

Negotiations with IMF

Any deal should be a matter of public discourse

N less than a week's time Finance Adviser Mirza Azizul Islam has made emphatic observations about IMF's possible new package deal on the expiry of the Poverty Reduction Growth Facility (PRGF) in last June.

A common thread wove through Mirza Aziz's statements: he said he would not sign any deal with IMF compromising the country's interest and that "transparency will be ensured and conditions behind the deal will be made public." He sounded pragmatic when he said that he could not promise anything that he would not deliver.

These words go down well with us and is in sync with widespread criticism of IMF policy prescription and a general demand for a lower role of global lenders in countries' economic policy making.

His comments came during IMF Adviser for Asia-Pacific Department Thomas R. Rumbaugh's visit to Dhaka to negotiate a credit scheme policy support instrument. Three options were put forward by IMF: a new PRGF programme, albeit with conditionality; a staff monitored programme (SMP) involving no financing but same level of conditionality as a PRGF "designed primarily for countries that need to build a track record before they can access fund financing;" and a close consultation predicated on regular IMF surveillance of macro-economic performance.

There is the option of no conditionality and no financing but with the caveat that the donor opinion has to be given weightage.

We are reminded here of Paris Declaration, 2005 signed by Bangladesh government which enunciated five principles of donor-recipient relationship: "ownership, alignment, harmonisation, mutual accountability and managing for results."

We take it that the finance adviser's assurances of making the contents of any deal public means that it would be publicly debated. Since there is no parliament now, a discourse should take place among the civil society, think tanks and the media with their crystallised opinion reflected on what might be eventually adopted.

Tsunami warnings

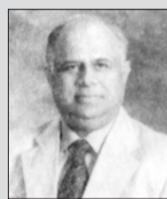
Timely evacuation of people a sign of preparedness

THERE is a palpable sense of relief all over the country that the tsunami threat has passed. One hardly needs speculating on the immensity of the damage to life and property as also to the environment it might have caused. We thus consider ourselves fortunate that the worst did not come to pass and life in the coastal regions has remained unaffected.

What has drawn our attention, though, is the nature of the preparedness the administration and the people at large demonstrated in the face of a warning of an impending tsunami. It was remarkable how an evacuation of tens of thousands of people was undertaken and completed within the space of a couple of hours in the areas under threat. It is a credit to the efficiency and seriousness of purpose demonstrated by the administration, together with the very admirable efforts of volunteers toward dealing with the danger, that such a quick relocation of people was made possible. It is also a sign of how modern communication systems can facilitate exchange of information between regions and between nations, especially in times of probable disaster. In the case of the tsunami we have just skirted around, it was the availability of timely information across a large swathe of territory that played a decisive role in the precautionary measures the Bangladesh authorities undertook in the coastal region on Wednesday. In the last few years, particularly in light of the recent tsunami that battered Indonesia, Thailand and Sri Lanka, tsunami centres in the Pacific and India have played a pivotal role in serving warnings of looming disasters.

While we are relieved that the feared tsunami did not materialise along our coastal region, we feel it is time for renewed emphasis to be placed on the development of scientific systems that will help us deal with future eventualities. The earthquakes in Indonesia only serve to remind us that Bangladesh too straddles an earthquake region, which makes early warning systems that much more significant. Meanwhile, our condolences go out to the people of Indonesia over the death of a number of their compatriots in Wednesday's earthquake.

Limited presidential options



IKRAM SEHGAL

writes from Karachi

Nan article, "Presidential Options," on June 28, I took the liberty of saying: "The acid test for Pervez Musharraf will come on Oct 8, when the present Chairman JCS and VCOAS retire. The president has to take 'the calculated risk' of appointing a full-time COAS Pakistan army, advancing the date will be a sign of good faith and will go a long way in defusing the present situation. Thereafter, the aim should be the conduct of free and fair elections, it making least difference as to who the genuinely elected representatives of the people are and which party they belong to as long as they have sworn allegiance to Pakistan before entering the electoral process. Unless governance of the country is in the hands of those chosen by the people, this will eventually descend into

AS I SEE IT

One option would for Pervez Musharraf to go the "Pinochet route." General Pinochet executed Chilean President Salvador Allende in a bloody army coup in 1973 and became president. "Elected" president in 1982, he lost the Referendum, meant to give him another 8 year term, in Oct 1988. Pinochet stepped down as president in 1990, but continued as Commander-in-Chief of the Chilean Armed Forces till 1998, retiring at the ripe old age of 83, and, thereafter, becoming senator-for-life. If declared ineligible for election, Musharraf could possibly opt to continue as COAS for the foreseeable future. This would require a safe and loyal president, the odds-on choice being Shaukat Aziz, available conveniently as "a man of all seasons," and like David Copperfield's Barkis, "ready and willing."

the violent hands of those who control the streets."

