

Welcome moves to free teachers and students

Restoring proper campus atmosphere is necessary

IN response to family demand backed by the public, the government has released convicted teachers of Rajshahi University following presidential decision. That they are finally free is commendable. We are also happy to learn that moves have got underway to free the detained teachers and students of Dhaka University. The fact that such steps are now being taken following discussions between the Dhaka University Teachers' Association and the authorities is a matter of relief for the country. It is so because the nation can now look forward to a proper and necessary resolution of an issue that has been agitating minds over the past many months. We believe that it is a positive development and everyone aware of the priorities before us at this point can move on to everything else that needs to be done in the greater national interest.

It should be obvious to everyone today that the process of consultative engagement, in this case between the DU authorities and the government, is working and that both sides have been able to demonstrate a degree of understanding about each other's concerns. That is surely to be appreciated. One is certainly happy that the DU teachers, who wore black badges as they went about their work on Sunday, were willing to give space to the government on the issue of the detained teachers and students by opting to suspend their agitation for a fortnight, within which period the detained individuals are expected to be freed. We may mention here that earlier we wrote two editorials on the subject of the detained teachers and students wherein we had unambiguously advocated a dignified and amicable resolution of the issue. Happily for us, just such an approach has now been taken in dealing with the problem, one that we believe will prove useful in promoting reconciliation between everyone involved in it.

Teachers in Bangladesh have traditionally been the recipient of respect and honour in society because of the invaluable contributions they make to the education of the young. In these past many months, the manner in which some of these teachers, all honoured for the degree of wisdom they have displayed in imparting education to their pupils, have been treated has left the nation worried. That worry can only be rolled back through all of us, in every stratum of society, making sure that dignity and respect are restored to our teachers. At the same time, we expect that with the freeing of the teachers and the students, a proper, peaceful academic atmosphere will return to universities all over the country.

Our teachers and our universities are our pride, for patently historical reasons. Which is why we hope that such conditions as those that have seen some of them subjected to the humiliation of detention will not recur.

A milestone decision

HRC commission must be able to work independently

THE Council of Advisers has approved the National Human Rights Commission Ordinance 2007, thus taking a step towards fulfilling the long-standing demand of the civil society and the proponents of social justice for dealing institutionally with all types of human rights impingements. We have been among a tiny minority of countries in the world without the benefit of having such a commission for years.

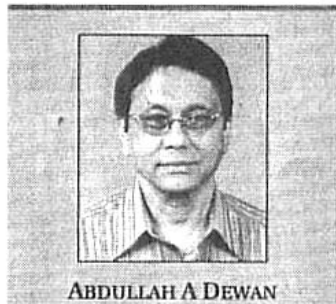
We, therefore, welcome the decision. The past political governments' pledge to set up the HRC was never translated into any concrete move, though much lip-service was rendered to the need for setting up such a commission. However, the HRC needs to be a truly effective body capable of doing enough to bring the violators of human rights to justice. In other words, its functions should not remain confined to surveys, observations and issuing statements.

However, the selection committee that is to recommend the panel for appointment of commission chairman and members to president comprises some bureaucrats and heads of statutory bodies. The selection committee does not have representatives from the civil society or human rights bodies.

We can draw lessons from the fiasco with the ACC during the past BNP government. It was a non-starter at the initial stage and looked as if it were a mere extension of the bureaucracy. It fell on the present interim government to reconstitute it and make it workable. The pitfalls should be avoided. What such organisations need is autonomous power and the freedom to exercise it. So, the prime job of the HRC will be to ensure that the violators of human rights are not merely identified but also punished according to the law. It has to work as a shield for the oppressed and should be powerful enough to neutralize political influence or social clout of the vested groups.

The formation of HRC is the result of civil society and human rights advocates pleading relentlessly over the years for building up this bastion of justice, which will often be the last resort of people subjected to oppression. Lots of discussion took place in the past about the possible structure and function of the HRC in our context. Obviously, there are very sensitive areas which have direct bearing on the country's image to the outside world. So, careful and discreet handling coupled with a firm commitment to establishing acceptable human rights standards is needed here. Furthermore, the political governments in future will have to bear in mind that this is a sacred institution which must be allowed to retain its independent character.

