

Almaty was an opportunity lost

UN observer team's mandate along the LOC needs expanding

THINGS were in perfect combination at Almaty, the venue of the just-concluded Asian security summit. The set of agenda fitted into the imminent-looking war between India and Pakistan that dominated the collective security concerns; top Asian leaders including heads of government of India and Pakistan were in attendance; and Russian President Putin willing to broker direct talks between Vajpayee and Musharraf was on hand. And additional plus point with Putin has been his acceptability to both the Indians and Pakistanis aside from the historic role the former Soviet leaders had played to bring peace to the sub-continent after the 1965 war.

Despite the suitable blend of factors Almaty has drawn a blank. The Russian Federation chief's globally blessed efforts on which the whole world pinned hopes to see an early defusion of South Asian tension have failed. These floundered on the rock of the standard Indian perception that Kashmir being a 'bilateral issue' admitted of no "third party" mediation.

But since the question has come under an increasing global focus and the aggravating scenario ostensibly endanger peace and security beyond the borders of nuclearised India and Pakistan, the emphasis on bilateralism seems outdated. India's persistence with it could only give a negative signal to the world. Besides, it takes two to do bilateralism but Pakistan won't be any part of it. One would have thought that given the wide cleavages between the positions of Pakistan and India and their proven inability to solve the problem bilaterally after half a century of wrestling and bleeding with it, and even going to a couple of open wars on it, the futility of pressing for bilateral solution must have dawned on India by now. Obviously, this has not happened.

One genuinely feels that India would have done better by engaging Pakistan in a dialogue against the perfect Asian security summit setting. That bus has been unfortunately missed.

For a large part of the fifty years since the genesis of the Kashmir question, we have virtually gone along with the Indian eschewal of no third party involvement by maintaining silence over it. One could say we even acquiesced in it; but this Indian position touted under a facade of bilateralism during the last 50 years produced nothing except for barren diplomacy, an exponential rise in defence budgets gone Nuke and jingoistic sabre-rattling from time to time.

When the likes of Jack Straw, Collin Powell and Rumsfeld visit the subcontinent on persuasion missions; Kofi Annan urges restraint and offers help; George Bush and Tony Blair phone up Vajpayee and Musharraf to pull back from the brink; and Putin tries hard to bring the parties together to end conflict, internationalism has already come into play. It is writ large on the sub-continental scenario. So, we implore India to come unstuck from its rejectionist policy towards third party mediation which by its very nature has to be impartial and unbiased.

That said, we turn to the latest Indian proposal for joint patrol with Pakistan along the LOC in Kashmir. But when the two countries are fighting a low intensity war already, how can their troops be expected to cultivate team-ship without risking violent duels with each other at some stage? The Indian offer has been on the table for years; but who can overlook the impracticability of it?

Cutting across the two proposals is a third one, a compromise formula, so to speak, that we would like to see India and Pakistan settle for. A UN observers' team is there to monitor the LOC in Kashmir. However, its current writ is to report cease-fire violations, if any, to the UN headquarters. If this mandate is expanded by the UNSC to cover cross-boarder infiltration we could put the existing UN observers' team to a wider use as demanded by the situation without entailing the setting up of a new body. We think this provides an acceptable immediate step for both sides.

Budget blues



HASNAT ABDUL HYE

THE budget for the next fiscal year will have been announced by the time this column appears. But already a good deal of excitement has been created mixed with a wisp of controversy. Broad hints available from official circles and conclusions deduced from series of consultations held by the Finance Minister have become grist to the swirl of speculation and comments. These should be seen as the intended consequences of loud thinking about the budget.

Budget, reduced to its bare bones, is not an arcane subject meant for the esoteric few or confined to the netherworld of experts. It affects everyone, from harried housewives to the billionaire industrialists. As such, everyone has interest in what budget proposes by way of taxation and expenditures. In its fundamentals even a semi-literate person, having common sense and experience of the past, can understand a budget. Reactions and views of individuals will, however, vary on the basis of the income group to which they belong. Those who all themselves experts on public finance are exceptions. They give their views purportedly from a broader perspective seemingly rising above narrow interests and considerations. The objectivity and relevance of such views and criticisms depend on the sense of pragmatism brought to bear on the deliberation and hands-on experience with the nitty-gritty of public finance.

