

# Why the government should not devalue the taka

I believe we need to find alternatives to devaluing our currency, which may be a short-term answer but will eventually turn out to be a gross macro-economic error. A debate may be initiated in the parliament and other institutions, and in the media and civil society, before making a decision final. Keeping the dollar stable is not really helping the masses, but only 2 to 3 million people.

ZIAUR RAHMAN

A major macro-economic policy often produces qualitative improvements in the functioning of a country, while a wrong approach based on inaccurate understanding of contextual reality may frustrate the development underpinnings of a country. The issue of the devaluation of the taka was brought up by the business community, and the finance minister seems to have agreed with them.

The news prompted me to write this article. Being a student of economics, understanding the spiraling of the cost of living index and also having a grasp of money velocity theory, I suggest a different path, while ensuring that our export potential is not threatened. I believe that

devaluation would be a great mistake:

**Import costs will rise**, especially of essential commodities like rice, dal, milk, gasoline, etc. We have a large import basket that cannot be substituted in the short-term with local sourcing, so devaluation will hit the prices of most commodities -- which may again create a price spiral upwards and accelerate inflation.

**Cost of doing business will rise** because we have no capital machinery manufacturing in Bangladesh, and, therefore, the cost of obtaining machinery will rise significantly. The value-addition for the garments sector is between 16% and 20%. That means for every dollar, approximately 80 cents of fabric and other items are imported. So, this cost will rise and the real potential of export will drop due to added costs. This could



Less is more?

devastate the economy.

**Business development costs will rise.** It will become prohibitively expensive for local businesses to travel overseas and strike business deals. Similarly, local businesses and even the GOB's costs of managing overseas engagement will rise significantly.

**The costs of inputs for manufacturing will rise** because many ingredients

are imported.

**The cost of education, at home and abroad, will rise.** We must also pay due attention to the cost of purchasing research from overseas. While we are promoting a forward moving, research focused, and digitally inclusive nation, the devaluation of our currency will definitely push back the development cycle in many of these arenas. From a longer term per-

spective, if the cost of qualitative education falls, then more and more citizens will be in a position to obtain global standard education overseas, and strengthen our intellectual capital -- whether they stay overseas or return to Bangladesh and make direct contribution.

**Branding Bangladesh cannot happen** with a weak taka that has fallen in value since 1971. We have always taken the short cut of devaluing our taka to improve exports without really working to diversify exports. Time has come to re-brand Bangladesh with a strong taka, which will help citizens to make strategic global investments, allowing Bangladesh to open its international doors to revenues, provided the government makes a paradigm shift through introducing conducive laws with respect to such potential engagement opportunities.

With a strong taka, some export crowding out may take place; however, the flip side of this condition is that we shall need less local currency to do more overseas business and, therefore, the GOB and citizens of Bangladesh will be in better shape to negotiate opportunities globally; the government must seize such an opportunity to promote Bangladesh overseas and build our nation based on a strong, not a weak, currency.

While other countries are suffering

from severe economic dislocations, Bangladesh has so far been able to navigate into safer seas. While the global economic depression may have a ripple effect on Bangladesh, let us try to introduce creative and innovative policies rather than doing the obvious. Let us revitalise our economy using fiscal and other monetary policies, including bringing down the tax rates for the corporations of Bangladesh in various slabs, spawning a vigorous cycle of development.

Lastly, I believe we need to find alternatives to devaluing our currency, which may be a short-term answer but will eventually turn out to be a gross macro-economic error. A debate may be initiated in the parliament and other institutions, and in the media and civil society, before making a decision final. Keeping the dollar stable is not really helping the masses, but only 2 to 3 million people.

This is a public policy issue, and do we work for the 3 million people or have plans for the 140 million people? This is a question the government must ask itself. The idea of devaluation signals a quick death of the franchise called "Bangladesh." This needs to stop immediately.

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## Administrative reshuffle

We, the ordinary people, want to see a truly neutral and non-political administration, where competency and integrity are given importance over political allegiance and sycophancy. This vicious cycle has to stop, and now is the time to make a fresh start.

SYED MUNIR KHASRU

WHENEVER a new government takes power, administrative reshuffle is not something unexpected. In some countries, like the US, many administrative positions are political in nature and are filled by people aligned with the party in power. However, in countries like Bangladesh, India and Pakistan, which are modeled on British Westminster parliamentary democracy, the bureaucracy has been largely kept out of the political ambit, at least on paper.

The new government is expected to make administrative changes so that maximum efficiency can be derived through them. In addition to competency

and integrity, the government can also consider the trust and confidence factors. Changes in administration should be more for reasons of good governance and expediency than for rewarding the "loyal," restoring the "victims," and punishing the "disloyal" and "old beneficiaries." Since the AL has started the administrative reshuffle, this is a timely reminder so that we don't end up in continuing the same negative culture.

