

Dr Yunus's address and the path forward

Must work together for democracy and reforms

In a much-awaited address to the nation, the chief adviser to the interim government, Dr Muhammad Yunus, delivered a timely, thoughtful, and comprehensive message to the citizens. He emphasised the need to implement various reforms to institutionalise democracy in the country, attending to the most pressing demands of our people. However, we would like to remind the interim government that it has not one but two urgent tasks at hand. The first is to administer the country in these turbulent times and, simultaneously, to pursue reforms—both of which together form a mammoth task.

Given the present state of the nation, the number of reforms needed may seem endless. However, pursuing all of them is neither realistic nor achievable in the short to medium term. Nevertheless, the chief adviser mentioned that his administration has planned wide-ranging reforms that resonate with the demands of the student-led mass movement that brought down the autocratic government of Sheikh Hasina. He further stated that these reforms are essential to prevent a return to being a police state, which would be a devastating outcome given the terrible suppression that people endured for 15 years and the sacrifices made by so many to end fascist rule.

Dr Yunus also mentioned the need to form a police commission to overhaul law enforcement, a bank commission to reform the financial sector, and to conduct fair investigations into the violence that occurred in recent times. He also called for comprehensive reforms in education, the empowerment of local government bodies, and many other initiatives including taking action to ensure press freedom. The government's commitment to ensuring justice for all the extrajudicial killings and enforced disappearances—both anathema to any civilised society—is also praiseworthy. We will, of course, have to wait to see results. Meanwhile, we will urge the government to undertake institutional reforms that can safeguard citizens from such egregious crimes in the future as well.

Dr Yunus mentioned that the issue of elections was a political decision, and that he would leave it up to the people. Here, we would like to commend him for reminding the nation where the power truly lies—with the people. He said that the advisers of the interim government would hold dialogue with political parties to determine how decisions regarding the holding of elections would be made. He also expressed a desire to involve all stakeholders in discussions about the interim government's tenure. But he did not make it clear how that could be achieved. Here, we believe the interim government needs to form a comprehensive framework for communicating with all stakeholders in society.

In his address, Dr Yunus also invited everyone to come forward and suggest guidelines to help the government gather their input. Therein lies the opportunity for civic engagement. Moving forward, we hope that the people will work together and help in ongoing efforts to ensure that this opportunity for reforming the nation is not squandered again.

Ansar-student clashes quite troubling

Govt must restore discipline in the force, address legitimate demands

Sunday's clash between demonstrating Ansar members and students is a deeply troubling development with potential security implications for the country. Reportedly, the clash occurred after the former kept all five gates of the Secretariat locked throughout the day despite government assurances of addressing their demands, including job nationalisation and abolishing the mandatory, unpaid leave system. Things turned violent around 9:20pm when a large crowd comprising students and general people responded to a call to free trapped officials, leading to at least 50 getting injured, before the army eventually intervened to restore order.

This is but the latest example of the chaos that surfaced across different sectors after the interim government took over on August 9. The frequency and intensity of protests by various interest groups have escalated to a point that police on Sunday night banned all sorts of demonstrations near the Secretariat and the residence of the chief adviser. The Ansar development is particularly alarming as it showed the lack of trust and discipline partly resulting from years of politicisation. One may recall how in 2023 a bill was tabled in parliament that would have given Ansar battalions—an auxiliary force—the authority to detain criminals, search bodies or seize goods, turning them into a parallel police force. The role of Ansar in the bloody clashes that preceded the fall of Awami League also left deep scars within this 55,000-strong force.

There are three branches of Ansar: General Ansar, Battalion Ansar, and Village Defence Party (VDP). Their demands for job nationalisation, rooted in grievances over low pay and lack of benefits, have been brewing for some time. But Sunday's development cannot be seen just as a reaction to the failure to address those grievances. After the incident, Nahid Islam, the information and broadcasting adviser, stated that continued demonstration even after government assurances was "part of a conspiracy". The director general of Ansar and VDP went as far as to say those who protested and clashed were not Ansar members, labelling them "outsiders" with ulterior motives. Investigations are currently under way. Already, 377 Ansars were sent to jail in four cases after being taken to a Dhaka court on Monday, while nine senior officials were transferred. We hope the probe into their activities will unearth any potential conspiracy and lead to actions to restore discipline within the force.

But that doesn't take away from the need to fulfil the legitimate demands of general members of Ansar. The formation of a seven-member committee to examine their demands is a positive step, but it must be followed by concrete actions. The authorities also need to take stern action to prevent such security meltdowns from recurring. Given what has occurred surrounding the Ansar force in recent times, we feel a comprehensive review of the internal situation in the force has become essential. It must be done with an aim to reduce our vulnerability to such incidents in our security landscape in the future.

