

"Bangalis are trying to get ahead by forgetting the past"

Born in 1939 in Bardhaman, West Bengal, **Hasan Azizul Huq** is one of the greatest figures in Bangla literature. He has written short stories and essays that changed the way we see the world. 'Atmoja O Ekti Karabi Gaach', 'Jibon Ghoshe Agun', 'Agun Pakhi', and 'Naamhin Gotrahin' are some of his greatest books. Huq has won numerous literary awards, including the Bangla Academy Award, Ananda Puroshkar and Ekushey Padak. His stories have been translated into English, Hindi, Urdu, Russian and Czech. In a recent visit to The Daily Star, Hasan Azizul Huq talked to **Emran Mahfuj** about issues ranging from the Partition of India to philosophy.

The Daily Star (TDS): You have been a witness to the Partition of India and the Liberation of Bangladesh. How have these events influenced our culture?

Hasan Azizul Huq (HAH): Let me tell you a story from the Hindu mythology. Shiva and Parvati had arguments on a regular basis as Shiva was becoming too eccentric. One day Shiva cut Parvati into 50 pieces with his chakra and threw the pieces in different places. Each piece eventually became historically significant. We are just like that. Although the people of the subcontinent have distinct customs and traditions, we have a common culture as well.

TDS: How have the lives of the upper and the middle class evolved over time?

HAH: They have no integrity. We are living in a state of restlessness. Everyone is frustrated. Bangalis are losing their cultural identity. They are trying to get ahead by forgetting the past.

TDS: You have extensively written on topics

such as the Partition of India and communalism. To what extent have you been influenced by these events?

HAH: A lot of people had to leave their own countries after the Partition. However, I was not affected by it. My elder sister was living in Khulna. That's how I came to this country and started my studies here. We never felt that a separate state was created in the name of Pakistan. But later on, it seemed that the Partition had created a deep wound. Bengal was broken.

TDS: How do you see it as a philosopher?

HAH: I have given a lot of thought to it. I still think about it. Let me tell you something. The Muslims of this country and those of the West Bengal do not feel the same way about the Partition.

TDS: As far as we know, you were involved in student politics. You were even tortured by the then government. Please tell us about that.

HAH: I have not written on this experience. But I do think about the society and the state. One cannot help but think about these



Hasan Azizul Huq

things. Man is essentially a political animal.

TDS: Have you ever thought about writing an autobiography?

HAH: A few years ago, I wrote "Phire Jai

Phire Ashi." But I do not call it an autobiography. I simply tried to capture the times I lived in. And time is not an empty thing -- it encompasses the society, country and its people. The idea is to find a meaning to life, the way we live it and the struggles we go through to survive. A shorter version was published in "Bhor Belakar Chokhe." The second part is going to be published soon.

TDS: For the most part of your life you have been in the teaching profession. Did you ever think about becoming something else?

HAH: In 1973, I got job offers from the Bangla Academy (as an assistant director) and Rajshahi University. I chose teaching. I thought I could devote a lot of my time to writing if I became a teacher. There would be nobody to boss me around and I would enjoy a certain amount of freedom. When I look back now, I don't think it was a wrong decision.

TDS: As a noted writer and thinker, how do you evaluate the time we are living in?

HAH: All the bloodshed of the people of this country, our sacrifice and the song "Ek Shagor Rokter Binimoye" went in vain. The state has created a system where only a few are reaping the benefits. Bangladesh has a lot of resources but lacks in efficient management. The kind of development that is taking place now is not benefitting the masses. Since it is a democratic country, everybody is now claiming to be representatives of the people. But true democracy has never taken root in this country. In order to bring democracy, politics must be people-centric.

TDS: You are like a mentor to us. What would be your advice to us in these restless times?

HAH: You have to figure out what you want to do and how you would do it. You need proper planning. And you need to find the right cause. Then if you spend even an hour trying to accomplish that, you will be happy.

Translated by Editorial Desk

How to get a break from the six percent growth trap

SHARJIL M HAQUE and SABRINA AFROZ

THE recently announced national budget has sparked considerable debate among economists, business leaders and the general public. Barely a few weeks have passed since the Finance Minister's speech, and it is widely considered that neither a 23 percent growth in expenditure nor a 27 percent growth in revenue collection is realistically achievable. The bottom line is an unlikely GDP growth of seven percent given fundamental constraints in the economy.

