

The state of the State of Emergency

Meanwhile, whoever is running the show should take some positive steps to take the people into confidence to contain and crush corruption with a view to getting good governance in the future. Avoiding divisive statements and policies, and not orchestrating farcical trials of mega thieves and criminals on flimsy charges should be the next steps towards good governance, growth, and development.



TAJ HASHMI

HAVING tasted the bitter elixir of "democracy," "socialism," and "secularism," the omni-present

dered and desperate for a change. Hoping against hope, they also reposed faith in the two successive matriarchs, Khaleda and Hasina, who inherited the mantle of power not by merit but by family connections. As both of them proved to be the custodians of absolutely corrupt and inefficient regimes turning Bangladesh into the most corrupt country, the masses released a sigh of relief at the onset of the State of Emergency on January 11. Apparently, the Emergency has signaled the end of Khaleda-Hasina autocracy and has given the country a breathing space and some semblance of law and order. The people are sick and tired of endless violence, strikes and blockade, rioting and public lynching of political opponents on the street in the name of "restoring democracy" through "free and fair" elections. The average people welcomed the Emergency as the caretaker regime under Iajuddin Ahmed had taken one controversial step after another. They seem to be happy with the present caretaker-cum-Emergency government and optimistic about the outcome of its anti-graft/anti-corruption measures. One is, however, not sure what form of government will be coming in the wake of the Emergency. As the Emergency cannot be an end

in itself, making "politics difficult for politicians" is not going to salvage the country either. It is high time that the present regime start calling a spade a spade by identifying itself not only as an interim government to hold free and fair elections but also as the one determined to establish the rule of law and a corruption-free society in Bangladesh. Most importantly, with the abrupt replacement of an unelected albeit constitutional caretaker government by the State of Emergency, which constitutionally cannot last for an indefinite period, one is not sure if Bangladesh is experimenting with the most bizarre and unique form of government in the world. It is a combination of the caretaker system under the State of Emergency with a titular president dictated by a seemingly powerful chief adviser, who again seems to be under the shadow of the military. One wonders, as if the equally bizarre caretaker system was not bad enough to single out Bangladesh as a dysfunctional democracy under the pretence of running a Westminster type government. One, however, cannot blame this government for the messy situation created by the previous regimes, which ultimately brought it to power. From his flamboyance and self-affirmation (and despite his denial), the army chief General Moeen Uddin Ahmed has confirmed that he is actually calling the shots as the real power behind the government. Indeed, one may look at the following self-explanatory public assertion by the general: "In the 36 years since independence, politicians have not given us

anything good. They have even failed to give due recognition to the national leaders. Think about it, we haven't even given recognition to the father of the nation ... After the proclamation of the state of emergency, I told the inspector general of police that I don't want to see anybody doing any harm or torch a single garment factory. Have a look, because of this single instruction, nobody dared to do anything destructive even after two months" (Daily Star, March 28, 2007). In view of the above, one may surmise that in a civilian setup only the home minister or home secretary, not generals, may instruct the police chief to do certain things. Blaming politicians' divisive policies and their not "recognizing the father of the nation" are highly sensitive issues. Had the general been not an integral part of the interim government, he would not have touched on these important national issues. Consequently we may assume that Time magazine is totally wrong in portraying the chief adviser as the new "boss" of Bangladesh. So far so good. Bangladesh is having another round of un-elected but popular government, full of lofty ideas and promises. I am one of those who prefer good governance by honest and efficient autocrats to bad governance by dishonest and inefficient elected representatives. Almost all the post-colonial states in the wake of World War II came into being with the admirable promise of establishing democracy, liberty, equality and fraternity; national dignity, respect for human rights and the freedom from hunger and poverty being some of the other lofty ideals. Some of the over-

