

## ONE YEAR OF THE NEW GOVERNMENT

## Finance: good job so far

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MAMUN RASHID

HE is widely acknowledged as a fine human being, and is respected for his articulateness too. He is recognised for his administrative skills, knowledge, and intellect, and for creating space for others, specially his lieutenants. He did not fail us while setting the economic direction in his first budget speech for FY2009-10 and tried his best to guide the nation, keeping in mind the election pledges and the vision of creating a middle-income Bangladesh by 2021.

The FY2009-2010 budget is considered as a pro-people and pro-development budget. Expectations from the finance minister was much more as the budget was declared while Bangladesh was possibly facing the effects of global recession with multiple challenges both at home and abroad, like deceleration in investment, excess liquidity in the banking sector, price hike of essential commodities in the local markets, vulnerable external sector, weak administrative system and confused civil bureaucracy. Mr. A.M.A. Muhith had tried his best to address the requirements of all the sectors dispassionately, think neutrally and allocate funds based on the development priorities.

In Bangladesh, ruling regime had always suffered from exorbitant losses incurred by the state owned enterprises (SOEs). In FY2007-08 the net loss of the SOEs was Tk.5,276 crores, gross loss was Tk.8,635 crores, of which BPC alone incurred Tk.5,882 crores and loss of PDB was Tk.1,361 crores. The huge debt burden was created over the year because of provided subsidies to loss making SOEs. The caretaker regime had adjusted the fuel price up by 15% to 21% in April 2007 and by 35% to 50% in July 2008 to reduce the gap between import cost and local price. Subsequently, the prices of petroleum increased in the international market and full benefits of the price adjustments could not be realised. The caretaker government afterwards revised the price downward in line with the reduction of the commodity prices in the international market.

Readjustment of the prices of petroleum was a much debated issue in line with global commodity price fall in 2009 and oil prices reaching a significant low. However, the minister handled the issue quite objectively and refused to readjust the price as per the global market to lessen the debt burden and restore the earnings of BPC, a significant contributor to the budget deficits -- if not the most important.

Though I was very apprehensive of his submitting to the popular and peer pressure, Mr. Minister managed the budget deficits within the stipulated framework, yet utilised the space available for the hungry streams of the economy -- agriculture and power.

The same objectivity and neutrality were shown by the minister when he decided on the stimulus package. Despite pressures from BGMEA and a few civil society spokespersons, the finance minister was not convinced enough to declare a stimulus package for the RMG sector as long as the industry numbers reflected positive trends. He was very stubborn when a section of the business community wanted to take him and his colleagues for a ride during a very sensitive religious festival.

While we expect such prudence and discretion from a finance minister, the finance ministry should also focus on private sector development and transformation along with focusing on continuous reforms including privatisation. The private sector is considered as the growth engine of an economy and the driving force. Hence, the finance minister should provide enough space to the private entrepreneurs and focus on building a better business forum in the country by encouraging the entrepreneurs, providing them easy access to funding, decreasing cost of doing business and ensuring governance.

The private sector will help in generating employment, thus increasing purchasing power, which will lead to wealth creation and generation in the economy. An economy makes progress when the generated wealth is distributed efficiently and



Managed by capable hands.

equitably in the productive sectors. However, if we cannot generate enough wealth, the distribution economics will not also work, not to talk of building social safety net.

Policy intervention by the finance ministry is also needed in the event of commodity price hike to control inflation. In the backdrop of global commodity price hike our markets, entrepreneurs, importers and the consumers have been suffering. Monetary policy intervention is required in the form of ensuring higher credit to the productive sectors, balancing interest rates to provide benefits both to the lenders and the depositors, and balancing the exchange rate in favour of the exporters, remitters and the importers.

The finance ministry should actively engage in monitoring the banking and financial system of the country, and see what is happening all around.

We expect them to develop independent views in favour of wealth creation, drive continuous reforms to build up a competitive economy, develop capital markets in an evolving economy and role of regulators in a transition economy, work together with line ministries to attend energy and infrastructure issues, attack long-term climate change effects on agriculture, ease the land administration and law enforcement issues through automation, develop skills through NGO intervention, and also want them to refocus on using our relationships with the South

Asian, Asean and Middle Eastern countries.