These constraints not only include inefficiencies in the tax system which has received overwhelming amount of attention in the media, but several other structural issues. Such issues require reforms aimed at reducing market distortion and inefficiency, ensuring fair production of goods and services and generating higher productivity. We outline six structural reforms for Bangladesh to break away from the current six percent growth trap.

Institutional Capacity

International experience shows that quality of fiscal spending is largely determined by efficiency of institutions. We focus on two specific instances where institutions in Bangladesh need drastic reform.

First, the new budget outlines an Annual Development Programme (ADP) almost 30 percent bigger than last year's revised ADP. But the budget does not clearly delineate a time-bound and transparent plan to ensure that respective ministries can actually achieve these targets. As is well known, below-par efficiency in individual ministries is one major reason behind downward revision of ADP every year; naturally policies aimed at tackling such bottlenecks have to be mainstreamed.

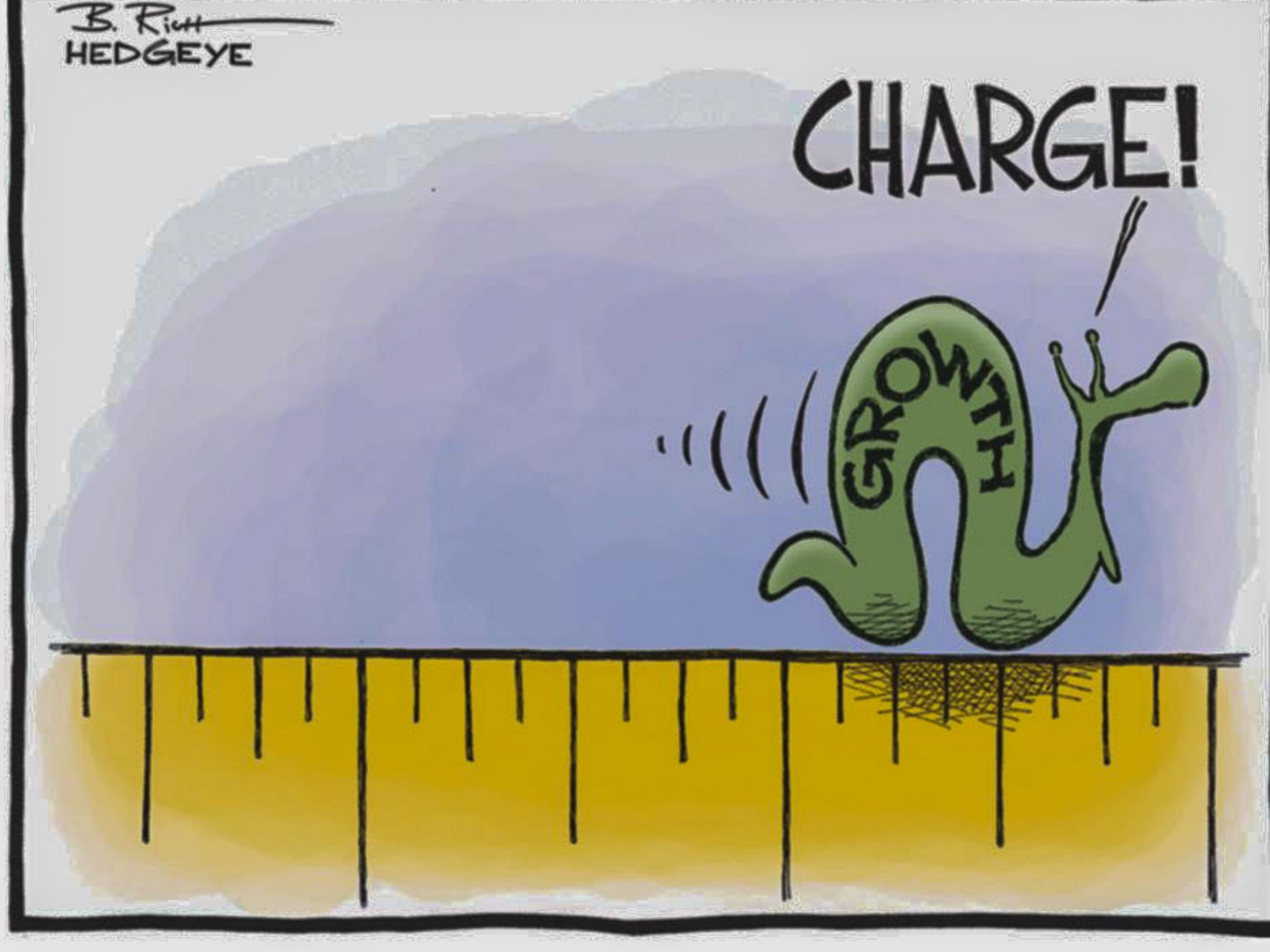
Second, the government's decision to allocate BDT 50 billion in the new budget to recapitalise the state-banks is nothing but a very short-term solution to institutions which need longer-term diagnosis. If the government truly wants to bring about structural change in this aspect, privatisation of these banks need to be seriously considered.

