in the total debt of \$300 billion in 42 countries.

The problem is that the criteria upon which the 42 countries were enlisted are ambiguous and do not have any pattern. Many poor countries like Bangladesh have been left out. Also, cancellation of one-third of their debts may not make much difference, especially since the division was arbitrary: each country having different proportions of their debts cancelled. Moreover, they still have not worked according to their promise (to cancel one-third of the debt). Only one per cent has come through.

"Bangladesh's debt per person is \$130. We feel that this money should be used in the health and education sector, used for food security, for disease control and the like. Bangladesh is certainly one of the poorest countries of the world. And for it to grow and prosper it has to free itself from the debt burden. Bangladesh has

paid its debt many times over with interests. The UN had said that they would try to halve poverty by 2015. There is no way that would happen if the present debt situation persists", opined Craig Smallbone.

One redeeming factor that strengthens the debt-cancellation argument is that many of the loans were bad loans. The conditions that were placed with the loans were often inappropriate that have led to disturbances like displacing indigenous people; disrupting the environment; dictating rules without much knowledge and above all, providing assistance that never reached the needy, the people at the grassroots level.

Khushi Kabir, Head, ADAB, talking about how foreign policies affect us said, "In the 1990s the pressure to lower population growth was an external push. It was made to believe that was our primary and foremost problem. Yes, it was a problem but not of the magnitude it was given. The methods used for birth control was once again donor driven. It was not the government who made such choices. The programme was also sexist in the sense that only women were identified as those who were responsible for high birth rates. Also the rural women were discriminated. Women in cities were not lectured on how many children to have, only the rural were.

These women were not always comfortable talking about such things to complete strangers. Moreover, the contraception that was prescribed did not suit all women. The problems are immense." Currently, 160 developing countries owe roughly \$2.5 trillion to international commercial banks as well as multilateral institutions such as the World Bank and the IMF. Forty one poorest countries are the hardest hit out of which, 31 are in Africa. These countries are classified as Heavily Indebted Poor Countries (HIPC). These 41 countries owe \$227 billion to the international creditors including one fourth alone to the World Bank. Their state of indebtedness increased from only \$3 billion in 1962 to \$122 billion in 1983, and almost \$ 227 billion in 1999. Their indebtedness was caused due to the lending frenzy by the World Bank and its encouragement to other commercial banks, to invest in third world countries for quick profit. Unfortunately, these loans were neither intended nor used for the interest of the poor in these countries. Most of this money was siphoned back to western banks by elites of poor countries and left these countries and their poor in extremely indebted position. In order to repay these loans, governments of these countries are cutting back on social services and eliminating subsidies, which is hurt-

ing the poor. These measures are part of the IMF sponsored policies these countries have to follow. It is because of these policies that malnutrition is rising, health services are declining, and school enrolments are falling. In 41 heavily indebted poorest countries, around four million children under the age of five die every year and 50 million children of school going age are not in schools.

With the G-8 summit looming ahead, it is indeed a crucial time. July 21 is being unofficially called the 'Debt Decision Day' as the eight nations are about to meet in Japan. July 21 would show whether the pressure that has been created actually pays off or not. Not only the Jubilee 2000 and NGOs, the campaign has managed to attract people from all walks of life: the young, the elderly, those from different religions. This is one time when all the nations have come together for a common cause.

"The Japanese government is polite; they really want to know and understand. Moreover, they are sympathetic to the situation at hand. Although we are not keeping our hopes high, we do expect some results during this year's meet. This is a crucial stage of the campaign," said Craig Smallbone.

However, debt cancellation would mean nothing if the amount saved is not properly utilised. Money saved must go into health care, education, shelter, food, security, poverty alleviation and other social purposes. Debt relief will be meaningless if the money saved goes into the pockets of our political leaders or spent on defence and military equipment.