We want them to realise why Myanmar could not become a developed country despite tremendous natural endowments, why Pakistan's economy is still holding up despite political failure, why all the flights on board to Nigeria are fully booked despite rampant corruption there, why even Barbados puts up large advertisements in The Economist for attracting investments. We have to also realise that branding a country is not similar to branding a product or commodity. One does not decide to invest in a country after visiting it; what is published in the newspapers or journals, shown on the TV screen or even what the existing investors say about an economy, play pivotal role in influencing the investment decisions.

I have reasons to believe that Mr. Muhith realises well where the shoe pinches. However, he needs to draw a balance between the perceived realities and the ground realities. He needs to tame the inflation and correct the lack of discipline in the state owned banks as well as the central bank. It is no doubt, a tough job, but if one looks around, he will understand why the finance ministry and the minister always need to be in the driving seat of a transition economy to take it into next trajectory. We wish Mr. Minister sound health, focused mind and, of course, look forward with confidence that he will drive things like a MIG 29 pilot, who has to attend so many push and pull buttons.

Mamun Rashid is a banker and economic analyst. The views expressed are his own.

## Reduce atmospheric carbon dioxide to 350ppm

Whatever happens, the most vulnerable countries (MVCs) are going to be the worst sufferers. In fine, we must cut emissions of GHGs, particularly carbon dioxide, globally. Otherwise, we cannot save our future generation.

MOHAMMAD MIZANUR RAHMAN

THOUGH unchecked warming could end global prosperity, money, if matched by action internationally, can reduce emissions radically over the next half century, contain warming and lead to a post-carbon world. Climate change is a natural phenomenon and an effect of rising global temperature leading to changes in cloud cover and precipitation, especially overland, melting of icecaps and glaciers, reduction of snow cover, increases in ocean temperatures due to sea water absorbing heat, and concentration of carbon dioxide in the atmosphere.

A combination of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, per-fluorocarbons and

sulfur hexafluoride is called greenhouse gas (GHG).

The reason for increased GHG is human activities. Some facts are given in the followings; Global atmospheric CO2 concentration increased from pre-industrial 280 ppm to 379 ppm in 2005. CO2 emission grew by about 80% between 1970 and 2003; almost all other GHGs also show significant increase in the same time periods. 11 of the last 12 years (1995-2006) rank among the 12 warmest years of surface temperature (since 1850). Global average sea level rose at an average rate of 1.8mm (1.3mm to 2.3mm) per year between 1961 and 2003, and the rate for 1993 to 2003 was 3.1mm (2.4mm to 3.89mm).

Globally, about 20 to 30% of plant and animal species are highly vulnerable to a



Don't suffocate the earth.

change of temperature of 1.5°C to 2.5°C. Over the 20th century, precipitation has mostly increased over land in high northern latitudes, while decreases have dominated from 100°S to 300°N. Glaciers and ice caps underwent widespread mass losses and contributed to sea level rise

during the 20th century.

A few days ago, I saw an article in India Today, where a group of developed countries was called "dirty twelve." The following figures show the dirty twelve's emissions in tons of carbon dioxide per person per year: US 19.78, Australia 20.58, Japan

9.78, Canada 18.80, France 6.60, Germany 10.40, UK 6.66, Russia 12, Saudi Arab 15.70, Italy 8.05, China 5.84, India 1.16. Carbon dioxide comes from the burning of fossil fuels and also from the production of cement, which is a significant pollution factor in China.

Worldwide emissions rose by 671 million tons from 2007 to 2008. Nearly three-quarters of that increase came from China. The numbers are from the US Department of Energy's Oak Ridge National Laboratory, and published in the journal Nature Geoscience. According to the study, the 2008 emissions increase was smaller than normal for this decade. Annual global pollution growth has averaged 3.6 percent. This year, scientists are forecasting a nearly 3 percent reduction, despite China, because of the massive economic slowdown in most of the world and in the United States.