Business Regulation

It is generally accepted that Bangladesh's 28 percent investment to GDP ratio is not enough to fuel seven percent growth. Generating sustained private investments is now of utmost priority -- which in turn hinges on business-conducive regulations. The budget speech does point out steps to improve access to electricity and gas to encourage investments.

Modernisation of land management, record and registration is also mentioned, although without a phase-by-phase timeline to achieve these targets.

But issues such as getting construction permits, protecting minority investors, trading across borders, enforcing contracts and resolving insolvency are left largely unaddressed. These are critical areas which also



need to be looked at if Bangladesh is to be viewed as a business-friendly country.

Deficit Financing

The current budget proposes to finance 65 percent of deficit from domestic sources. While issues of "crowding out" private investment is not relevant this year due to subdued aggregate demand, relying on domestic sources to finance budget deficit is not a prudent long-term practice. Especially since Bangladesh qualifies for highly concessional loans from external lenders because of its developing-country status. This has to be pursued more rigorously from both bilateral and multilateral donors.

One might argue why increase external debt? This is logical since Bangladesh has one of the lowest external debt to GNI ratio in the region at 19.5 percent. This means the country has room to increase external debt, to at least the average of 23.2 percent in South Asia (Source: World Bank), as long as income-generating investments are waiting in the pipeline.

Another option is to expedite the process of issuing sovereign bonds. The recent idea of a dollar-denominated bond is quite promising but care must be taken to raise

the money only when plans for growth-enhancing public projects are laid out and prepared to be initialised.

Energy Subsidy

It is encouraging to see that overall subsidy allocation has been reduced by about 10 percent in the new budget and is now about 8.3 percent of total expenditure. However, a structural shift would entail a clear strategy aimed at eliminating the highly distortionary energy subsidy entirely from the budget in a specified time frame. This is especially relevant now that international oil price is subdued. But subsidies continue to both Bangladesh Petroleum Corporation (BPC) and Bangladesh Power Development Board (BPDB).

It is high-time for a comprehensive subsidy policy, which not only phases out energy subsidy but ensures that the gain is permanent. This can be achieved only if government discretion in setting energy prices is removed and replaced with an automated energy pricing mechanism based on market fundamentals. To protect against shocks, short-term price smoothing can be introduced into such a system. Finally, subsidy policy in Bangladesh has to be independent from the financial distress of politicised institutions like BPC and BPDB. These entities require management oriented reforms. So there is no economic rationale for tagging subsidy policy with their financial state.

Trade Policy

The new budget outlines major changes in duty structure. Both customs duty (CD) and supplementary duty (SD) have been changed for a large number of products. However, while CD for most products has been decreased, SD has actually been increased for more products than it has been reduced. At a net level, there is limited evidence of a push towards full-fledged trade liberalisation despite overwhelming empirical proof of the benefits of trade openness.

This practice of protecting domestic import substituting industries is a classical approach by developing countries to let its infant industries burgeon. But is Bangladesh still in that stage where almost all industries (apart from garments) are still at their infancies? If the answer is no then the government needs to significantly reduce protection to improve exports of non-ready-made garments products. Another argument against tariff reduction is the government's high revenue collection target. But once the 'VAT and SD Act 2012' is completely operational, shifting away from tariff-based revenue may become a more viable option.