enthusiastic nationalist leaders even promised "people's democracy." Hence the corroborative expression "people's republic" became the prefix of some of these post-colonial states, including Bangladesh. Our experience tells us that as democracy remained elusive so were social justice and the freedom from hunger throughout the post-colonial world -- from Ghana to Kenya, Algeria to Egypt, and Pakistan to the Philippines. The case of Bangladesh is only comparable with some of the worst managed "people's republics" in the Third World. Blessed with fertile land, resourceful, and with better land-man ratio than Japan and South Korea, Bangladesh has remained poor, corrupt, economically stagnant, culturally backward, and politically unsettled. The country has been experimenting with quasi-dynastic oligarchic democracy, civil and military dictatorship, "socialism" and "market economy." Meanwhile people have remained restive, disillusioned, and optimistic at the same time. Consequently what is worrisome is not the nature of the present regime in Bangladesh but the prevalent lack of transparency and any sense of direction for both the rulers and the ruled. One does not know when this State of Emergency is going to be withdrawn and what will be its replacement. An elected government with honest and efficient leaders is on the platter. However, one is not sure how the corrupt and inefficient politicians will be ever barred from contesting elections while the government has so far succeeded in arresting only a handful of them.

And again it has so far failed to prove anything substantial against those who are said to have embezzled and smuggled out billions from public coffers. It is really pathetic that those who have robbed billions are facing the flimsy charges of extorting a few million takas from some local businessmen, holding an unlicensed gun, possessing foreign currency worth less than \$5,000 at home, or stealing some relief goods. There is no explanations as to why men like General Ershad and their cohorts can publicly assert their innocence while one does not need rocket science technology to incriminate these criminals, whose number is most definitely in thousands not in scores or dozens. One is puzzled as to why the promoters-cum-protectors of corruption and nepotism should be allowed to leave the country to live in exile in Saudi Arabia or elsewhere. The government should pay heed to the smoking guns to book the criminal politicians, bureaucrats and businessmen. It should try them through special tribunals in accordance with the existing law or new regulations. As rights imply duty, the government should suspend all fundamental rights for a few years to eliminate corruption, once for all, by taking drastic measures, including dispensing capital punishment, life term, and expropriation of property. The government's reliance on the traditional judiciary and police administration, as it is doing now, will further benefit the rich and powerful criminals, who know how to manipulate and buy "justice." Meanwhile, the government

should make at least a fivefold increase in the pay scale of the judges, police, taxation, and customs officials. Salary hike along with provisions for stringent punishment for dishonest government servants a la Singapore, Malaysia, and South Korea would establish the rule of law, eliminate corruption, and generate national wealth. Since this interim government has the whole-hearted support of the overwhelming majority, it should not waste time preparing voter identity cards as elections are not going to bring any fundamental changes unless thugs and swindlers are permanently denied any role in the arena of politics. Instead of further dividing the polity by "recognizing the father of the nation" -- which is a highly contentious issue -- the government should only try to create a permanent base for an honest and efficient government in the long run. The government should also impose a ban on all religion-oriented political parties and disqualify politicians having no known source of income from taking part any role in politics. Meanwhile, whoever is running the show should take some positive steps to take the people into confidence to contain and crush corruption with a view to getting good governance in the future. Avoiding divisive statements and policies, and not orchestrating farcical trials of mega thieves and criminals on flimsy charges should be the next steps towards good governance, growth, and development.

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Fighting corruption: Not for faint-hearted liberals

In another continent and in a different context, a mass circulation tabloid coined: "If Kinnock wins tomorrow, will the last person to leave the country please turn off the lights?" If the present fight against corruption is not conducted with steely nerve and resoluteness then the advice of switching off lights may become applicable to many here in Bangladesh. Time will tell what fate hold us.

