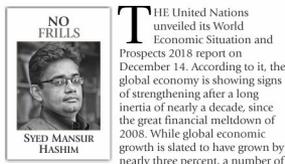


ECONOMIC OUTLOOK FOR 2018

Good, if we get rid of our hiccups



NO FRILLS  
SYED MANSUR HASHIM

THE United Nations unveiled its World Economic Situation and Prospects 2018 report on December 14. According to it, the global economy is showing signs of strengthening after a long inertia of nearly a decade, since the great financial meltdown of 2008. While global economic growth is slated to have grown by nearly three percent, a number of least developed countries are showing strong growth.

East and South Asia are emerging as dynamic regions. As we move to Bangladesh, the signs are positive despite variables being there to upset this growth. Indeed the forecast for Bangladesh's GDP growth stands at 7.1 percent in 2018 and 7.2 percent in 2019. These forecasts are, however, not without caveats.

We have to remember that Bangladesh could be doing much, much better if policymakers were able to bulldoze policy reforms that would act as game-changers in a number of key areas. As the report has highlighted, two of the biggest problems (in countries like Bangladesh) are unwieldy decision-making process in key institutions and lack of capacity in such institutions. The existing red-tape culture results in slowing down, sometimes to a snail's pace, the making of decisions, and the implementation of those decisions. The other issue that has become a major sticking point is lack of capacity of various institutions. If we take the case of the plethora of Memorandums of Understanding (MoUs) signed between the two heads of state of Bangladesh and China (and/or their delegates) more than a year ago and then practically nothing beyond, we begin to understand the problem. Again, the multiple lines of credit taken from India remain to a great extent unused or utilised for the same reasons.

The country has a great deal relatively well despite hiccups. Areas where we have not done too well are, of course, mobilising domestic investment and addressing the volatility in the financial sector, particularly banking. Weak regulatory mechanisms coupled with a general lack of political will to stamp out irregularities that have become all-pervasive in handling out bad loans (over the years) and the failure to recover billions of dollars loaned out to companies that were hardly credit-worthy have bled the economy.

While policymakers turned a blind eye to what was happening in the state-owned banking sector, it would appear, is now threatening to consume the privately owned banks too. We have policies that are supposed to combat irregularities in the financial sector, but the central bank has remained largely a spectator in the last few years that have rocked the very foundations of the banking sector. These are policy failures that have to be addressed if we wish to maintain some semblance of order in the area of finance.

Foreign investment alone cannot bring the economic dividends for Bangladesh. We need to introduce policy measures to boost domestic investment. Yes, indicators do suggest that is picking up, but again, we are hamstrung by other factors. Much of the global growth

is based on the premise of developed nations backing trade agreements and a general pro-trade scenario across continents. That scenario is now being questioned, especially with the rise of protectionist policies being talked about in the US.

The bulk of our export comes from one sector, i.e. readymade (RMG) apparels and the two biggest markets are the EU and the US. We have been talking endlessly over the last decade or more that our economy needs to diversify, and not just in terms of production but also exploring new export markets. That unfortunately has not panned out for our economy, and the onus lies with the policymakers, period. Our overdependence on two major trading partners leaves us exposed to changes in policy over there.



In order to have sustainable growth, we must address the areas of domestic investment, volatility in the financial sector, capacity of institutions, professionalism in the bureaucracy, and infrastructure.

The report highlights "more rapid progress in many of the LDCs is hindered by institutional deficiencies, inadequate basic infrastructure, high levels of exposure to weather-related shocks and natural disasters, as well as challenges related to security and political uncertainty." While finance has been forthcoming, efficiency unfortunately has not, at least in our case. And when we talk about institutional efficiency, we have miles to go before we sleep. One of the biggest problems that have emerged is professionalism in the bureaucracy. And that is hardly surprising, given the general tendency to fill crucial positions with "loyal" personnel, who may not always be "efficient" personnel. Over the past few years, media reports have highlighted the problem of our lack of capacity to negotiate favourable terms of agreement—whether it is

awailing finance or signing contracts with overseas companies that had been awarded deals to build infrastructure.

From what has been published in media over the last year or so, it would appear that our negotiating teams are more concerned with foreign trips as a means to go sightseeing or shopping for that matter. Apparently, one such team went to a European country and decided to visit the holy land for pilgrimage, something that went beyond the official itinerary, but was accommodated for the sake of friendship between our two great countries. All these trips are of course borne by taxpayers' money and given our interest in matters that have nothing to do with signing of contracts, it is hardly surprising that the country ends up with bad contracts.

All major impediments highlighted can be addressed if there is seriousness at the policy level. Bangladesh is on track with policy reforms except the fact that we seem to have a major problem with placing the right person for the right job in the right place. That is perhaps why we have years of delays in implementing mega projects and why project directors change multiple times over the duration of the project. Our enthusiasm with expending funds for "trips abroad" and buying luxury SUVs (and whatnot) outstrips the need to get a move on sticking to project timelines. We actually have our work cut out. It is up to policymakers to decide if we should keep up with this rate of growth or if we should be going for something significantly better.