Attempting to pre-empt a mid-term of his presidency Pervez Musharraf took on the judiciary on Mar 9, the blowback is now looming in his face six months later. Manhandling of the man ousted in his counter-coup on Oct. 12, 1999, has compounded the situation. Mian Nawaz Sharif should have been tackled politically as suggested by PML (Q). His credibility was in question because of the evasive explanation of the agreement with the Saudis. The govt's trademark ham-handed way has rejuvenated him politically. Sharif's popularity was force-

Fast times



ZAFAR SOBHAN

STRAIGHT TALK

But this Ramadan, which comes at such a watershed moment for us in Bangladesh, when the country is sailing in uncharted waters, and when the state of the economy, the polity, the society, even the country itself, is so precarious, let us perhaps use this month of reflection and contemplation to truly reflect on where each one of us is going as a person and where we are all going as a nation.

I also find it amusing and almost uniquely Bangladeshi that every year imaginative and outlandish rumours swirl with respect to the chicanery and double-dealing that allegedly surrounds the process.

Whether the gossip and innuendo is true or not, I have no way of saying (surely this is merely another example of our national fetish for conspiracy theories, no?), but I do like the fact that this is such an article of faith among the general public, that we take it for granted that such a thing might even be possible, if not probable. Is nothing sacred!

This year the entire nation has been awaiting the arrival of the month of Ramadan with some trepidation. Prices reached a 36-year high in July, with point-to-point inflation above ten per cent and inflation in food prices crossing thirteen per cent, and it has long been anticipated that prices will rise even more steeply during Ramadan, as

they always do, due to increased aggregate demand for food.

Indeed, such has been the apprehension that the finance adviser recently had to go on record stating that the interim government would remain extra-vigilant and do everything in its power to ensure that prices do not sky-rocket out of control in the upcoming month.

I have to say that I find it ironic that aggregate food consumption tends to go up during the month of Ramadan. I understand that entertaining during Ramadan is something we all look forward to, and that even the most humble of homes delights in putting out as much of a spread as is affordable, and inviting friends, relations, and neighbours to partake with them.

It is natural that people would want tasty and perhaps not so common items with which to break their fasts, and no one would begrudge us our festive iftar parties that are so much a

part of the Ramadan landscape here, but when the amount of food consumed at iftar and sehri exceeds the amount foregone during the day, surely, the emphasis has been misplaced. Indeed, many people, if not most, even actually put on weight during Ramadan, such is the bounty of the season.

Am I the only person this strikes as passing odd? Ramadan is after all the holy month for Muslims. Unless I am much mistaken, the whole point of the month is that it is meant to be a time of fasting and meditation and reflection that is intended to purify the body and soul and bring Muslims closer to the almighty.

The other eleven months of the year are given to worldly activities (though, of course, a good Muslim is expected to pray five times a day and to keep God in his heart at all times), but the month of Ramadan is the month in which we consecrate ourselves to the worship of the

creator and in which our worldly pursuits are supposed to be fully subordinated to the nurturing of our relationship with God.

In addition, fasting is meant to inculcate in Muslims the practices of self-discipline and self-sacrifice and to bring us closer to the less fortunate among us by sharing, albeit in a very minor way, the pangs of hunger and fatigue that is their daily lot in life.

It seems to me that if we are eating more and spending more money than during the rest of the year, then this means that the precise opposite of what is intended is taking place. Perhaps this is something we will want to keep in mind this year, with prices already sky-high and Ramadan coinciding with the monga (seasonal food shortage) in the north of the country.

By all means, people should not feel constrained from feeding their kith and kin, even generously, and we do not want the bottom to drop out of the market due to people sitting on their wallets, but perhaps this year, more than in times past, a sense of proportion is called for.

In fact, it is not just food, Ramadan ushers in a season of conspicuous consumption, analogous to the days leading up to Christmas in other parts of the world. It is a boom-time for retailers here and elsewhere in

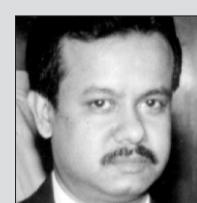
the Muslim world, and, again, I don't begrudge our shopkeepers and store-owners who have come to depend on this one month as being crucial to their bottom lines, and the economy in Bangladesh is in fact benefited considerably from this surge in consumption.

But this Ramadan, which comes at such a watershed moment for us in Bangladesh, when the country is sailing in uncharted waters, and when the state of the economy, the polity, the society, even the country itself, is so precarious, let us perhaps use this month of reflection and contemplation to truly reflect on where each one of us is going as a person and where we are all going as a nation.

Perhaps this year is a good year to try to introduce a new paradigm for the month of Ramadan and what it means to us, to think about how the way in which we celebrate the month can tell us and others something about ourselves, and to endeavour to use this month to bring us closer to mental, physical, emotional, and spiritual purity, and to give us the inner fortitude necessary to deal with and overcome the challenges of an uncertain future.

Zafar Sobhan is Assistant Editor, The Daily Star.

More than a grocery store



MOHAMMAD BADRUL AHSAN

CROSS TALK

What the businessmen are asking for is an exception for them, and they have made it clear that if it can't be their way, then it has to be the highway. And right or wrong, our excessive reliance on business as the wheel of economy has distorted the game, making business indispensable for the country while the country should have been indispensable for business. There is more to a country than return on investment. It's not all about buying and selling. The country is more than a grocery store in case we forgot the difference.

