

CTG should focus on election



ABDUL MOMEN

We all want the interim government (CTG) of Dr. Fakhrudin Ahmed to succeed in holding a "free, fair, non-violent and credible election." The people suffered, especially during the last two and a half years, enormously to have a "free, fair and credible election," and they would not like to go through those agonizing days again.

The CTG was our last hope for sustenance of multi-party democracy in Bangladesh at a time when the caretaker government of Iajuddin Ahmed was leading the country to hell.

Leaders and politically conscious

people across the globe were outraged and frustrated when the CTG took a decision to exile the two top political leaders of Bangladesh. Thank God sanity has prevailed, and they have reversed their hasty decision.

Now they should concentrate fully on creating an administrative structure to hold the national election at the shortest possible time. Let the Election Commission (EC) opt for voter list with photo, instead of their grand design of national ID or social security card, to get the job done within few months time.

Bangladeshi kids know why the owl, although not great looking, became the king of birds. While other lovely birds were trying to be perfect

in appearance, the owl did not care for perfection but got the job done. Therefore, the ugly owl is also a symbol of wisdom.

Time is money, and it waits for none. The EC must not waste any more time on grand designs that can hardly be achieved, given the inherent limitations and constraints. A successful strategy is one, which takes note of not only the strength and weaknesses, opportunities and threats, but also the possibilities of effective implementation.

Crafting a strategy is not enough. It has to be implementable within the given time and resource constraints. Secondly, reform is a dynamic process, and if it is imposed from the top and from outside, it will be short lived

and may be totally rejected.

Bangladeshis love democracy, and they are proud that their country had a multi-party democracy. Therefore, it would be advisable for the CTG to stay away from unnecessary issues that have little relevance to holding a free and fair election at this time, so that they don't lose "credibility."

Credibility and people's confidence are very, very important. If they lose credibility, then they cannot hold a credible election. Such a situation may lead the nation toward anarchy and military takeover. Moreover, all the corruption cases would also be jeopardized.

The CTG must be correctly focused, and must not move away from its promised goal of holding a free, fair and credible election. It is also advisable to hold the election as early as possible, maybe by January 2008.

The weather condition in Bangladesh is generally comfortable, and rural roads are also accessible during December-January-February.

Therefore, they should fix the national election day on the first Tuesday of January. This is nothing new. In the US, the 1st Tuesday of November is election day, and Graduation Day at the Harvard University is in the second week of June.

When the CTG was trying to exile the Begums, a distinguished scholar of Somalia Abdullahi Ahmed wrote, and I quote: "In my country Somalia, which has been in dire straits for almost two decades, the sad episode

that has been continuing for such a long time was caused by the overthrow of a civilian government by a military junta headed by the dictator General Siyad Barre in 1969 on the pretext of eliminating corruption ... After the coup, he immediately embarked upon the destruction of the state by interfering in every government institution -- both civil and military -- and he destroyed politicians and, thus, created confusion and chaos in every sector of the state. Siyad Barre was the cause of the intractable situation we are in. The warlords you have mentioned in your article are similar to the vultures that eat what is left of a carcass after the larger carnivores have eaten their fill."

He further wrote, "Bangladeshis are tough people. I believe they will never accept to be ruled by the military, as is the case in Pakistan. Let us all pray that the emergency rule in Bangladesh is for a very short time, similar to the morning mist!"

Are all politicians evil?

It is fashionable in these days of disinformation and army-backed government to blame politicians for all the evils of the last 36 years. But facts tell a different story. The question is, is there an ulterior motive in such a disinformation campaign?

All critical macroeconomic indicators of Bangladesh, from 1975 through 2005, show that both the

growth rate and enhancement of

public consciousness (like free press, Channel i, ATN Bangla, NTV, privatization of communications like

Comparative Analysis of Macro Economic Indicators of Bangladesh, 1975-2005

Indicators	Civil-military Rule 1975-1990	Political Democracy 1991-2005
Per Capita GDP Income Growth Rate %	3.9%	5.9%
GDP Growth Rate %	3.2	5.1
Export Growth Rate %	6.0	10.6
Average Inflation Rate %	9.9	4.9
Trade balance as % GDP	-10.9	-5.4
Budget deficit	-6.8%	-5.4%
Current Account as % GDP	-4.1%	-0.7%
Investment as % GDP	12.5%	21.3%
Private	6.4%	6.6%
Public	6.1%	14.7%
Savings	11.0%	37.5%

Grameen Phone, etc) and resolution of national issues (such as Water Treaty, Peace Deal, etc) were achieved during the political period.

While the average per capita income growth rate during military or quasi-military-technocratic period was 3.9% per annum from 1975 through 1990, it sharply increased to an average of 5.9% per annum during the political period, in spite of polarization and rivalry between the Begums.

Investment and savings rates almost doubled and tripled respectively during political period vis-à-vis military rule. See a comparative analysis of macro economic indicators of Bangladesh in the table below for 1975-2005.