Repatriation of stashed assets



ABDULLAH A DEWAN

I start my day with the TV news broadcast at 8:00 a.m. (ET) while still in bed, hoping to see some dark faces -- dark, not in complexion, rather faces of guilt darkened by acts of misdemeanours -- charged with extortion, bribery, and all forms of self-aggrandising behaviour.

I watch the news again at 10:00 p.m., hoping for a sound sleep after watching some of those dark faces handcuffed and booked in prison van. It has been my routine since 1/11, more distinctively, since Hasan Mashhud Chowdhury became the ACC chairman -- one of the country's most trusted officials, administering a one-time most ineffective corrupt institution.

Despite all the good things about the ACC and its chairman -- hopelessness besieges many of us whenever Chairman Hasan tell reporters that he will quit if he feels his job is being hindered by deliberate bureaucratic tangles. Although, his premonition that combating corruption will depend on future political leadership is true -- I don't see any future political leadership daring to intervene in the affairs of the ACC.

Chairman Hasan, the path to combating corruptions, in mathe-

What the people will remember mostly, among other successes, is what Chairman Hasan recently told the press, of a new dimension of investigations of alleged corruption and irregularities of the public service related organisations. Mr. Chairman, thank you -- we all wish your ACC every success.

matical term, is non-linear -- everything won't be laid out straight -- it never did for other countries who faced similar situations. The debilitating bureaucracy and its promoters will form layers of barriers to protect their friends and sponsors who helped them crawl in ranks and status in public service and politics.

Chairman Hasan, we urge you not to think of resignation or to allow bureaucratic tangles to dishearten you, as might be the case if you were serving a political government. The situation is different today and there can be no scope for failure, the stakes are simply too high.

The December 5 editorial of the Daily Star reassures you that we are all behind you to rebuff all evils of meddling and bureaucratic distractions.

The editorial writes: "The worries of the chairman of the ACC are also ours ... Hasan Mashhud Chowdhury informs us that owing to an absence of official arrangements with other countries vis-à-vis investigating corruption, it has not been possible so far for the money stashed away to be brought back to Bangladesh. Besides, an inadequacy of authentic information regarding the money smuggled out abroad has also impeded a prosecution of those responsible for such unlawful conduct."

NO NONSENSE

As you know, repatriation of stolen and illegally diverted assets by public officials and politicians is a chronic problem in many developing countries. However, success in repatriation has been scanty. The following three examples explicate the partial success stories and impediments in the way of recovery efforts.

Abacha case

The government of Nigeria succeeded in recovering about \$1 billion of the estimated \$4-5.5 billion looted by late dictator Abacha through stealing directly from the Central Bank and cashing on inflated public procurement projects.

After assuming power, the Obasanjo's government received assistance from Liechtenstein, Luxembourg, Switzerland, UK, and US. Despite cooperation from these countries, particularly Switzerland, the following obstacles delayed the recovery initiatives:

- The mutual legal assistance channel, although proved successful in some jurisdictions, has stalled prompt recovery in many others, including UK.
- The case has shown that civil remedies can be a more potent weapon against the perpetrators of corruption.
- The malefactors have reneged

on the agreements, hoping that the regime will be replaced by one less inimical to their interests.

Montesinos case

Vladimiro Montesinos, former head of Peruvian National Intelligence Service, fled Peru in September 2000 (later extradited to Peru and imprisoned), soon after the evidence of his ill-gotten assets became public.

The repatriation of over \$75 million in August 2002 of the \$113 million stolen was possible primarily because of the establishment, in both jurisdictions, of the criminal origin of the monies. Other factors that fostered the recovery included:

The "spontaneous information" system in Switzerland that allows the law enforcement authorities to act on behalf of a country without prior request.

- The media coverage of the case threatened legal and reputation risks for Swiss financial institutions.
- The public discussions held in 2000 regarding the participation of the Swiss financial institutions in the Abacha scandal.
- The Peruvian legislation that allows evidence-gathering by means of bargaining.

- The role of the well-trained public officials.
- Understanding the network of corruption and corrupt officials before progress could be made on identifying stolen assets.

Marcos case

Nearly 20 years after Ferdinand Marcos left office, allegations of his misappropriation and looting of at least \$5 billion couldn't be fully resolved. A Presidential Commission of Good Government (PCGG) was formed three days after he fled the country in 1986 to recover the stashed assets in the Philippines and abroad.

