

China visit

Scene set for greater understanding

REFLECTING substantive nature of Prime Minister Sheikh Hasina's five-day official visit to China, on its very second day, following her meeting with Chinese Prime Minister Wen Jiabao, three accords and one MoU were signed on Thursday between China and Bangladesh.

After our PM's India visit, her visit to China will be watched with interest by international and regional observers. Surely a measure of maturity has been shown by AL-led grand alliance in the conduct of its foreign policy as reflected by our highest level contacts with both New Delhi and Beijing.

Speaking of the three accords signed with Beijing, these relate to economic and technical cooperation with adequate grant, framework for construction of Shahjalal fertiliser factory and construction of the seventh Bangladesh-China friendship bridge. The memorandum of understanding on cooperation in oil and gas sector welcome as it is for the prospect it holds out for Chinese assistance in a field of vital interest to us, their expertise in power and bio-gas generation would be equally coveted.

Further to the agreements, Chinese prime minister held out some assurances of significant import: first, China will allow duty-free access of Bangladeshi products to the Chinese market. Under the Asia-Pacific Regional Trade Agreement, 2010 Bangladesh will get duty-free access of its products from July 1 with Chinese mission on purchasing affairs making frequent visits to Bangladesh being on the card. Given China's vast market, we should embark on greater export diversification so as to cater to varied Chinese demands after due assessments. China may be persuaded to invest in Bangladesh in manufacturing products with buy-back arrangements.

The second assurance has to do with extending Chinese support for the country's efforts to mitigate the severe effects of climate change in the shape of floods and other natural calamities. In river training and dredging China has enormous reservoir of know-how which we can share in terms of flood control.

Our PM's stress on regional and sub-regional connectivity awaits reciprocation from Chinese leadership which hopefully would materialise soon.

Keeping track of budgetary performance

Mid-term review should prove useful

FINANCE Minister A M A Muhith, true to his promise at the time of presenting the national budget in June last year, has submitted a half-yearly performance report to the parliament. Thereby he has set a precedent, not in a ritualistic sense but quite substantially at that, so we would like to believe. The budgetary performance has been subjected to parliamentary accountability. We would add first step taken towards that.

The MPs on both sides of the aisle are informed, so too are the people, of the status of implementation of the budget at the mid-way point. For instance, where things are on course, where have these drifted et cetera. While we greet the finance minister's sense of accountability, we would like to point out that information by itself is not a sufficient condition or proof of accountability. Unless the knowledge gained is critiqued, analysed and used as a tool for accelerating programmatic utilisation of allocations and ensuring quality of public expenditure in general it's all going to end up in a mechanical exercise.

Surplus of nearly Tk 1000 crore past the half-way point is not an unmixed blessing. Insofar as it represents the residue of unspent amount it implies a deficit in benefits that could have accrued to projected beneficiaries had there been a fuller utilisation of the given allocations. Anyway, it is better than misspending. Turning to revenue collection, it has shown a laudable upturn that needs to be built on.

Another positive trend is the progress in ADP implementation at 29 percent in first six months, historically perhaps the highest ever, but otherwise way short of the 50 percent mark. Now the acceleration in ADP implementation in the remainder of the year does entail a concern for quality. There should not be any mismatch between meeting financial targets and accomplishing physical ones with an ensured quality of output.

The above-350 percent increase in foreign assistance inflow is welcome given the history of pipeline bulges. As we see it, this, together with increased sale of government saving instruments, must have bolstered ADP utilisation, but we have to keep an eye on interest payment.

The way the entire budgetary instrument is utilised has a bearing on microeconomic management which needs to be fully assessed. We have a problem with inflation. It is attributed to price hike in the international market and increased remittances and foreign currency reserves, but with prudent monetary and fiscal management leading to stepped up productivity and supplies, inflation can be contained within safe limits.

The challenge of countering religious militancy

We should have an appropriate terrorism legislation where the definition of terrorism or extremism should be narrow but the applicability should be broader. Political use of the legislation has to be ensured along with necessary sensitisation of enforcement personnel.

MUHAMMAD NURUL HUDA

THERE is a considered view that ideology and modern-day terrorism go hand in hand. It is not unusual to see highly motivated groups with radical views against the establishment using violence as a means to make their point.