More importantly, allowing inquisitive media to raise issues of accountability, as is happening in Bangladesh today, dramatically

improved under the political period. In addition, the historic Ganges Water Treaty and the Chittagong Hill Tract Peace Deal were signed under political governments.

The military governments of Bangladesh raised the Ganges water sharing issue at the UN General Assembly, and tons of money was spent on the Farakka issue at home and abroad, to no avail.

In the 36 years of Bangladesh (the first 3.5 years was a reconstruction period after a massive civil war, and should not be counted in any comparative analysis), it is military and military-backed civilian-cum-technocrat governments that ran the affairs of Bangladesh for almost 16.5 years.

Their accentuated the creation of institutional weaknesses and promoted corruption, like Somalia's Siyad Barre, that culminated in

becoming ugly and all pervasive in the last few years of the 4-party coalition government. There is no denying that both Major Gen. Ziaur Rahman's and Lt. Gen. HM Ershad's governments corrupted the administration and their hand-picked politicians. Then why blame only the politicians?

The issue is; it would be a disservice to the nation building efforts if we put all the blame only on politicians and, thus, allow a "free ride" to others who are also equally responsible.

In each group, army, politicians, bureaucracy, bankers, journalists, NGO executives, to name a few, there are good and bad elements -- they have to be identified. Blaming one over the other is a disservice, and escapism.

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Forecasting economic growth

MOHAMAD TASLIM

ECONOMIC growth is a difficult and fragile process. Often, it takes a very long time to hit upon the right conditions for accelerated growth. It took Bangladesh more than two decades to provide the settings for sustained growth.

The economy transcended from an unstable 3% growth regime of the 70s and 80s to 4.5% growth during the tenure of the first elected government. The growth rate accelerated to 5% plus during the tenure of the second elected government, and nearly 6% during the third. There were high expectations that the country would grow over 7% during the second half of the millennium decade, but this has not materialised so far.

Two things damped the growth potential of the country. The first was the excessive caution against inflation that was running at about 6% in 2005. The economy was buoyant with a spur in investment activities.

Bangladesh Bank (advised by IMF) feared a blow-out in demand despite indications of

cost-push influences on prices. It put a monetary squeeze on the economy. This succeeded in restraining inflation, but also reduced growth. Bangladesh Bank still maintains a "cautious" monetary policy.

The other factor that had a worse effect on growth is the political turmoil that began during the second half of last year and continued into this year. Moral bankruptcy of our politicians had pushed the country toward a violent situation in which a cataclysmic civil war looked a real possibility.

The country was saved from such an eventuality by the dissolution of the previous caretaker government and the installation of Dr. Fakhrudin's government. However, uncertainties remain, business confidence is low, and arbitrariness is still a problem. These could have an adverse effect on economic performance during the remaining part of the fiscal year, taking away some of the gloss of the government.

Surprisingly, Bangladesh Bank forecasts a 6.5 - 6.8% growth. BBS also predicts 6.5%

growth. The donor agencies are also equally optimistic about the growth prospect of the economy. They are predicting 6.5% growth for the current fiscal.

Despite almost identical forecasts of these agencies, it is difficult to understand how the economy would grow so robustly when it has been buffeted by so many adverse events, and a robust turn-around is not yet visible.

A severe problem in forecasting exercises is the non-availability of recent data. Bangladesh Bureau of Statistics is responsible for collecting, collating and disseminating data on macro-variables. But numerous management and technical problems hamstring its efficiency.

It publishes data with a very substantial lag. (For example, its Monthly Statistical Bulletin is published with almost a year's lag, and it contains data which are another year old.) The quality of its data is sometimes questionable. Ridding BBS of political interference and improving efficiency should rank high in the agenda of the Ministry of

Finance.

BBS presumably provides more recent data to government institutions, but these are not made publicly available, preventing informed public debate on current policy issues. Much of the data are on a yearly basis and, hence, are not very useful for short term forecasting.

As a result, forecasting often has to be done using some rules of thumb, informed guessimates, and extrapolation based on presumed association between growth and some variables on which recent data are available. Forecasting is a difficult business even in developed countries; it is more so in a data-deficient poor country.

Crop output during the last half of 2006 was probably not much affected by the political unrest. However, supply shortages of diesel, electricity and fertilisers that plagued the country this fiscal could have reduced the yield of the principal crop, boro.

The avian flu has taken its toll on poultry. Agricultural output cannot possibly maintain the robust growth achieved last

year. A reduction in agricultural growth will shave a few points off the aggregate growth rate.

The industrial sector is dominated by manufacturing that comprises both large and small-scale manufacturing. Manufacturing growth rate has not picked up during July-December 2006; it was 2% below that of the corresponding period last year.

It has been adversely affected by electricity outages and rising fuel prices. Indications are that manufacturing, particularly small scale manufacturing, will not perform well during June 2007.

If this happens, manufacturing growth for the entire fiscal 2006-07 will be less than that achieved during 2005-06. This seems all the more likely since manufacturing growth last fiscal was exceptionally high.

The other branches of industry viz. mining, electricity, gas and water and construction, are unlikely to have done much better. Mining, gas and water contribute only marginally to GDP growth.

