

WHERE DO WE GO?

ABDUL HANNAN

THE visit by Prime Minister Hasina to the Gulshan office of Khaleda Zia to express her condolence at the death of Khaleda's son Arafat Koko raised a glimmer of hope, however faint, of possible rapprochement and reconciliation of bitter rivalry and hatred between the ruling AL government and BNP. The hope was dashed to pieces when the prime minister returned to Gonobhaban after finding the gate of Khaleda Zia's office locked from inside.

True, the BNP has many grievances to vent. True, Khaleda Zia was humiliated when she was confined within her Gulshan office, barricaded by truck loads of sand, water cannon trucks and a police cordon, and not allowed to go out on January 5. True, Koko was harried and persecuted on charges of money laundering. True, BNP has been denied democratic space by the government withholding the right to hold public meetings in Gazipur and Dhaka city. True, BNP party office has been locked by police. True, Khaleda Zia was forced to announce blockade movement out of desperation, precipitated by a spate of repressive measures against BNP leaders and workers. True, she was personally subjected to a barrage of most abusive and vituperative attacks by some cabinet ministers and ruling party MPs accusing her to be the mastermind who ordered killing, arson and destruction.

But it was not perhaps the most opportune moment to settle old scores when she was mourning the death of her son. Death is a great leveller. It was a moment to forget and forgive, show magnanimity, and mend fences with the adversary. It was a moment of solemn silence. It was a moment to eschew hatred and malice and renounce violence.

It was a trifle indecent and in bad taste to announce continuation of blockade and a fresh spate of hartals at a time of personal bereavement.

It is also a moment of introspection for the BNP leadership, and a review of the nature and outcome of the so-called blockade movement which is dangerously close to a point of no return and is increasingly losing support and sympathy of people, thus becoming counter-productive. Daily newspaper reports and

port; short supply of essential daily commodities and food in the market; and shuttered schools for an indefinite period would convince everybody that the blockade is not a peaceful political movement as claimed. It is a war against our own people, a war against the poor and ordinary common people. It is a war against national economy, progress and development. This is insane. People attribute it to greed and ambition for power of our intransigent and warring

was caused by popular uprising and not by sabotage, insurrection and anarchy without popular support.

The avowed purpose of BNP's movement is to force the government to concede to its political demand for a mid-term election under a mutually agreed dispensation. But blockade is not the right answer to achieve that goal. It is time BNP abandoned its current blockade agitation which has no popular support in favour of peaceful rally of protest demonstration to mobilise public opinion and goodwill in support of its cause. The government may agree to the demands if BNP can build a groundswell of popular uprising and turmoil.

The government on its part should reciprocate and provide BNP with level playing field without let or hindrance to test the popular acceptance and credibility of their political programmes. There is no disputing that the seething law and order situation is essentially a political problem. Force has never been the right answer. Time is of essence. What is urgently needed now is for the government to relent and enter into a dialogue with BNP to find out a mutually satisfactory way to resolve the festering political crisis arising out of what is widely perceived as flawed and imperfect election of January 5 last year.

For politicians, it is a lesson of history that no one, however powerful and mighty he or she might be, can cling to power for a long time without getting popular consent by allowing people their right to exercise universal franchise. Man does not live by bread alone. People yearn for freedom and undiminished democracy without which they feel ignored, suffocated and stifled and become angry.

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PHOTO: SK ENAMUL HAQ

television footage of innocent people being maimed and crippled and dying of cocktail and petrol bombs; people groaning in pain and agony of burn injuries; buses, trucks and cars set ablaze on the streets; trains derailed; fruits and vegetable of poor farmers rotting in the field for lack of transport; disruption in business of small businessman; daily wage earners without jobs; export and import trade paralysed for lack of trans-

political leaders.

BNP's blockade movement is no popular uprising or popular upheaval which can oust a government. It was popular uprising which caused the ouster of Ayub Khan and Ershad, Hosni Mubarak of Egypt, Marcos of the Philippines, Suharto of Indonesia and Shah of Iran. The dismantling of Soviet Russia and communist states in East Europe and the collapse of Berlin wall

RED DRAGON Conquering the world: Not with fire

MUHAMMAD AZIZUL HAQUE

THE Red Dragon, as China is admirably called, is conquering the world; but it is doing so by extending economic assistance and cooperation. Countries across the globe that need support to build their infrastructure and implement development projects as well as technology to exploit their own resources are welcoming it with outstretched hands. China is offering much needed support to them. While China is deriving its own benefits, it is also creating opportunities for those countries to also benefit from their cooperation and interaction with it.