In Bangladesh, in the not-too-distant past, six so-called religious extremists were executed for committing murder and other serious criminal offences. However, to the extremist minds and those sharing and supporting their cause, it was a justified and principled fight against an irreligious establishment that needed to be taught a tough lesson.

The so-called religious extremists in Bangladesh and elsewhere have persistently ventured to establish that their struggle is sanctioned by heavenly law. There have been efforts to justify terrorism as a form of revolutionary violence against an insensitive establishment. Some have tried to equate terrorism and militancy with "moral liberation" and "self-determination."

Those wishing to take a deeper look into the phenomenon of the so-called religious militancy may appreciate that the focus is on the use of power in pursuit of policy. Though unfortunate, some sections of the public have been converted to the radical approach. The militants who are professedly fighting for protecting Islam against the western onslaught have, to some degree, succeeded in establishing the radical opinion that if power is the way in for the west, power is the way out for Muslims.

In Bangladesh, the state claims to stand for enlightened moderation. A significant

part of the elite has represented the process of fight against terrorism while some sections of the society have experienced the so-called radicalisation of Islamic thought and action.

It may be pertinent to note that western policies, in particular Washington's policies, have been perceived as unjust vis-à-vis Muslim societies ranging from Palestine to Iraq. The popularity of these supranational causes lay in the world of Islam perspective, which is shared by some articulate sections of the general public.

Some are of the opinion that the heart of the problem is unresolved conflicts and increasing cynicism. The requirement, according to them, is a policy on conflict and support to the agenda for democracy. The goal in such a view is denial of space for radicalised Islam and the militant tendency at its core. They add that the religious extremists shall not be allowed to develop vital stakes in the political system for starting a radical movement in the long run.

In Bangladesh, advocates of the radical path appear more determined than liberals or secularists. Secular forces hardly work with intense dedication, much less with a sense of mission. There is a threat in the attempts to redefine Bangladeshi statehood in Islamic colours. Initially, there was constitutional faith in state secularism as the defining credo of Bangladeshi nationhood.

The objective, according to some observers, should be the restoration of the natural centrism of our politics. We have to remember that the state policy is under attack by religiously mobilised political forces. The place of organised religions in public life should also occupy our thoughts. We have to also remember that in



Bangladesh gross poverty co-exists with democracy, a liberal constitution and disorder with functioning polity.

We have to remember that religious and traditional beliefs are far more tenacious than the liberals imagine. The state, at times, has been involved directly in the business of defining religion. Secularism as state ideology is unable to compete with a language of belonging saturated with religion. Additionally, the compulsions of the traditional obligations of the rulers to protect state religion have to be kept in view.

There is a need to reassert the innate pluralism of our politics, which has not favoured strong ideological parties. This is significant because the liberal front faces an uphill task in effectively recapturing the political as well as the psychological ground already lost to the so-called extremist quarter. Such quarter is reportedly preparing for further round of aggressive social mobilisation with plans to embark upon politics of confrontation with a view to deriving political capital.

We need to be clear and definite about the threat perception. The perceived enemy has an emotional and religiously

sensitive alignment with the ordinary people. The activists of religious institutions should be placed under discreet surveillance for penal action.

We should have an appropriate terrorism legislation where the definition of terrorism or extremism should be narrow but the applicability should be broader. Political use of the legislation has to be ensured along with necessary sensitisation of enforcement personnel.

The mission and strategy of our crime-fighting and intelligence organisations have to be stable at least insofar as the domestic threat scenario is concerned. It must not change with the change of political power.

We need a system which puts employment generation at the centre of our policy agendas. The deprived majority has to get an investment stake and price regime that empower them to capture more of the gains from their labours and improved productivity. We need an inclusive policy agenda where the stake of the deprived classes has to be institutionalised by law rather than by the whims of our policymakers.

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Europe 2020 strategy proposed

Both Europe and Bangladesh are looking at potential sustainable growth. There will be many difficulties given the fact that the world's growth potential has been hit through the crisis in labour markets and public finances. Nevertheless, both Europe and Bangladesh have latent possibilities that will prove to be useful.

MUHAMMAD ZAMIR

THE European Commission is in the midst of an innovative exercise.

