

HAPPY AND RICH BANGLADESH IS THE DREAM

AMA Muhith, an economist, diplomat and a language movement veteran, has been the finance minister of Bangladesh since January 2009. In an exclusive interview with The Daily Star's Rejaul Karim Byron and Porimol Palma he shed light on the successes and setbacks he witnessed in his tenure.



Q: What are your hopes for the future of Bangladesh?

Muhith: Bangladesh's economic growth rate should never fall below 7 percent, at least for the next five years. The target to reach 8 percent GDP growth will surely be achieved. We have fixed it conservatively. A great change is that some kind of peace has been restored in the country. BNP is now raising its voice instead of disturbing the peace. This is fine. So I am feeling very good. In the latter part of my life, the Bangladesh that I had dreamt of in the 60s and early 70s is going to be materialised. The prime minister concludes all of her speeches with the phrase "Happy and Rich Bangladesh" and I clap louder.

However, I don't like to revive the public enterprises like those in the jute and textile sectors.

Q: Why?

Muhith: The government-run enterprises are performing poorly. The public sector jute mills are surviving on government subsidy. Every year Tk 300 crore to Tk 500 crore has to be doled out for those mills.

Q: Then why have you taken an initiative to revive the jute mills with financing from China?

Muhith: That is good. The BMRE (balancing, modernisation, rehabilitation and expansion) of every mill should be done and this should apply more to state-run mills.

Q: The condition of state-owned banks is also bad. What do you have to say about that?

Muhith: No, no. The condition of the state banks is good, except Sonali and the one Bachchu has destroyed (former chairman Abdul Hye Bachchu of scam-hit BASIC Bank). However, BASIC Bank is now in the hands of good management. But they have lots of problems. They have to be provided help. Sonali Bank was always weak. The largest bank in the banking sector has slipped to the second position. Islami Bank has now moved to the first position. Sonali Bank has so many resources, so a special initiative has to be taken to rejuvenate it. The government has no immediate plan to privatise the state banks. However, the government has substantial stake in Bangladesh Commerce Bank and I consider offloading our share.

Q: You were a top bureaucrat and a minister about three decades ago. You became a minister again after a gap of 27 years. What is the difference between then and now?

Muhith: There are a lot of differences. At that time, the ministers were not concerned about development. The development budget was a negligible amount in the national budget of Tk 2,700 crore. The ministers were not well-educated about development. Now the whole thrust of the government is on development. Now every minister is an economist to some extent.

We have built many new facilities. The development budget will continue to grow for some more time. Then after eight or 10 years, the development budget would be smaller. More funds will be allocated for maintenance and repairs. It also happened in the developed countries.

Q: Corruption has increased in line with development. Do you agree?

Muhith: It can be said.

Q: You were always vocal against corruption but not anymore. Why so?

Muhith: Yes, it is true that I don't speak much about it now because I think it will not eliminate corruption. The best way to fight corruption is to make the best use of ICT. Some people are forced to be corrupt. Now everybody gets handsome salary. So, corruption by needy people is possibly coming down. In the last pay scale, benefits for the public servants have substantially been increased. Now corruption is carried out by the greedy. Government officials don't have to resort to corruption for survival.

Q: You had many plans when you became finance minister in 2009. After eight years, where do you stand with your plans?

Muhith: I am very happy now because the people of Bangladesh are now much happier. They do not suffer from frustration and acute poverty and deprivation. Poverty is not that much of a problem. The majority of the countrymen were once poor. If you go to villages you will see people are now living comfortably. All wear quite good clothes. This is a matter of enormous satisfaction. The future of Bangladesh is bright. The productivity of the country has increased much. During my earlier stint [1980s], we had to hold 8-10 meetings with donor agencies every year just for food. Now we are self-sufficient in food, which gives me great pleasure. We are using better seeds, fertilisers and irrigation successfully. Our agricultural workers or labourers are very intelligent. They can pick up new knowledge very quickly.

Q: Any failure?

Muhith: Nothing that much. I had wanted a unified budget. One or two ministries do that. I have come away from this target. But some more budgets -- like gender and child budget -- are being prepared successfully.