The United States is still the biggest per capita major producer of GHG, spewing out about 20 tons of carbon dioxide per person per year. The world average is 5.3 tons and China is at 5.8 tons. Last year, the US emissions fell by 3 percent, a reduction of nearly 192 mil-

lion tons of carbon dioxide.

Overall, European Union emissions dropped by 1 percent. Bangladesh contributes negligibly to the global carbon emission, emitting only one-fifth of one percent of world total in terms of carbon emission. Whatever happens, the most vulnerable countries (MVCs) are going to be the worst sufferers. In fine, we must cut emissions of GHGs, particularly carbon dioxide, globally. Otherwise, we cannot save our future generation.

The Copenhagen accord has shown that the developed countries have not done much for the MVCs, including Bangladesh. In spite of that, we are looking forward to the outcomes of Copenhagen accord reaching COP16 to be held in Mexico on December 2010. Bangladesh will have to demand reduction of carbon dioxide emission to 350ppm for the developed countries in the subsidiary meetings to be held in June in Bonn and the COP16 to be held in Mexico in December, 2010.

Mohammad Mizanur Rahman is a Botanist and Researcher. E-mail: mizanhe\_1971@yahoo.com

## Remembering the judge -- Murshed

SYED BADRUL AHSAN

BACK in 1968, Field Marshal Mohammad Ayub Khan was in terrific form. He celebrated the tenth year of his seizure of power through a frenzy of exhibitions as well as exhibitionism. The moment was one of intense fulfillment for the man, for he was the only ruler in the history of Pakistan till that point in that country's history, to have survived in office for a decade. And, appropriately enough, the celebrations that deluged the country were given official sanction as the decade of development.

It was a time of wonder and amusement. The wonder arose from the thought that the dictator was proving to be incapable of calling forth humility. The amusement came in the reality of what his minions were doing despite knowing all too well the troubles that were brewing across the horizon. It was one thing that the people by and large were unaware of the ominous signs of trouble around the corner, because of the simple fact that the process of information in the Ayub era was totally under bureaucratic and political control. But it was quite another thing for the men around the field marshal not to comprehend the doom that was on the way.

A dictator can only survive that long, which means as long as his luck holds. In October 1968, the irony was that even as Ayub Khan was busy carousing in the celebrations of his overthrow of a civilian government in 1958, his luck was beginning to grow thin. The very next month he decided that men as disparate in political thought as Khan Abdul Wali Khan and Zulfikar Ali Bhutto could not be allowed to roam free. That was enough. The two were hauled off to jail, as per the appropriate provisions of the Defence of Pakistan Rules. In what used to be East Pakistan, Sheikh Mujibur Rahman was already in deep trouble, or so the president's people thought, with the Agartala Case looming large over his future. The future, as Ayub saw it once Wali and Bhutto were marched off to prison, was safe. Maybe even assured.

Justice S.M. Murshed



It was misjudgment of the most terrible kind. But it was only to be expected. The trouble with people who come to power minus the sanction of the people, or without the consensus of men of significance, is that at a certain point in their overlordship of the country they tend to run amuck. If they don't, they simply stagnate into wheezy old men who do not know that a rock is around the next bend in the river. And the rock promises to beat everything to pulp. The point here is that what happened once Ayub Khan thought

he had the politicians on the leash was the rise of non-political beings in the political consciousness of the country.

The news came in minute form. Again, that is a hallmark of dictatorship. All opponents are to be kept at bay, because they are a positive threat to the illegitimate exercise of power. And if the matter is one of acquainting the people with the presence or intentions of these opponents, the natural thing to do is to limit their appeal. This a dictatorship does through methods crude and comical. So when retired air marshal Asghar Khan announced, within days of the Bhutto-Wali arrest, that he was coming into politics, the media reduced the event to a little item in the negligible portions of newspapers.

The same was resorted to when Justice S.M. Murshed took the surprising but courageous step of telling the country that he too was there to participate in the country's politics. And, obviously, the fundamental reason behind the entry of the air marshal and the judge was to give the opposition a shot in the arm. And what a shot it was! It rocked the boat, the one in which the field marshal and his complacent loyalists has so long been cruising.

