

## Ten commitments



MUHAMMAD NURUL HUDA

ONLY the incorrigible skeptics would now entertain doubts about the credibility of holding of general elections by December 2008. This does not mean that doubting Thomas of other descriptions are non-existent in our midst.

It is, however, time to focus our attention on the pronouncements of pragmatic optimists who would like to see an orderly management of our public affairs. One such optimist is Dr. Akbar Ali Khan, former civil servant and adviser and currently chairman, Regulatory Reforms Commission. He has cautioned the government that will be elected about the economic health of the polity with particular reference to food scarcity and implored them to make elaborate post-poll plans so that they can effectively discharge their onerous responsibilities in the not-too-distant future.

There is a considered view that if we want out immediate future to belong to the cheermongers rather than to the doomsayers and steer clear of the moral decay, then we may perhaps insist upon our future political leaders to make some solemn commitments to the nation.

In such a scenario, can we, for a start, ask our prospective political masters to make the following commitments to the nation:

That they will desist from shaking the foundation of our constitution by their follies and negligence and will not reduce its noble processes

## STRAIGHT LINE

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to a deplorable level. That they shall wholeheartedly hold aloft the majesty and the guardianship of the judiciary. That they shall defend our judges against political pressures and threat, insist upon integrity and impartiality in judicial appointments and will not pressurise for appointing persons who subscribe to the philosophy of ruling party.

That they shall ensure the trial of war criminals to put Bangladesh's history in proper perspective and accord proper honour to the valiant sons and daughters who laid down their lives for our independent existence.

That they will display high level of maturity, vision and wisdom to ensure the growth of a strong and merit-based administrative system and realise the futility of having a bureaucracy whose quality is doubted by the society at large.

That they shall genuinely strive for internal democracy in the political parties by freeing themselves and their followers from the shackles of feudal ethos. In doing so they shall conspicuously insist upon a change from privilege to talent and from accident of birth to an emphasis on calibre in all our corporate activities.

That they shall create a climate where businessmen and professionals realise that there is more to life than success, and more to success than money. In doing so, they have to painstakingly establish that money has to be earned rather than to be got or won and that extra effort is put before extra leisure.

That they upon assumption of power shall not restrict freedom of speech, assembly and movement under an admittedly democratic dispensation and shall refrain from confining gatherings of opposition to the immediate surroundings of party office under the pretext of maintaining public order. And they shall not pass patently illegal orders to enforcement officials to virtually quarantine the opposition protest in a limited place.

That they shall make sincere and earnest efforts to ensure that electoral popularity does not become the exclusive preserve of ill-gotten money and muscle power. That 'politics of annihilation' shall be unequivocally abjured by all parties and there shall be no teaching the rival group a lesson and to mischievously polarise communities into voting blocs.

That there shall not be any State complicity in the perpetration of organised acts of violence and inordinate delays in securing justice, and political affiliation must not obstruct the process of accountability of culpable individuals. They shall ensure that criminal convictions are not ordinarily condoned and convicted accorded mercy without cogent grounds.

That they shall not permit the deliberate dilution of State and government interests and that the realization of the distinction between public service and private service shall be ensured in all sectors of national activity.

Right-thinking Bangladeshis would perhaps agree that in spite of our adopting a lofty constitution, we do not have the ability to follow it. Equally true is the fact that while we are the proud inheritors of a rich and vibrant culture we do not have the wisdom to cherish it. The compounding tragedy is that our resilient people have to suffer and endure in patience without the perception of their innate potentials.

If there is any serious attempt by caring Bangladeshis to understand the incidences of the malfunctioning of our polity by placing them in the historical, sociological and political context then that may turn out to be an agonising experience. One suspicion could be whether our concern for democracy amounted to merely a false consciousness or worse, was it a crude legitimisation of the so-called politically driven conflict? Thus it is only natural that we should look for the roots of the problem in the phenomena of social exclusion, economic marginalisation, contests for power and other contingent factors.

It would amount to stating the obvious when one says that all that we need is the emergence of committed persons who can strike a chord in the hearts of our trusting, grateful millions and who can teach by the example of their lives the lessons which precept can never impart.

Muhammad Nurul Huda is a columnist of The Daily Star.

