

KALEIDOSCOPE

Transit and connectivity

Get the infrastructure ready

NOW someone in the government is talking sense about transit. One could not agree more with the finance minister that with the present condition of our infrastructure Bangladesh is not yet in a position to allow transit of goods overland.

It is unfortunate that in Bangladesh the matter has turned out to be controversial. There are very little grounds to oppose the plan that rests on the core idea of connecting the region. And for Bangladesh, being where it is, the gift of geography has endowed it with a huge potential to derive strategic benefits as well be the connecting hub of not only between the countries of South Asia but also between the region and South East Asia. It is a pity that the matter has been politicised to such an extent that the ground realities and the economics of the issue are often lost sight of.

For Bangladesh it would be unwise not to exploit the potential benefits. And while talking about transit, the facility, as we understand, should be offered to all the regional countries, particularly the land-locked ones for their access to ports in Bangladesh.

We are dismayed by the way the issue has been dealt with by the successive governments. While we were disappointed to see the matter dismissed out of hand by the BNP led 4-Party alliance during its tenure, we have been quite unable to see the rationale in the undue rush to provide the facility to India, and that too at cost to our existing infrastructure, by the present government. We are also disconcerted at the inability of the government to work out the economics of the issue and fix the charges, because there is no way that Bangladesh can allow the use of its territory, nor can the services it will provide in allowing transit be, free of charge. In fact, anything else would be contrary to international practice.

Thus we feel that in the true regional spirit the infrastructure should be got ready quickly and first, and if the Indian line of credit regarding this is restrictive, persuade Delhi to relax it or arrange for alternative financing.

Slashed ADP

What does it mean?

ONE ought to be surprised. And yet the news that only a third of the Annual Development Plan has been utilized in the last seven months does not quite surprise us. And that is for the simple reason that over these past few years fund utilization has generally been low. That is in itself a telling comment on the efficiency with which the government or, more precisely, its various ministries and departments perform. As a result of the low utilization of funds this year, the ADP will likely be slashed by as much as Tk. 5,500 crore. In other words, in the seven months we speak of, of the total allotment for this fiscal year, 34 per cent or Tk. 15, 784 crore has been spent altogether.

Which leads us to the next point: if fund utilization is this slow, the argument that adequate foreign aid is slow in coming or that local resources are unable to meet demands simply does not hold water. Observe the figures again. The ministries together were able to use only 41 per cent of local allocations for development. In the region of foreign aid utilization, the figures are even lower, a mere 24 per cent. And despite what the planning ministry might tell the country about funds utilization lately picking up speed, the fact remains that such a slow utilization of resources is not only a sign of sloth on the part of the ministries but is also illustrative of cluttered decision making processes. This explains why there are so many carry-over projects. Basically, in a rush to utilize the remainder of the funds, government ministries and departments will be tempted to spend money on projects adopted more on political than economic consideration. Besides, the quality of project implementation will be compromised.

Isn't it time for the government to streamline its work, specifically by seeing funds allocation through to a successful, satisfactory implementation of projects that also

We want to hear bolder voice from civil society



SYED FATAHUL ALAM

IF a government is voted to power through a free and fair election, is there a guarantee that the outcome would be a democratic

government? There is no such guarantee if you are talking about Bangladesh.

Though the Jatiya Sangsad elections held during the last twenty years in Bangladesh were free and fair, can we honestly claim that the governments that came to power through those polls were really democratic?

It is a hard question to ask for an honest answer in Bangladesh. That is because there is every chance that the prospective respondent might be a supporter of either of the two major political camps led by the Awami League and the Bangladesh Nationalist Party (BNP).

The supporters of AL, for instance, will say that all the governments in which their party ruled were democratic ones, while those ruled by the BNP were undemocratic. The camp followers of BNP will express exactly the opposite view. Those belonging to neither of the camps may have a more objective view of the reality. But they belong to the segment of the population that we call the silent majority. Neither camp cares about what this silent section of the electorate think.

But thanks largely to the non-party, neutral, caretaker governments formed to conduct those elec-

tions since 1991 that the incumbents always failed to turn the election results in their favour. But even the tide of anti-incumbency hardly helped matters, since no fundamental change in the quality of governance could be effected as a result of such elections. And as soon as the euphoria over each such electoral result died down, the electorate again began to feel cheated as the new rulers started show their real face.