The rest of history, at least that part of it which began and ended with Ayub Khan, is now a matter of record. But what has remained un-noticed, or deliberately ignored, for a very long time is the impact of the moment created by Murshed and Asghar Khan. It is especially the impetus given by Justice Murshed to the politics of Pakistan that needs review at this distance in time. The plain fact is that Murshed brought into politics, into the negativism it had reduced itself into, a

form of enlightenment that only men with intellectual content can cause to happen. His record as part of the judiciary was one without scars. More importantly, his courage in the face of institutionalised nonsense, particularly the art personified by Abdul Momen Khan and the elements who thought the land would be a lot better off without Rabinranath Tagore rousing the people of East Pakistan to cultural patriotism, is a fact that has become part of the Bengali psyche.

The one point that will for long remain pinned to the Bengali consciousness is the role S.M. Murshed performed without ambivalence in the centenary celebrations of Tagore's birth in 1961. That was, perhaps, Murshed's defining moment; and he never looked back after that. And that is one reason why it was with little regret or agonising that he walked away from the judiciary in the latter part of the sixties. His coming into politics in 1968 was therefore little that could really surprise those who knew him.

Consider the times in which Justice Murshed took the plunge into politics. Pakistan was stirring itself out of lethargy, despite the clear attempt at an emasculating of its politics by the military-bureaucrat complex holding the reins of authority. But by far the most intense kind of politics was being conducted -- and quite naturally too, given the political sensibilities of the people of the region -- in East Pakistan. The causes were of course pretty much discernible. The trial of Sheikh Mujibur Rahman, in what the government was putting across as a case of conspiracy to have the eastern wing secede from the rest of Pakistan, had only exacerbated sentiments among the Bengalis.

To be sure, Maulana Bhashani was there, ever ready to take up the cudgels on behalf of the people. But his politics, so long agitational, only promised to be even more so in the days to come. In contrast, what Murshed was offering was a condition in which Bengali politics, and by extension, overall Pakistani politics, would attain the opportunity of intellectualising itself through democratic reasoning. But Murshed did not delude himself. His goal was not to officiate as the Bengali spokesman, or even as a Pakistani spokesman in the essence of their recognised leaders. Neither was he willing to place himself in a situation where he or anyone else would take his entry into the political arena as indispensable. Yes, the indispensability was there in that S.M. Murshed needed to prevent politics from collapsing within itself in the face of the Ayub Khan stranglehold.

But personal indispensability? It was not for Murshed to consider the issue of power, of wielding it or sharing it with anyone. His job, one that was clear to him and also to those who tried reading meaning into his move, was to keep politics responsive enough to people to keep itself going. It was also what Asghar Khan was busy trying to do in West Pakistan. But the difference between the two men was that Khan, because of his long association with the regime and that too with the military part of it, was a novice when it came to operating with political elements. Murshed was the quintessential scholar, the man who measured men and matters in terms of everything that came in association with the modern. He observed issues from a decidedly judicial or legal point of view.

And he looked at the social picture through the prism of morality.

It was his understanding that Pakistan, as it stood in the winter of 1968, was quite incapable of carrying itself forth with dignity or credibility unless it was willing or energetic enough to bore deep into its soul. The six points of the incarcerated Sheikh Mujibur Rahman were on the table. The points, Murshed knew, were not the last word. But they were certainly the premise from which a new beginning had to be made. The judge was not interested in the future outside the door. His gaze was on the horizon. For Pakistan, thanks to its adventurists -- Ayub Khan and all -- the horizon was shadowed by things murky.

Come 1968. The stock of Justice Murshed rose, as thoughts of a departure by Ayub Khan began seizing the popular imagination. It was said in varied circles, including official ones, that Murshed would be the man to preside over the transition to the new state of politics in Pakistan. It is interesting to imagine the state of the country as it would have shaped up under an administration led by President Murshed. Fate, and the machinations of duplicitous men in the barracks, made sure that history would run away from Murshed and then crush the country under its weight, just two years into the future. The magnificence of S.M. Murshed, however, has stayed undiminished across the years. He remains the focus of morality in these troubled times. That is he tribute on a grand scale.

(This is a reprint of an article printed earlier.)

Syed Badrul Ahsan is Editor, Current Affairs, The Daily Star