## TRIBUTE

## A time for farewell

We will deeply miss him but we shall not grieve him, for he lived such a fulfilling life. He was a personal friend and also a friend of Dhaka Courier from the very beginning, and so we shall feel the loss of a human being as well as a fellow traveler in our media journey. His last contribution to Dhaka Courier pages came only last week.

ENAYETULLAH KHAN

ARSHAD-UZ Zaman, a successful diplomat, political confidant of the nation's high and mighty, and a man of international culture recently passed away at the mature age of 80-plus years. There were few things in life that he left unachieved, but he was also a deeply caring human being which was his life's greatest achievement and that's how we shall remember him.

He came from a family of professional aristocracy. His father Khan Bahadur Fazlur Rahman was a member of the Bengal Civil Service and retired as a District Magistrate. After graduating from the Calcutta University in the pre-1947 era, Arshad bhai went to Paris where he studied in the famous Institut d'Etudes Politiques of the Paris University. On return home, he joined the civil service of Pakistan and was posted as press attache at the Pakistan Embassy in Istanbul, Turkey, and later served in Pakistan missions in New York, Tokyo and Bonn.

Arshad bhai had a brilliant diplomatic career, and served as an ambassador to Algeria, Egypt and Senegal. These countries also have a wide mix of cultures with their colonial past, their hunger for freedom, the clash within these societies between modernity and traditions, all of

which were emerging issues in the OIC world too. He must have found it immensely interesting as he saw the changes taking place all over, even if the resultant violence of that clash was always disconcerting to him.

However, it was 1971 that, like for so many of us, became a vehicle of transition in his life. A supporter of the nationalist cause, he won the confidence of the Mujibnagar government through publicising the atrocities committed on Bangladeshis to the world. Soon after independence, he joined the Foreign Ministry as director general external publicity and was later moved to the post of chief of protocol.

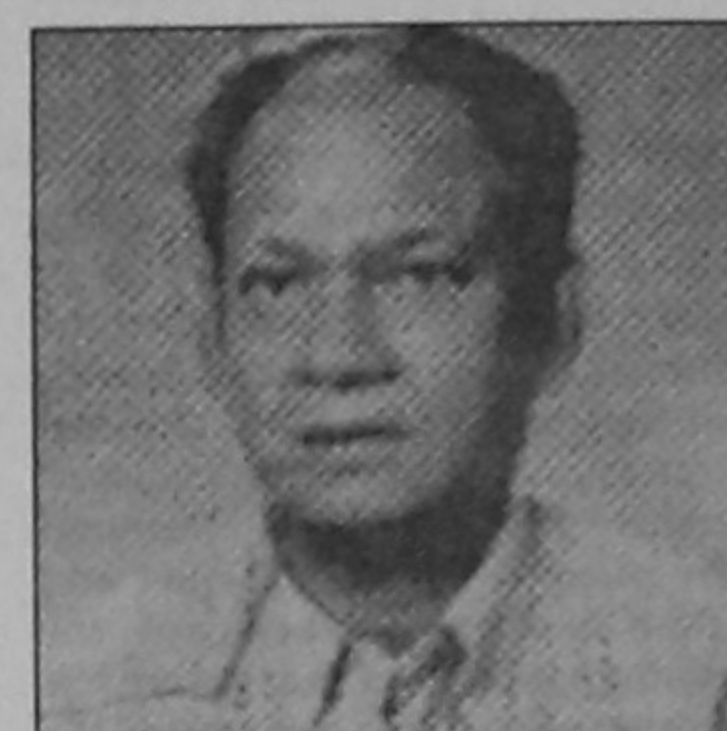
In 1980, he joined the Organisation of Islamic Conference (OIC), the international body of Muslim nations, as an assistant secretary general, a task he performed with great élan. He became the first deputy of the OIC secretary general and often served as acting secretary general. He not only succeeded as an international diplomat, but also held aloft the image of Bangladesh.

To a man who was a natural mixer of cultures, these were pleasant opportunities to expand his world vision. He was fluent in Turkish and French, and had earned his bonafide credentials as a Francophile. He trans-

lated Andre Malraux into Bengali, and his affection for France and its language was a lifelong affair. The French government reciprocated his affection by honouring him with the French award Legion D'Honneur, one of the highest symbols of cultural achievements of the French nation. Arshad bhai was not just the first Bangladeshi to be bestowed with this honour, but was also a bond between the two cultures.