Unfortunately, in the last fifteen years of democracy, the bureaucracy has been so badly politicised by both the political parties that bureaucrats who held important positions under any government, may face unfavourable treatment if the opposition comes to power. A good number of

these people may be neutral civil servants. They don't have much option if an incumbent government decides to post them in important positions.

For example, a job at the Prime Minister's Office (PMO) is supposed to be a recognition of the holder's competency and integrity, since the PMO is the nerve center of all administrative and policy making activities. However, anyone getting a posting at PMO is taken to be politically close to the government. In the process, some genuinely non-political civil servants get victimised by the next government for no fault of their own.

This has started happening again as, in some cases, Awami League is sidelining professional bureaucrats based on either their posting in the previous administration or simply on the basis of poor or motivated intelligence supplied by vested quarters. The culture of witch hunting has spread everywhere -- ministries, agencies, autonomous bodies, police, tax and in some cases even in the armed forces. The Officer on Special Duty (OSD) culture of virtually putting people out of work is a spiraling cycle that does not stop with the incumbent government. When the oppo-

sition comes to power, we have another round of OSDs, and it goes on and on.

Unless this unhealthy culture is reversed, it will be difficult to save one of the most important pillars of democracy -- a non-political, honest, and efficient administration -- from the decay that has been going on for quite some time. Even if a civil servant has not been neutral, he should be reprimanded and given a second chance. When they know that they are being watched, obviously they will do better.

AL is best positioned to reverse this corrosive culture, which has been eating away at the civil service. There are different interpretations of the Janata Mancha, which happened under the patronisation of the then opposition AL in 1996. What is not in doubt is the lasting negative effect this incident has left on the civil service. AL rewarded civil servants who were active participants of the mancha -- making some of them ministers, promoting some, and retaining others in service after their retirement through extension.

For the "Awami minded" bureaucrats, the reverse happened when BNP came to power in 2001, when BNP got rid of the

"mancher lok." What AL started, BNP took to newer heights, whereby, along with "moncher lok," innocent civil servants got victimised because they were posted to either PMO or a minister's office during AL's tenure.

This is happening at the expense of the taxpayers, who have little option other than to be silent spectators to a process that is depriving them from getting proper service from an administration where loyalty to the incumbent takes precedence over anything else.

Just as political parties have to stop tampering with the bureaucracy, the bureaucrats also have to stop being accomplices in the same crime. Some of them (the "victims") take it out on those who may have benefited during the previous regime. If civil servants have strong political views, then they should resign from service and join politics.

It is not for bureaucrats to play the role of political activists. Even when we had an unpopular dictator in the eighties, we did not need bureaucrats to restore democracy. People power was the critical factor, not the bureaucrats. Rather, one theory was that the dictator could stay in power

for so long because of the unholy alliance he had built with the civil-military bureaucracy.

Political parties have to stop the practice of using bureaucrats to strengthen their grip on power at every level of administration so that the next election will be an easy sail. When the incumbent government tries to impose a manipulated election on the nation through tampering the administration, it does not always work. Something BNP hopefully has learned from 1/11.

The new prime minister has asked the secretaries to work without fear, and said that the AL did not believe in vengeance. Fear and insecurity cripples the administration and erodes efficiency. Let's hope her administration practices what it preaches.

We, the ordinary people, want to see a truly neutral and non-political administration, where competency and integrity are given importance over political allegiance and sycophancy. This vicious cycle has to stop, and now is the time to make a fresh start.

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## Predators on the hunt in Pakistan

Taliban sources say Islamabad is right to worry what al Qaeda is up to. The group's No. 2 leader, Ayman al-Zawahiri, wants to destabilise the "apostate" Pakistani government.

SAMI YOUSAFZAI and MARK HOSENBALL

AFTER one of the latest US Predator attacks in North Waziristan, a Taliban sub-commander visited the site. He's seen the results of many air strikes over the past year or two, but this one really impressed him. The missile didn't just hit the right house; it scored a direct hit on the very room where Mustafa al-Misri ("Mustafa the Egyptian") and several other Qaeda operatives were holed up. The hit was so accurate, the sub-commander says, it's as if someone had tossed a GPS device against the wall. Unfortunately for others at the scene, the mud-and-stone house collapsed, killing several Afghans along with the foreign fighters. Nevertheless, the sub-commander told Newsweek, "We are stunned" by such precision.

