

Parting comments of CEC

Emphasis on neutrality cannot be stressed enough

WE believe that the parting comments of the outgoing Chief Election Commissioner (CEC) merit serious consideration. The successful completion of his five-year tenure has left him with a wealth of experience and a number of observations which he leaves behind for the incumbent CEC and Election Commission (EC) overall. These can help them in the holding of the country's next general elections in a free and fair manner.

While all eyes are now on the search committee which has been formed to recommend names for the appointment of the next chief election commissioner and election commissioners, due to be finalised today, the overarching imperative is to have a fully neutral EC.

The three things which hinder the holding of free and fair elections, according to the former CEC, is a faulty voter list, black money and muscle power. The outgoing EC's biggest battles were against these forces and the new EC's must be as well. The former CEC also suggested options such as staggered voting and the use of electronic voting machines, among other things, to aid the electoral process.

While, to our minds, the issue of elections under a neutral Caretaker Government remains open, we strongly believe that the pivotal factor in the holding of free and fair elections lies in a strong and independent election commission, caretaker system regardless. We reiterate here the words of the former CEC that neutrality is key. We expect that the EC will be structurally, functionally, fundamentally independent and provided with adequate logistical support to enable it to exercise its remit. This includes the barring of all forms of external influence which may try to interfere in the electoral process. To this end, whatever reforms to the electoral laws are needed would have to be brought about.

We hope that the experiences of the former EC will be taken into consideration and that they will guide the future EC and be reflected in its actions. The former EC has set a good precedent, it will be up to the future one not only to uphold it, but also improve it where necessary, so that the nation's next parliamentary election can be held above any controversy and conflict.

We end by registering our appreciation for the good work done by the CEC and his team of commissioners during their tenure.

Concern over scarce water

New sources should be tapped

THE ground water table is going down by three metres every year according to a latest estimate -- thanks to our over use of this water source. About 87 percent of water that Dhaka WASA uses is ground water. Now we have to look for alternative sources for water to meet our growing needs.

In this context, how much of the water we use can be recycled for reuse is the question of the hour? According to research conducted by International Training Network of BUET, about 80 percent of water discarded from households can be recycled.

Our metropolis consumes only 20 percent of its water supply for drinking and cooking purposes; whilst the rest 80 percent is used for household activities like washing, bathing and cleaning toilets.

The most important task at hand now is to recycle this 80 percent water and put it to use for beneficial purposes such as agriculture, landscape irrigation, industrial processes, toilet flushing and replenishing the ground water basin. Waste water treatment can offer resource and financial savings and can also be tailored to meet the water quality requirements of the city. This as a result can take a bit of the load off the city's water supply, which is presently hard-pressed to meet demand.

Ground water is replenished by precipitation, which is a natural and slow process. Moreover the city's unplanned growth and filling up of low lying water bodies do not allow the ground water to be recharged.

To better tackle the situation WASA plans to use surface water for the city in the near future. However while using the surface water it should be monitored that their sources are kept clean. The two goals are intertwined.

For the purpose of sustainability and water conservation ideas such as using surface water, rain water harvesting and recycling household water, should be tapped. Moreover emphasis should be given to keeping ground-

THIS DAY IN HISTORY

February 7

1856

The Kingdom of Awadh is annexed by the British East India Company and Wajid Ali Shah, the king of Awadh, is imprisoned and later exiled to Calcutta.

1856

The colonial Tasmanian Parliament passes the second piece of legislation (the Electoral Act of 1856) anywhere in the world providing for elections by way of a secret ballot.

1945

Black Sea talks plan defeat of Germany. Plans are being drawn up by London, Washington and Moscow for the final phase of the war against Germany.

1974

Grenada gains independence from the United Kingdom.

2005

MacArthur sails into record books. Britain's Ellen MacArthur becomes the fastest person to sail solo around the world.

Latest monetary policy statement: How realistic?