In a rare move in March 1986, the Swiss Federal Council imposed a unilateral freeze order on Marcos's assets. In December 1993, the PCGG entered into a "finder's fee (10%) contract" with an Australian investigator, Reiner Jacobi, to search for undisclosed and suspected accounts held by Marcos in Switzerland.

Among many obstacles that held back successful recovery includes:

- Missing records and non-cooperation of corrupt lawyers and officials sympathetic to Marcos family.
- This cooperation between PCGG and Jacobi ended with mutual allegations.
- Critics of PCGG suggest that it had hidden interest and motives for not acting upon the information.
- Other constraints included issues with criminal conviction and delays caused by judicial loopholes in the system well exploited by Marcos family's legal representatives.

The December 9 issue of the Daily

Sun reported that cross border flow of global proceeds from criminal activities, corruption and tax evasion is estimated to be between \$1 trillion and \$1.6 trillion annually -- African countries are estimated to lose about 25% of their GDP, nearly \$448 billion, to corruption.

While launching a new initiative known as the "Stolen Asset Recovery (Star)" recently, both the UN secretary general, Ban Ki-Moon and the World Bank president, Robert B. Zoellick, stressed that the Star initiative "will foster much needed cooperation between developed and developing countries to ensure that looted assets are returned to their rightful owners."

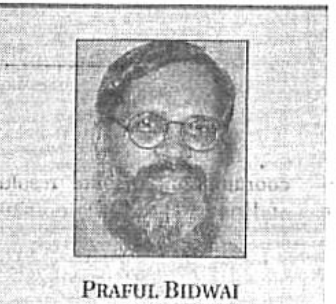
Although, our looters look petty thieves compared to the likes of Abacha, Montesino, Marcos and others, nonetheless we want the looted wealth back to where it belongs. However, ACC's success will not be measured by the amount of stashed dollars repatriated -- the country will survive without them.

What the people will remember mostly, among other successes, is what Chairman Hasan recently told the press, of a new dimension of investigations of alleged corruption and irregularities of the public service related organisations. Mr. Chairman, thank you -- we all wish your ACC every success.

(Thanks to Noora Al-Hashimi, graduate student from UAE, who provided research support for this article.)

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Don't hide behind the poor



PRAFUL BIDWAI
writes from New Delhi

NOTHING exposes the bankruptcy of "GDP-ism," or obsession with gross domestic product growth, better than India's performance where it matters -- human development. The latest United Nations Human Development Report shows India has, in one year, slipped two notches in the Human Development Index to the pitiable rank of 128 among 177 countries.

Thanks to lopsided elite-oriented growth, India remains firmly within the bottom one-third of the world's nations in welfare. India's Human Poverty Index rank has fallen -- despite becoming the world's second fastest-growing economy.

This abysmal performance isn't explained by low incomes. Tajikistan, with a per capita income of 62 per cent lower than India's, has a higher HDI rank (122). The primary cause of India's low HDI is massive (mal)distribution of growth, and deliberate neglect of the underprivileged. We're condemning a majority to suffer life-long disadvantage.

THE PRAFUL BIDWAI COLUMN

Global warming calls for new, radical remedies. If the world is to cut overall consumption while improving living standards for the poor, it cannot rely upon current development models and methods, or on rules governing trade, technology, investment, and finance.

Poor people in big Southern (developing) countries like China (HDI rank 81), Brazil (70), Mexico (52) and Indonesia (107), and even in smaller Malaysia (63), Thailand (78), Sri Lanka (99), Uzbekistan (113), and South Africa (121) have better life-chances than India's poor. Among 100 million-plus population countries, only Nigeria, Pakistan and Bangladesh are worse off than India.

This year's HDR should alarm us for another reason. It's devoted to climate change, the greatest menace to humanity after mass-destruction weapons. Global warming isn't an apocalypse waiting to happen. It's a tangible reality for millions.

Between 2000 and 2004, there were an average of 326 "climate shocks" a year. These annually affected some 260 million, more than double the number in the first half of the 1980s. People in the South are 79 times more likely to suffer droughts, floods and storms.

Monsoon floods and storms this year displaced 14 million people in India, 7 million in Bangladesh and 3 million in China. In sub-Saharan Africa,

10 million were affected by drought and 2 million by flooding.