Al Qaeda's hideouts in Pakistan's

tribal areas aren't quite as safe as they used to be. After years in which they were suspected of shielding Osama bin Laden's lieutenants -- or, at least, not pursuing them very vigorously -- Pakistan's intelligence services have finally started helping the Americans track and kill the fugitive terrorists in the frontier belt. According to Pakistan's Inter-Services Intelligence agency, 11 of the top 20 "high-value targets" along the Afghan border have been eliminated in the past six months. And while the Americans blast the bad guys in the tribal areas, the Pakistanis have been confronting problems in their own ranks. Since September, 140 pro-Islamist officers have been mustered out of ISI, according to a senior diplomatic official in Washington, asking not to be named on such a sensitive topic.

Islamabad has good reasons to work with the Americans. For one thing,

Washington is considering an aid package worth as much as \$15 billion to Pakistan over the next 10 years. In the midst of that debate, Islamabad is trying to undo the harm to its international image from the ISI's alleged links to the December terrorist rampage in Mumbai. But beyond those details, Pakistanis finally seem to be figuring out that al Qaeda and its friends are not merely America's problem.

"We may be crazy in Pakistan, but (we're) not completely out of our minds," ISI chief Ahmed Shuja Pasha recently told the German magazine Der Spiegel. "We know full well that terror is our enemy, not India."

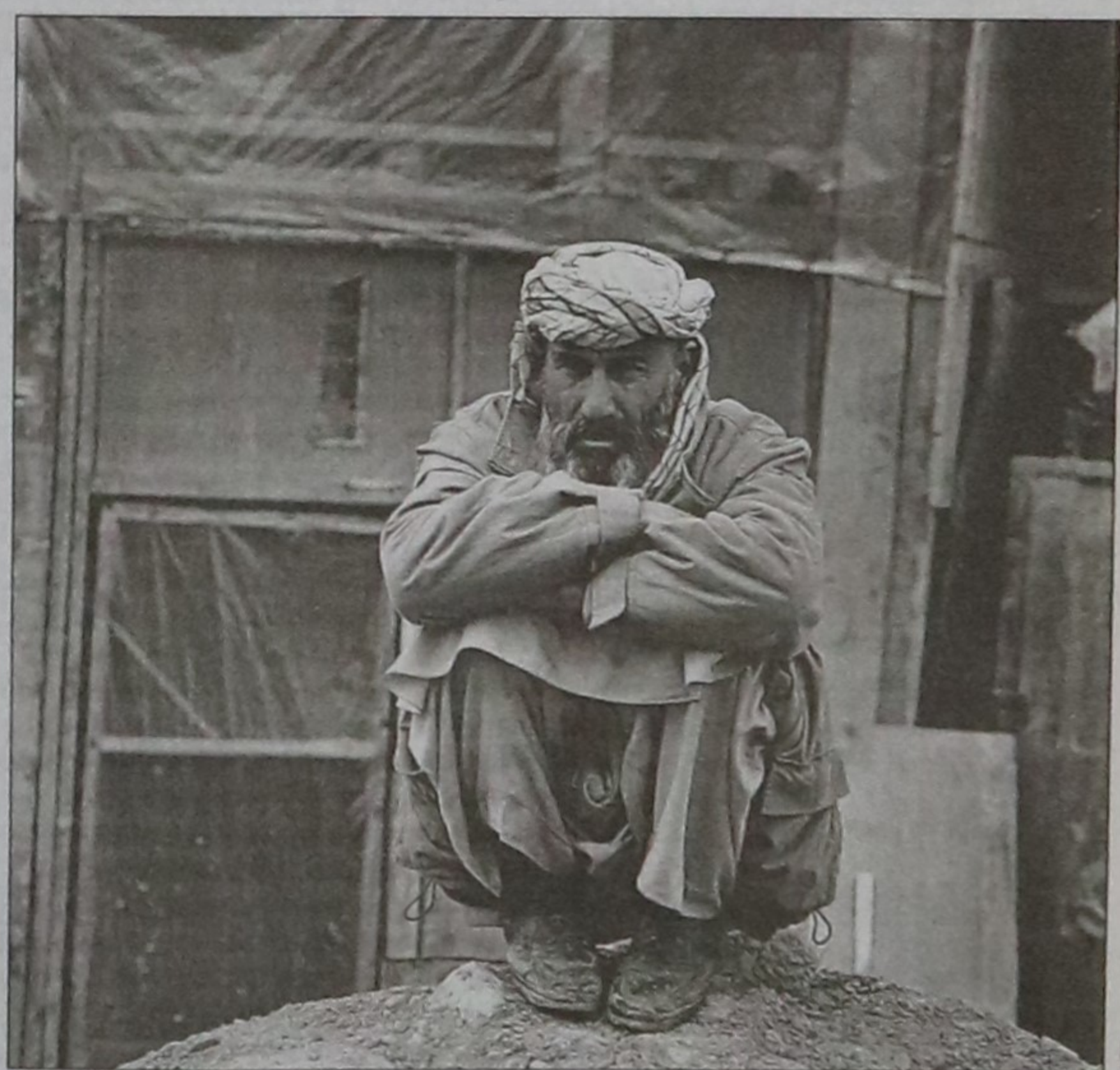
Husain Haqqani, Pakistan's ambassador to the United States, confirms that Islamabad is working with the Americans. "Pakistan and the United States are partners in the effort against terrorism, and our broad-based effort includes sharing intelligence," he told Newsweek last week.

