

Desist from committing the blunder

An empowered ACC pivotal to fighting corruption

WE think the government is headed towards making a mistake. For, it appears set for turning the ACC into an appendage to the executive, without the power to deal with corruption effectively. But during the roller-coaster ride of the ACC we have repeatedly reminded the government that a dis-empowered ACC cannot fight corruption. It should be structurally and functionally independent of executive control, subject only to accountability before parliament and acting on the basis of clearly laid out terms of reference, mandate and schedule of offences. Also, it should have built-in safeguards to stand untarnished by any partisan brush, regardless of changing of the guard.

The point need hardly to be laboured that corruption destroys social fabric, decimate moral texture of society and government, debase service delivery and eats into GDP growth making the national sense of loss and denial too grievous to bear. Thus, an independent ACC has been a longstanding demand of the people. During BNP rule it was still-born, the last caretaker government giving it a shape accompanied no doubt by a degree of highhandedness. But that extra-ordinary experience should not be allowed to cloud the vision for an empowered ACC in the normal run of governments. So, it should be clearly mandated and equipped to combat corruption which will be of long-term advantage to all democratic governments. In any case, an improvement in the TI global index of corruption that we have achieved is put down to the seriousness with which anti-corruption message got dinned in to the ears of functionaries during the caretaker government.

From the sweeping cabinet proposals for amendment to clip the ACC's powers, however, we get a signal that the government is not keen on fighting corruption. Actually, it appears that the bureaucracy has scored a victory over the political government because couldn't shake off past hang-ups. If this is the way the government plays into the hands of bureaucrats, it will strengthen the impression that the former is not serious in fighting corruption in high places because it has a stake in it. That will be the last nail driven into the coffin of whatever remains of the ACC.

It is difficult to shrug off the feeling that much the same way as the government succumbed to the pressure of MPs in dis-empowering the elected upazila parishads so also it is buckling under bureaucratic pressure to cripple the ACC. It should desist from committing this blunder; for, if done, it will cost the nation dearly.

The ban on South Asian movies

Local industry protection hasn't led to quality productions

THE move to lift the ban and then not to lift the ban on Indian movies raises a very fundamental question about decision-making at the government level. The other day, the commerce ministry informed the country that Indian movies, banned in Bangladesh since the early 1970s (a move first made in 1965 by the then Pakistani government), would be allowed back in. The reason given out was that cinema halls have remained largely empty with people not very drawn to watching films produced in Bangladesh. In effect, it was to give a spurt to the movie houses in the financial sense that motivated the decision. And then, before citizens had a real chance of assessing the move, the government came in with the news that Indian movies would after all not be allowed back in Bangladesh.

Now, the manner in which the first decision was made and then was swiftly followed by the second is something that worries us. There are important questions involved here. In the first place, on what ground did the commerce ministry take upon itself the task of removing the ban on Indian movies? As a minister has noted, a decision on such a sensitive issue cannot be taken unilaterally by a single ministry when there is an entire cabinet to do the job. In the second, one must ask why the prime minister must get involved in nearly every sphere of decision-making. We have observed with consternation that ministers, individually as well as collectively, are in most instances unable to decide on matters which fall within their jurisdiction and instead depend on the prime ministerial nod before making a move. This attitude is certainly debilitating and can only lead to a further question: is there no agenda for the cabinet other than waiting for the head of government to decide an issue?

The authorities have by keeping the ban in force succumbed to pressure from the local film industry. It is simply a case of playing to the gallery. The truth is that in the last 39 years, barring honourable exceptions, there has been no qualitative improvement in our movies and indeed they have been on a continuous slide. If people do not visit cinema houses to watch low quality movies, can one really blame them? We would certainly like to come by quality foreign movies from around the globe. English, Russian, Korean, Japanese and other movies have regularly impressed people. Why must we be deprived of the chance to watch them? Besides, all this demand for keeping foreign movies at bay is really ridiculous given that families these days can and do watch all kinds of movies from around the world on home videos.

Finally, one cannot ignore the importance of competition as being pivotal to the attainment of excellence. Allowing foreign movies into the country can only spur the local film industry into striving for the heights of aesthetic accomplishment. The ban, in our view, in effect means taking a myopic view of realities.

When superannuated men drive diplomacy

It does not help that individuals with absolutely no record of diplomatic service are sent there. But if they are, it is a sign of a cavalier attitude to international relations replacing the importance of strategic thinking being an underpinning of foreign policy.



SYED BADRUL AHSAN

THE appointment of yet another retired diplomat to represent Bangladesh abroad brings down the significance of the Foreign Office a further few notches. That a superannuated foreign service man is now about to take over as our high commissioner in Pakistan can only point to the obvious, which is that the bad state the country's diplomacy is in will likely get worse.