As the world drifts towards a "tipping point" -- beyond which corrective action becomes impossible, -- it'll leave hundreds of millions facing malnutrition, water scarcity and livelihood losses. Tragically, the poor, who are least responsible for global warming, are forced to bear its biggest human costs. This is doubly unjust.

Unless arrested, climate change will lead to a breakdown of agricultural systems, with 600 million more people facing malnutrition, an additional 1.8 billion facing water stress, and over 330 million people in coastal areas confronted with displacement.

Climate change is not only depressing crop yields, lowering food security and increasing human distress but it's also forcing vulnerable people to adopt harmful coping strategies such as cutting back on food intake, withdrawing children from school, and reducing spending on health.

Children born in Ethiopia in drought years are 36 per cent

more likely to grow up stunted than those born during normal weather conditions. These trends threaten to reverse human development in the already-vulnerable societies.

The HDR stresses the imperative of preventing a temperature rise of more than 2°C over the pre-Industrial Revolution period. It also sharply criticises United States and European Union policies on global warming, and argues that they cannot avert dangerous climate change.

The OECD countries are failing to meet even the modest targets for cutting greenhouse gas (GHG) emissions under the Kyoto Protocol: 5.2 per cent reduction over 1990 by 2008-2012. So meagre are these targets that it'll take 30 Kyotos to stabilise the global climate.

The worst culprits are US and Australia who haven't ratified the Protocol, but recklessly increased emissions. (Mercifully, Australia's new Labour government is changing this.) Even the EU has on average achieved emission cuts of only 2 per cent instead of its 8 per cent commitment under Kyoto.

The report advocates a "twin-track" approach to combat global warming, which combines stringent mitigation with adaptation to climate change. Besides regulatory standards, it demands carbon taxation, development of low-carbon energy technologies, and reductions in profligate consumption of fossil fuels.

It estimates that the cost of stabilising emissions can be limited to 1.6 per cent of global GDP -- less than two-thirds of current world military spending.

It proposes that the developed countries should cut their emissions by at least 30 per cent by 2020 and 80 per cent by 2050. The Southern countries should cut emissions by 20 per cent by 2050, starting 2020.

It proposes that the South must be supported through finance and transfer of low-carbon technologies, and recommends \$86 billion a year for "climate-proofing" the South's infrastructure.

The Indian government bristles at the suggestion that the South should accept emission cuts because historically, the North's industrial activities are responsible for global warming.

Prime Minister Manmohan Singh's maximum offer is to keep India's per capita GHG emissions less than those of the North. India's entire effort at the climate conference in Bali in Indonesia has been devoted to averting GHG capping/cutting targets. It has

teamed up with China and Pakistan for this.

This won't do. China and India are imitating the North in its profligate energy and luxury consumption even as they profit from the irrational and iniquitous carbon trading system.

Chinese and Indian emissions are rising three to four times faster than the world average. China will soon replace the US as the world's largest emitter. India has already overtaken Japan to become the world's Number Four.

It's despicable that governments should hide behind the poor to defend elite interests. Citing per capita emissions makes no sense in our deeply unequal societies where the rich enjoy Northern levels of consumption while the majority live frugally.

To acquire global credibility and respect, China and India must show moral clarity and a universal vision. At Bali, they must facilitate the signing of a successor convention to Kyoto, and join efforts to cap and reduce emissions.

Global warming calls for new, radical remedies. If the world is to cut overall consumption while improving living standards for the poor, it cannot rely upon current development models and methods, or on rules governing trade, technology, investment, and finance.

Praful Bidwai is an eminent Indian columnist.

How to develop the coal sector

The evidence in Bangladesh is that in the energy sector the private sector is more efficient than the government. The government enterprises are generally unsuccessful, suffering from poor financial condition, weak management, unsatisfactory maintenance, and a lack of accountability. The private sector establishments in the energy sector are more efficient, financially generally sound, are accountable for their operations, and provide adequate maintenance for the facilities that they own.

FORREST COOKSON

THE evidence in Bangladesh is that in the energy sector the private sector is more efficient than the government. The government has owned most of the producing enterprises in the power sector, in the gas sector, and in the coal sector. This includes the production, transmission, and distribution of electricity and gas. The government enterprises are generally unsuccessful, suffering from poor financial condition, weak management, unsatisfactory maintenance, and a lack of accountability. The private sector

establishments in the energy sector are more efficient, financially generally sound, are accountable for their operations, and provide adequate maintenance for the facilities that they own.

