

We agree with the power adviser

Capacity charge payments to idle power plants must stop

We are pleased to note that the interim government has decided to terminate agreements with power plants that have been collecting capacity charges without producing electricity. In an interview with this daily, Muhammad Fouzul Kabir Khan, who currently oversees three ministries under the interim government, said that this decision was made in the public interest—a sentiment we fully support. For years, we have voiced concerns about the previous government's costly decision to pay idle power plant owners through capacity charges, wasting significant taxpayer funds and channelling resources into the hands of individuals politically connected with the former Awami League regime.

The adviser expressed his surprise at how a five-year agreement was extended to 16 years. He also revealed that a network of corruption had developed within the power sector, rooted in the structure of the Quick Enhancement of Electricity and Energy Supply Act of 2010. This indemnity law, originally intended to provide short-term relief from power shortages, ultimately became a permanent arrangement. As a result, decisions made under this act lacked proper scrutiny, enabling one-sided benefits for power plant owners at the expense of public interest. According to some estimates, from 2009 to the fiscal year 2023-24, Tk 1,37,000 crore has been paid for capacity charges or rentals without utilising the production capacity. Clearly, the country could ill afford such waste. And even our current economic predicament can, to a large extent, be attributed to this. Which is why the decision by the interim government to not extend any agreement with such power plants was extremely necessary.

Furthermore, according to the adviser, such criminal networks have also established themselves in other sectors of the country. This is what made the Awami League's megaprojects—undertaken without proper consideration of their true benefits—so costly for the public. Such corruption has made nearly all public projects much more expensive than they should have been, while simultaneously creating a corrupt culture that is proving difficult to change.

Despite the enormity of the task of rooting out such corruption, it is essential for the current government to reform these sectors urgently. Given the economic constraints that Bangladesh already faces, it cannot afford to continue losing such exorbitant funds to corrupt practices.

In line with that, while the government's decision not to pay capacity charges is a positive step, it should go further and repeal the power indemnity law that has drained the economy. The government should also amend the regulatory commission law to restore its right to hold meaningful public hearings before any increase in energy prices. At the same time, the commission should work to eliminate inefficiency and corruption to ensure an uninterrupted energy supply without any further unjustified price increases.

Israel is destabilising the entire region

Will the US make sincere efforts to diplomatically solve the crisis?

Israel's strikes in Iran on October 26, which it justifies as retaliation against Tehran's strikes on Israel earlier this month, gives rise to fears of further escalation between the two countries and the region. Meanwhile, Israel's genocide in Gaza is unrelenting with a death toll of over 42,000 people, most of them women and children. In the pretext of targeting Hezbollah, the Israeli Army killed more than 700 Lebanese in airstrikes across Lebanon between September 23 and September 27. Among those killed were 50 children and 94 women, according to Al Jazeera. Beirut authorities report that the offensive has resulted in over 2,500 deaths and displaced more than 12 million people.

Thus, we seem farther away from the ceasefire that we had hoped would put an end to these senseless killing of civilians and total destruction of Gaza's infrastructure. Undoubtedly, the US's unconditional support of Israel and lukewarm efforts to broker a ceasefire have given Israel a carte blanche to continue its genocide in Gaza and continuously bomb the region without facing any consequences. Despite widespread condemnation from many countries around the world and appeals from the UN Secretary General for an end to the killing of Palestinians and now Lebanese, until the US and its Western allies take a strong and decisive step by stopping its support of Israel's military actions, there will be no end to this genocide. The US has moved its anti-missile defences to Israel along with around 100 soldiers to operate them. US President Joe Biden has made it clear that should Iran choose to strike back after this latest attack by Israel, the US will aid in Israel's "defence."

The double standards of the US and many of its Western allies in how they view strikes by Israel and those by Iran makes it clear that the blatant human rights abuses and crimes against humanity committed by Israel will continue to be white-washed as "defence" operations. History will judge these nations for allowing one of the biggest genocides against an occupied people. But right now, the dangers of greater escalation in the region—even including nuclear powers—is far too close to home for the US and its allies to continue their blind support of Israel. The aftermath of not stopping Israel's aggression and violation of international law could be catastrophic.

THIS DAY IN HISTORY

Sadat and Begin win Nobel Peace Prize



On this day in 1978, Anwar Sadat of Egypt and Menachem Begin of Israel were awarded the Nobel Prize for Peace for negotiations that resulted first in the Camp David Accords, then in a peace treaty between their countries.

EDITORIAL

How has the interim government fared so far?