Diplomacy, if you must know, gets to be a

pool of stagnant water as long as it does not constantly get replenished with vitality. And vitality comes through the infusion of new blood, through placing at key points around the world men and women ready and able to project the image of the nation abroad. Such vitality, unfortunately, has not been observed in the Foreign Office for years on end. The more appropriate point here would be a little more truculent: over the years, the nation's foreign policy edifice in Shegun Bagicha has increasingly been made redundant, for no fault of the men

and women who are part of it.

There certainly is no dearth of qualified individuals among the present crop of Bengali diplomats for the job of high commissioner in Pakistan or anywhere else for that matter. That is known for a fact and because it is, one quite does not understand on what overwhelming considerations the government has decided, in the infinity of its wisdom, to pick a man leading a life in retirement to lead the nation's mission in Islamabad.

On a wider scale, the appointment of former diplomats as high commissioner to Delhi and ambassador to Washington raises the question of whether political loyalty is all when it comes to handling sensitive diplomatic issues. And then there is the moral side to the issue: if retired individuals are called back to work and that too in crucial spots around the world, how do you deal with the frustration that rapidly and surely builds up in those who have been preparing themselves for years to walk away into the sunset once they have served as top diplomats for the country abroad?

Observe yet another reality about such obtuse diplomatic appointments: in these past many months, nothing spectacular has happened in Delhi, Washington and London to convince the country that the men sent there, owing to their loyalty to the Awami League, have made a difference.

Of course it remains the prerogative of a government to post its own people at missions abroad. But must such selections of diplomats not be based on intellectual considerations as well? You may appoint an academic as high commissioner or ambassador, but only on the ground that he or she will inject an aesthetic purpose into the working of the mission he or she will lead.

In the 1970s, Khan Sarwar Murshid did a good job as ambassador in Poland (truth be told, he should have been sent to serve in London or Washington). Azizur Rahman Mallick was a powerful presence in India as high commissioner. Pakistan and India have regularly sent out individuals of marked accomplishment as their top diplomats abroad.

The point, therefore, is that men and women of talent have in the past set forth

on voyages as the faces of Bangladesh's foreign policy overseas. But when governments decide that party loyalists and former diplomats are good enough to speak for us around the world, they do us grievous wrong. And they do the Foreign Office grievous wrong.

We are not being rhetorical, but we do think it is time for a reinvention of Bangladesh's diplomacy through a rejuvenation of its diplomatic service. The infiltration of lacklustre, mediocre political appointees and military officers as ambassadors and high commissioners since the mid 1970s has taken a toll on just the Foreign Office but on the country as well. Then again, there are the tales of senior diplomats going all the way (and that has included sycophancy, grovelling, kowtowing, et cetera, before the powers that be or before those close to the powers that be) to come by extensions in their plum postings.

To what degree these men have made Bangladesh a centerpiece of global activity is a question you really do not have a response to. And do not forget the cases of those diplomats who have simply refused to accept the postings they were offered. Think here of our embarrassment with the Germans. Think of the man who refused to move from London to Hanoi.

And shouldn't we have had, at the United Nations, a man well versed in the nuances of foreign policy through serving at the Foreign Office, to speak for the country? It does not help that individuals with absolutely no record of diplomatic service are sent there. But if they are, it is a sign of a cavalier attitude to international relations replacing the importance of strategic thinking being an underpinning of foreign policy. It is poor judgment.

Here is how we can get Bangladesh's diplomacy working again: give it back to the Foreign Office. A frustrated crop of diplomats is a recipe for non-performance abroad. Politics, if it is handled with dynamism and comes wrapped in ideas, can neuter that frustration, can endow with class our approach to the world beyond our frontiers.

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Standing on our own feet

Before being complacent about the state of the economy, there should be a "stress test" for the health of the economy of Bangladesh by working out the macroeconomic implications of the questions and examining the implementation requirements.



RIZWANUL ISLAM

BANGLADESH has declined IMF's offer of assistance (read, loan) in coping with the adverse effects of the global economic crisis. Bangladesh has taken the stand that as it has successfully handled the fallout of the global economic crisis, it should be regarded as a success case and should be "rewarded" by assistance in the form of budgetary support.

In my view, Bangladesh has rightly decided not to take loans from the IMF because there is no need for it. However, whether Bangladesh can be regarded as a success story depends on the criteria used for assessing success. Why do I think that it was right not to accept it?

One of the major aspects of the economic crisis of 2007-09 was the deep economic recession that many developed countries suffered from. A number of developing countries also suffered economic downturns (if not outright recession).

While developed countries adopted counter-cyclical measures to stimulate their economies, it was agreed that developing countries should also undertake such measures, and should be assisted in enhancing their fiscal and policy space to do so. The IMF's

financial base was strengthened to enable the organisation to assist developing countries.