Despite this record, there is a loud chorus demanding that the government take responsibility for developing the coal resources in Bangladesh. It is a puzzle why intelligent men and women continue to encourage government involvement in production when the record is so dreadful. Why does one want to play a losing game? Of course, proponents of government ownership or control argue it is

political interference that has caused all of the trouble. But that is exactly the point. There will be political interference in any government operated energy project. In the imperfect world in which we live the political authorities will never leave the government owned energy sector alone. Apart from the corruption potential, it is jobs for the boys, do not collect the accounts receivables, and forgive this man his overdue power bills, etc.

The use of private enterprises opens the way for use of foreign funding that is absolutely needed to reach the production targets

needed to support 7% growth. Without foreign funding it is impossible to develop the needed capacity to fuel, generate, and distribute the gas and electricity. The development partners will not be willing to finance public sector enterprises in the energy sector. Everyone recognises this; the question is why is there any interest whatsoever in keeping the government involved?

Of course, the government must, through the regulatory process, protect the public interest. There is no dispute about that. But there is no need to invest in the SOEs to achieve the expansion of the energy sector.

Taxation

The issue of taxation of coal mines and in particular the level of royalty is an issue on which there is a great deal of bold pronouncements but little analysis. Here the main points should be kept in mind.

1. The economic purpose of a

royalty is to slow down the exploitation of mineral resources by reducing the rate of return to the investor. In Bangladesh, the argument for high royalty rates will have the effect of blocking the development of the sector. If Bangladesh charges a royalty of 20% then one might as well charge 90% since in either case there is not going to be any economic activity to tax. Excessively high tax rates simply reduce investment and entrepreneurship.

2. The taxes that should be paid are the corporate income tax, all of the taxes on personal income, VAT on non-exported coal, and whatever royalty is charged. In a representative open coal mine producing 15 million metric tons per annum with \$45 price of coal at the mine face the rate of return with a 6% royalty is 23% on equity; at 20% royalty this declines to 14%. A return to

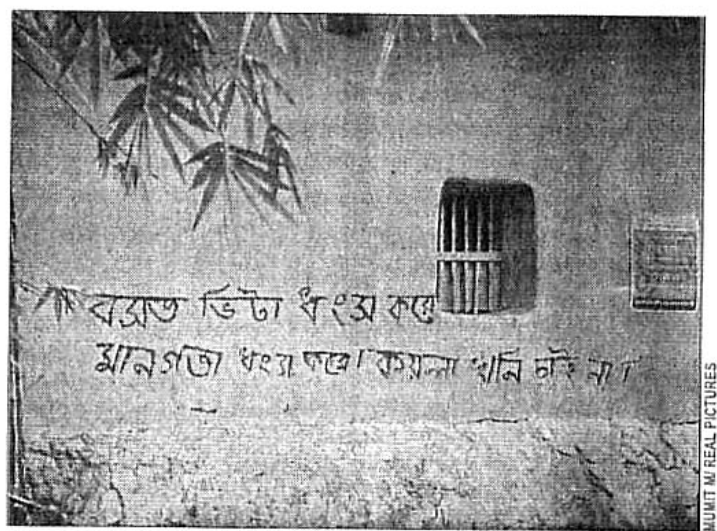
equity of 14% will not attract domestic or foreign investors. The government's tax take at 6% royalty is about 24% of the sales value and at 20% royalty it rises to 30% of sales.

3. Most countries have royalties of 5-8% calculated as a percent of the value of the coal at the mine face.

Pricing of coal

Pricing is simple. Unlike natural gas, there is a world market for coal. That coal value should be the price that is paid for coal purchased from the mine. If the government wishes to subsidise the power plants, it can do so, but not through forcing a low price of coal. That has the effect of a tax. The export price of coal can be used to price the coal at the mine face by deducting the transport costs to the port. Any attempt to set a price for internal purchase would distort the enterprises.

This note has argued that the development the energy sector



should be carried by private enterprises not government ones. But it is vital that the government's regulatory commission supervise carefully what is going on in the energy sector and insure that the rules are being followed. Next, we claim that the royalty rate cannot be changed very much as a return to equity of around 25% is required. Finally, we argued for using the international prices for pricing of coal and no government interference in the pricing mechanism.

Forrest Cookson is an economist.