The background of the next budget is last year's deficit budget, which had a whopping public debt projection. Under the force of momentum the present Finance Minister could continue the deficit

trend either at the same level or upping the ante of public borrowing. Needless to say, this would be disastrous for the economy not only in the long run when debt service becomes unbearable but also in the short-run with the risk of insidious inflation, fiscal profligacy in unproductive expenditures and crowding out of the private sector from investment. The Finance Minister, who had placed more than half a dozen of budget in the parliament in his previous incarnation, cannot think of

through various agencies are monetized will be seen that the cost of delivery through administrative expenditures far outweigh the value of services. Of course, some of these services being in the category of social overheads like health and education and their impact on development being indirect, these cannot be fully monetized for comparison. Even then a tentative estimate of cost and benefit in the public sector will bring out the stark contrast between the two figures. It

though a high priority, reduction of public sector expenditures would be brought about immediately on a wide front giving spectacular results. Nevertheless it should remain a priority goal and be given due emphasis in the next budget indicating a year to year plan of action.

Increasing revenue income will be a more effective and immediate means to reduce and ultimately remove budget deficit in the current account. It can also reduce the

on imported goods ranged from a minimum of 150 per cent to 4000 per cent now the maximum duty on most item is 37 per cent. In the past budget was overly dependent on indirect taxes like import duty and its drastic reduction depressed revenue income almost overnight. Though fiscal health on the income side has been sought to be resuscitated through readjustments, particularly VAT, the loss in revenue from import duty has not been compensated in any significant way.

the period when the government can afford to take tough measures even at the cost of some unpopularity.

The proposed capital account of the budget i. e. the ADP has come in for some criticism from certain quarters for its allegedly big size. In making the criticism certain facts seem to have been ignored. The ADP is subjected to what has been called the tyranny of spillover projects. Either because of sunk investment or their intrinsic importance very few on-going projects can be suspended or terminated. Particularly, projects that add to capital stock or develop social overheads cannot be put on the chopping block. In addition to these projects, there is a need for new projects to help the economy proceed along the upward growth path. Given the three to one capital output ratio the investment has to be increased by 3 per cent even if only 1 per cent growth in GNP is slated. With the population growing around 2 per cent investment will have to grow by 5 per cent over the present level (22.4%) if the present level of per capita income is to be maintained. Opting for zero growth, as is being suggested by some, will mean lowering the average standard of living. This is not a reasonable and acceptable solution. ADP's raison d'etre is sustainable growth. It cannot be reduced arbitrarily without regards to consequences for growth enhancement. In fact, the focus on the size of ADP is misplaced. It is the composition of the ADP (i. e. projects) and the mode of financing that are crucial. If the projection of mobilization of resources is realistic and the majority of projects are growth enhancing the criticism based on the size will be irrelevant and academic.

Necessary and important, budget is not an exhilarating experience. On occasions it is liable to induce blues and even apprehension. Prepared for the worst, taxpayers may find the budget as the best of a dicey bargain. Fingers should be kept crossed.

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IN MY VIEW

For deficit in the last budget the current account is mainly responsible. Expenditures on the revenue side far exceeded income through taxes, fees, profit and other earnings of the public sector...An important source of increasing revenue income of the government within a year or two is disinvestment of public sector enterprises...Necessary and important, budget is not an exhilarating experience. On occasions it is liable to induce blues and even apprehension. Prepared for the worst, taxpayers may find the budget as the best of a dicey bargain. Fingers should be kept crossed.

following the insane and irresponsible fiscal policy even in his wildest imagination. He will definitely attempt to rein in deficit and try to steer public finance towards a semblance of balance between income and expenditure. His made policy pronouncements to this effect soon after assuming the responsibility of the ministry. The budget will give him the instrument to render those policy statements in concrete terms. He can be expected to turn the red figures in the balance sheet of the nation into black, if not within a year, before the third budget of his present tenure. On the basis of this record as Finance Minister before he should be credited with as much financial expertise and capability.