STRATEGICALLY SPEAKING

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SHAHEDUL ANAM KHAN

Nearly three months have passed that the interim government (IG) has been in charge of a country devastated beyond comprehension. We the mere mortals, struggling to forget the nightmarish 15 years, can be forgiven for nurturing very high expectations from the new dispensation.

It will do us well to remember that the IG is not the caretaker government (CTG) of the past. It is very unique, given the circumstances in which it came to power—a popular youth-led uprising has validated not only the IG's assumption of power but has also, *ipso facto*, granted approval for any and all legal actions it undertakes to rectify the damage to the nation's institutions and agencies. The mutilation done to the nation would require more than run of the mill actions or traditional approach.

In passing it should be stressed that raising the issue of Hasina's resignation at this point in time is out of place, some may see this as being ulteriorly motivated, and reeking of conspiracy.

It is of no consequence whether a person who assumed power in a dubious manner, was deposed through a popular uprising—there can be no greater mandate than this—and sought exile of their own volition, has tendered an official letter of resignation. We must admit that the president's recent remarks regarding this have mystified us.

The various reform committee gives us a good idea of the sectoral reforms the IG wants to undertake. Unique situation requires unique response that may not necessarily conform to the normal methods and means of administering a country.

But while the IG goes about fixing things, it should keep the people informed about its policies and plan of action for rectification. The IG should keep in mind that although it is not bound by any timeframe and its framework of reference is very wide, its time limit is also not open-ended. And a "reasonable" timeframe is open to various interpretations. What the IG is doing should also be visible.

The first thing that still needs to be fully addressed is the

administration, which seems to be influenced by the lingering presence of the Awami League. Reportedly, many beneficiaries of the past regime continue in important appointments. The longer they stay in the administration the more are the risks they pose to the successful implementation of the IG's reform



Students under the banner of anti-discrimination student movement demonstrate on the High Court premises on October 16 demanding resignations of 'pro-Awami League fascist judges'.

PHOTO: PALASH KHAN

plans. The significance of the manufactured unrest in the RMG sector, sabotage of oil tankers, and various demands from different professional groups are well-orchestrated actions to nip the plans of the IG in the bud.

Apparently, it would seem that the administration is not moving fast enough for some quarter's liking, and a feature post revolution is the regime of intimidation and coercion imposed on certain quarters. While that is understandable under the circumstances, making haste while sorting out the muck of the last 15 years may be counterproductive.

The public has certain expectations as well as grievances, and some of these are manifested in the student outburst, demonstrated in their siege of the High Court for removal of judges

was a long-term plan to destroy the backbone of the nation by destroying the education sector.

It would also seem that the process of accountability is not moving fast enough. One hears the question "Where have all the crooks gone, and how?" Indeed, one may ask, once again, where have all the crooks gone?

And by crooks, I mean all those that sought sanctuary inside the safety of the cantonments across the country after the student-led revolution that has been anointed with the very appropriate appellation of Monsoon Revolution, and many others who made good their escape quite a few days after the assumption of office of the IG. In fact, there is a general suspicion that the beneficiaries of the previous government may still be calling the shots.

A passing reference was made to this subject in one of my previous columns, but time has come to accord the issue more than a cursory glance. It is my distinct impression that the matter has been deliberately swept under the carpet hoping that, Bangladeshi memory being short, the matter would be forgotten. Well, not so soon.

A few questions need to be answered by the relevant individuals in positions of responsibility. Feigning ignorance will not sit well with the common man, who feels that allowing those responsible for bringing so much misery to the people—through wanton loot and plunder, siphoning billions out of the country, and particularly those directly responsible for the deaths of a thousand and the maiming of several times more—soils the blood of the martyrs. They must be held accountable.

Of the 17 crore Bangladeshis, only 600 or so sought refuge inside the military establishments. Among them were politicians and senior members of the law enforcing agencies. The question is why. They must have done something wrong that they feared would incur public wrath. In fact, these were the people who would have left the country sooner but somehow couldn't. Some of their more clever and smarter colleagues had abandoned the Awami League boat no sooner than they realised that it had started taking in water.

In fact, abandoning the followers and leaving the country furtively for safer places during hard times has been the hallmark of the party leadership. History will bear out my comments. Therefore, to see the leader living up to the party tradition after August 5 was not a surprise.

My question is: in the future, will highly secured places within the country be used as sanctuaries for those responsible for killing democracy, looting public wealth, and committing the kinds of misdeeds that those seeking protection in the cantonments are alleged to have committed? Additionally, we are still at a loss to explain how many of these individuals managed to leave the country and who guaranteed them a safe exit.