Taliban sources say Islamabad is right to worry what al Qaeda is up to. The group's No. 2 leader, Ayman al-Zawahiri, wants to destabilise the "apostate" Pakistani government. The Egyptian-born doctor has been promoting fellow

Egyptians and other allies to replace senior Qaeda members who have been killed or captured, Taliban sources say. Bin Laden is said to oppose Zawahiri's scheme, fearing blowback from Pakistan, but he hasn't shown up at planning meetings in years. (US intelligence sources say they see no signs of a rift between the two leaders.)

The attacks are creating turmoil in the tribal areas. A witch-hunt against suspected spies has resulted in the deaths of at least a dozen people in North Waziristan, many of them by beheading. And Naqib Khan, a Taliban intelligence operative, says some Qaeda fighters and their jihadist friends from Pakistan have been relocating to quieter places in eastern Afghanistan. Even so, the Americans should postpone any plans for a victory party. "Reports that al Qaeda is on the decline have been frequent in the past -- and always inaccurate," says former CIA analyst Bruce Riedel, who advised the Obama transition team on Pakistan issues. But the Americans aren't giving up yet either.

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Will I live to see another day?

## Boycott the boycotts



A reader wrote to me to ask me join a Facebook group called "Boycott the new Karate Kid movie." I was tempted to sign up.

I drafted a reply: "Sure! I am always happy to boycott things I DON'T WANT TO DO anyway. I will also refuse to drink rat poison, decline to throw myself off a

high building, and pledge not to cut my own head off with an axe, if that helps."

Boycotts are easy. Remember Woody Allen's answer when he was asked whether he ever took a political stance against anything? "Yes," he replied. "I once refused to eat grapes for 20 minutes."

But I realised that a weird plague of boycotts was sweeping around the world and I ought to take this a bit more seriously.

For example, someone forwarded to me a call from a religious group in Malaysia for people to stop using Maybelline mascara. Why? Because it is the Asian equivalent of a product origi-

nally made by an American company and American companies are sort of associated with the American government and the American government is suspected of being pro-Israel and Israel did terrible things in Gaza recently. That sounded a bit tenuous to me.

Now it would not be a massive sacrifice for me to promise not to use Maybelline mascara. But there's loads of research, which shows that while boycotts sometimes have a good effect, secondary boycotts only harm the innocent. The Maybelline thing was not just secondary but "fourth-ary" or "fifth-ary" or "sixth-ary."

Meanwhile, unknown persons have

been forwarding text messages around India, Malaysia, Singapore and elsewhere saying that Coca-Cola and McDonalds and Starbucks are giving a week of profits to Israel to buy bombs with. As a result, lots of restaurants in Asia stopped serving Coca-Cola, and former Prime Minister Mahathir Mohamad called for folk working for McDonalds and Starbucks in his homeland to quit their jobs.

I know a few people who work for Starbucks in Asia, so I asked them if this was true. One of them just laughed. The other said: "Do you know how much it costs to open stores in Asian cities? If we make a profit this quarter, I want it

forwarded to me, and then I might use it to buy myself a double-tall latte."

McDonalds spokeswoman Linda Ming was just baffled, pointing out that the message wasn't remotely true, and Asian versions of the company are almost entirely non-American: "McDonalds is locally-run, serves local customers, employs local people, supports local charities and pays local taxes."

Ironically, one of the few multinational employers who has been willing to help folk in Palestine was Coca-Cola. They opened a bottling plant in the Palestinian city of Ramallah, and employ about 400 people there.

So I didn't send a positive reply to the "boycott the karate kid" people. Instead I went to their section on Facebook.com to see why they were agitating against a harmless Jackie Chan movie. The organisers said it was because they were "completely weirded out" that someone should remake a "classic" movie.

Okay, everyone. Time to boycott the boycotts. The next time someone asks you to boycott something, treat it as a BUYcott, and support it. So buy a Coke and let's go and see The Karate Kid remake together. And I'll wear LOTS of mascara if you will.

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