MIRZA AZIZUL ISLAM

BA NGLADESH Bank announced its monetary policy statement (MPS) for the second half of the current fiscal year (January-June 2012) on January 26. Explicitly or implicitly, the objectives that the MPS seeks to accomplish are:

- Curbing inflation to single digit level,
- Limiting depletion of foreign exchange reserves and establishing external sector equilibrium, and
- Supporting GDP growth of 6.5 - 7.0% in the current fiscal year (FY)

The instrument to achieve these objectives is the containment of broad money growth; primarily by reducing the growth of credit components of monetary aggregates. This article seeks to explore the efficacy of the instrument in realising the avowed objectives.

At the outset, I should mention that in earlier article (DS, February 13, 2011) I had raised questions about the effectiveness of monetary policy in fulfilling the targets relating to monetary aggregates by comparing the targets for June 2010 with the actual outturns. The problem of wide divergence persists.

Curbing inflation

Given the point-to-point rates of inflation in each month during July-December 2011 period, if the annual average inflation is to be brought down to 9%, point-to-point inflation has to come down to an average of 6.7% during January to June 2012. This is obviously a far cry from the actual average of 11.3% during July-December 2011 period.

MPS objective of reducing inflation is predicated on two assumptions: (i) it would be possible to achieve target credit growth and (ii) reduced credit growth would have a benign impact on inflation. The first of these assumptions is open to serious questions. The recent increases in credit growth have been contributed by a huge jump in credit to the public sector reaching a staggering level of 62% in December 2011; private sector credit growth has significantly decelerated.

Bangladesh Bank correctly identifies the underlying causes as high subsidy payments, drastic fall in net foreign aid (the amount received during July-November 2011 was only

7% of that received in July-November 2009) and low level of non-bank borrowing (net sale of National Savings Certificates during July-November 2011 amounted to marginally over one-fourth of the level during the same period of the preceding fiscal year). These problems have been compounded by a relatively slower growth of revenues, albeit at a satisfactory pace in an absolute sense (the growth of tax revenues during July-November 2011 was 16.9% compared to 27.5% in the corresponding period of the previous year). There is hardly



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any indication in the MPS about how these problems will be resolved. It would, therefore, be unrealistic to expect that growth of credit to the public sector will be halved from 62% to 31%.

The target of growth of credit to the private sector set at 16% (marginally lower than 18% in December 2011) appears achievable. However, recent evidence does not support the assumption that the slowing down of private sector credit growth will greatly reduce inflationary pressure. In fact, private sector credit growth fell continuously from 25.8% in FY11 to 22% in September11 and 18% in

December 11; yet inflation has aggravated. The most likely reasons are (a) low growth of private sector credit affects the supply side adversely and (b) the recent increase in inflation is attributable more to the depreciation of exchange rate which stokes cost-push inflation. This point leads to the discussion of the effectiveness of MPS in establishing external sector equilibrium.

External sector equilibrium

MPS hopes that the depreciating exchange rate will accelerate exports. This again is likely to prove unrealis-

tic. Exchange rate has been more or less consistently depreciating since December 2010, but export growth has been consistently falling (it was 41.5% during FY 11, 22.6% during July-September and 14.8% during July- December of FY 12). An in-depth examination is needed to ascertain what is causing this scenario. There may be impediments both on the supply side and the demand side. There has been some improvement in remittance growth, rising from 6% in FY 11 to 9.3% during July-December of the current fiscal year.

Imports have been falling, but at a considerably slower rate than exports (its growth was 41.8% in FY 11, 23.1% in July-October and 21.6% in July-November of FY 12). Moreover, imports have reached a highly inelastic zone. In terms of L/C opening, during July-November of the current FY, import of food grains fell by 58%, capital machinery by 38% and industrial raw materials by 8%. What increased dramatically was import of petroleum (135%) and it is likely to grow unabated because of the furnace and diesel oil based power plants already commissioned or about to be commissioned.

Given the above scenario with respect to exports, remittances and imports, external sector equilibrium may remain a pious wish.

GDP growth

The target of GDP growth is also unlikely to be achieved. As already noted, falling growth of credit to the private sector will have adverse implications for the supply side. Disbursement of agricultural credit during July-December of the current fiscal year fell by nearly Tk.500 crores over the same period of last fiscal year, that of industrial term loan by about Tk.50 crores. The significantly negative growth of L/C opening for import of capital machinery as well as industrial raw materials, much slower growth of exports than that of imports and drastic reduction in the disbursement of external assistance do not bode well for GDP growth during the current fiscal year.

