

No dynastic politics in BNP?

Facts speak otherwise

WHAT Begum Zia said about there being no dynastic politics in her party is at best a travesty of truth. The primary reason for her being brought in after her husband's death as chairperson of the BNP, was because she was Mrs. Zia. However, one must admit that it is her subsequent hard work that got her elected twice as the prime minister of the country and one that speaks of the measure of popular acceptance she earned.

It is difficult to believe that it was not mainly fraternal considerations that prompted her to only recently appoint her brother as a vice-president of the party at a time when there was a popular demand for party reform as well as doing away with dynastic politics. May we ask whether he was the senior most in line for that post? It is also difficult to believe that there was no other person other than her elder son to fill up the post of senior joint secretary-general of the party, even though there was no such post provided for in the party constitution. These appointments subverted the norms of running a party as it not only reinforced a party head's already autocratic position, those appointed to positions beyond their intrinsic capability grossly abused their positions too.

The statement of the BNP chairperson demonstrates her myopic view and a typical mind-set and also the fact she is not only impervious to popular call, she is also totally out of sync with ground realities. It must be said that the pervasive way that family ties were used in governing the country, the demarcation between the family the ruling party and the government was all but obliterated, which has had a harmful impact on the politics of the country. And this in reality is the general perception about the party and about how the country was governed the last five years.

BNP leaders, especially Kheda Zia must start by purging the deep-seated psychology that a political party is a personal fiefdom that can be run as one. We would hope that reform of the party will be brought about in the truest sense of the term where nepotism or favouritism compelled by fraternal, maternal or filial consideration will not rule the roost.

Government move on satellite TV

An arbitrary step giving a wrong signal

THE government, through an announcement on Tuesday, decreed that twelve local and twenty-nine foreign television channels would be permitted to transmit programmes in the country. The move left out some important channels, obviously because they had not obtained permission earlier to operate in the country. Among these channels are India's Doordarshan and NDTV, Pakistan's Geo and PTV World, Qatar-based Al-Jazeera and a host of others. That these channels have developed a clientele in Bangladesh cannot be denied. Depriving viewers suddenly of such channels, however, is in effect taking away from them the rights they are supposed to have where freedom of coming by information is concerned.

Fundamentally, the impression is one of administrative fiat being exercised without taking broad opinion into account. Indeed, such a move, on the ground that the channels had not sought permission to operate, should have been made earlier. What has now happened is that a wrong signal has gone out. In other words, a clear absence of prudence has now created the fear that a closed society may be what a class of people exercising political authority could be trying to promote in Bangladesh, which we would like to think is far from the truth. In these sensitive times, when the national goal remains one of promoting democracy and an open, liberal society in Bangladesh, an abrupt withdrawal of facility even for genuine administrative reasons should have been avoided. Earlier, when a few channels were taken off the air over questions of morality, no one complained. This time, the suddenness with which action has been taken against the channels in question has caused surprise among all classes of viewers.

The authorities can now regularise the banned cable television operations after the operators have secured the necessary permission. They can fined them for having not abided by the rules. We urge that the channels that have been blacked out be restored soon.

Taking stock of realities



KAZI ANWARUL MASUD

GOING DEEPER

In such situations where the Western leaders are themselves not faithful to their propagation of democracy and are willing to accept aberration to suit their interest, then their insistence on some developing countries where democracy is itinerant and should not be intermittent is not only hypocritical but also unrealistic. While democracy remains the best course available to have a representative and accountable government, the donors would do well to take stock of

ONE may wonder whether the US policy of supporting undemocratic regimes has changed in the post-Cold War era, particularly relating to Bush's declaration of promoting democracy in Third World countries.

Respected South Asian expert Stephen Cohen (of Brookings Institution), in a recent interview, spoke of US-Pakistan disagreement over the resurgence of the Taliban, whom Pakistan sees "as patriotic Pashtoans fighting an oppressive northern alliance-dominated government in Afghanistan," and the US administration, despite reservation expressed by the chairman of Joint Chiefs of Staff, in testimony before the House Armed Services Committee about the US ability to increase military presence in Afghanistan to deal with increasing Taliban insurgency (headquartered in Quetta) and putting more pressure on President Musharraf as he is the only game in town.

Pakistan's support of the Taliban insurgency is an answer to Pakistani belief of increasing Indian influence in Afghanistan and Hamid Karzai's "pro-Indian" stance and to counter the perceived Indian encirclement of Pakistan.