Syed Mansur Hashim is Assistant Editor, The Daily Star.

Shocking crimes and mutilated justice systems

Make prompt arrests in rape cases

WE are sickened by the report of yet another case of a stalker raping and mutilating a teenage girl in Mymensingh. The report in *The Daily Star* published on December 17, stated that the 16-year-old had moved to Dhaka to escape her stalker. However, when she went to visit her family in Ishwardi, her stalker, Shaikh Mia, a college student, allegedly raped her and mutilated her genitals on Friday.

This news appears in a series of gruesome incidents of sexual violence against women and children. Last month, a 35-year-old man abducted and raped a teenager over three days in Jamalpur's Melandaha upazila. In July, a 20-year-old woman filed a case against her stepfather for raping her for over eight years since she was 12. Various reports reveal that sexual violence against women has increased in 2017. According to Ain o Salish Kendra, up to 1,378 women were faced with rape, sexual harassment and other forms of violence in the first nine months of this year.

The father of the victim has rightly expressed his skepticism regarding the justice system since the accused were influential people. It is distressing that the hopelessness of the father is not misplaced. Time and again cases like this emerge and go unpunished by our legal system. Shocking Mia must be immediately arrested and punished after the case goes to trial. It is time we prioritised building a strong legal system that would ensure that rapists face severe consequences and the victims get justice quickly without having to wait for years.

Road and footpath improvement works

Must be done in an organised manner

THE Dhaka North City Corporation (DNCC) has been doing the work of road improvement, storm drainage and construction of roadside drains and footpaths in the Gulshan, Banani and Baridhara areas. While we appreciate the good initiative taken by the DNCC, we feel that there are some issues that the city authorities should give attention to.

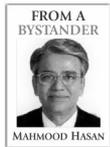
In Dhaka, road development work usually comes with many hazards as the concerned authorities usually show total disregard for public safety in the case of earths and earths are left beside the dug-up spots for an indefinite period and newly built concrete slabs and other construction materials are left in the middle of the roads, creating obstacles for the passers-by. Chances of accidents in these spots are also very high as anyone can fall into the dug up holes anytime, as there are usually no safety barriers.

Moreover, such practices contribute to the traffic congestion in the nearby roads. And, needless to say, this air of unorganised construction work pollutes the city's air causing a serious threat to public health.

One of the biggest bottlenecks of any development work that entails road digging is a lack of coordination of all the agencies that are involved. This has to be solved so that roads are not dug up again and again by different agencies for different purposes leading to prolonged public suffering and a waste of taxpayers' money.

We are happy to know that the city corporations already have a policy regarding this. According to the policy, the dug-up mud must be removed immediately, visible barriers and signals with coloured electric lights during night time must be put up for public safety. This while taking development work for road improvements, the city corporations and other relevant authorities must comply with these safety rules.

Will Nepal drift away from India?



FROM A BYSTANDER  
MAHMOOD HASSAN

NEPAL'S journey towards democracy crossed another milestone when the last phase of federal legislative elections was completed on December 7, 2017. We have to wait and see whether the new Constitution, adopted after the end of the civil war and abolition of the monarchy, will bring stability to the Himalayan republic it will have to face a test of its acceptability and effectiveness. Results of the polls will take a few weeks because of the complex process of the first-past-the-post (FPTP) system and proportional representation (PR). The new government is expected to be formed in mid-January 2018.

According to its 2015 Constitution the Federal Parliament of Nepal has two chambers. The lower house has 275 members and the upper house has

and rightist political forces.

Politically, Nepal perceptibly leaned towards leftist political parties during the elections of 2008 and 2013. The two major leftist parties—CPN (UML) led by KPS Oli, and CPN (MCG) led by PK Dahal—formed an alliance before the election. The leaders of these parties said that they will formally submerge under the election. The popularity of the alliance is due to strong anti-India sentiments, better election management and the emergence of Khadga Prasad Sharma Oli as an upright nationalist leader.

On the other hand, Nepali Congress (NC), the oldest centre-right party, is in doldrums. It has neither a clear agenda nor any effective leader. Besides, the general perception is that it is pro-India, particularly due to its role during the six-month long blockade of Nepal. Current PM Sher Bahadur Deuba (NC) could not deliver on the rehabilitation of the victims of the earthquake of April 2015, which has been a major national issue. With the departure of MCG from the current coalition, Deuba failed to strengthen Congress'

drifti backland.

Delhi is particularly worried that the new government will sustain for five years and may terminate the India-Nepal Peace and Friendship Treaty of 1950, as stated in UML's manifesto. Narendra Modi's muscular diplomacy towards smaller neighbours has alienated Nepal. India's policy to dominate Nepal has resulted in deep mistrust among the ruling upper class Hindus in Kathmandu. To the Nepalese in general India has become an overbearing neighbour.