The phenomenal economic growth of China over the last three decades (despite a recent slowdown) has given it extraordinary confidence, which has kindled a dream (China Dream) in the nation's heart -- the dream of becoming the world's number one power with unparalleled economic and military might. The present leadership of China, led by President Xi Jinping, has geared up all policies of the country to materialise that dream. Its recent foreign relations initiatives reflect that, as is manifest from China's roles in the SCO, CICA, etc; and in the talks on establishment of the proposed AIIB and BRICS Bank that are being viewed as Asian alternatives to the WB and IMF.

China seems to realise that no country can fully thrive without cooperation of other countries; hence its initiatives to implement the two mega-connectivity projects conceived by it, namely the new Silk Road Economic Belt and the 21st Century Maritime Silk Road, that would connect the geographically contiguous continents of Asia, Europe and Africa and promote trade and economic integration.

China, the second largest economy of the world (reportedly, the largest in purchasing power parity terms), has emerged as the world's largest trading power, with a total international trade worth about \$4 trillion. Its foreign exchange reserves (also about \$4 trillion) are by far the world's largest. It is one of the largest investors too, with overseas investment amounting to \$317.2 billion (2010). China is the US's largest creditor; and the latter is an important destination of China's overseas investment. They are now each other's second largest trading partner with annual trade close to \$500 billion. China owned \$1.6 trillion of US securities and held over \$1.16 trillion in US Treasury bonds in 2009. It is expected to surpass the US in an all round way by 2049, the centenary of the founding of the People's Republic of China.

China is the EU's second biggest trading partner, behind the US; while the EU is China's largest trading partner with daily trade between them amounting to over €1 billion (\$1.34 billion).

The Red Dragon had reached the African and Latin American continents and is gradually supplanting its rivals there. It is providing the continents with development funds with no strings attached, building roads and mines, investing in mega-projects, and so forth.

China's trade with Africa has swelled over the past decade to \$198.4 billion in 2012. It is Africa's largest trading partner and is poised to become Latin America's second-largest. However, for many Latin American nations, China has already become the largest trading partner. This has come to pass at a price for the US; because the US's trade with Latin America is extremely important 'for its survival as an economic superpower.' Chinese loans to Latin America (over \$80 billion) have surpassed those of both the Inter-American Development Bank and the WB.

Until 2006, America was the larger trading partner for 127 countries, as against just 70 for China. By 2011, the situation had changed radically, with China as the larger trading partner for 124 countries and the US for 76.

In its neighbourhood, China has forged excellent bilateral relations with Russia; and China's bilateral economic stakes with Japan or South Korea are too high to make any military confrontation between them over disputed islands sensible. Putting all territorial disputes on the back burner, China and India have moved forward with economic engagements. China is now India's second largest trading partner (bilateral trade about \$70 billion).

An important feature of China's peaceful yet planned conquest of the world is the dissemination of Chinese culture through cooperation in the media and education sectors. Despite being a global power already, China has not so far shown any hegemonic propensity. However, all the aforementioned successes of China have an immense geopolitical significance.

The policies adopted by the present leadership of China seem very well-considered and appropriate for the country as it strives to materialise its great dream; and thus install itself as the number one superpower in a sprouting bipolar/multi-polar world. China is single-mindedly deploying all its energy, talent and resources to that end. However, it is likely to have a rough ride ahead, as there are powerful rivals around.

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Local government financing and effective decentralisation

MAHFUZ KABIR

LOCAL government is one of most important but sensitive items in the policy and budget making arena in Bangladesh. Quite surprisingly, it has not been regarded as a core or building block for national development plans even though local development and service delivery are critically dependent on efficient and effective local government. As the local government institutions (LGI) remain at arm's length from the citizens, decentralised development planning and building administrative capacity of LGIs are essential not only for delivering services to the grassroots but also for improving effectiveness of the central government and ability of local administrative units.

In Bangladesh, it is widely believed that all the tiers of LGI have been suffering from resource deficiency to provide quality services despite immense potential of enabling them to be financially solvent. Currently, there is no scientific formula for financing all LGIs, but considerations like backwardness and population are used to allocate funds for some LGIs.

Keeping this in mind, some very important initiatives were taken by the government in the last six years. The most important ones were to introduce and modify the laws of critical LGIs to make them democratic in composition and function, and to specify the areas of revenue generation including financial support by the government to emerge as financially viable institutions. While the laws are now generally good with some scope for further improvement, the major issue is proper implementation of the law including the financial aspects.