For deficit in the last budget the current account is mainly responsible. Expenditures on the revenue side far exceeded income through taxes, fees, profit and other earnings of the public sector. The major part of revenue expenditures is on account of salaries, allowances of public sector employees and other overhead costs. If the services delivered by the government

is because such cost-benefit analysis of public sector services is not undertaken that expenditures on these continue to be extravagant and staggering.

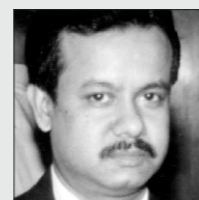
There is significant scope for reducing public sector expenditures through retrenchment of surplus staff, economizing on extravagant expenditures for entertainment, office furnishings and use of vehicles. But all these changes cannot be expected to materialize within a year in such a manner as to have significant impact on overall expenditures. To avoid agitation and overt resistance a two to three year plan should be drawn up beginning with the next budget for balancing, modernization and rationalization of the public sector. The immediate step should be putting a cap on all new appointments except those which are essential. Automation of services that lend themselves to adoption of latest office technology should be introduced both for economy and efficiency. There will be a gestation period for all these reforms and other types of re-engineering. This implies that,

saving-investment gap in the capital account i.e. Annual Development Programme (ADP). The present low base of income tax and limited coverage under VAT offer great scope for enhancing revenue earnings and immediately, to boot. Our tax-GDP ratio is still below 10 per cent while in India, Pakistan and Sri Lanka the percentage is around 15. A vigorous campaign to widen the income tax base and bring professionals under VAT can increase revenue income significantly even within a year. If the various loopholes allowing tax avoidance and laxity in collection are removed tax revenue can shoot up manifold even with the present tax base. It is this hidden opportunity and vast potential of untapped taxation that promise to be an important source of a substantial increase in revenue income. This can be further augmented through other taxes like supplementary duty without regressive impact on the middle class and the poor. After the liberalization of trading regime revenue from import duty has declined sharply. Whereas before the reform programme tariff

Attempts have been made to augment tax revenue by slapping supplementary duty on certain imported goods, particularly luxury and non-essential items. This policy should be followed till revenues from income tax and VAT register substantial improvement. Being a progressive tax, this will not affect the middle class and the poor. In the strategy to increase revenue from taxation supplementary duty should be an important element.

An important source of increasing revenue income of the government within a year or two is disinvestment of public sector enterprises. Through privatization government can earn substantial amount and save from recurring expenditure. Though the income benefit will be one-off the benefit of reduction in expenditures will be permanent. Considering both short and long run benefits divestment programme should be accelerated with a short time-frame. Experience in other countries have shown that the first two years of a new government are most propitious for privatization programme because that is

Minus the man



MOHAMMAD BADRUL AHSAN

SHE always believed that sufferings ennobled the spirit of man, that it purified the soul in the manner fire does it to gold. So pain elevated her every time she suffered, and she expressed her gratitude to god for being chosen to undergo and withstand the torments of existence. Adversities excited her and anguish brought her bliss as she steadfastly awaited rewards for the patience and forbearance with which she fared through her life.

She suffered smilingly with courage, and never resented her fate, which seemed like an unending saga of depravity and distress. Humiliation, failure, despair, nightmare, fear, threat, anxiety, betrayal and repentance marked her life as though her existence in this world endlessly circled within the blind maze of a curse. She often wondered as to why others didn't have to endure as much pain, why others could enjoy their lives while she always struggled in the stranglehold

of gloom.

It was the bizarre calculus of her conscience that she wanted to be sad in order to be happy. If things went right for her, she feared that something was going to go wrong. A protracted period of good health made her worry about falling sick. Every laughter brought her reprisal in tears, every breath brought her suffocation and every wink of sound sleep kept her awake for rest of the night. Joy and sorrow engaged in a strange semiotics, one making the

sorrow bloomed.