Labour Market

Empirical evidence as well as growth accounting models proves that achieving higher real income growth hinges on higher productivity of labour. Bangladesh needs to implement strong policies aimed at producing skilled labour. This has to start with higher budget allocation in education and health. Regrettably, the share of education and health sector in total expenditure has actually decreased this year to 11.6 and 4.3 percent from 13.1 and 4.8 percent respectively compared to last year's budget. One would hope that the trend would be the other way round given that Bangladesh has historically spent least in these two vital sectors when compared to regional counterparts.

Reforms in labour market cannot stop at simply raising allocation in these sectors. More micro-level education reforms have to be put in place to improve quality and ultimately the returns to schooling. Additionally, greater availability of vocational education and on-the-job training need to be made to improve long-term labour productivity.

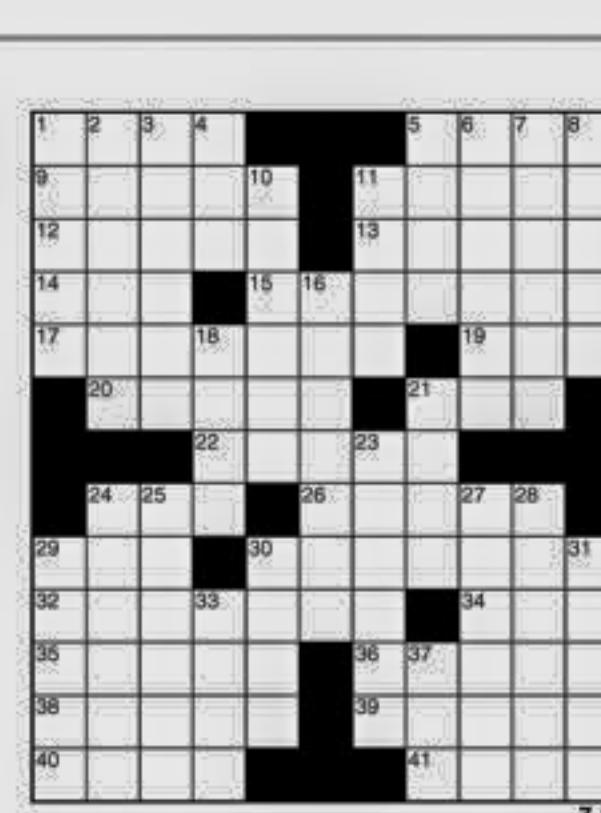
As Bangladesh approaches the terminal phase of 'Vision 2021' to reach Middle Income Status, the government needs to accept that the conventional model of an expansionary fiscal policy is insufficient to attain the seven percent target. More fundamental and long-term oriented structural policies need to be designed to root out persisting roadblocks prohibiting higher growth.

The writers are Macroeconomic Research Analyst based in Washington D.C. and Investment Analyst at a Multinational Asset Management Company in Dhaka, Bangladesh, respectively.