Stabilising prices is the immediate priority



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Views expressed in the article are the author's own.

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As the new interim government is trying to settle down, expectations are soaring. People are eagerly waiting to see how the government will address their immediate needs, especially providing respite to the poor, low-income, and fixed-income middle-class people who have been suffering from the devastating effects of high inflation for over two years. Continuous high inflation but no increase in wages and salaries have eroded their purchasing power. Many have also used up their savings to survive due to the high cost of living.

According to Bangladesh Bureau of Statistics (BBS) the point-to-point inflation rate in Bangladesh was 11.66 percent in July 2024 compared to 9.69 percent in July 2023. The non-food inflation has gone up as high as 14.10 percent in July 2024 from 10.42 percent in July 2023, according to BBS. The increase in electricity prices several times also pushed the non-food inflation rate to 9.68 percent in July from 9.15 percent in July 2023.

Inflationary pressure is being felt severely in the face of wage growth declines. The above-mentioned BBS report indicates that wage growth of low-paid and unskilled workers declined to 7.93 percent in July 2024 compared to 7.95 percent in June 2024, though inflation increased from 9.72 percent in June 2024 to 11.66 percent in July 2024.

The former government failed to take effective measures to contain high inflation. Bangladesh Bank (BB) was reluctant to use monetary policy tools to control inflation and continued to impose a cap on both lending and deposit rates from April 2020 to June 2023, even though the inflation rate was much higher than the fixed lending rate. Later, BB introduced a reference lending rate—the six-month moving average rate of treasury bills (SMART), which failed as it did not follow the reality of the market and was not supported by appropriate fiscal policies.

BB's decision to withdraw the interest rate cap and make it a

market-led rate in May 2024, taken at the suggestion of the International Monetary Fund (IMF), could not bring any positive results till now due to late adoption. The new governor of the BB has indicated that the policy rate will be increased further to tame inflation. In May 2024, the BB hiked the policy rate to 8.5 percent from 8 percent in January 2024. The policy rate, which is the rate at which commercial banks can borrow money from a country's central bank, was kept the same in the Monetary Policy Statement for July-December 2024. With the intention to



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increase the policy rate, the governor of BB has signalled the upcoming interest rate hike in commercial banks to the market, thereby slowing down the increase in the money supply to fight inflation.

However, the monetary policy alone cannot contain inflationary pressure and must be implemented with a coherent fiscal policy. The government followed an expansionary policy without any effort to reduce administrative and operational costs and wastage during difficult times. The budget deficit for the FY2025 was kept at 4.6 percent despite high inflation and suggestions from economists. To meet its expenditures, the previous government continued to borrow from commercial banks alongside BB as overdraft. In FY2023, the government

borrowed about Tk 98,000 crore from the BB. Before the outgoing governor of BB was appointed in early July 2022, the limit for overdraft for the government from the bank was Tk 6,000 crore. However, upon his appointment, the previous governor increased the overdraft limit for the government to first Tk 8,000 crore and then to Tk 12,000 crore. However, the previous governor continued to cross this limit. The government borrowing high-powered money from BB has contributed to high inflation.

The other reason for high inflation is the imperfect market mechanism and the dominance of a limited number of importers, sellers, and producers. High import prices are frequently blamed for high domestic prices, as Bangladesh relies on fuel and other essential commodity imports. High fuel prices, transportation, and logistical costs impact locally produced items. Besides, the taka has depreciated by about 27 percent from

enforcement agencies collecting money from vehicles carrying products from various districts to the marketplace are common. The creation of artificial shortage of certain commodities by syndicates has been widely discussed. Such unethical practices increase the market prices of commodities which the consumers ultimately bear. Unfortunately, the previous government turned a blind eye to these malpractices as the government existed with support from corrupt individuals and groups.

The recent severe floods in several districts of Bangladesh have taken many lives while affecting thousands of people. The floods have affected agricultural production in the flood-affected districts, and, due to supply shortages, prices of goods have increased exponentially.

While the government has announced that it would focus its efforts in helping the flood-affected people, their food security has to be at the forefront. Unfortunately, the budget for fiscal year 2025, as announced by the previous government, cut the distribution plans for food grains, despite high food inflation. Therefore, food distribution programmes must be enhanced through open market sales (OMS) and food-friendly programmes. The government must also increase cash support to the vulnerable.