Intoxicated with newfound power, the ruling party, on the other hand, used to miss the very point of why the majority electorate did give them the mandate to rule the country in the first place. Their electoral success blinds them to reason. In their obsession with self-glory, they begin to think that their setback in the previous election was not due to any wrong committed by them while in government. On the contrary, they draw the conclusion that the electoral reverse they suffered last time was the outcome of a conspiracy hatched by their enemies in the caretaker government, in the Election Commission as well as in the different organs of the state in collusion with the opposition party. This dan-

gerous conclusion leads them to consolidate their power in the most naked manner to ensure that they may not have to face any electoral defeat in the next general election.

What followed is politicisation of every branch and tier of the administration. Haunted by what they perceive to be an opposition that has no other business but to plot and weaken and thus topple them, they train their propaganda machine on

the sole purpose of demonising the opposition and portraying them as the enemy of the people. And so they have hardly any qualms about denying the opposition space in parliament and on the street. The opposition, too, tries to pay the ruling party in the same coin.

By marginalising the opposition, the ruling party screens itself from external criticism of its performance in governance, while the party loyalists' role remains confined to only singing in praise of their leader and extending unqualified support to every action the leader takes, right or wrong.

The former Chief Election Commissioner (CEC) A.T.M. Shamsul Huda, at a recent seminar, rued that the ruling party grabs everything,

encourages muscle power and corruption. The end result is the destruction of the rule of law.

By dint of his position as the former CEC, Mr. Huda is privy to some very hard truths about the major political parties and their behaviour in power. He has stressed the importance of the rule of law, a view also echoed by the eminent jurist Dr. Kamal Hossain. More importantly, the latter focussed on the destruction of democracy it has caused.

But it is not only Mr. Huda and Dr. Hossain, who are aghast at the present state of democracy and governance in Bangladesh. What they have said is obvious. Many intellectuals and civil society members have expressed their disgust in a similar fashion at the chaotic state of affairs all around. But no one has thrown any light on a possible way out of this situation.

Just stating the obvious is not going to solve our problem. People like A.T.M. Shamsul Huda and Dr. Kamal Hossain need to come forward with bolder pronouncements to save the democracy for which the people have been fighting since independence.

Constitutional experts like Dr. Hossain, may think of initiating a fresh debate on the Article 70 of the Constitution, which has to a large measure been responsible for muffling any dissenting voice of the MPs in the Jatiya Sangsad.

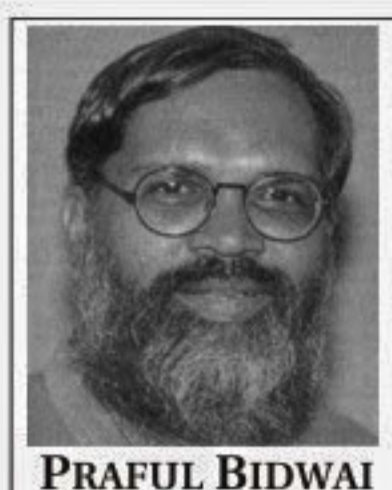
But they need to think hard and not let precious time to slip through their fingers.

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PRAFUL BIDWAI COLUMN

End the India-EU free trade talks



PRAFUL BIDWAI

ROLLS Royce, Mercedes-Benz and BMW cars to get cheaper for Indian millionaires? Premium Scotch whisky brands set to become more "affordable," with import duty reduction from 150% to just 60%? More European cheese to enter India as tariffs are lowered while huge subsidies continue at home? Higher profits for European pharmaceuticals manufacturers at India's expense?

Nothing could have had India's rich salivating more copiously than the prospect of luxury products becoming cheaper. And nothing would have pleased the crisis-bound 27-nation European Union's industries and services more than greater access to India's fast-growing market.

However, Indian and EU leaders failed to clinch the proposed EU-India Free Trade Agreement (FTA) last week. The 15th round of negotiations didn't produce the expected "political framework."

This is largely welcome. An FTA between the two vastly dissimilar entities, which treats them as equal, would have further skewed the imbalance in their economic relations, and hurt some of India's most vulnerable people. One's only regret is that the proposed FTA's sole progressive part, on labour and environmental rights, has fallen by the wayside -- because of India's opposition.

With zero-tariff for 92% of all products, an FTA would have shrunk the Indian government's capacity to protect its people's access to food and the country's agriculture, industries and services.

Worse, low-tariff imports of industrial products would defeat the National Manufacturing Policy objective to raise manufacturers' share of GDP from 16 to 25% in the coming decade. By 2020, projections

show, the EU would gain \$1.8 billion in vehicle sales and \$7.9 billion in manufacturing exports. India would gain a pittance.

The talks failed for many reasons: pressure from Indian industry sectors like automobiles; differences on market access in services, public procurement, temporary work permits/visas, and to an extent, opposition from Indian and EU-based non-governmental organisations representing farmers, agricultural workers and small traders, or working in public health, right to food, sustainable development, and Dalit rights.