MANZOOR HASAN

THE present fight against corruption was unthinkable a few weeks ago. Anti-corruption rhetoric was largely confined to newspaper articles, roundtable discussion and academic pieces. So what happened to bring about such a dramatic change? Governance literature provides some clue. Due to dramatic failure of governance many societies have experienced serious crises when certain events coincide. Manifestations of such dysfunctional governance are many: high level of corruption, failure of institutions to check executive's power, decadent political leadership, and weak rule of law resulting in impunity. In other words, the governance environment in such societies becomes so feeble that a minor event becomes the straw which breaks the camel's back. In Hong Kong it was Peter Godber, a police superintendent. The Independent Commission Against Corruption (ICAC) was established in 1974 after a scandal involving Godber, who absconded from the colony in order to avoid

prosecution. The commission, which was established in 1974, concluded that corruption in Hong Kong was deeply rooted, rampant, and highly organized. The response to such a dismal situation was the establishment of ICAC by enacting a law which has been described as "strong, clear and effective as it could be made." The new laws criminalized corruption which included obstruction of justice, theft of government resources, blackmail, deception, bribery, making a false accusation, or conspiracy to commit an offence. The law gave authorities discretion to conduct searches, examine bank accounts, subpoena witnesses, audit private assets, and detain individuals, seize passports, property, and detain suspects when evidence suggests a risk of flight. These restrictions certainly infringed fundamental principles of due process but the peculiar circumstances in Hong Kong called for such special provisions to prevent individuals from leaving the territory and escape prosecution by taking advantage of Hong Kong's porous borders. Let us look at Singapore's experience. Similar to Hong Kong,

corruption in Singapore was a way of life. The British failed to tackle corruption and the breakthrough came in 1960, when Lee Kuan Yew's People's Action Party enacted the Prevention of Corruption Act (POCA), which gave the Corrupt Practices Investigation Bureau (CPIB) more power to fight corruption. Lee Kuan Yew won the general election by revealing a minister's --Chew Swee Kee -- acceptance of \$233,000 from the United States government. Lee Kuan Yew had this to say: "[In 1959] when we took the oath of office ... we all wore white shirts and white slacks to symbolize purity and honesty in our personal behaviour and our public life." But the anti-corruption measures had to be continuously revised: in 1981 the law was tightened by requiring those convicted of corruption to repay all the money received besides facing the usual court sentence. In 1989 the law was revised to enable confiscation of assets derived from corruption. If the defendant is deceased the court would issue a confiscation order against his estate. Semi-authoritarian government of Lee Kwan Yew was determined to

transform Singapore from one of the most corrupt in Asia to what it is now -- squeaky clean. Hong Kong and Singapore were both highly corrupt, police and political scandals triggered a series of reforms that restricted some personal freedom but in the process reduced the high level of corruption which resulted in impressive economic growth. Needless to say that there were other factors which also contributed to Hong Kong and Singapore's impressive achievements over the last few decades but at the expense of curtailment of some political freedom. Bangladeshi politicians and their side-kicks took us for a ride and were about to show us the "proverbial High Court" on January 22. The criminal behavior of Messrs Tarique and Associates resulted in massive hemorrhage of scarce resources, undermining of law and order, destruction of institutions through the strategic placement of stooges, and the final straw came with the ultimate threat of turning Bangladesh into a "failed state." The venal parasitic politics became Bangladesh's "governance crisis." The new government of Bangladesh, which took office on January 11, has taken some bold steps. Suddenly, political will has been re-discovered in Bangladesh and the country took a sharp detour to avoid a fatal collision, and the unthinkable is happening. Is this the beginning of Bangladesh's new journey? Are our expectations too

high? Are we going to persevere with this hard-line policy as did Lee Kuan Yew, et al? Whether some of us, being faint-hearted pseudo liberal democrats, will start clamouring for elections just to bring back the pre-1/11 politicians and their confrontational and interne-cine politics? Fighting corruption is a generational task but it has to get off to a good start. The initial phase needs to be thought through and policies have to be implemented with rigour and extreme focus. Kid glove approach is bound to back-fire and it will furthermore weaken the resolve sufficiently to make the fight against corruption unsustainable.

able. In another continent and in a different context, a mass circulation tabloid coined: "If Kinnock wins tomorrow, will the last person to leave the country please turn off the lights?" If the present fight against corruption is not conducted with steely nerve and resoluteness then the advice of switching off lights may become applicable to many here in Bangladesh. Time will tell what fate hold us.