Given the Bush administration's lack of encouragement to Benazir Bhutto and Nawaz Sharif (furthered by Assistant Secretary of State Richard Boucher's recent remarks that Pakistan is moving forward) may indicate deep-rooted conviction in successive US administrations that countries like Pakistan are better administered by the military than Western-style democracies.

After the end of the Cold War with the ascendancy of neo-conservatism or neo-liberalism in the Western political thought, the Bretton Woods Institutions went through a transformation in their

lending policy to the Third World and the Eastern Europe by insisting on "structural adjustment" -- defined as a package of economic and institutional measures to be adopted -- in return for loans.

Though the aim of the adjustment was to promote free and competitive market economies with minimal state intervention, the conditionalities increasingly became more and more invasive and were interlinked with personal freedom, liberty and other elements of democracy.

Good governance, accountability of the elected representatives, and corruption arresting the growth of economic development became the battle cry of the donors. While the demands made by the donors on the recipients were incontrovertible in principle, there is little doubt that the terrorist attacks of 9/11 had been the principal motivating factor

in the change of Western thought process.

But as Ambassador Richard Haas (formerly of the State Department) had once remarked that one-size-fits-all policy cannot be sustainable and US policies have to be adjusted according to existing local conditions one can see US policy being followed differently in different countries.

Yet one cannot but wonder at the vitriolic US attitude towards Venezuela, though Chavez continues to get elected by the people, while side-stepping the undemocratic election of President Musharraf who, claims Husain Haqqani (of Boston University), has been given between \$10 to \$15 billion over the last five years.

The Bush administration's largesse to the Musharraf regime is, of course, for his role in the war on terror. But it is doubtful how

reliable Pakistan can be as an ally in the war on terror given the fact that Pakistan society is steeped in tribal culture and that two provinces -- Baluchistan and NWFP -- are ruled by Islamists. To the average Pakistani, US remains a very unpopular country and its invasion of Iraq is mostly seen as an attack on Islam.

If one had thought that Jacques Chirac's dream of the European Union as a counter-weight to the US would ever be realized, the dream has been shattered by the election of Nicolas Sarkozy as the new President of France. Sarkozy's admiration of President Bush is widely known, as is his determination in his capacity as interior minister of then Prime Minister Dominique de Villepin to restore the state's authority in the face of social disorder caused by the November 2005 ethnic riots that had effectively all but destroyed France's claim to a successful multi-cultural integrated society.

Sarkozy is also known for his opposition to Turkish membership of the EU which is not only not favoured by the Bush administration but would also strengthen Islamic world's belief that EU is a club of the Christians. Besides, his election, added to that of Angela Merkel as German chancellor and the impending one of Gordon Brown as British prime minister would strengthen the European

policy of Atlanticism in line with that of President Bush.

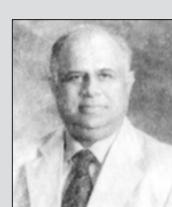
The new entrants into EU have already displayed their Atlanticist policy by giving full support to Anglo-American invasion of Iraq when Jacques Chirac, Vladimir Putin, China and most of the world were opposing unipolarity and the invasion of Iraq.

Possibility, however, remains of US-EU tension on London, Paris, and Berlin's aspiration for cultural hegemony on global warming and environmental issues and Bush administration's lukewarm attitude towards them. But in the ultimate analysis, Europe is unlikely to lock horns with the US given their multitudinous linkages.

In such situations where the Western leaders are themselves not faithful to their propagation of democracy and are willing to accept aberration to suit their interest, then their insistence on some developing countries where democracy is itinerant and should not be intermittent is not only hypocritical but also unrealistic. While democracy remains the best course available to have a representative and accountable government, the donors would do well to take stock of the ground realities and then suggest an implementable course of action.

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Corporate governance

IKRAM SEHGAL
writes from Karachi

AS I SEE IT

We have a lot of laws in Pakistan, mostly they are not adhered to by vested interest. One of the areas where the implementation has been excellent is the banking industry, while giving due credit to SBP for the results that are very visible economically, the public companies need to be brought into the ambit of corporate governance. There should be no lip-service about it! Pakistan is a land of tremendous economic opportunity, regulated through concerted corporate education, we can force-multiply our potential.

ONE of the better initiatives of the State Bank of Pakistan (SBP) is to encourage financial institutions to adhere to the "Code for Corporate Governance" framed in 2002. While SBP is mostly concerned with monitoring financial institutions, the code is applicable for all corporate entities.

The most tangible step has been the establishment of the "Pakistan Institute of Corporate Governance" (PICG). Appointing Zahid Zaheer, a respected senior corporate executive of proven ability and experience, as its head showed positive intent and seriousness of purpose.