Q: You were not a politician when you started out. Do you face any problems because of that?

Muhith: I face few problems. It is because I had worked with Prime Minister Sheikh Hasina for nine years before joining her cabinet. During that time, Tofail (Commerce Minister Tofail Ahmed) and Razzak (Awami League's veteran leader late Abdur Razzak) came very close to me. Another reason is that earlier I was a rigid person. But later I learnt to be more tolerant and patient. Age is also a big advantage. I am senior to all my colleagues by at least 10 years. For these reasons I have no problems with my colleagues.

Q: On many occasions, we heard rumours that you may not continue as the finance minister. But the PM has kept her confidence in you. How did it happen?

Muhith: I have been working with her since 2001. Her Dhanmondi house was my office. I had to go to her residence every day. I worked for her agenda. Possibly as I was influenced by her, I also influenced her. This helped grow her trust in me.

Q: Sometimes your comments in public embarrass people within the government. Do you run into any problems for this?

Muhith: I have survived for two reasons: one is the confidence of the prime minister in me and the other is my age. This is also true that the combined experience of the

cabinet is less than my experience. I can eloquently say what happened in 1972, 1975, 80s, 90s, 2000 and what is happening now. In cabinet meetings, my main role is to remind others about the traditions of the past. This is where I am now.

Q: You have strongly criticised former BASIC Bank chairman Abdul Hye Bachchu for the scam in the bank. Why didn't you take actions against him?

Muhith: Courts will notice the criminality of his actions and decisions with the help of the performance report of the bank. I don't think that he will escape the due process of law.

Q: Is he in the country?

Muhith: Yes, he is in the country. He cannot go abroad without informing some authorities such as the police.

Q: In your every budget speech, you have talked about strengthening the local government, but there has not been much progress.

Muhith: No, we have made progress. They have been given enough financial power. They now have a lot of programmes of their own. The allocation for the local government has increased over the years. But we have not been able to change the structure yet, I mean curtailing some power of the MPs. This is very hard. You see, the MPs are very powerful. They don't want rivals in the constituencies. The change in the power structure means enhancing the responsibilities of local councils and enlarging their budgets as well as their sphere of action.

Q: The finance minister has to strike a balance between various aspects of the economy. How do you manage?

Muhith: I am ready to compromise on anything, but there are certain basics where there should not be any compromise. Businesses have got used to it. I set firmly the extent to which compromise was possible and they accepted it. In such cases I enjoyed the prime minister's support.

The dispute with Prof Muhammad Yunus is a very unhappy chapter of my life. I did everything for a compromise with him. I made lots of offers to him. He was offered to become the emeritus member of Grameen Bank. But Prof Yunus turned it down. He clearly stated that he would go to the court. He is, indeed, a great disappointment for me.

Q: Bangladesh Bank's reserve heist was a much talked-about issue of 2016. Do you think the steps you have taken were enough?

Muhith: Bangladesh Bank has taken some steps with regard to the deployment of staff and internal reforms. We are not publicising it because of its international implication. We are taking actions where necessary. Let us first recover what is our due from Rizal Commercial Banking Corporation (RCBC). RCBC has no ground for their stance. Rizal Bank's attitude is completely against the basic principles of banking. I got stolen money but wouldn't give it to the owner! What type of attitude is this? Even if some scoundrels have sent some money, how can you take its benefit? You are a bank. There has to be some ethics. Banking is a matter of trust.

Q: Have you taken any international actions against Rizal Bank?

Muhith: No, we have not done anything.

The Philippines government's position is right. They gave us whatever they had. We may request them to mend the ways of Rizal Bank.

Q: What are your observations about FireEye?

Muhith: It was appointed to strengthen the security system of Bangladesh Bank. This is a good thing. I think one could say that our former governor [Atiur Rahman] had greater interest in public relations that possibly weakened the security system of the bank. He was an exceptional governor of the central bank. Earlier, none did much of public relations. At that time I supported him as it seemed that he was a bit different. Perhaps many actions and programmes of the central bank drew greater public attention, and financial literacy improved. But it got a bit more focus while the security issue got lesser priority.