FOR the first time in many years nobody irked the businessmen of this country like the National Board of Revenue did, and it seemed that at some point of time it had put ants in their pants. The NBR men sniffed around asking a lot of questions, and the businessmen didn't like it. They got upset for being squeezed within a short time for the juice which was gathered in thirty-six years. Then of course, one can't rule out the possibility of harassment. The tax collectors are famously known for their absence of scruples. Given a yard of authority, they can go a mile on arrogance.

A little bird must have told the government that the businessmen were mad with NBR, and that they were also not happy with the overall situation. Imports diminished, investments crumbled, prices spiraled and the obvious happened. The hands which turned the wheel of

economy went limp, and the picture looked gloomy. Good thing that the government took cognisance of their discomfort and the head of the caretaker government and the army chief cordially sat down with the businessmen and tried to put their minds at ease.

Ever since then I have been thinking. Yes, some businessmen may have got a little unaccounted money. Yes, they may not have paid taxes on all their incomes.

So what? Does dodging taxes make one guilty? Honestly, income tax is a modern invention whereby government taxes the citizens so that it can pay for its expenses. It isn't ordained by God, neither is it written in the scriptures. No prophet has preached that one will burn in hell if one doesn't pay one's taxes. It may be obscene not to pay taxes; nevertheless it's not a sin.

Besides, the businessmen

have also got a valid point. If the government squanders taxpayer money and politicians line their pockets, then whose mother has raised the fools who want to clear their taxes? And that has been pretty much the story for thirty-six years. Bangladesh has been a land of opportunity where nothing was wrong so long as people made money.

Our biggest tragedy is that the hands that feed our mouths are also the same hands which threaten to strangle us. In other words, people who create jobs for us also destroy lives. They put poison in our food, plunder the banks, cheat on taxes, manipulate politics, and gamble on the future of this country.

But nothing can be done about it since we are caught in a dilemma. We are damned with the businessmen, and we are also damned without them,

because our lives are so much at the mercy of their economic play. And this is what worries me more than those unpaid taxes. In fact, NBR was going after the effect, not the cause. It was being penny wise and pound foolish in the literal sense.

Now I am not talking about all the businessmen here, but the predominant mindset which makes each and every one of us think like a businessman. Look at the politicians and all their children who are either behind bars or fugitives of law. They have all minted money, and they all went into business.

And nothing is wrong with business as a profession. It's business as an obsession that bothers me, business which makes everything right even when everything is wrong. Thousands of years ago Greek philosopher Cicero had warned against this obsession: "What is

morally wrong can never be advantageous, even when it enables you to make some gain that you believe to be to your advantage." Then he had concluded that the mere act of believing that some wrongful course of action constitutes an advantage is pernicious.

It was this act of believing,

which dominated the scene

when disgruntled businessmen pitched battle against NBR and forced the government to relent on them.

It has been evident that many of these businessmen were less than ethical, and tax evasion was only one of their many faults. Once again they proved that the same rule that applies to the family also applies to the state. He who earns the money gets to run the show.

So when the finance adviser

said last Wednesday that he didn't understand why the businessmen shouldn't have confidence in the government, he missed the point. It was not so much about the taxes and harassments as it was about the loss of freedom. The businessmen don't like to be told that what is advantageous to them is morally wrong.

As a matter of fact, the business sense of things has ruined us all, because it is this sense which has percolated through all layers of life mixing our senses and sensibilities into one jumbled state of confusion. If the

businessmen are refusing to be screened for taxes, if they are dispirited because of the their discomfort and if they are stepping back to watch the country slide into an economic downturn, it is their quiet showdown that sooner or later the country was going to fall on its knees and come to beg them.

Not too much to call it blackmail! The businessmen are trying to blackmail the country because they hold the key to its economic prosperity, because they know it's more important for us to create jobs than build character. They also know that cash is more powerful than conscience and money can buy anything.

What the businessmen are asking for is an exception for them, and they have made it clear that if it can't be their way, then it has to be the highway.

And right or wrong, our excessive reliance on business as the wheel of economy has distorted the game, making business indispensable for the country while the country should have been indispensable for business.

There is more to a country than return on investment. It's not all about buying and selling. The country is more than a grocery store in case we forgot the difference. Ahem!

Mohammad Badrul Ahsan is a banker.

comes to power in fields other than defence and accountability. Pragmatically working towards that possibility, and appreciating the possible setback to the road back to democracy. PPP has been advising against a confrontation. Worse could happen, another general could replace Musharraf. Those waiting in the wings are very nice men. No one has the capability or the personality of Musharraf, and may not be that tolerant.

In all the hoopla, Ch Shuaat and PML (Q) have come out cleansed, the decks cleared of those deserting what they think is a sinking ship. Notice the deliberate avoidance of the word "rats." The uniform issue aside, without free and fair elections in the near future, we must fear for the future of this country. The people may reluctantly accept emergency, but not without a firm and credible commitment for a transparent electoral exercise under a genuinely neutral caretaker government.

Ikram Sehgal is an eminent Pakistani political analyst and columnist.