It is difficult to say how the service sector is performing.

growth rates will not impact much on GDP growth.

There has been no new addition to electricity generation capacity during the last several months. However, if system loss is substantially reduced by the recent drives, electricity value addition will be shown to be higher without there being any real increase.

The construction sub-sector is in doldrums -- anti-corruption drives have driven away its customers, causing a decline in both prices and volume. Construction being a large sub-sector, a significant downturn will reduce the industrial growth rate.

Putting all these pieces together, and taking into account the impact of low business confidence, the industry sector seems unlikely to maintain the robust performance of 2005-06. Since industry has a large contribution to GDP (29 per cent), even a small reduction in its growth rate will have a fairly large negative impact on GDP growth.

Output loss of the street vendors may not show up in national statistics as much of their business probably belongs to the underground economy. Even if other sub-sectors do well, it may not be enough to maintain the past growth of service output.

Thus, the performances of all three sectors of the economy are likely to be lower than that during the last fiscal year. Since GDP growth is the sum total of the weighted growth of these sectors, it does not look like the

economy will be able to maintain last year's growth performance.

A growth rate in the neighbourhood of 6% seems to be the more likely outcome. This would be a setback for the poverty reduction strategy of the country that is predicated on a 7% growth during this year.

If the objective of the government is to shock the economy with a "cold turkey" treatment to rid it of undesirable practices, the economy must suffer from low growth for a while. If, on the other hand, it wants to accelerate growth, the most urgent task must be the restoration of business confidence.

If confidence remains shaky long-term investment will suffer, with consequent negative impact on growth. Available information seems to suggest a downturn in investment activities. This should be the more serious concern of the policy makers.

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Not a question of money

MANZOOR ELAHI CHOWDHURY

THE other day I was spending a quality evening with my son when we lost power in our apartment. "How come the power goes out so many times?" my son asks. "Because we haven't invested in power plants," I reply. "Oh, Bangladesh doesn't have enough money, because we're poor, right?" I say. "No, money is not the issue; it's our lack of vision and lack of willingness."

"What is vision?" he keeps going. "Well, vision is when you can see things five or ten years ahead of time, and start planning for it." "Do you have vision?" He just won't quit! "No" I say. "Then why do you expect others to have vision?"

I try to give him a quick and vague answer by saying: "well I'm not a government advisor, I don't ride in a government car, and I don't enjoy all the government perks. I'm just an ordinary citizen who doesn't like to eat dinner in the dark. So, it's OK if I don't have any vision, but people who are in charge should have it."

Our power isn't back yet, so my son and I decide to take a walk in a nearby park. On our we get distracted by loud honking at the traffic light where we were waiting. The traffic light is still red, there

are at least five cars ahead of us that are not moving, but the driver behind us is taking part in a honking contest.

He is driving an oversized, shiny, SUV and honking louder to show off his muscle or to draw attention. These big SUV's should be banned in Dhaka, but let's save that topic for another discussion. I knew that a question would be coming any minute, and it did. "Why are all these people honking for no reason?"

I was getting a headache from the noise around us, so my answer was brief: "We need a driver awareness or education program." "We don't have money, so we can't do it, right?" he asks again. "Wrong," I say. I tried to explain to him that by imposing fines and fees (and, of course, by collecting them) we could generate enough revenue to have a driver education program.

Be tough on the drivers who honk unnecessarily, slap them with a fine, and empower our policemen to take action no matter who the driver is. Send a copy of the violation to the Department of Motor Vehicles (or whatever we call it in Dhaka), so that the car owner is forced to pay when he tries to renew his registration.

Increase the number of policemen in noise pollution critical areas, and make driver education

classes mandatory for all drivers. Maybe in the first year we won't reach our revenue target, but once we figure out all the implementation issues and work at it consistently, collection will go up, and part of the generated revenue can be used for a driver education program.

For example, when a driver goes to renew his or her license, there will be a two-hour mandatory training class consisting of a short lecture and a video presentation. Some voluntary steps can also help, even though I'm a big believer in economic incentives. The car owners can help the government by being tough on their drivers.

Tell your driver that the next time he gets a ticket (if there is a ticket!) the amount will be taken out of his salary. Next time he honks at a mother who is trying to put her children in her car near a school, tell your driver that he won't tolerate such behaviour.

OK, I admit I'm not proposing anything new. Our officials are well aware of the problems because they deal with these issues everyday. In fact, if they read my column they would say: "Tell me something I don't know." If that is so, then how come nothing is being done?

The point I'm trying to make is

that we don't have the passion and the willingness to fix things. We have enough brainpower in this country. Just look at the number of seminars and conferences taking place in Dhaka everyday. As a policymaker, if you think you have run out of ideas and need some fresh ones, why don't you invite half a dozen experts, form a committee, get the recommendations, and get on with it?

I know the response will be, "it's easier to write a column than to implement these policies." But why bring up the same excuse, which has become a cliché? Implementation takes courage and hard work; our people in charge are just not ready for hard work -- plain and simple.

We finally reach our destination -- a nearby city park.