

Report No. 35

**STATE OF GOVERNANCE AND
BUDGET RESPONSES 2000**

Centre for Policy Dialogue

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The Centre for Policy Dialogue (CPD), established in 1993, is an innovative initiative to promote an ongoing process of dialogue between the principal partners in the decision making and implementing process. The dialogues are designed to address important policy issues and to seek constructive solutions to these problems. The Centre has already organised a series of such major dialogues at local, regional and national levels. These dialogues have brought together ministers, opposition front benchers, MPs, business leaders, NGOs, donors, professionals and other functional groups in civil society within a non-confrontational environment to promote focused discussions. The expectation of the CPD is to create a national policy consciousness where members of civil society will be made aware of critical policy issues affecting their lives and will come together in support of particular policy agendas which they feel are conducive to the well being of the country. The CPD has also organised a number of South Asian bilateral and regional dialogues as well as some international dialogues.

In support of the dialogue process the Centre is engaged in research programmes which are both serviced by and are intended to serve as inputs for particular dialogues organised by the Centre throughout the year. Some of the major research programmes of CPD include The Independent Review of Bangladesh's Development (IRBD), Governance and Development, Population and Sustainable Development, Trade Policy Analysis and Multilateral Trading System and Leadership Programme for the Youth. The CPD also carries out periodic public perception surveys on policy issues and developmental concerns.

*As part of CPD's publication activities, a CPD Dialogue Report series is brought out in order to widely disseminate the summary of the discussions organised by the Centre. The present report contains the highlights of the dialogue organised by CPD, which was held at the CIRDAP Auditorium, Dhaka on June 18, 2000 on the theme of **State of Governance and Budget Responses 2000.***

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Dialogue on
State of Governance and Budget Response 2000

i) The Dialogue

A dialogue on the *State of Governance and Budget Response 2000* was held at the CIRDAP auditorium on June 18, 2000. Professor Rehman Sobhan, Chairman, Centre for Policy Dialogue made the keynote presentation at the dialogue which was chaired by M Syeduzzaman, Chairman, Bank Asia and former Finance Minister.

Mr. Tofail Ahmed, MP, Hon'ble Minister for Industries and Hon'ble Minister of State for Planning Dr Mohiuddin Khan Alamgir were present among others at the dialogue. A cross section of politicians and academics took an active part in the dialogue.

ii) Resume of the Keynote presentation

In his keynote paper Professor Rehman Sobhan brought in a long term perspective to the issue of governance by arguing that many of the governance issues originated within the social, economic and political system of the country. Solving these problems, according to Professor Sobhan required reform of the fundamental structures of the society. He observed that all governance-related problems had accumulated over time. He recalled that he wrote a book on governance in the early 1990s, and it would still be a quite valid document today if a few names and dates were changed.

It could be argued that Bangladesh emerged as an independent state because of the failed governance of the Pakistan state, Professor Sobhan said. The events of history might have been different if democratic practices were allowed in Pakistan, recognising the rights of the deprived people of Bangladesh. Many later events including long episodes of military rule, had also impacted on the culture of governance and misgovernance in Bangladesh.

He said that governance is hardly a new subject. The only new dimension given to governance originates in this fact that the issue has emerged on the agenda of the donor

community as part of the changes in development fashion arising out of the emerging flaws in the policy reforms of the last two decades. Donors have today recognised that such reforms can not be made effective without good governance. But the donors' capacity to impact on governance as compared to their capacity to change the trade regime or privatisation was correspondingly weaker, he observed.

He pointed out that whilst it is more useful to give a historical perspective to the issue of governance in Bangladesh, in order to permit for a non-partisan view of the subject, voters are more likely only to hold an incumbent government accountable for the current state of governance and would be less inclined to take a long-term perspective of the issues.

Professor Sobhan said that due to long years of neglect the governance problems, these facing Bangladesh have become deeply embedded in the workings of the political system. He argued that if Bangladesh could restructure its politics, this would open the country up to tremendous development change.

According to Professor Sobhan, the objective conditions for a stable political system are present in Bangladesh. The prevailing political differences between the principal political parties did not affect the donor driven directions of major economic policies mentioned. The country's politics is founded on a relatively homogenous society. But the most important feature of the society is the emergence of a two-party political system which should have been Bangladesh's great strength, Professor Sobhan stated.

What should have been Bangladesh's major advantage – the two-party political system – has now become a major problem. He said that the country was now faced with a political duo-poly in which two major political parties managed to neutralise each other and then created major problems for the nature of the political culture of the country itself. In such circumstances, it was important for both political parties to recognise the respective legitimacy as well its strengths of their rivals. They should thereby establish a

process of political accommodation to find effective solutions to political problems and work out certain ground rules on how the political system would function.

Professor Sobhan observed that the parliament was one area where the political parties would have established such a process of accommodation. But the fact was that in the last two parliaments, a large part of the proceedings were rendered ineffective because the respective oppositions stayed out of the parliament. This undermined the process of accountability which was the essence of the parliamentary system.