Yet, his love for things French represented only a part of his soul, for Turkey and Turkish was no less a part of him. He was fluent in Turkish and, of course, the most important part of his life, his marriage, was to a Turkish lady. He saw Turkey as another home, and he was in a way a citizen of another part of the world. He understood the internal tugs within that nation too, the conflicts and contradictions as well as its aspirations, that had gone into the making of modern Turkey that is still formulating its future.

These experiences prepared him to help understand better his own land, the country in whose birth he had played a role. For, in the end, Arshad bhai was a supreme patriot, and to him the desire to be part of Bangladesh's future, and the construction of nationhood of this new land with an ancient history, was deep.



Much of that, of course, was reflected in his involvement as a columnist for Dhaka Courier and Dainik Jugantor. Journalism was not a post-retirement hobby for him, but a passionate part of his commitment to Bangladesh. He was always involved with politics in an advisory capacity, and in his final days he had teamed up with the political platform of Prof. B. Chowdhury.

We will deeply miss him but we shall not grieve him, for he lived such a fulfilling life. He was a personal friend and also a friend of Dhaka Courier from the very beginning, and so we shall feel the loss of a human being as well as a fellow traveler in our media journey. His last contribution to Dhaka Courier pages came only last week.

He sought little for himself, except the opportunity to work on the many projects in life. In the end, these ventures also rewarded him with fulfillment, and his life will always be for all of us who knew him a cherished journey that he took with all his friends and family.

Farewell to you, Arshad bhai. Till we meet again.

Enayetullah Khan is Chief Editor, UNB.

## Resource mobilisation pivotal to poverty reduction

In the "Resource Mobilisation" part of the second PRSP (2008-2011), three distinct issues must be addressed for domestic resources to play an increased role in the economic development of Bangladesh. Firstly, there is the matter of the amount of existing resources. Secondly, these resources must be held in a form that facilitates economically and socially beneficial allocation. Finally, available resources must be used effectively and efficiently. The principal sources of domestic resources are private savings and government revenue. In the draft, an extensive analysis on both private and public resource needs to be done, because only public resource (for example, taxation) is not enough to reduce poverty to half by 2015, as set by the MDGs.

MONZUR HOSSAIN

THE Bangladesh government is now working on the draft of the second Poverty Reduction Strategy Paper (PRSP) for the period 2008-2011. Consultants are working on eighteen thematic areas. Of them, resource mobilisation from domestic and foreign sources could be a vital means of poverty reduction at a level set by the Millennium Development Goals (MDGs). Some flaws of the previous PRSP, particularly problems in its implementation, were identified in a meeting of the Planning Commission. In this article, I would like to discuss some points related to resource mobilisation that are important for drafting a realistic PRSP.

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Bangladesh. Firstly, there is the matter of the amount of existing resources. Secondly, these resources must be held in a form that facilitates economically and socially beneficial allocation. Finally, available resources must be used effectively and efficiently. The principal sources of domestic resources are private savings and government revenue. In the draft, an extensive analysis on both private and public resource needs to be done, because only public resource (for example, taxation) is not enough to reduce poverty to half by 2015, as set by the MDGs.

Workers' remittances, though not generated domestically, can represent a significant source of domestic resources in the receiving country. An analysis on the amount of remittance through proper and improper channels, and their use for productive purposes is very important for the pro-poor development. However, the PRSP should envisage the need of receiving remittance through proper chan-

nels.

In addition to easing the administrative bottlenecks with regard to remittance collection, I think that incentives (either in cash or removing/repaying transaction costs) for remitters can increase remittance to a substantial level. More remittance through proper channels will help remitters to change their altruistic motive (help relatives) into self-interested motive (investment purpose), which will be pro-cyclical. Conversely, capital flight (the amount of money that went out of the country illegally) directly reduces the amount of domestic resources available for investment. It is important to examine these financial flows in the analysis of the total volume of domestic resource availability and the flaws of laws in this regard.

Public sector revenue mainly includes taxation. In a recent empirical study, tax effort in Bangladesh is estimated to be 0.49, which means that around 51 percent of potential tax-payers

are still uncovered. Tax-to-GDP ratio was 8.7 percent in 2005 and around 10.1 percent 2006-07, which is still far below South-Asian level. It is necessary to increase tax-to-GDP up to 15-16 percent to continue with a GDP growth rate of 7 percent and above. Necessary guidelines should be laid down to increase tax effort. Moreover, it is also necessary to identify the determinants of tax effort: whether they are per capita income, trade levels, shares of agriculture, dependency ratio etc. However, it is not very clear whether indirect tax could have negative impact on direct tax, which needs to be analysed.