Q: Our relations with both India and China have improved. But those two countries have some sort of enmity between themselves. What are your thoughts on this?

Muhith: This isn't enmity...there is some sort of tension, which will be there. We are nobody there. We want to maintain good relations with both of them. We want good relations with China, India, Japan, Korea -- with all. Our prime minister is doing a very good job in balancing relations with all of them.

Q: The prime minister is going to India soon. Will there be any development in your area?

Muhith: No, there will be nothing new. It would be the continuation of the same relations. Economic cooperation with India is expanding. First, we got \$1 billion in soft loans and grants from India, and next time it doubled. This time let us see what happens.

Q: The sub-regional cooperation among Bangladesh, Bhutan, India and Nepal appears to be slow. Where is the impediment?

Muhith: It is not slowing down. There is no bilateral problem. It is not stuck for India, but for the internal systems of all of the countries.

Q: Many economists say the transit fees for India are very low. For example, Tk 192 is the transit fee per kilometre under the shipping agreement. What do you think?

Muhith: I don't think it is low. It has been worked out by the technocrats taking expenses into account. Maybe the profit margin is less. That may happen. It cannot certainly be lower than the cost.

Q: Will the new administration in the US and Brexit affect us?

Muhith: Our assessment about Brexit is that we will not be affected that much. Europe is our largest market that traditionally remains good for our products. It will remain so. The EU [including Britain] was a great advantage for us. We had to follow one system; now our work will increase. Each country has to depend on the state of global economy, whose outlook is not bad at this moment and for the next year.

Donald Trump's statements before and after the election are widely different. He is for the first time in public office. And he is showing pragmatism. He has already shifted from the idea of autonomous America. It is

not possible for the US to become autonomous. It is such a huge economy that it is intricately connected to the world.

Q: China has pledged about \$24 billion for various projects in Bangladesh. Do you see any hurdles to implementing them in time?

Muhith: No we won't have any problem because our capacity has also increased. It is a big challenge, but we can cope with it. We have not faced problems with the Chinese authorities as they began the discussions quite early. Now, things are getting more systematised. They will have internal competition between contractors for goods and services. That will be good for us.

Q: Your schedule is very hectic even at this age. Can you tell us how you manage it?

Muhith: In my student life, I had no dream of doing any government job. I wanted to be a barrister. However, my mind changed in 1955 when I was in jail where I talked to many high officials, and realised that I can serve people equally well by joining public service. Then, I joined the Pakistan Civil Service. I liked it. There is enormous scope for public service if you want. This way, I never had to sacrifice the spirit of public service in me.

Besides, circumstances changed me. I left the government job as it was not monetarily very comfortable. Then I switched to consultancy. Between 1984 and 2000, I used to work as a consultant and worked for 100-130 days a year, and most of the time I used to be in New York and London. I went to public library every day. It was a very enriching experience. I soon became a jack of all trades. That was the period of learning and exposure. That is keeping me going even now.

After that, Sheikh Hasina gave me a call. And, since 2001 I have been working with and for her. She is very hard-working, dealing with all the problems of the whole country. I felt so good to work with her. Intellectually, I felt satisfying. Now that we are doing well is really the result of that exercise.

Q: In the past you spoke about wanting to quit. Could you elaborate on this?

Muhith: Working with the prime minister is a pleasure. I told her once or twice about retirement, but she said "Leave it to me." Now there is an understanding that I am not contesting in the next election.

Q: What is your plan for the next two years?

Muhith: I will have to work on laws relating to bankruptcy and banks' merger. This is an inherent process of the world economy. What happened in Bangladesh is that the banking sector has expanded. Roughly half of the population is linked to the banking system. This is a great achievement for the country.

Q: What are the challenges for 2017?

Muhith: Bringing new investment is a big challenge. Foreign investment seems to be responding, but not our own investment. Remittance is not a challenge. It has another side. The number of expatriates returning home is not increasing. They are staying back. In Saudi Arabia, the overall salary is low. But still they are remaining there. I am not very concerned about it. It will pick up as the global economy grew in 2016 and will keep growing in 2017 as well.