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Balance of power

The PM enjoys substantive power. The power to be exercised by the leader of the house remains as yet untested, even if such a leader may be the politically most powerful person in the country. Such a leader, who would swap a tested for an untested source of power for the noble goal of strengthening democracy, would have to be a statesman of exceptional courage. Yet, who can argue that in this moment of historic transition, ordinary leadership will not be enough. The nation awaits an extraordinary leader to serve in extraordinary times.

REHMAN SOHAN

IN the light of our political realities, we should spend less time tinkering, yet again, with the constitution, and spend more time making the present constitution work. The dialogues should, thus, invest much more time on how to strengthen the role of parliament, how to ensure that people who are elected will be of a calibre to play an active role in such parliament, and how to make these elected members accountable at all times to their electorate.

It will further require a variety of

procedural changes on how parliament functions, such as the empowerment of parliamentary committees with the power to enforce compliance for their decisions on the executive. It would also need a further amendment to Article 70 so as to restore a degree of autonomy to MPs to vote to their conscience, at least on parliamentary motions where the survival of the government is not at stake. Such issues will need to be discussed separately in more detail.

Within the current realities of power, one way to really strengthen parliament, vis a vis the govern-

ment and office of the prime minister, is to ensure a genuine separation of powers between the two institutions. One way to do so would be to ensure that the leader of the house would not be the prime minister. At the same time, the leader of the house should be politically powerful, perhaps the most powerful person in his or her respective party.

This was the model adopted in India after the last election. The most powerful person in the ruling party, Sonia Gandhi, declined to become prime minister, even though it was her charisma which played an instrumental role in the

electoral victory of her party. Sonia Gandhi chose, instead, to remain as the leader of the house in the Lok Sabha and the president of the Congress Party, leaving the job of the prime minister to a respected and honest technocrat, Dr. Manmohan Singh.

This arrangement has strengthened the parliament and made the prime minister much more accountable to both parliament and the ruling party than had been the case in the past. Then, the prime minister, whether in the person of Sonia's mother-in-law, Indira Gandhi, or her husband, Rajiv Gandhi, was all-powerful as leader of the government, house and party. We should not be too naive in thinking that this arrangement does not have its problems, including the weakened authority of the prime minister. But if our goal is to have a system of checks and balance, better that this balance be established within the framework of the constitution, between the prime minister and Parliament, than through the

introduction of some untested new source of power, which may require further constitutional amendments.

In the prevailing circumstances, if the two all-powerful *netris* do expect to make an enduring contribution to strengthening the democratic process, they would do well to invest their full authority behind re-empowering parliament and also strengthening the democratic roots of their respective parties. A parliament with the two *netris* sitting on the front benches, as leader of the house and/or as party leader, holding the prime minister and government accountable, at all times, to the people's mandate may well be a more creative and workable solution to the strengthening of democracy and the improvement of governance in the days ahead.

In the final analysis, it will be up to the two *netris* to decide on what role they would aspire to serve their parties and the country more effectively. For the *netri* whose party loses the election, to be a



leader of the parliamentary party in a re-empowered parliament would obviously be a much-preferred option. However, for the *netri* whose party is likely to form the government after the elections, to forego the option of serving as prime minister would be a difficult choice.

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this moment of historic transition, ordinary leadership will not be enough. The nation awaits an extraordinary leader to serve in extraordinary times.

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Can our shipbuilders make it alone?

Imagine the take-home foreign currency amount per year for the government from just 10 shipyards contracted to deliver vessels worth \$60-80 million each.

MAHBOOB AHMED

ONLY time will tell. Bangladesh entered the \$400 billion plus a year international shipbuilding market recently. Hats off to the pioneering entrepreneurship of Ananda Shipyard & Slipways Ltd. of Dhaka and Western Marine Shipyard Ltd. of Chittagong.

The world of shipbuilding and heavy engineering was once the exclusive domain of the highly developed countries only until the other day, when an unprecedented international trade and shipping boom paved the way for the entry of China and fresh entry of India, Vietnam, Philippines, and, most recently, Bangladesh.

The two yards in Bangladesh are now building specialised ICE class vessels, which means that they will be rubbing shoulders with other world-class shipbuilders in terms of offering a product that will meet the stringent safety and quality requirements of European regulatory authorities. This is by no means a small achievement, considering the fact that incentives for shipbuilding for export are non-existent in Bangladesh, and we do not have easy access to steel, which is the key element in shipbuilding.

Taking a cue from these two

shipyards, other entrepreneurs/big business houses are currently engaged, or are contemplating to engage themselves, in developing international standard shipyards to join the fray. Reports coming from Chittagong indicate that the ship-breakers there are also mulling the idea of shipbuilding.

The potential of earning considerable foreign currency aside, the shipbuilding industry, if allowed to develop, will generate unprecedented skill development in the heavy engineering fields, whether for a small technician or an engineer.

