

The Daily Star

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Why do calls for austerity remain unheeded?

Without monitoring and accountability, directives to cut expenditures mean nothing

We are disappointed that the repeated calls for austerity, no less from the prime minister herself, have thus far failed to curb wastage, inefficiencies, and corruption in various government agencies in the midst of the worst economic crisis in over a decade. The finance ministry has recently issued yet another directive to practise austerity, calling upon government, semi-government, autonomous, and statutory bodies, as well as state-owned enterprises and financial institutions, to cut expenditures in the revised budget for the rest of the fiscal year. It has also asked them not to demand any additional money beyond the amount allocated.

There can be no doubt that this directive is the need of the hour, yet we cannot help but wonder if such calls are enough to change the status quo, given their consistent failure to hold those who flout such prescriptions to account.

We have repeatedly written about the many excesses that government officials and institutions have engaged in over the past few months, from unnecessary foreign trips as part of government projects (despite a supposed ban on such trips) to acquiring lavish apartment buildings using taxpayers' money, from chronic cost escalations and deadline extensions of projects to financial irregularities in a number of public offices. Unfortunately, but predictably, no one has had to answer for flagrantly disregarding the PM's directive to practise austerity. Even the audit reports, prepared by the government's own oversight institution, the Office of the Comptroller and Auditor General (CAG), detailing the irregularities and corruption of Bangladesh Telecommunications Company Limited (BTCL), Petrobangla, the Directorate General of Food, the Directorate General of Health Services (DGHS), public hospitals and other healthcare facilities, and the ministries of agriculture and fisheries and livestock (to name just a few), have been gathering dust. We have not even seen any public acknowledgement of these reports, much less promises of action against the concerned departments and involved officials. Under the circumstances, we must ask: does the government lack the capacity to address the glaring irregularities, or the willingness to do so?

When the national budget for this fiscal year was announced, we had expressed our concern that it seemed insufficient to address the challenges facing our economy at the time. We are glad that the finance ministry has at last understood the importance of cutting down the existing budget, and more crucially, of stopping reckless spending in the name of burning the budget. Every year, we witness a desperate attempt by different ministries and divisions towards the end of the fiscal year to run through their allocated amount, by any inefficient means possible. We simply cannot afford such carelessness at this critical juncture.

Therefore, we welcome the directive that any money of the development allocation that remains unused be returned to the government, instead of being transferred to the revenue budget. We can only hope that good sense will prevail and the relevant ministries and departments will finally do what is best for the country and its people who are struggling to simply survive in these trying times. We urge the finance ministry to follow through with their directives and ensure their implementation, beginning with strengthening its monitoring system of how the budget is planned and spent.

Don't let the dollar crisis cancel dreams

Students should be able to pay for their education abroad

The ongoing dollar crisis in the country is affecting people from all walks of life, but among those hit the hardest are Bangladeshi students living abroad and prospective applicants who are planning to go abroad to pursue higher studies soon. With many of the country's leading banks now reluctant to open new student files, and not even allowing transactions via the existing ones, these students are in a dire situation, with many having to postpone their study plans.

A Bangladeshi student studying abroad must have a student file in a local bank in order to exchange the taka for the local currency of the countries they are studying in. The file, which is associated with the student's or their sponsor's active bank account, is crucial for processing payments for their tuition and other costs, like housing and transportation. According to Unesco's "Global Flow of Tertiary Students" report, 49,151 Bangladeshi students left the country for higher education in 2021. And, according to data from Bangladesh Bank, USD 153.1 million in the first quarter of FY 2022-23 was sent abroad for education purposes, compared to the USD 98.8 million in the first quarter of FY 2021-22. If this flow of currency is stopped, students who live abroad or aspire to go abroad for their studies would essentially be left in the lurch.

Banks cannot open new files reportedly because of a fund crunch. Although there was initially a rumour that it was the Bangladesh Bank's decision to prevent scarce US dollars from leaving the country, the central bank insists that the restrictions are being put in place by the banks themselves due to their limited reserves of foreign exchange. BB has also assured us that this crisis would come to an end soon, possibly in January. We certainly hope so. The future of some of our most hardworking and talented students is being put on hold because of this crisis, which is pointing towards larger troubles in our economy.

For almost a decade now, the authorities and the banks themselves have failed to rein in massive amounts of money being laundered out of the country, and the financial sector itself is in shambles. Instead of addressing these bigger problems – which have massively damaged our economy and our forex reserves – why are they putting restrictions on students from paying their tuition fees? Why must the public always have to pay the price for the failed policies and practices of the government? We urge the authorities to do the needful to ease the dollar crisis at the earliest and avert the impending consequences that may arise.