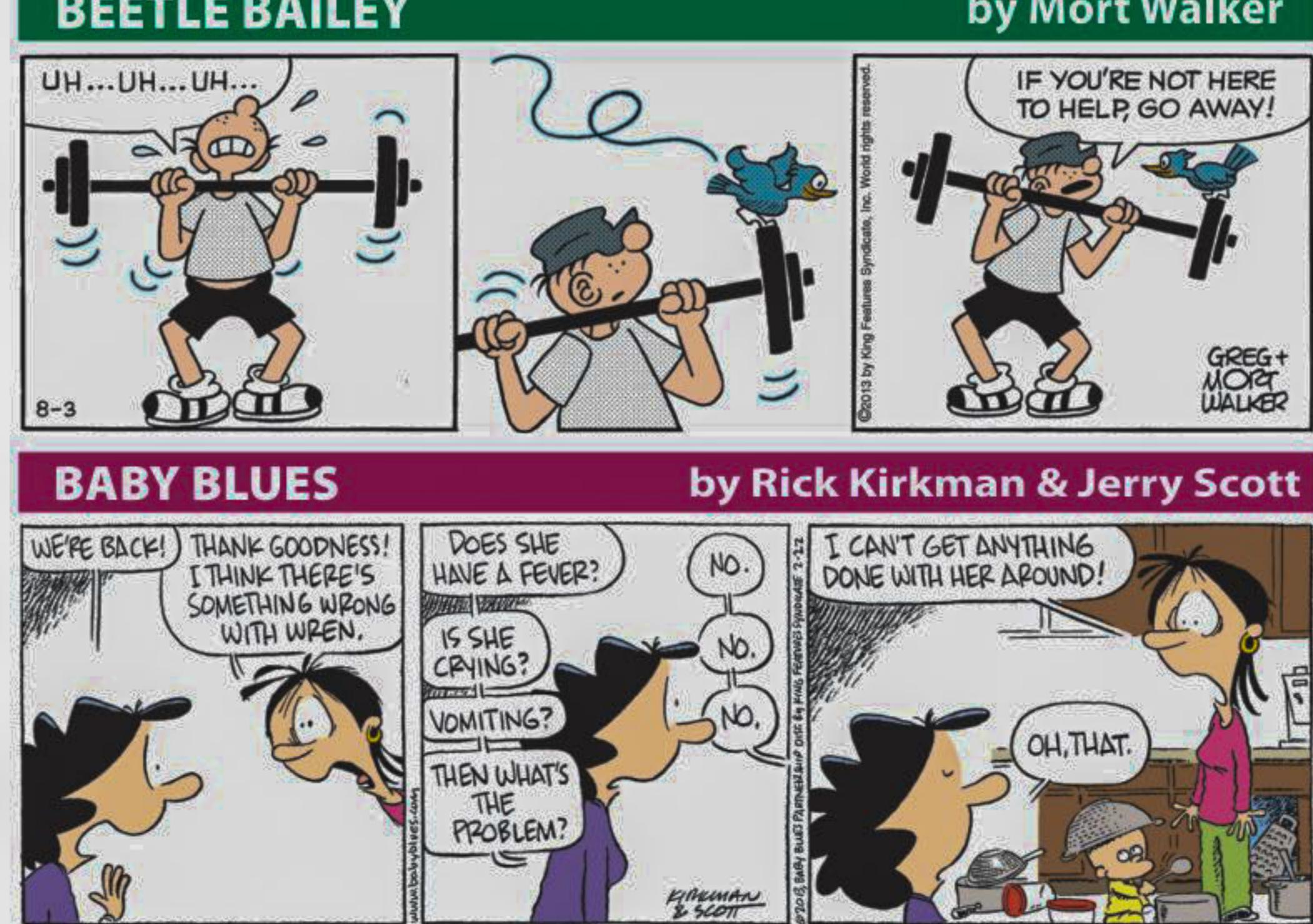
CROSSWORD BY THOMAS JOSEPH

ACROSS

1. Plunge
5. "Carpe -"
9. Spacevisitor
11. Eastervisitor
12. Hint of color
13. Gladden
14. Easterfind
15. Suffer from the heat
17. Refugee
19. 1040 org.
20. Warble
21. "You betcha!"
22. Pilgrim-age site
24. Buck's mate
26. "Awe-some!"
29. Vacuum lack
30. Metal refinery
32. More gracefully slender
34. Rocks for a refinery
35. Eyelashes
36. The Huskies, in headlines
38. Beginning
39. Did hay work
40. Golf pegs
41. Seas, to Simone
42. DOWN
1. Trio of myth
2. Step down
3. Hang around
4. Relay section
5. Tedious
6. How some games end
7. Appears on stage
8. Mike of "Shrek"
10. Getsnug
11. Tavern order
16. Mat word
18. Green shade
21. Sailing vessel
23. Little angel
24. Angelic
25. Threat words
27. "Becket" actor
28. Director Herzog
29. Fancy tie
30. RBI of ERA
31. Tears
33. Tall tales
37. Engine part



BEETLE BAILEY



by Mort Walker



Quotable Quote



TONI MORRISON
In this country American means white. Everybody else has to hyphenate.