A turning point came when the Society of Indian Automobile Manufacturers (SIAM), representing a powerful, fast-growing industry, issued an angry statement saying: "This FTA is being done with minimum consultation with industry

livelihoods of India's small farmers.

The EU will increase trade by \$ 470 million in agrofood and animal-origin products by 2020. But India will gain only \$84 million. In cereals, the EU will gain \$133 million while India will gain \$1 million. As the UN Special Rapporteur on the Right to Food said: "This FTA represents a clear risk to India's obligation to respect, protect and fulfill the right to food if sensitive agricultural sectors were opened up..."

Medicine prices will also rise sharply under harsh patent enforcement in India, which goes even beyond the World Trade Organisation's stringent rules.

The EU sought unfettered EU access to retail, banking, insurance, energy, telecom, postal services etc. This would compromise the livelihoods of informal retailers and vendors and jeopardise India's 12 mil-

The FTA, then, is an unequal bargain. There is nothing worthy about free trade with a bloc of nations that has a per capita income more than 10 times higher than India's.

and [without public] debate. The pressure to sign an agreement is politically motivated and not driven by economic logic." Past fortnight, Ratan Tata moved from supporting the FTA to opposing it. That sealed the talks' fate on industrial tariffs.

Similarly, on public procurement, or government purchases of goods, the EU wanted contracts in the railways, energy, and public sector units. India wanted this limited to government departments.

On agriculture, the proposed deal was totally loaded in the EU's favour. The EU wouldn't have to reduce its huge subsidies or lower its food standards which are major barriers to Indian exports.

But EU wanted India to reduce import duties on wines, alcoholic beverages, cereals, dairy, poultry, fisheries and agro-processed goods. This imbalance would threaten the

lion small unorganised businesses.

Recently, the government under strong opposition abandoned its move to open up multi-brand retail to foreign investment. Even if French retailer Carrefour creates 1.8 million jobs, as claimed, it will still mean a frightening loss of 2.9-to-6.7 million informal jobs.

More FDI in banking would adversely affect people's access to financial services and also increase systemic risk. Opening up the financial sector amidst the current global crisis will severely impair the government's ability to implement capital controls and regulate financial activities.

The FTA, then, is an unequal bargain. There is nothing worthy about free trade with a bloc of nations that has a per capita income more than 10 times higher than India's.

By contrast, India must enthusias-

tically pursue trade talks with its neighbours, particularly with Pakistan, to which commerce minister Anand Sharma is leading a large delegation with 100 CEOs. (How one wishes he had also included farmers and workers and peace-oriented NGOs!)

This visit, the first by an Indian commerce minister in 35 years, comes amidst positive signals of a turnaround in economic relations.

Pakistan's cabinet has in principle granted India the Most Favoured Nation (MFN) status. A structured dialogue on trade has been under way since April to address sector-specific issues and non-tariff barriers, and on improving cargo movement. A big "India Show" has been mounted in Lahore, with some 400 Indian exhibitors.

India recently lifted its block on EU concessions for Pakistani textiles. Pakistan has indicated that it will soon move from its "positive list" of some 1,940 items that India can export, to a shorter "negative list" all other products can be exported. India has a negative list of about 800 products.

The two countries have long under-performed as trading partners despite their economic complementarity. In 2010-11, bilateral trade was only \$2.7 billion. India is Pakistan's eighth top supplier, but Pakistan doesn't even figure among India's top 50 partners.

India and Pakistan have announced that trade will be boosted to \$6 billion by 2014. There is potential, say industry sources, to raise the volume to \$10 billion by 2015.

This means that India must not only level the trade field; it must also make unilateral concessions to Pakistan. This will generate tremendous goodwill and help political-diplomatic reconciliation. This is also a precondition for India's progress.

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THIS DAY IN HISTORY

February 27

425 The University of Constantinople is founded by Emperor Theodosius II at the urging of his wife Aelia Eudocia.

1594 Henry IV is crowned King of France.

1861 Russian troops fire on a crowd in Warsaw protesting against Russian rule over Poland, killing five protesters.

1900 The British Labour Party is founded.

1921 The International Working Union of Socialist Parties is founded in Vienna.

1991 Gulf War: U.S. President George H. W. Bush announces that "Kuwait is liberated".

2002 Godhra train burning: a Muslim mob kills 59 Hindu pilgrims returning from Ayodhya.

2007 The Chinese Correction: the Shanghai Stock Exchange falls 9%, the largest drop in 10 years.