Coping with the mystery of Fardin's death



BLOWIN' IN THE WIND

Dr Shamsad Mortuza is a professor of English at Dhaka University.

SHAMSAD MORTUZA

Do we need lies to live? Probably yes, if we think of life as nothing more than a series of denials, i.e. a defence mechanism that helps us cope with one core truth: the inevitability of death. You must be thinking: what a morbid way to reflect on the morning after Victory Day. I am reeling from a heartfelt talk given by my freedom fighter colleague, poet-professor Dr Kaiser Haq.

At a programme observing the Martyred Intellectuals Day organised by Dhaka University's English department, Haq, who was a second-year student in 1971, recalled meeting his professor, Khan Sarwar Murshid, in Kolkata before being transported to Agartala for training. Prof Murshid told him that he had gone to see his departmental colleague Jyotirmoy Guhathakurta, who was shot during the carnage of March 25. The bullet-ridden professor, on his death bed at Dhaka Medical College Hospital, extended his beatific smile seeing his colleague and asked, "How are you doing?"

The anecdote made me think: was it mere courtesy? Or was it an uncanny correspondence between the dying and the living? The single question epitomises the sentiment of the three million people who made their ultimate sacrifice: how are we?

The Pakistan Army targeted the intellectuals knowing that they were capable of exciting resistance. What they could not do during the nine-month-long war was completed by their local collaborators. The brutal and systematic murder of the intellectuals on December 14, 1971, just two days before the nation's victory, makes our independence a strange mix of happiness and sorrow. The legacy of blood symbolised in our flag contains mixed feelings more than anything.

When the body of Fardin Noor



VISUAL: STAR

Parash was found floating in the Shitalakkhya, by a cotton mill in Shiddhirganj, it appeared like a statement. It took the river three days to return his body, and more than six weeks for the investigating officers to proffer an explanation of his death.

Soon after the news of a Buet student's disappearance was reported, the internet became vibrant with conspiracy theories. The casual and callous remarks of forensic doctors and the different probe agencies did not help the cause either. The doctor responsible for the autopsy, referring to the injury marks on Fardin's head and different parts of his body, gave his verdict, "Fardin died three days ago and was physically tortured before his death."

Police tracked the mobile phone signals of the deceased to find his SIM

card active near the slum at Chonpara in Narayanganj, which is a notorious haven for drug dealers and abusers. This led the police to come up with the theory that Fardin had gotten involved in an altercation with drug peddlers who might have mistaken him for a police spy, and he must have been killed and dumped in the nearby river. Meanwhile, Fardin's friend, with whom he was last seen spending

The spokesperson of Rapid Action Battalion (Rab) met a group of protesting students from Bangladesh University of Engineering and Technology (Buet), journalists and family members to show the footage of Fardin's final moments. His friends are not fully convinced as the police are yet to confirm if he had reached the spot on his own or was compelled to do so. His father finds it difficult to deal with the possibility that his dutiful and responsible son could thus end his life. In an emotional plea, he rejected police's claim, saying that they were digging four more graves for him and three other members of his family.

Fardin's father's denial is conditioned by the mixed signals given by police, doctors, and journalists earlier. The suspicious killing of a drug lord soon after the incident added to the mystery.

For Fardin's friends and family, it will be hard to believe that he ended his life with the deepest need to be free of all anxiety. The irony is, life awakens anxieties in us. To come to terms with these issues, we need to address their sources.

First, we need to create an anxiety-free environment for our students. Buet, for instance, has a strong alumni network that must come to the aid of students in need of financial and psycho-social support. A small bursary for the debate competition could have taken the pressure off Fardin. It will not bring Fardin back to life, but it will surely make things easier for any potential victims.

Second, our national institutions should be more responsible before making public statements as well. Earlier, we saw a similar report of an autopsy claiming death by injury of a former Chhatra League leader of Jahangirnagar University. Later, video footage showed a boat (which was carrying the victim) that capsized after being hit by a vessel. He had drowned. His family is still in denial. The initial claims will remain a constant source of trauma for his kin. The same is true for Fardin. His death, conditioned by misery, will keep sending us on guilt trips. His beautiful smile will keep on appearing in the newspapers to ask: how are we doing?

We can do justice to Fardin's memory, and by extension to that of all intellectuals, by creating a system that makes sense.

How innovation and institution drive economic growth

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SYEDA TASFIA TASNEEM and AAQIB MD SHATIL

On March 28, 1983, *The New York Times* published a story on the Japanese automotive industry titled "Japanese Art of Automation." A country that was reduced to rubble in World War II gave birth to three major global automobile companies that were producing quality cars quicker than US companies.