Hopefully PICG will train independent directors structured corporate responsibility, and they in turn will translate this into ensuring: (1) a fair return for the investors, and (2) a merit-oriented professional environment for all the employees.

Zafar Khan, formerly chairman of ENGRO and then Karachi Stock Exchange (KSE), and presently chairman of PIA, authored a very informative and useful booklet on corporate governance in which he states:

"Good corporate governance is focused on how companies should be directed and controlled so as to prevent pilferage, misrepresenta-

tion, insufficient disclosure, selective siphoning, favoritism etc. one should also address efficiency, value addition, transparency, social responsibility etc. based on high ethical behaviour. The essential pre-requisite is to have an effective board. The best positioned shareholder to make that happen is the controlling shareholder. An enlightened controlling shareholder who values efficiency, fair play and long-term sustainability will encourage the formation of an effective board. This is particularly important in emerging countries where the controlling shareholder invariably has a dominant majority and often the influence to play above the rules. The controlling shareholder could be the government, a multinational, or a family."

Arguably among the finest executives in Pakistan's corporate history, Zafar Khan is humble and self-effacing, not known to blow his own trumpet at the cost of the entity he manages, his performance speaks for him in contrast to others who go on a binge using advertising revenues and perks to raise their own image.

One only hopes his basic decency as a human being will not deter Zafar Khan from carrying out

due accountability of how PIA's scarce resources were squandered, money that could have gone towards maintenance and spares, in promoting his predecessor's image over the sorry image of the airline. The key responsibility of directors is to ensure company revenues are not squandered in making beautiful corporate offices or aberrations like Banarsi sari out of the tail of the company aircraft.

A functioning board focuses on high level policy decisions, and is not involved in the day-to-day management of the corporate entity. Being on the boards in the corporate manufacturing sector one has as one's colleagues salaried bureaucrats, as directors representing development financial institutions (DFIs) holding equity.

With honourable exceptions, they may be fine human beings but as is their forte and training as bureaucrats, they tend to get involved in micro-management. This must be the responsibility of senior executive management. The function of non-executive directors is macro-management, to oversee senior management and hold them accountable, ensuring and certifying that internal control

systems are effective, that they comply with the policies and procedures approved by and as required by law or regulation.

Directors should be chosen for their skills and experience, and their potential for contributing to board discussions, and not waste the time of private sector entrepreneurs on petty details, who unlike them are putting their money where their mouth is. A clear division and delegation of authority in the relationships between the management and the board must be defined, as well as between the board and the shareholders and other stakeholders.

Independent directors must establish substantial weight of non-executive opinion on the board, a strong voice beyond the ranks of management and insiders. This strong, challenging, and independent element will allow exercising of objective judgment and maintaining of checks and balances to balance the influence of management and significant shareholders. Transparency and disclosure will enable stakeholders to assess financial performance and fairness in the treatment of all stakeholders. One form of blackmail of the minority bureaucrat directors is to write

copious protests about micro-affairs, effectively freezing the working of the board.

Although shareholders have the right to appoint directors, the obligations of each director are owed to the bank as a whole, and not to a particular shareholder alone as the bureaucrats appointed from DFIs seem to believe. Consider this, on the one hand government is doing privatization because the public sector has no business being in business, on the other hand Pakistan is the only country in the world where public sector salaried executives with no entrepreneurial skills run riot over the majority in the board.

According to the guidelines given for good corporate governance, independent directors should constitute at least one-third of the membership of the board, with at least three independent, non-executive directors. Similar should be the ratio for all corporate entities. An independent director is one whose directorship constitutes his only connection and whose judgment therefore is unlikely to be influenced by external considerations.

An independent director must not be the employee of any public sector corporate entity for the present or for the preceding three years, is not an immediate family member of an employee or director, is not receiving payment from the entity (other than as a director), is not a director or owner of company with which the entity does business, and is neither a significant shareholder (i.e. less than 5%) of the entity nor affiliated with one.

One salaried executive from one DFI should be the maximum, the other DFI representatives must be

professionals selected from the market. It is useful to bring senior members of Corporate management team into the meetings of the Board so that Board discussions can receive the benefit of their insight and experience in increasingly technical issues.