This was reflected a few days ago in its proposals published in the format entitled Communication on Europe 2020. This contained certain concrete proposals, which could be described as being a successor format to the Lisbon Strategy. The impact of the public finance crisis coupled with demographic trends has made this reform a critical success factor for Europe's economic and social model and for long term sustainability. It is expected that these will be discussed at the forthcoming Spring Council.

Europe 2020 aims at focusing on 'smart, sustainable and inclusive growth, with high level targets' covering different dimensions. In this context, the Commission is hoping to put in place additional targets on education, poverty reduction and climate change to those already in place within the matrix of the Lisbon Agenda: R&D expenditure (with the target unchanged at 3% of GDP) and the employment rate (with a higher target of 75%).

It appears that the planners will rely for delivery of expectations on a twin track structure. The Commission has proposed seven important initiatives, intended to spearhead the drive towards a 'smart, green and inclusive economy'. This focus on thematic initiatives is hoped to combine EU level action with member state action within the paradigm of a strengthened Lisbon Agenda process of monitoring and benchmarking.

Analysts have claimed that the current proposals are an improvement compared to the consultation paper from the end of last year and that some of the obvious flaws, such as the virtual absence of cohesion policy, have been corrected. It does appear that the proposals have become more concrete, and are now dealing with all three aspects of sustainable development - economic, social and environmental.

I believe that the inclusion of education has been a bold and positive step. An agenda that aims at improving EU competitiveness (as well as inclusion) must include the education dimension. However, the way forward in terms of education targets has to be chosen very carefully given the fact that diversity

within the EU is further compounded through the presence of early school leavers and graduates.

The new EU strategy will be a significant plus. They integrate concrete EU action much more firmly in the strategy, making sure there is a clear agenda at EU level. I believe that there is still room however for improvement: While some of these flagship initiatives contain a clear indication of action needed at EU level - for example creating a Digital Single Market - others are more aspirational - arranging the European platform against poverty. It is crucial that significant tools and instruments (including timetables and concrete legislative measures) are committed to each initiative. This will determine how successful these flagships are in delivering the high level objectives.

A careful scrutiny also suggests that some of the proposals are not as perfect as they are being described. In some areas, the underlying rationale appears to be missing. It is also unclear how the targets - indicators and levels - have been picked. The strategy should have spelt out a clearer rationale for picking a specific EU level - for example, how will 3% of GDP R&D expenditure impact on Europe's growth rate and competitiveness? Ideally, EU target levels should have been constructed as a sum of individual country targets. This would have also provided individual countries the necessary leeway for developing own target levels. It is this which leads me to believe that the strategy would have been more credible and deliverable, if the link between policies and targets would have been more explicit, spelling out which specific policies will help achieve the target level. This would have provided a yardstick for measuring success or failure of policies, independent of other influences.

It is also clear that the proposals do not cover all policy areas that are important for sustainable growth. Analysts have accordingly pointed out that structural reform of public sectors, especially public services, should have had a more prominent role.

Another crucial issue missing from the high level targets is the sustainability of public finances, with the Stability and Growth Pact kept deliberately separate from Europe 2020. This omission means



that the strategy will not address economic reform comprehensively and also makes it dependent on other successes (or failures).

While questions still remain on the content of the strategy, the real question is whether the EU has the instruments to deliver. Looking at the targets, the tools to deliver are mostly at Member State level so it remains to be seen how far Member States this time round will match action to aspiration.

The proposed governance mechanism will also require more serious effort with regard to factors like benchmarking, monitoring and recommendations. It is true that individual governments can be admonished if they do not take the right actions. However what will be significant is the question of application of their political will and whether that will be consistent or variable.

Agreeing on a vision for Europe 2020 might be difficult enough - but without stronger governance mechanisms for implementation, it will just remain a vision. The Commission could have gone

further. It will have to examine how structural reform can be integrated into Europe's economic governance mechanisms, and also propose new and innovative delivery mechanisms.

I have written this critique today because the relevant authorities in Bangladesh are also drawing up requisite plans and strategies to achieve a sustainable, poverty free digitalized Bangladesh by 2021. They will need to carefully follow what is being attempted in Europe and learn from their experience.

Both Europe and Bangladesh are looking at potential sustainable growth. There will be many difficulties given the fact that the world's growth potential has been hit through the crisis in labour markets and public finances. Nevertheless, both Europe and Bangladesh have latent possibilities that will prove to be useful if activated first in the sub-regional and then in the regional contexts.

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