A ship is made out of thousands of individual elements, and shipbuilding will not only create huge employment opportunities but will also help establishment of many subsidiary outsourcing/backward linkage engineering industries.

The consequent domestic value addition in shipbuilding for export will eventually rise to 45-50% from the current 25-30% in no time. Imagine the take-home foreign currency amount per year for the government from just 10 shipyards contracted to deliver vessels worth \$60-80 million each.

The recent euphoria in the media and the eulogies by government high-ups are understandable, but, unfortunately, they have already taken the entry of



Bangladesh to the world of international shipbuilding and heavy engineering for granted, without realising its magnitude and the pitfalls attached. Because the industry is in its infancy, there are considerable road-blocks to be removed, and that needs the immediate attention of the government.

Otherwise, the stakeholders in the country (shipyards and their financing institutions), including

the government itself, will realise, once the on-going honeymoon period is over, that the road to transformation from a ship-breaking to a shipbuilding nation is not as smooth as perceived.

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The tentative Asian Tiger

How does a cub become a tiger? The answers are complex and many: diet, exercise, and evolution. For countries: sound policies, regulation and an enabling business environment. But each country has its own story.

FAISAL SALAHUDDIN

IF countries were cousins, Vietnam would most likely be Bangladesh's *khalata bon*.

They both have very similar builds, looks and even a somewhat similar recent past or at least the same family environment -- they both seem to belong to the same tiger family. Vietnam has been rapidly morphing into the latest Asian tiger. We are still hesitating at our puberty of possibilities -- to be or not to be.

How does a cub become a tiger? The answers are complex and many: diet, exercise, and evolution. For countries: sound policies, regulation and an enabling business environment. But each country has its own story.

True, every flower blooms in its own rhythm and season. But they all share some common ingredients like water and sunlight. Countries are no different than flowers. To grow, they often need certain ingredients.

Here we will talk about some of these ingredients from an experiment -- Vietnam -- that is both recent and relevant. Rather than making comparisons to the city-state Singapore (5 million), or with mega-state China (1.3 billion),

Vietnam's population size (85 million) and economic history and successes are more comparable and easily scalable to ours.

We officially have a "Look East" policy. However, just looking or staring or even ogling will not be enough. Analysis needs to replace, or at least supplement, slogans. We need to "Understand East" and then "Customise East" to our own needs and realities. Only then can we all jointly form a clear and credible vision of the future.

This article -- a journey through words and charts in green and red -- is a modest effort in that direction without being trapped by the narrow interpretation of the Washington Consensus or being blinded by the fact-driven anti-globalisation zeal. Green for Bangladesh. Red for Vietnam.

Here I argue that Bangladesh displays many of the ingredients and early signs to grow like her cousin Vietnam, and then highlight some lessons from Vietnam's experience.

A Tale of Two Families: Chowdhury and Nguyen
Suppose Chowdhury from Bangladesh and Nguyen from Vietnam represent average citizens in their respective countries.



Up until 1994, Chowdhury was richer and more productive than. But starting in the early 1990s, Nguyen started growing faster and overtook Chowdhury, who was still continuing along the same path.

These individual stories also hold true at the country level. Vietnam has been growing rapidly at around 7-8 percent since 1990. Our growth picked up too -- but remained a notch below Vietnam's. Since 1990, on average, Bangladesh grew by 5 percent.

High and sustained growth can do magic. Rapid growth reduced Vietnam's poverty at double the rate achieved in Bangladesh. Even though it started out with a higher

rate of poverty than ours, its poverty rate is now much lower than ours.

In a year or two, Vietnam will be a middle-income country. Although the generation born around the time of Bangladesh's independence (Generation Bangladesh, see March 2008 Forum) is reaching now middle age, Bangladesh has yet to reach middle-income status.

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Changing times

In an era of globalisation and regional economic cooperation, it is imperative to modernise public administration and minimise regulatory complexity.



SAMIR ASAF

GOVERNMENT regulation is necessary for the orderly functioning of civil society. Governments moving from a socialistic governance paradigm to a market-based capitalistic one find it necessary to progress towards more efficient, and yet less, regulation.

In Bangladesh, the current non-party caretaker government's ambitious and wide-ranging regulatory reform agenda officially began with formation -- by official gazette notification on October 30, 2007 -- of the high-level Regulatory Reforms Commission (RRC), with 17 members -- four from private sector business, two economists,

and eleven from the government (including the chairman who is a former secretary to the government). In this article, I share with you the progress and the achievements made by the RRC thus far.

It has been recognised by the caretaker government that there is an urgent need to review and rationalise the entire gamut of government regulations, many of which are a century old but are still in effect today. Thus, the RRC is contemplating a significant overhaul of redundant, outdated, and inefficient regulation.

Although the RRC is a temporary body by design, it should be made permanent because of the long-term nature of its mandate, and the importance of sustainability of

reforms. For example, The Regulatory Reforms Committee in the Republic of Korea is a permanent council. UK Department for Business, Enterprise and Regulatory Reform (BERR), a permanent body which leads UK's regulatory reform agenda across government, follows five principles of better regulation. According to BERR, any regulation should be transparent, accountable, proportionate, consistent, and targeted -- only at cases where action is needed.