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Markets 102

K.A.S. MURSHID

GIVEN the rave reviews for 101 I thought it was time to come back with more. The worries with inflation and food prices remain acute, compounded by other developments: the avian flu for one, but also contraction in key labour-intensive sectors like construction, and generally a cut-back in consumption in the face of the crackdown. I am glad however to see that references to syndicates and hoarding seem definitely to be on the wane! A major difficulty with economic analysis in many countries is the urge to find domestic causes for domestic problems -- a kind of "analytical nationalism" that does not sit well with the new era of global integration. Thus, instead of looking for monopolist behaviour, we perhaps ought to have focused on what was happening in India. Instead of screaming for the blood of hoarders, it may have been better to take a look at the world market situation for foodgrains -- you see the drift of my argument, right? Nevertheless, let us take a fresh look at domestic price trends.

Recent inflationary price rises have been led by food prices which have risen faster than non-food prices, especially since end-2005. The month-to-month rice prices behaved rather oddly in 2005-06. The post-harvest price decline in November-December was short-lived, while prices actually registered a rise in May-June in Dhaka markets, instead of a price decline after the major boro harvest -- an unprecedented phenomenon! In the meantime, what has actually been happening to domestic production of foodgrains? Production increased by 6-10 percent in 2005-06 (depending on whose figures you trust) over the previous year. Why then would post-harvest prices rise? You should have been able to guess by now that I would soon want to point figures at foreigners! But let me just put in a quick word on "demand." Given the high growth rate of GDP over the last few years, per capita incomes have been steadily rising. Workers and labourers too have benefited -- I know that this is difficult to believe, but that is exactly what the data shows. For example, the wage rate index (after taking inflation into account) rose

from 125 in 2000-01 to 149 in 2005-06. In addition, the government has been following an expansionary monetary and credit policy -- all suggestive of a steady build-up of demand pressure on the market. Unfortunately, supplies did not manage to keep up. We are of course short of many things -- onion, dal, baby food, soyabean oil, sugar, petrol, nappies -- all of which we have to import. As it happened, the exchange rate moved steadily against the Taka making these imports more expensive, while at the same time, fuel prices shot through the roof -- exerting huge pressure on our foreign exchange reserves which, mercifully, was eased by accelerated remittance flows (thank you, guest workers). At the same time, the world market in foodgrains experienced considerable instability, as unexpectedly, countries like India entered the market as a large buyer in the face of a domestic crisis (yes, here it is finally, the link with India!). Why is India important? For one, we import many things from India (and not always officially), especially rice and other food items. Whenever we have run short of supplies, all we have had to do was

play around with import duties to encourage goods to flow across the border. And this of course, was a very sensible policy. For the first time in the 1990s (and after huge debate), we allowed the private sector to engage in food imports, and we have never looked back since. Private traders took to this new opportunity as fish to water, quickly opening up deep cross-border import channels with India. It would not be wrong to say that Bangladesh's food security depended closely on Indian surpluses, which as some of you may remember, used to be enormous -- I mean we are talking about gigantic food reserves and a huge, complex public food distribution system that evolved into a dinosaur of sorts, but a benevolent dinosaur, as far as Bangladesh was concerned -- for this meant that our own food reserves needed to be rather modest. Alas, the Indian food regime has been changing rapidly, causing deep discomfort within India itself but going largely unnoticed and without comment here in Bangladesh. I guess our Indologists have been looking at

other sectors (music, literature, dance, etc). As an aside, do we really have anyone who watches economic trends in India, or is this still regarded as a waste of time? At any rate, here are some facts on recent Indian trends (cheaply downloaded from the internet):

- Food reserves held by the Food Corporation of India has declined dramatically (from over 100 million tons to around 12 million tons).
- Drastic elimination of food subsidies undertaken.
- Poor harvests have compelled large import levels (reaching a 30-year high in 2005-06).
- Indian inflation rates have been higher than ours (at over 8 percent), also led by food prices.
- World price of rice, wheat, sugar and soyabean has been climbing sharply.