Leftist leaders in Kathmandu have many complaints against Delhi. India's six-month-long unofficial blockade of Nepal, which began in September 2015 and led Nepal's economy devastated, is the most serious indictment against Delhi. The blockade came as Delhi was concerned about the lack of protection of the rights of ethnic Madhesi, people of Indian ancestry living in the Terai, in Nepal's Constitution. KP Oli (PM at that time) had a difficult relationship with Delhi. However, Oli's firm stance against Delhi's blockade and refusal to amend the Constitution improved his image among the Nepalese.

During those difficult times, PM Oli, after a visit to Delhi in February 2016, visited Beijing in March 2016. And to reduce Nepal's dependence on India, Oli signed several agreements related to trade and transit with China.

Besides, Delhi's contacts with royalist camps were an issue of concern among Nepalese democratic forces. BJP's Hinduist propagandists probably want Nepal to become a "Hindu Rashtra" rather than a secular state. Nepal under the monarchy was a Hindu kingdom, but the new Constitution adopted the principles of secular democracy, which the leftist parties strongly supported to resist any move to restore the monarchy.

Believing no doubt will be happy about the Left alliance forming a new government. Beijing would hope that the government speeds up the Belt and Road Initiative (BRI) projects and restores the USD 2.5 billion 1200 MW Budhi Gandaki hydropower project, which was scrapped by Deuba government last November, as Delhi has no such wish with India.

One would have to wait and see how stable the new government will turn out to be. Primarily because NC leader Dahal has exited coalitions in the past; he has formed the alliance to win more seats (although he currently shares power with Nepali Congress and has major differences with Oli). It is political convenience and not moral principles that drive his party. Besides, Delhi is unlikely to sit still if the Left government of KP Oli leans too towards Beijing. However, it is unlikely that Oli will drift away from Delhi and move towards Beijing. He will have to maintain a balanced relationship with both capitals, primarily because Nepal cannot sustain without India, through which 65 percent of Nepal's trade passes. Nepal under the new government will certainly not be pro-India or pro-China; it will be pro-Nepal. At least that is what the people of Nepal want.



Nepal communist party supporters participate in a victory rally in Kathmandu.

only 59 members. Election to the lower house of 275 seats takes place in two ways—165 seats by the FPTP process and the remaining 110 seats by PR. Some 15.4 million Nepalese voters went to the polls to elect the federal parliament and 550 members for the seven provincial assemblies. Elections to 735 local bodies, which constitute the lowest rung of the three-tier governance structure, have already been completed.

The polity in Nepal is mainly divided into three main streams, leading to a triangular competition among the Left parties, the centre-right Nepali Congress and the southern regional Madhes-based parties. After the formation of the new government, political alignment will no doubt give way to leftist

bastion with alliances with other parties.

Preliminary FPTP results indicate that the Left alliance is leading ahead of NC) subsequently in seat tally. As of December 16, the alliance has bagged 117 seats out of 165; NC has garnered only 21 seats under FPTP. It appears that the Left alliance will form the next government under KP Sharma Oli.

Delhi, backing Deuba's NC, is shocked and dismayed. China definitely is happy, as some observers say that it was Beijing that brought the two Left parties together. Nepal, sandwiched between the two powerful neighbours, India in the north and India in the south, has long been a playground for Delhi and Beijing to extend their influence in their

LETTERS TO THE EDITOR

letters@thedailystar.net

A major blow to

Bangladesh's image

Bangladesh has always been a peace-loving country with a rich heritage. We have maintained a reputation for being generally civil, hospitable, and welcoming. While handling the Rohingya refugees, we have shown our compassion and humanity to the world. Unfortunately, that image was dealt a major blow after the recent bombing attempt in New York City by a Bangladeshi immigrant.

The Bangladeshi diaspora, particularly, is facing the backlash. In the coming days our students might have trouble obtaining US visa for academic purposes. But the act of one misguided soul cannot taint the image of an entire nation. I think the government should take steps to restore Bangladesh's image.

Shams Rhiyu, BUET

Elections before and after independence

Our hearts swell with pride every time the elections of 1954 and 1970 are mentioned. History books are full of details about how local political parties fought for the rights of Bengalis in the then Pakistan. Prior to the 1954 election, Jukta Front leader Huseyn Shaheed Suhrawardy claimed that their opponent Muslim League would not get even 10 seats, which turned to be true. In the 1970 election, Awami League clinched an absolute victory.

Who was in charge of the government during those elections? Undoubtedly, the West Pakistani establishment, and that did not stop Jukta Front or Awami League from winning landslide victories. In the 46 years since independence, we have not been able to hold such fair elections.

Mohammad Ferdous Kabir, London