So every time she got hurt, she expected to be happy. She failed in order to succeed, cried in order to laugh, despaired to have hope and floundered to flourish. Every drop of pleasure distilled through a process of pain for her, the voice of ecstasy muffled in the layers of tragedy so that she couldn't hear it until she reached the bottom of her spirit. Her dreams were coiled in nightmares, her sunshine of hope wrapped inside the cloud of despondency,

going to attain certain height at the end of her hardship, coming out purified in the fire of grief. She never complained or resented it, convinced in her heart that every twitch of pain was going to secure a moment of bliss, that every bygone sorrow would redeem rapture on a future day. In this manner she got used to living in postponed pleasure, as if it was judicious to suffer in the present to save enjoyment for the future. In this manner she cocooned her future happiness

dreamy without concern and she ate without thinking if the food tasted good or bad.

As the good feeling grew, she didn't worry whether it was going to have any consequences in future. She didn't worry whether she was preparing to suffer or suffering in preparation for an exhilarating experience. She felt like a drifter, someone who was tempted to go with the flow irrespective of an outcome. She felt like a surging tide, which no longer feared for its under-

a lucid interval in her bouts with depression. The holy men said that her stars were in favorable alignment. Her friends thought she was in love, but she didn't know what to call this state of her mind. Now she suffered from the ebullience of her mind, the fatigue of having to remain ecstatic all the time.

One day it was all gone. All her symptoms returned as her fears and doubts set in, her courage lost and conviction gone. She returned to her sufferings and wished to be ennobled by it once again in the moral scrutiny of comparing action with action. Once again she started feeling guilty for feeling good and looked for the light in the midst of gloom.

It worked as though she was under some kind of a spell, which was abruptly withdrawn. It was as if she had temporarily recovered from amnesia and then relapsed into it before long. It was as if the wasteland returned after the floodwater had receded.

Nothing had changed in her life except that the man she liked was gone. Nobody knew that it had happened until she broke down in tears one day, while saying her prayers on the prayer mat. She said she needed him to give her strength, that she had begun to wobble like a rickety table since he had left.

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Mohammad Badrul Ahsan is a banker.

CROSS TALK

Nothing had changed in her life except that the man she liked was gone. Nobody knew that it had happened until she broke down in tears one day, while saying her prayers on the prayer mat. She said she needed him to give her strength, that she had begun to wobble like a rickety table since he had left. Everybody else wondered if this suffering was going to enoble her soul!

other inevitable in the paranoid ecology of her debilitated soul. She was comfortable in discomfort, delighted in distress, and fulfilled in want.

She consulted psychiatrists who told her that she had depressive tendencies and the holy men cautioned that her sufferings were the outcome of karmic cycle, which turned around in this life to punish her for the sins of the previous one. In one way or another, she understood that she was born to suffer as a way to unfold her destiny, that the fragrance of happiness in her life could not spread until the flower of

and her laughter drenched and soggy with the moisture of tears.

And it also worked backward for her. A spurt of joy would make her nervous in the anticipation of a gathering storm. If she slept well one night, she prepared herself for many sleepless nights ahead of her. One good meal made her doubt if she was going to have to starve anytime soon. In short, she grew up and lived in the backward and forward linkages of good and bad, luck and misfortune, fear and courage, conviction and misgivings.

She suffered in the belief that it was going to uplift her, that she was

inside past sorrow, sowing today's pain to reap tomorrow's pleasure.

But one day it got mixed up in her mind, and she forgot whether it was forgone pain or forthcoming pleasure. She developed liking for a man, and didn't know if she felt good because it was a sign of joy or sign of sorrow. For the first time in life her heart suspended in the traction of equanimity when she felt neither excited nor depressed although she liked it altogether. For the first time in life she felt good but could not sleep, and looked forward to life without hope or despair. For the first time in life she was anxious without fear,

tow, no longer inhibited by the backlash of moving ahead in life.