The Japanese automobile industry did not invent any "modern" or "cutting-edge" technology; rather, they found ways to utilise the available technologies to improve their efficiency. In fact, the then Ford Motor Company Vice-President James K Bakken told *The New York Times*, "All the studies we've done show that Japan's use of technology is no greater than that of the United States, but the pervasiveness with which it is used in Japan is substantially greater."

In 1993, the World Bank published its famous policy research report titled "The East Asian Miracle." The report goes into detail how East Asian countries were defying expectations and rapidly catching up to the developed world. For a long time, experts used to believe in something called the Kuznets curve, which says as countries grow richer, they also become more economically unequal. But Japan, South Korea and other East Asian countries were proving that wrong by getting richer without raising inequality. Within a few years of publishing that report, five East Asian economies achieved high-income status, beating the infamous middle-income trap, leaving lessons to learn for countries like Bangladesh.

There is no "one size fits all" solution to economic upgradation and growth, because every economy is unique and different. Nobel laureate economist Joseph Stiglitz, in his work "Some lessons from East Asian miracle," commented, "It is the combination of these ingredients, many of which involve government interventions acting together, that accounts for East Asia's success."

On November 14, when the Youth Policy Forum (YPF) invited South Korea's former Finance Minister Jaewan Bahk to discuss his country's success factors at the forum's "Forging the Future" dialogue, he echoed Stiglitz's findings. The East Asian countries, as identified by the World

Bank, adopted suitable industrial policies to facilitate export-led growth. These policies worked not because they were good on paper, but because of the carefully built ecosystem in place. South Korea, one of the five East Asian economies that became high-income countries, invested in research and development and the government promoted technology programmes. Taiwan developed industrial parks for high-technology industries. These served as a tool to facilitate the transfer of technology among innovators and entrepreneurs and to lower the market entry barriers, paving the way for a competitive environment.

The East Asian economies invested in developing human capital and produced a significant number of competent engineers capable of absorbing and adapting to the most advanced technology, to stimulate the transfer of technology. South Korea's share of tertiary graduates in STEM is still the second highest among the OECD countries. "Such a focus on STEM has been the backbone of Korea's competitive manufacturing," Bahk said at the YPF webinar.

The governments in East Asia not only used industrial policies to affect the allocation of resources to stimulate economic growth, but also played an entrepreneurial role in identifying industries in which research and development would have high payoffs, according to Stiglitz.

When assessing the differences between the world's most developed nations and the poorest ones, the

weapons, in turn suffering devastating sanctions and a shrinking economy.

According to Dr Hans Peter Lankes, former vice-president of the International Finance Corporation and professor at the London School of Economics, one of the areas which developing countries should prioritise is investment in sustainable infrastructure including energy, transport, cities, water, industry, and so on. Currently, the spending on sustainable infrastructure in developing countries, excluding China, is about 3.5 percent of GDP. In Lankes' view, this must grow to at least 5.7 percent by the end of the decade to ensure resilient and sustainable development.

Institutions remain the most important factor for strengthening productivity and the investment climate in a country. Good governance, rule of law, and socio-political stability are crucial determinants of long-run economic growth. As famously described by Douglas North, "Institutions are the rules of the game in a society; more formally, they are the humanly devised constraints that shape human interaction." Within this view, institutions are viewed as both "formal" rules as formulated and enforced by the state, as well as "informal" constraints as determined by cultural norms, traditions, and beliefs of the society.

Institutions and innovation are the two key elements that will determine whether Bangladesh will become an economic powerhouse and one day become a high-income country. It's high time our policymakers listened to the experts and created an ecosystem that drives growth.

This article is written as part of the series "Forging Our Future," which is an attempt to bridge the gap between Bangladesh and global public policy under the Youth Policy Forum's project "Coalition for Upgrading Bangladesh Economy (CUBE)."

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role of well-functioning institutions becomes apparent. In this regard, a cross-country comparison of North Korea and South Korea lets us uncover the power of institutions to some extent.

In the early 1940s, the two countries looked almost identical in terms of their socio-economic structures, history, language, culture, and so on. However, after the country was split, North Korea headed towards becoming a totalitarian state. On the other hand, South Korea chose democracy, private property rights, freedom of press, and a capitalist system with an open economy. As a result of these choices, South Korea transformed itself from an agrarian economy to one of the leading business capitals of the world, while North Korea remained isolated and continued its pursuit of nuclear