Well, I think the case is now pretty much closed: Bangladesh's price spiral is strongly linked to regional/global forces and closely mirrors developments in India. Our economy may be even more fundamentally linked to India than we may have suspected, with even small price differences leading to flows of goods and commodities,

either way. Rising real wages in Bangladesh suggests that adverse effects of the inflation may have been off-set somewhat but this would be of little consolation to those whose nominal earnings have not changed. Under the circumstances, what should we do and not do? It would be foolish and wasteful to try to revive TCB. The notion of open market sales e.g. through BDR (presumably at a subsidy if all costs are considered) is interesting (mimicking OMS of rice/wheat), and seems to warrant a closer look. I am all for such subsidies. All our policies (including monetary, fiscal, credit, interest rates) need to be geared to sustaining growth; and finally, market confidence (that is down to a low ebb) must be restored ASAP. At the moment the only business that seems to be flourishing is the mattress making business with huge orders pouring in, I am told, as people desperately search for alternative ways to park their cash and valuables.

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Time to get serious about bird flu

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SUNDAY was April Fool's Day. In the West, newspapers sometimes run "gag" stories (silly stories which they don't expect anyone to believe) on the first of April. I read in Sunday's Daily Star that 1,500 more chickens have been culled (in Ashulia and Jessore) to stop the spread of bird flu. I wish this were only a gag story. Bird flu first appeared in Bangladesh in at Biman's farm in Savar. Newspapers first reported Biman's bird flu outbreak on March 23. The date when the outbreak started has not been reported, but we can safely assume that it was probably around March 16 (assuming that it must have taken a week for blood samples from sick chickens to be sent from the farm to a diagnostic lab, and for the positive test result to be obtained). Jessore is about 270 km from Savar. So if the Savar outbreak started on March 16 (one week before it was reported in the press), the virus appears to have spread at an average speed of 18 km per day (270 km from Savar to Jessore in 15 days between March 16 and March 31). Teknaf and Tetulia are each approximately 700 km from Dhaka. If the virus continues to spread geographically at a rate of 18 km per day, it should take about 38 days for it to spread from yesterday's outbreak site in Ashulia to the furthest reaches of the country. That would be a disaster for poultry farmers all over Bangladesh. The government must stop the spread of the virus while it is still present in only a few districts. It is time for the government to face the fact that certain tough measures must be taken to stop the spread of bird flu. When the first outbreak in Savar was reported, the government announced that it would take the following actions. (1) The movement of chickens would be restricted within a 10 km radius of infected farms, (2) chickens within a 1 km radius of the infected farms would be "culled" (killed), and (3) farmers would be compensated for chickens which were culled. Stopping transportation of chickens out of infected areas is obviously essential to stopping the spread of the disease. What is not

obvious is that killing chickens on farms near the infected farms is also essential. As the virus spreads so fast (18 km per day), one must assume that chickens on farms near the infected farms are also infected but are not showing symptoms yet. The only way to be safe is to kill all chickens near infected farms. Obviously this cannot be accomplished without compensating the farmers; without compensation they would not cooperate with a culling program. The problem is that culling and compensation have not been practiced uniformly. Chickens within a 1 km radius of the Gazipur and Savar bird flu outbreaks were culled, but the same policy was not followed in dealing with bird flu outbreaks in Tangail and Jamalpur. As the Daily Star reported (on March 29): "Livestock department officials are carrying out surveillance in all affected districts but did not take any measure to cull free range chickens in Jamalpur and Tangail within a kilometre radius of the infected farms there, which is supposed to be the official strategy for preventing spread of the virus. Reports received from Jamalpur said district livestock officers have yet to take any measure to cull free range chickens within a kilometre radius of the infected farms in the district." Why were chickens not culled in Jamalpur and Tangail? This is unclear from the news reports, but one can guess that the government did not have the funds to compensate farmers for chickens which were supposed to be culled. If this is the reason, the government should immediately ask the international donors for funds to support a program of culling all poultry (with compensation) within 1km of all the outbreaks which have been detected so far. It might also be advisable to involve large NGOs like BRAC in the compensation disbursement process so that farmers are not cheated out of due compensation by corrupt government officials. S.M. Abdur Rahman is a freelance contributor to The Daily Star.