Soon it took a strange turn for her as she began to swing between joy and sorrow. She started to smile in tears, rejoice in sorrow, hope in despair and feel euphoric in depression. Soon she started to waver in her mind between past and future, between confidence and diffidence, between knowledge and ignorance. The woman who lived her life moment for moment, striking the moral equilibrium for her every action, wanted to plan her life ahead of time.

The psychiatrists said it was just

OPINION

Lord Mayor, our expectations are indeed very high

A.K. FAEZUL HUQ

PEOPLE of Dhaka city in general certainly do not expect a miracle from the newly elected Mayor, Sadeque Hossain [Khoka], but they do expect a comparatively better deal than what they got from his predecessor, Mohammed Hanif, whose rhetorics, although a bane for the common citizens, had really no parallels — rhetorics which were "full of sound and fury signifying nothing". And the poor citizens had to bear all such nuisance for eight long years of frustration.

Quite regrettably though, during those long eight years of his incumbency as Mayor of Dhaka city, Mohammed Hanif seemed to be quite oblivious of the public opinion which continued to build up against him slowly and gradually, yet personally he was convinced beyond all doubts that despite the negative syndrome all around, it was possible to take the entire ten million souls of the historic metropolis, for a continuous "ride" without really achieving anything significant. And the poor city electorate, who had pinned so much hope on him in 1994, when they were somewhat mesmerized and enthralled with his [deceiving] oratory, that helped him in getting elected so triumphantly against all

odds [including a powerful Mirza Abbas], sincerely expected that he would deliver at least 'something' before he hands over formally to the new mayor. Alas, nothing of that sort happened.

In the meantime however, the wise and the learned amongst us believe quite strongly that Hanif shall go down in the history of our country as one of the inefficient public representatives that this nation has produced in over fifty years, and shall therefore continue to be a source of embarrassment for his promoters, mentors and even the political party to which he belonged; more so, if by any chance the newly elected Mayor achieves even the slightest success and just tries to make a sincere effort to solve some of the long pending problems of this vast metropolis.

Comparisons are sometimes odious, yet one can hardly refrain from citing instances where Mohammed Hanif could have indeed achieved a lot, but never tried earnestly. For example, nobody expected that all the mosquitoes of Dhaka city would be totally eliminated and all their breeding grounds destroyed with Mayor Hanif in the chair. But the people had certainly expected from the outgoing mayor, at least a semblance of an effort in this regard to

show it to the public that he [Hanif] was doing 'something'. At least he could have put on his 'gum-boots' and along with squads of municipal workers and others belonging to various social organizations, could have easily put up a show of cleaning the derelict ponds which were full of water hyacinths or choked up drains where the mosquitoes normally breed, and thereby could have earned the confidence and applause of the public. After all, there is no business like show business and politicians all over are reputed for their blatant hypocrisy with which they get away quite easily. No wonder that the great Soviet Premier, Nikita Khrushchev had once aptly remarked that "the politicians often tend to build bridges even if there are no rivers".

But for reasons unknown and mostly unexplained, the former mayor remained confined to his own world of tall talks and sycophants. He was living far, far away from reality and in fact had no concern for the poor citizens, the tax payers or even those who had worked for him relentlessly during his elections. Quite justifiably they felt totally dejected and embarrassed at his behaviour pattern. In the meantime, Dhaka city was getting, as each day passed, dirtier and stinkier beyond comprehension. Indeed Mayor

Hanif had lost total control not only over his subordinates and supporters, but even his own self.

Ironically, if we try to recollect those memorable days when Hanif was fiercely campaigning for his election in the mid '90s and had been most munificently promising 'four things' that he would do once he got elected, one related to the "poor law and order situation and getting rid of all the crimes and the criminals from Dhaka city". He was sadly and surely mistaken at that time. After all he was not the Home Minister, neither his party was in power nor was the Metropolitan police under his command. Then why did he forcefully promise so?