In general, financing of LGIs has not had any particular pattern in recent years and for the foreseeable future projected by the Medium-Term Budget Framework (MTBF). There are oscillations in direct transfer of funds in all the LGIs in terms of both amount and rate of change. Rural LGIs are seen to experience more oscillation than the other types of LGIs. The aggregate direct allocation to the LGIs also shows frequent fluctuation of provisional and realised fund transfers. In the last fiscal year (2013-14) the share of central transfer to LGIs was only 1.52% of budget and 0.42% of GDP,

which were 3.1% and 0.62%, respectively in 2010-11.

Undeniably, LGIs are heavily dependent on direct grants from the central government and shared tax revenue with the land department. The major sources of revenue are concentrated in quite a few sources. However, there is no general and predictable pattern of fund flow from the government, except for Union Parishads. The projections of allocation in the MTBF continue to witness significant change. For instance, the last fiscal year's MTBF (2013-14 to 2017-18) projected a growth of allocation for City Corporation by 233% and for Paurasabha by 495%. However, the realised allocation for the both the councils witnessed significant reduction and indeed negative growth in 2014-15 compared to 2013-14 as per the MTBF document of the current fiscal year (MTBF 2014-15 to 2016-17). It clearly contradicts one of the core premises of the MTBF that the realisation of projected allocation would not change significantly for the first year of projection but would start deviating afterwards.

This fact provides two strong messages for the policy makers and other actors in local government sector. First, the budgetary projections for LGIs in the MTBF are ineffective to a great extent. In other words, it indicates that there is no need for MTBF projection of budgetary allocation for LGIs if it turns out to be futile in the next year. Second, indication for financing LGIs is absent in the process of medium-term national development planning. Without specific and tangible commitment for allocation in the overarching national document like the outgoing Sixth Five-Year Plan (2011-2015), the MTBF documents cannot translate it into financial allocation and projections for the medium term. Indeed, there is no financial indication or directives for LGIs in the Sixth Five-Year plan. Therefore, it is necessary for comprehensive understanding of financial requirement of the LGIs for the Seventh Five-Year Plan (2016-2020). Then MTBF will convert it into the specific project-based and operational fund requirement for each of the LG tiers and conduct projection for the medium term.

Currently, there is no financial distribution policy for the LGIs in Bangladesh. This results in 'special' and discretionary allocation. Coupled with uneven distribution of shared immovable property transfer tax it again results in acute horizontal inequality of financing local government bodies. An index-based funding mechanism should be introduced for distributing fund among the LGIs as a scientific foundation for developing financial distribution policy.

The practices of index-based and discretionary funding coexist and work together harmoniously in India. Indeed, theories of fiscal federalism reveal that determining LGI funding transfers based on the political incentives leads to inefficient allocation of resources, distributive injustice and inequality across geographic regions. In order to overcome the negative consequences of political bias in LG funding, some countries established independent agencies (e.g., Central and State Finance Commissions of India) in distributing national resources.

The government can introduce an index-based financing distribution mechanism for reducing political bias. The index could be either simple or composite, but the sub-indices must have the indicators of financial performance, service delivery as per the law, and fund requirement depending on quantitative analysis of resource gap to provide desired services to the citizens.

The above-mentioned issues are some of the most critical aspects of financing and development of LGIs, which should be reflected in the upcoming Seventh Five-Year Plan. Effective decentralisation through inclusive and sensitive inter-governmental transfers as well as sensible resource sharing is a key to strengthening democratic LGIs and promoting services to the citizens, which has always been a challenging task for the central government. Therefore, tangible commitment is required in the Plan document so that it can be readily translated into predictable financial allocation for the next five years to help achieve the overarching national 'Vision 2021.'

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QUOTABLE Quote

Democracy is not just the right to vote, it is the right to live in dignity.

Naomi Klein

CRYPTOQUOTE 12-19
VWU YXGU VLNWML MXPLQRTYK
LEHTQLM UXW, YXQ SWMQ OXZ QRL
MTPIGL NHQ XO MRXITTYK.
- FNZG GNKLZOLGA

Yesterday's Cryptoquote: IT DOESN'T MATTER WHAT STORY WE'RE TELLING, WE'RE TELLING THE STORY OF FAMILY.
- ERICA LORRAINE SCHEIDT

A XYDLBAAXR is LONGFELLOW
One letter stands for another. In this sample, A is used for the three L's, X for the two O's, etc. Single letters, apostrophes, the length and formation of the words are all hints. Each day the code letters are different.

BEETLE BAILEY

BY MORT WALKER

HENRY

BY DON TRANCHE