Directors must be limited to serving on the board of not more than three public companies. Some of our DFIs have their chief executives (CEs) and other senior management bureaucrats on dozens of boards in the private sector. The claim to fame of most of them is not merit but being "Friends of Somebody" in power. This is meant to avail perks from the board of tens of companies. In one case it is reported that a chairman of a DFI gets as much as Rs 20 million annually under the table, that is why everyone fights over the post. In any case CEOs of DFIs have no business being on any board of any corporate entity.

We have a lot of laws in Pakistan, mostly they are not adhered to by vested interest. One of the areas where the implementation has been excellent is the banking industry, while giving due credit to SBP for the results that are very visible economically, the public companies need to be brought into the ambit of corporate governance. There should be no lip-service about it! Pakistan is a land of tremendous economic opportunity, regulated through concerted corporate education, we can force-multiply our potential.

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Roadmap to election



ANM NURUL HAQUE

BY THE NUMBERS

The CTG has announced to hold election before the end of 2008. It must be allowed time to complete the uphill task of clamping down on the malignant politics for holding a meaningful election in the country. Any hasty decision announcing the election roadmap will inevitably lead to painful results, particularly in an atmosphere where the major political parties and the foreign friends are prodding to go for election post-haste. But the CTG should immediately lift the ban on indoor politics, allowing the political parties to go for reforms.

ing through a suffocating situation as people have no right to express their opinion, nor the right to political activities. She made this statement on May 17, on the occasion of her 27th homecoming day.

Democratic front-runner for the 2008 presidential election Hillary Clinton, Edward Kennedy, John Kerry, and 12 other influential US senators in a letter in the past week to the chief adviser, Dr. Fakhruddin Ahmed, called for withdrawal of the state of emergency and announcement of a roadmap to election in two months for holding the parliamentary election at the earliest.

The outgoing US ambassador, Patricia Butenis, in a farewell call on Sheikh Hasina also expressed similar view. The US administration

message received from New York yesterday, the US senators expressed their surprise at the publication of the news because they signed no statement, which was quoted to be its basis. However, since then, the authenticity of the letter has been verified.

What is unfortunate is not the statement of the US senators, but the sentiment of our foreign friends who often make comments on the political development of Bangladesh based on superficial knowledge.

The visiting three-member team of the European Union (EU) who met the CEC on May 21, mainly to discuss the electoral issues, told the journalists that they would be happy if the election is held earlier

than the timeframe announced by the CTG.

EU ambassador in Dhaka told the newsmen on May 8 at a press conference to mark Europe Day that they would like to see Bangladesh return to democracy and elected government through credible election as soon as possible with necessary reforms of political parties during the current interregnum so that democracy could be sustainable.

The German Envoy Frank Meyke, representing the current EU presidency, said that EU is encouraged by the EC's proposed electoral reforms, particularly the move to register political parties and ensure intra-party democracy. Meyke noted that though it is expected that political parties themselves should move towards democratizing their party structures, political reform involves all democratic stakeholders as well.

A European Union team is scheduled to arrive in Dhaka on June 6 on a four-day visit to weigh the latest political situation in Bangladesh, particularly the progress the government has made towards holding the general election, and will report back to the European Commission in Brussels.

No doubt, the people want a free, fair and meaningful election as early as possible. At the same time they also want the CTG not to leave the task of cleaning up unfinished

before holding the 9th parliamentary election. The task of purging the polluted politics is certainly an uphill one. The rubbish heaped over a long period of political misadventure cannot be removed in a single sweep. But if this CTG fails to do this, it will never be done by any political government.

The people of this country have witnessed at least three fair and free elections under the CTG since 1991. Unfortunately, these elections could not bring any qualitative change in the leadership, as these were hunting ground of corrupts and criminals. What leaves us all with a very disturbing feeling is that no public interest was served by those who were placed in public position in these elections. On the contrary, they plundered the public exchequer through non-payment of bills, misuse of duty-free car privilege, and grabbing public properties. These are the people into whose hands the fate of the nation is being leased out through the election.

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According to a report published in The Daily Star on May 25, the AL high command is preparing comprehensive proposals for reforms in the party as well as in the electoral system, analyzing party constitution and funding, to be finalized by the central working committee. But the political parties also need to go for substantial reform to rid the parties of corrupt and criminally associated individual and to create conditions for emergence of new leadership.

The CTG has announced to hold election before the end of 2008. It must be allowed time to complete the uphill task of clamping down on the malignant politics for holding a meaningful election in the country. Any hasty decision announcing the election roadmap will inevitably lead to painful results, particularly in an atmosphere where the major political parties and the foreign friends are prodding to go for election post-haste. But the CTG should immediately lift the ban on indoor politics, allowing the political parties to go for reforms.

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