In an era of globalisation and regional economic cooperation, it is imperative to modernise public administration and minimise regulatory complexity, thereby creating the right enabling environment for foreign as well as domestic investment. These administrative and regulatory reforms facilitate economic growth and development, foreign direct investment, and, in particular, enhance the business and investment climate in the country. Chaired by Dr. Akbar Ali Khan, former advisor to the caretaker government, the RRC's tenure is one year from the date of formation, with the Board of Investment (BOI) as its secretariat.

The RRC is mandated to review all government rules and regulations, and identify those that should be annulled, modified, or left unchanged, and make suitable recommendations to the government to infuse dynamism into

governance, administration and the economy. The working areas of RRC include identifying all rules, by-laws, and government orders in force in Bangladesh, identifying unnecessary rules/sub-rules, and making recommendations for repealing those that should be scrapped. Upon examining the existing regulations, especially those pertaining to domestic business and commerce, RRC will, under due cognisance of their merits or otherwise, identify any unnecessary complexity or regulatory burden imposed by these that can be avoided, and make appropriate recommendations.

The RRC will ensure that the citizens of this country get the benefits of regulatory reforms that they deserve, and that a modern and progressive regulatory climate exists. It also has to make recommendations for establishing a modern and dynamic administration suitable to a democratic system of government. The RRC may also propose new regulations or ordinances where required. In order to expedite this process, the RRC proposes its recommendations to the government on an ongoing basis, and refers to the Law Commission for legislative modifications.

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Developments in Nepal



DEB MUKHARJI

LOSE to the stroke of midnight on Wednesday, May 28, the newly elected Constituent Assembly of Nepal voted 560 to 4 in favour of transforming the nation to a Federal Republic. The dynasty founded by the creator of the state of Nepal, Prithvi Narayan Shah, in 1767 came to an end, and his twelfth descendant, Sri Panch Gyanendra Bir Bikram Shah Dev, became a common citizen of Nepal.

In these days of instant news and the briefest of attention spans, it is customary to see the recent politi-

The ruler's partial retreat on April 21, offering only to return to the pre-2005 dispensation, was rejected by the people, and he finally capitulated on April 24 following the army's refusal to fire on fellow Nepalis.

cal developments almost exclusively in terms of the Maoabadi insurgency (1996-2006) and its aftermath. Certainly, the insurgency hastened the process of Nepal's political evolution and the Maoabadi acted as a most important catalyst. But the aspirations of the people of Nepal go back much further.

The struggle against the autocratic Rana regime that ruled over Nepal from 1846 to 1950 goes back many decades. It was expected that democracy would be ushered in with the end of Rana rule in 1950 -- marking the start of the demand for a Constituent Assembly.

This did not materialise, and after a brief period of representative government, King Mahendra downed the shutters on Nepal and created his Panchayati Raj, inspired perhaps by Ayub's Basic Democracy in Pakistan. Thirty years of sporadic agitation later, the Jana Andolan I of 1990 brought in multi-party democracy. But the negotiated constitution adopted then contained ambiguities that the palace would use later to further its autocratic inclinations. Neither did the political parties act

responsibly in the years that followed.

The Maoabadi insurgency started in 1996 after the rejection of their 40-point demands, most of which would have been acceptable to any modern state. The ruthless police action that followed only helped gather greater support for the insurgency, and by the time it ended a decade later, more than 13,000 Nepalis had been killed -- two-thirds by the army. It is a commentary on the curious state of governance in 2001 (and the anomalies of the constitution) that the army was unwilling to take orders from the then elected government without clearance from the palace.

Meanwhile, Gyanendra had succeeded King Birendra after the palace massacre of June 2001. His inherent autocratic inclinations soon came into play. Parliament was dissolved in October 2002 and there followed a succession of prime ministers appointed at royal command. Finally, in February 2005, Gyanendra took personal charge of the state, completing the coup started in October 2002.

Gyanendra's major miscalculation was his attack on the political parties and direct assumption of power. He had removed the protective shield they provided and became henceforth personally responsible for all future developments. The avowed objective of overcoming the insurgency was not achieved and almost the entire country outside the major cities came under Maoist control. The political parties, now deprived of the carrots earlier held out by the previous king, were obliged to reassess their position. Meanwhile the Maoists, too, had decided in a 2003 plenum that the future would have to be within the framework of a multi-party democracy.

Gyanendra's non-productive coup, and his efforts to hold guided elections, provided the spark for public agitation. Nepal was shut down from the first week of April 2006, in Jana Andolan II. The ruler's partial retreat on April 21, offering only to return to the pre-2005 dispensation, was rejected by the people, and he finally capitulated on April 24 following the army's refusal to fire on fellow Nepalis.

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