As the interim government is committed to undertaking reforms, increasing transparency in the pricing system of goods should be a major concern. Bangladesh Competition Commission (BCC), which plays a crucial role in supervising the price of commodities, should augment its efforts and develop an all-encompassing database on the prices of all commodities across the nation, spanning from the farm to the market. Close surveillance and oversight are needed for effective market regulation in order to maintain control over commodity pricing. BCC should regularly monitor the behaviour of dominant market players, examine instances of market manipulation, and take appropriate action. The Competition Act, 2012 should explicitly tackle the problem of monopolies in the market and provide clear antitrust laws. Individuals who breach the norm should be subjected to legal consequences. Therefore, measures towards inflation control have to be a multi-dimensional and collaborative process.

Legal reforms crucial for justice and fairness

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Sheikh Hasina's rise and clinging to power for 15 long years were through certain processes—however flawed those may be—but her fall was quite dramatic. August 5 marked our freedom from the Hasina-led Awami League dictatorship, which comprised of suppression, oppression, and merciless persecution. A new era has begun thanks to the supreme sacrifices of our young generation in particular, and the people in general. It is now the sacred duty of the entire nation to preserve and protect this newfound freedom not only for the present generation, but for future generations as well.

The interim administration, led by Nobel laureate Professor Dr Muhammad Yunus, faces far greater challenges than any of the past caretaker administrations did, starting with the first one led by Justice Shahabuddin Ahmed in 1990. On August 18, while meeting foreign diplomats and international agencies, Dr Yunus expressed his intention to reform the election commission, the judiciary, civil administration, security forces, and mass media. The list is long but it is far from exhaustive. The interim government has other things to do as well, such as holding the perpetrators of crimes to account,

including financial crimes, and above all, the trial of Sheikh Hasina for committing Crimes Against Humanity (CAH) under the International Crimes (Tribunal) Act, 1973.

The 1973 act, even with its several amendments, is an outdated one. It has been heavily criticised by the international community, including Human Rights Watch, Amnesty International, International Bar Association, the UK Bar Association, and the European Union for falling far below the international standard. In my capacity as Chief Defence Counsel of the 10 opposition politicians who were indicted under the 1973 act (five of whom were executed), I am fully aware of the international community's criticism.

revenge but to establish rule of law. Hence, this law should be updated to the international standard. Moreover, CAH being a very complicated area of law, it is crucial that the prosecution team is well-versed in it.

The greatest contribution of the administration would be to clean up the rotten political system, and put an end to divisive politics. Perhaps more importantly, it should open up our decade old political system to new ideas, so that educated and patriotic young people find it comfortable to enter politics and contribute to nation-building. Unhealthy student politics should be cured by national consensus.

The present constitution has become unworkable. By amending it with their brute majority, the Awami

opposition has a very important role to play. Under our constitution, winners take all. Ideally, we need to begin our new journey with a balanced constitution.

This administration certainly does not have the mandate to frame a new constitution for which we need a national consensus. Once a national consensus is reached, a constituent assembly needs to be elected by the people to frame a constitution within a particular period, say within 120 days. After the new constitution has been framed, the constituent assembly needs to be dissolved, and a fresh election should be held for the re-establishment of parliament.

Here, the political parties need to make sacrifices. They have to put the country before their party. Bearing in mind the 15 long years of oppression, misrule, and misuse of powers, we can reasonably expect our political parties to act purely in the nation's interests in this critical juncture of our history.

It is unfortunate that the country which produced leaders such as Shaheed Suhrawardy and AK Fazlul Haque has now become leaderless. In the early days of our independence, the late Abul Mansur Ahmad, who was an Awami Leaguer all throughout his life, used to advise and criticise the Awami League and its leadership, both privately and publicly. We do not have such a wise politician amongst us now, leading to our civil society being divided along party lines.

Finally, this administration is not yet free from external and internal existential threats. This administration matters to each and every Bangladeshi. We cannot and must not allow it to fail.

The parliamentary committees under the full control of the party in power have become non-functional. In a parliamentary democracy, the opposition has a very important role to play. Under our constitution, winners take all. Ideally, we need to begin our new journey with a balanced constitution.

The last nail in the coffin of the act is the very recent UK Supreme Court's verdict on it. In view of the matter, it won't be advisable to proceed with the trial of Sheikh Hasina either in her presence or in absentia with the act as it is. The trial process will not be acceptable to the international community and will rightly face a barrage of criticism.

However, bleak Hasina's record may be, the interim administration's objective should not be to exact

League has changed certain sections of the constitution in alignment with their party manifesto. In any event, so much power has been given to the prime minister under the constitution, and so little to the president, that a Roman emperor would envy the powers of the former instead of the latter.

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