For better tax collection, it is important to increase confidence among the tax-payers. That is, tax payers want to be sure that their money is utilised properly for productive purposes and development. Public revenue should be mobilised in a way that preserves incentives for private sector actors to work and save. An optimal tax system should strive for equity, efficiency and administrative convenience.

Another important source of domestic resource is private saving, which includes household saving, non-financial saving, informal and formal financial saving, semi-formal and corporate saving. Although the PRSP is mainly drawing on government resource mobilisation, it is also important to give signal to the private sector that the government is playing the role of a facilitator. In this regard, a more

effective and efficient financial sector is of immense necessity. Particularly, Bangladesh Krishi Bank's activities should be reevaluated as to whether their activities are headed towards pro-poor development. Introduction of Information Communication Technologies (ICT), increasing outsourcing facilities in rural areas, could boost domestic resource mobilisation. Some forms of private savings are discussed briefly below.

**Household saving:** Improving the mobilisation of household savings could free significant amounts of resources for investments that promote development.

Households, especially in rural areas, rely on volatile income sources. In the absence of accessible credit and insurance services, drawing on saved assets is a necessary strategy for households to smooth their consumption patterns. Households often hold considerable diverse portfolios of non-financial assets, such as livestock, stocks of goods for trading, grain and construction materials that are acquired as stores of wealth, and are often bought or sold in such a way as to smooth consumption patterns. Thus, whilst a certain amount of non-financial assets is likely to remain as a part of the saving portfolio of households in Bangladesh, an improvement in access, adequacy and reliability on the part of the financial sector could trigger an increase in savings held in a financial form through substitution

from non-financial to financial saving instruments.

**Informal financial savings:** Resources mobilised through saving in the informal sector are generally not used for further investment and, therefore, tend not to generate any income. In most cases, therefore, depositors are required to pay for the saving service. The fact that poorer households save despite receiving what are in effect negative interests is testimony to the importance of saving services for poorer households and to the willingness of such households to save.

**Formal financial savings:** In Bangladesh, savings held in the formal financial sector generally represent a small proportion of household assets. Banks are the principal type of formal financial institutions engaging in savings mobilisation in Bangladesh. Nationalised commercial banks lack efficient and effective services. However, private banks have focused on more profitable, often urban-based, activities even though an increase in branches in rural areas could promote savings in the formal financial sector. Physical distance from banking institutions is not the only limiting factor to the growth of formal financial savings. High minimum deposit and balance requirements, the time that it takes to make transactions and the administrative work involved also discourage depositors. Interest spread is high due to inefficient use of resources in the banking sector. The central

bank should strengthen its supervisory capacity on operating costs and risk management procedures in the banks, and private banks should be encouraged to go to the poor with innovative products.

**Semi-formal financial savings:** This sector is made up of institutions that, while legally registered, are not regulated as banks. While this semi-formal sector could become an important actor in savings mobilisation for households, its coverage is at present too limited to respond effectively to the financial needs of many households in Bangladesh. In many cases, in absence of formal saving instruments, many poor people become victims of fraud by many informal financial institutions. The semi-formal sector, however, holds great potential in terms of improved savings mobilisation in the region. Indeed, if semi-formal institutions succeed in offering safe and reasonably liquid savings instruments that generate positive returns for many households, there could be a substantial increase in financial savings available for profitable investments due to reallocation from both non-financial assets and financial assets currently held in the informal sector.

**Corporate savings:** There are, nonetheless, reasons to believe that the current situation of corporate savings and investment in Bangladesh is far from optimal. Firstly, the number of firms that are credit-constrained testifies to the fact that their retained earnings are

not a sufficient source of funds to meet their perceived needs. Secondly, self-investment may be productive, but other investment opportunities might be more profitable or more suited to the firms' immediate needs. Finally, the lack of credit and insurance possibilities for many firms means that savings need to be kept in highly liquid form and can, therefore, not be easily reinvested by the financial system into productive investment. The current situation, therefore, not only constrains the growth of firms, but also contributes to low levels of development of the financial sector.