Furthermore, the banks are suffering from serious liquidity crunch, deposit growth in the banking system has fallen (negative for demand deposit) and with the recent removal of interest rate caps, lending rates have increased substantially. These elements will have to be added as disincentives for private sector investment (which accounts for over 80% of the country's total investment) and therefore GDP growth.

The recently announced MPS contains some useful diagnosis of the current problems in the macroeconomic scene. But in my assessment it fails to set realistic macroeconomic objectives and the expected impact of its stance on those objectives is unlikely to be realised.

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Denying human rights violations increases their likelihood

ABBAS FAIZ

PRIME Minister Sheikh Hasina was mistaken when, on January 15, she declared there were no human rights violations in Bangladesh. Had she taken even a cursory glance at the country's newspapers or reports by Amnesty International or Bangladesh's own human rights organisations -- such as Odhikar or Ain O Salish Kendra -- she would have seen countless reports about endemic human rights violations that her own government has failed to address.

One is torture. Torture is quite widespread in Bangladesh and committed with virtual impunity by all security agencies -- the police, the Rapid Action Battalion (RAB), the army -- acting alone or in unison with each other. Only when the victim dies is torture investigated within the criminal justice system. Even then, if the alleged perpetrators are RAB or army personnel, no credible investigation ever takes place. Hundreds, possibly thousands, of surviving torture victims have little hope of ever receiving justice.

Violence against women in Bangladesh comes in many forms, all equally objectionable: from acid attacks to violence in police custody to domestic violence which, in the very worst cases, ends with the murder of newly married women whose

family cannot afford to pay the dowry demanded by the husband. Rape is common in Bangladesh, but victims usually decline to report the crime for fear they will not be taken seriously or of angering their attacker. No matter how much the government wishes to deny it, this violence exists.

One can only assume that the

life. Very few are likely to have their sentence commuted as only loyal political supporters are ever taken off death row by the ruling party of the day.

Political parties in Bangladesh maintain violent pressure groups to suppress their opponents. They run so-called student and youth groups who

If perpetrators of human rights abuses think they will never be punished for their crimes, then abuses are all the more likely to continue.

Prime Minister's denial that extrajudicial executions even exist is an attempt to cover her government's failure to stop them. On assuming office in 2009 Sheikh Hasina committed to ending such executions, but more than 200 deaths have occurred on her watch alone. Denial also cannot change the fact that more than 700 people have died at the hands of the RAB since 2004.

In the Chittagong Hill Tracts, Bengali settlers continue to confiscate indigenous people's land, while the army or other law enforcement agencies look on.

There are over 1,000 people reported to be on death row in Bangladesh, despite the fact that the death penalty violates that most fundamental of human rights: the right to

keep fire arms, often with the blessing of their affiliated party. Bangladeshi media frequently report the activities of the student parties -- under the shield of the governing party -- extort money, attack rival student groups, and target journalists who dare report the human rights abuses they commit. In endorsing such groups, the government effectively endorses unchecked human rights abuses.

Amnesty International welcomes the government's effort to bring to justice those accused of human rights violations during the 1971 independence war. Human rights standards must extend to all however, even those accused of the worst crimes, and the government has a duty to ensure that those accused get a fair trial. A constitutional ban on the right

to challenge the jurisdiction of the court remains in force, weakening the possibility of a fair trial.

That human rights violations persist in Bangladesh is apparent to many so why this attempt to pull the wool over our eyes?

This is not just a simple untruth. Denying human rights violations sends a signal to perpetrators that their acts will go unpunished. And if perpetrators of human rights abuses think they will never be punished for their crimes, then abuses are all the more likely to continue.

The Prime Minister can only stem the tide of abuse in Bangladesh, if she takes proactive steps. A commitment to human rights and justice would be clearly demonstrated by reviving the draft police reform bill in order to strengthen Bangladesh's criminal justice system, and establishing independent, competent inquiries into allegations of abuse.

Denying human rights violations tells the world that Bangladesh doesn't care about human rights and embarrasses Bangladesh internationally. We urge Prime Minister Sheikh Hasina to reconsider her statement -- and to immediately take the action needed to improve human rights in Bangladesh.

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