It is against this background that the IMF has introduced three new instruments for low-income countries: (i) standby credit (a short-term facility), (ii) rapid credit (emergency support with limited conditionality), and (iii) extended credit facility (flexible medium-term support).

By offering loans to Bangladesh within this framework, IMF appears to have repeated the mistake of adopting the "one-size-fits-all" approach. Moreover, the loans would perhaps be subject to conditionality and monitoring (if not tutoring). Given Bangladesh's macroeconomic situation, there is no need to get into that kind of situation. It is from this point of view that I consider the stand taken by the government of Bangladesh to be correct.

Does Bangladesh represent a case of success in handling the impact of the crisis? In order to answer this question, it would be necessary to go into some details.

Consider the strengths of the economy. Apart from some minor hiccups (and recent decline for which the lack of export demand cannot perhaps be blamed), there have been no major adverse effects

on the garment sector.

The other major source of foreign exchange -- remittances sent by migrant workers -- has not been adversely affected despite a substantial decline in the number of workers going abroad in 2009. As a result, the country's foreign exchange reserves have risen to a healthy level.

On the budgetary side, there has been no major increase in the deficit. So, there appears to be some reason to be satisfied with the overall macroeconomic performance of the economy. But is that sufficient ground to be complacent? It is not. And it is important to understand the reasons for that.

Without taking away credit from the managers of the economy and without denying that the economy has attained a degree of resilience, our economy did not really face a tough test during the global recession. How will it fare if another external shock poses real challenges? Moreover, given the current level of commitment of the government towards social goals, demand pressure on the budget is rather limited.

Given the challenges involved in attaining the Millennium Development Goals, and the government's pro-poor stance, it is important to examine the real challenges that lie ahead.

First, the size of the foreign exchange reserve needs to be looked at in the context of the requirements of an economy, especially in relation to import costs. Only in recent months has the level of reserves exceeded the equivalent of three months' imports (the level that is regarded as minimum for the health of an economy) -- in February 2010, it exceeded five months' requirement. It is important to look at the medium-term average in this regard rather than figures for just one or two months.

Second, if the export sector faces a substantial decline, and if the government were to undertake a stimulus package of sizeable magnitude, what fiscal space would the country have? The stimulus package adopted by the government was minuscule compared to the size of the economy and to that adopted by some other countries. In fact, according to one assessment by the World Bank, Bangladesh is one of the "high exposure" countries and has "medium" capacity, in terms of fiscal space, to respond.

Third, one of the factors that helps Bangladesh keep its fiscal deficit to reasonable limits is the low capacity to implement its development programs. An improvement in that respect is likely to have an adverse effect on budgetary deficit, unless of course matched by success in raising resources.

Fourth, there is very little by way of "automatic stabilisers" (e.g., unemployment insurance or social assistance) that could come into play in the case of a serious downturn of the economy. The government should seriously consider such measures as a way of

preparing for a future economic difficulty.

There has been no serious decline in the export-oriented sectors and job losses have remained limited. We really don't know what has happened to those who have lost their jobs. More important, what would happen if there is a serious economic downturn in future, resulting in substantial job losses? Shouldn't there be preparation to handle such a situation?

Fifth, there is very little by way of social protection except for old age allowance, widow's allowance and social safety net type programs. The coverage and effectiveness of such programs need to be improved substantially; and that would have implications for the budget. Take the old age allowance, for example. Even after the increase in the amount of allowance that came into effect through the budget of 2009, it remains less than a fourth of the poverty line income.

The coverage of the program is rather limited; in order to make a real impact on poverty, both the amount and coverage need to be increased. This should be a long-term goal of the government and should be pursued systematically through successive budgets. The budgetary implications need to be worked out.

Sixth, there are various safety net programs that include employment programs as well. However, they cannot serve the purpose of real automatic stabilisers unless the coverage is universal and there is legal guarantee and provision for unemployment benefit, with the expenditure incorporated in the government's own budget (as opposed to continued dependence on external assistance). This should be done to assess what the impact on budget would be and to ascertain how the goal could be achieved.

Seventh, while remittances have not declined, the number of people going abroad with jobs has declined substantially. Compared to 875,000 in 2008, the number in 2009 was only 475,000. I wonder whether one has ever thought whether the economy in 2009 was able to create an additional 400,000 jobs or whether that number simply got absorbed into the economy through work sharing.

Are there any plans to face possible consequences of a large-scale return migration? These are issues that need to be addressed in order to keep the economy in a state of preparedness to face possible future external shocks.

Before being complacent about the state of the economy, there should be a "stress test" for the health of the economy of Bangladesh by working out the macroeconomic implications of the above questions and examining the implementation requirements.

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