The ultimate goal is to hold a participatory all-inclusive and acceptable election. Having said that, holding elections without fixing the systemic aberrations would take us back to square one. That would denigrate the sacrifice of the martyrs of the Monsoon Revolution. And it shall not be allowed to happen.

Does the 2024 Nobel-winning economic research tell the whole story?



AN OPEN DIALOGUE

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ABDULLAH SHIBLI

The Nobel Prize in Economics for 2024 was awarded to three American economists whose research explained why some countries are rich and others poor. They used theory as well as empirical evidence to argue that differences in economic institutions are the fundamental cause of divergence in long run economic growth. Simply put: economic growth is a consequence of good governance, property rights enforcement, constraints on power holders, and relatively lower rent-seeking by power-holders. However, there are some reservations about their findings.

The honourees are Daron Acemoglu, Elizabeth and James Killian professor of Economics in the Department of Economics at the Massachusetts Institute of Technology (MIT); James A. Robinson, a political scientist and an economist, who teaches at the University of Chicago; and Simon Johnson, the Ronald A. Kurtz (1954) professor of Entrepreneurship at the MIT Sloan School of Management.

Acemoglu, Johnson, and Robinson's work divides institutions into two categories: "inclusive" and "extractive." Inclusive institutions include property rights, democracy, rule of law and order, and curbs

on corruption, while extractive institutions give rise to a high concentration of power and limited political freedom, seek to concentrate resources in the hands of a small elite, and thus stifle economic development.

A book by Acemoglu and Robinson, titled *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (2012) analyses why some countries grow while others are left behind. They raise the question: "what forces or institutions promote or hinder economic growth?" They concede that in some cases it appears that GDP growth is determined by a gift of nature but by and large durable and "welfare-promoting" societal institutions are a pre-condition for lasting prosperity. India is an example. It had a per capita income higher than European countries during the Mogul period, but that did not last beyond a few centuries. It is the conducive political and economic systems that can account for the secular rise in per capita income and welfare of the majority.

A minor point of interest is that all three of the laureates were born outside the US, where they studied and spent most of their lives. Acemoglu was born in Turkey, while the other two were born in the UK (incidentally, Robinson

grew up in Barbados). I wonder if their migration to the US might have played a role in their choice of topics: in the divergence of economic growth in different countries. Also, all of them had to journey through one of the top US universities during their career, which has been noted with concern by some academicians.

The three economists examined the European colonisation of large parts of the globe. They wrote a seminal paper in the *American Economic Review* in 2001 titled "The Colonial Origins of Comparative Development: An Empirical Investigation." As is well known, a critical explanation for the current differences in prosperity is the political and economic systems that the colonisers introduced or chose to foster from the sixteenth century onwards in Asia, Africa, and the Americas.

Several criticisms of the research by the three laureates have been voiced. First of all, they have a very narrow point of view. Their theory legitimises the processes of imperialism and colonialism and, at worst, absolves racism. Where the Europeans settled, they built good institutions but in Africa and Asia they hindered the growth of autonomy and democracy.

Second, researchers at Harvard and Yale point out that it is not institutions that lead to growth. Rather, growth supports the institutions. Taiwan, South Korea, and Singapore had authoritarian governments when they reached peak economic growth. China grew without democratic institutions. Thirdly, their work indicates a bias towards capitalist institutions, inevitably leading to the concentration of wealth and political power among a select minority.

Other economists too challenged the causality. Do political institutions cause economic growth, or do economic growth and human capital development lead to institutional improvement? As indicated above, the causality might have been the opposite of what the trio contends.

Mushtaq Khan, a professor of economics at the School of Oriental and African Studies at the University of London, argues that Acemoglu, Johnson and Robinson's research mainly shows that today's high-income countries score higher on western-based institution indexes, and not that these countries achieved economic development because they established inclusive institutions first.

Also, we lack reliable estimates of "the effect of institutions on economic performance." However, this year's Nobel in economics will boost research into the role of government, wealth inequality, and inquiry into the persistence of poverty.

Regarding the research's relevance for Bangladesh, while the country has experienced significant economic growth, its institutional framework is not considered entirely conducive to sustained long term growth. Bureaucratic hurdles, corruption, lack of transparency, and weaknesses in regulatory bodies often hinder business operations and investment potential. The recent July-August uprising demonstrated that governance and institutional quality improvements are crucial for Bangladesh to reach its full economic potential. In the last few years, some had hailed Bangladesh as a "Tiger Economy" but it is now clear that all these slogans amounted to hailing the "emperor with no clothes."