**Foreign resources:** Mainly include Foreign Direct Investment (FDI) and Official Development Assistance (ODA). To provide a guideline on attracting more FDI, it is necessary to analyse the dynamics of FDI as well as its determinants. We should concentrate more on labour-intensive FDI and particular problems and prospects should be highlighted in the draft. Perhaps, in the 3rd phase of PRSP, it would be required to lay down a roadmap for capital-intensive FDI. Regarding ODA, a guideline on its selective use and efficient allocation is necessary in the PRSP draft.

Finally, it is important that the PRSP draft should include very specific suggestions/actions that can be taken, and, of course, those actions must be do-able in order to improve the quality of life of poor people.

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## Moitree Express for amity

The passenger train service named Moitree Express has started, creating amity between the people of Bangladesh and India. This has to be recognised as a really good piece of work by Mr. Laloo Prasad Yadav, the Indian railway minister, and also by the CTG and the army chief. Let us hope that Bengali New Year, 1415, will usher in a new era of better understanding and cooperation among the people of Bangladesh and India. We have to admit that, despite differences of opinions on some issues, the common people of both the countries want to come closer, particularly after our independence in 1971.

A.B.M.S. ZAHUR

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At this stage, the passenger train service is to continue for three

years. It may be extended if the service proves economically successful. Traveling charges have been kept very reasonable (\$ 20, \$12 and \$ 6 for cabin, chair cabin, and economy class respectively). The facilities provided in the train also appear to be satisfactory. We hope that the service will be readily accepted by the people of both the countries. However, both the governments will have to be sincere

and cautious about the success of the venture.

Though the governments of Bangladesh and India signed a 5-year deal in 2001 to resume train service, it was not implemented due to lack of enthusiasm of concerned parties. It was only after signing of a supplementary agreement on April 10, 2008, that the way for cross-border run of trains on the Dhaka-Kolkata route was cleared.

There was some hassle at the penultimate stage. The union government of India was advised by the government of West Bengal to postpone the start to the end of May 2008 due to panchayat election in West Bengal. After the recovery of four hand made bombs near the railway track on April 13, it became clear as to why the government of West Bengal wanted to

delay resumption of service. The union government, however, did not agree to the suggestion of the state government because it was considered that any kind of postponement might give a wrong signal to the government of Bangladesh.

It may be pointed out that there are a number of issues which have remained unsettled during the last 36 years. Without enough interaction between the two countries the existing misunderstanding cannot be removed. What is needed is strong cooperation between the media of the two countries, because they can create a congenial atmosphere for developing peaceful relation between these countries.

It is rather surprising that despite India's playing the major role in freeing Bangladesh from

Pakistan no close Indo-Bangla relationship could be developed. It was because of inept handling of certain issues by both the countries. What is needed is bold action. Through Indian cooperation we may attain closer trade and economic relations with Bhutan and Nepal, and the eastern states of India. In doing it we must maintain balance of our relations with China.

It appears that the Indian media has created a wrong impression about Bangladesh -- that it is an Islamic and undemocratic country. The cause for resistance from members of All Bengal Citizens Group may be due to.

(a) deletion of secularism from Bangladesh constitution and declaration of Bangladesh as an Islamic republic, and (b) rise of Islamic fundamentalism.

But the truth is that secularism cannot ensure security of the minorities, and simple declaration of making the state an Islamic republic cannot establish Islamic government. In fact, Bangladesh is a moderate Islamic state and all religions are treated equally in the country. More interaction among people of both the countries will help contain Islamic fundamentalism, revive Bangla culture, enrich social life, and increase trading activities.

More discussions at inter-governmental level are not enough. The people must be convinced of the need for settling the issues. Pushing in of so-called Bangladeshis, or indiscriminate killings of Bangladeshis by the BSE, or control of Ganges water only create bitterness.

The success of this venture

depends, to a large extent, on governmental policies for minorities of both the countries. It may be advisable for us to take special note about the attitude of the All Bengal Citizens Group.

We are not sure as to what might be the policy of the future elected government. Whichever party or alliance wins the election should not oppose the policy of developing good relations with India. We are hopeful about the success of the venture because a vast majority of people of both the countries are desirous of increasing amity. We wish a whacking success to the Moitree Express in generating amity between Bangladeshis and Indians.

A.B.M.S. Zahur is a former joint secretary.