Politicians usually maintain that during [election] campaigning one need not bother as to what he or she was really saying. It was immaterial, who was listening and who was not. The only thing that probably mattered was holding as many public meetings as possible in order to simply offset the campaign of the rivals and to generate your own funds by giving an aura of lavish spending. And it is here that Mayor Hanif fully succeeded. Money was no problem at all at any stage and it came pouring in from all corners like 'cats and dogs'. And as far as the promises and pledges were concerned, those were only made, as

usual, to be broken! There was no people's accountability bureau in between to take him to task except for the next elections. And that is exactly what happened.

For his continued failures in office as the Mayor of Dhaka, Hanif made as many scapegoats as possible including his own partymen, its leader and the LGRD Ministry. The 'Nagar Bhaban' or the Mayor's office in the meantime had turned into one of the most dreaded places in Dhaka city, where guns and bombs were openly traded whenever tenders were dropped or opened, with the Mayor simply a silent spectator; mostly staying away from the office on the plea of poor health. People residing in Dhaka city from almost all walks of life had finally, over the years, probably accepted it as a fait accompli and lay totally resigned to destiny. Everybody it seemed was desperately waiting for the long overdue elections and the next man. And both came in at last to the relief of all and sundry.

That is how Sadeque Hossain [Khoka] starts his journey, with a past full of omissions, commissions, flaws and errors; even over doings at times which could make his own, i.e. the new Mayor's life miserable at least for quite some time till he gets over the hold and takes everything under his command. But the journey

ahead, one can be sure, is certainly going to be quite tough and arduous. Even the newly elected Mayor has spoken of tackling the law and order situation on a priority basis, which again is not his domain. He is also reported to have supported the former mayor's proposal of having a metropolitan government also. In fact the best that a Mayor can do as far as law and order is concerned under the given conditions, is to extend his cooperation by reactivating the local ward commissioners and entrusting them with the specific task of finding out the noted and listed criminals from their localities to be handed over to the authorities, unless of course the commissioner is himself wanted by the police! There is probably nothing more that he can do under the circumstances, unless the charge of the Home Ministry is also given to him concurrently.

One thing should be borne in mind at all times if the new Mayor wishes to succeed and leave a mark. He shall have to immediately sit down and chalk out his priorities, and follow some of the examples set in by the former mayor of New York, the great Rudolph Giuliani, whose momentous decisions and a neutral office earned him the admiration of each and every one who came across him. Indeed he had brought

in a fresh air of non-political administration and people even today talk of him with profound reverence. Mayor Sadeque Hossain must keep his cool at all times and forget for the time being that he is also a BNP activist. As a matter of fact he should give up his responsibilities of Dhaka city, at least for the time being, so that people from all walks of life can easily walk up to him without any fear or hesitation. And once the priorities are set [which may include solution of the chronic rickshaw problem, poor drainage, retrieving of open spaces and parks whose numbers continue to dwindle, and uncarved primary schools] and the ball moves on rolling, there will be little or no headache left and the problems can be easily tackled with cooperation from the other ministries with whom the Mayor shall have to actively coordinate. The Mayor should also handle the tender related matters and those relating to purchases personally, with utmost care and a strong hand. The Nagar Bhaban should be set free from all sorts of 'Mastans' and their lackeys and the glory of the Dhaka City Corporation should be restored at once.

On the financial side there is widespread complaint of corruption from the top to the bottom. That is nothing new and what we need

precisely is a change in the whole system which would give the municipal officers and clerks no leverage at all. There is also no need of enhancing the 'holding' tax rates. All that one has to do is to set in motion an aggressive drive with the help of task force and special squads which the Mayor shall, once again, have to handle himself and get the outstanding dues within the shortest possible time, with big rebates for those who clear within say, a specified period. The common perception is that the new Mayor is capable of achieving all goals that lead to the path of success, unless there are directions from known and unknown 'Bhabans' and over-smart people try to pull his legs. We should be aware therefore as to where lies the problem and its solution. And for a valiant freedom fighter and a man with a yell-to-be-tarnished image this should not be a tough calling.

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