He argued that both the government and the opposition had a shared responsibility for seeing that an appropriate climate was created in the parliament. Here, the government of the day had the much larger responsibility to see that the various concerns of the opposition some of which were not necessarily fully justified, were accommodated so that the main purpose of having a working opposition was maintained in the House. Now, because of the government and opposition not working together, the parliament itself had become dysfunctional and the quality of floor debate suffered.

One institution, which appeared to be working effectively, were the Parliamentary Standing Committees although these Committees also faced serious structural problems. There was also a tendency in the part of some Members to use the Parliamentary Committees to pursue private agendas which should be avoided since these Committees were the most appropriate instrument for establishing accountability of the executive branch of government.

Professor Sobhan observed that the weaknesses of the parliamentary practises were derived from the weaknesses of the political parties. The parties tended to be organisationally weak and run in an undemocratic lines where party members were often not consulted in formulating the party agenda, or they preferred not to get involved in the process. A preoccupation with money was emerging as a major variable in the political process and had now become a major political instrument which infected all levels of political activities. Party politics was turning into an extension of business by other

means. Money was also serving to criminalise political activity by buying the services of armed mercenaries who operated without any political principals. Some of these criminals were now graduating into politicians in their own right. This 'bad' politics was destroying the system of administration and had already undermined the machinery of law enforcement. Unless such a process of reconstructing political parties was put in place the very institutions of democracy and the systems of governance would atrophy.

iii) Discussions

Bad Politics Responsible for Governance Failure

MA Muhith, former Finance Minister, observed that the failure of law enforcement makes development very difficult and presented the Chittagong container port issue as an example. He said that the state of the public utilities was perhaps the second worst impediment to investment next to the law and order situation. All these impediments were due to the political culture of intolerance and total non-cooperation which affected the country's prosperity. He maintained that the structure of political culture also destroyed the public administration system.

He also felt that this culture of political intolerance has to end to move ahead from the present state. Muhith felt that improvements on any issue could not be done because of political polarisation whilst trade unions or public employees organisations could not be controlled because of their political affiliations. He warned that politicians must take note of the situation and that if they failed to handle the issues, a cataclysm would then take care of the situation.

Mr. Hasanul Huq Inu from *Jatyo Shamajtantrik Dal* also dwelt on the country's political process and alleged that killers and bank defaulters had been elected at the last two elections and it was not fair to expect an improvement in the development process with such people being in the parliament. He said the people will have to decide that if the country is to be run by their elected representatives then the anti-people elements will have to be weeded-out of politics at all levels. If, however, the people's representatives

themselves came to depend on musclemen to sustain themselves in national politics then the *mastaans* would also be active in the society at the lower level.

BNP lawmaker Major Hafizuddin also agreed with the view that bank defaulters and killers have found their way in the parliament. He mentioned that the bank defaulters had received special status during the current regime, adding that a top defaulter had visited foreign countries as an envoy of the prime minister. This, he said, did not transmit a healthy message for the country. Major Hafizuddin observed that the politicians have lost their credibility as the general public do not believe in what the politicians say. There were of course politicians in the past who were highly respected by the people. He cited the names of Sheikh Mujibur Rahman and Ziaur Rahman, in this regard. He elaborated his comment by saying that the government promised to separate the judiciary from the executive, give independence to the electronic media etc. But none of these commitments have been honoured. He said there were politicians whose children were robbing banks and illegally occupying apartments, but nothing was being done to bring them to justice.

Commerce Minister Tofail Ahmed argued that the *community of politicians* as a group should not be blamed for the prevailing state of affairs. Many were not corrupt and he thought that it was not correct to say that there were criminals and loan defaulters in the Parliament.

Participants Support Financing of Political Parties Through Budgetary Allocation

Mr. AMA Muhith said that financing of political parties through allocation from the state treasury was now the need of the moment. He said that if the country could finance the public administration and the defence services, then there is no reason why it could not finance political parties. The entire fund of the political parties must be paid out of the budget. This will go a long way to improve party accountability.

Major Hafiz also supported the idea that the government should finance the political parties.

The Hon'ble Minister Tofail Ahmed mentioned that according to the *People's Representation Ordinance* a candidate could spend only Tk 300,000 as election expenditure. This amount was not even equivalent to one day's budget for many MPs. He agreed that there must be a move towards institutionalisation of party financing and welcomed transparency in party funding but such a change can only be realised through a political consensus.

However, ASM Quashem, President, Bangladesh Employer's Association argued that the morals of the politicians must change before they could be given money from the exchequer for doing politics. Otherwise, he was afraid that such a system would not make any difference in the system, and it will only be an additional means of injecting money into a malfunctioning political system.

ICC President Mahbubur Rahman, dealing with the issue of political transparency observed that the political parties were not accountable nor was their financing transparent. When the parties themselves were not transparent, it was difficult to ask for transparency from the administration. There was no dearth of laws to bring about accountability; the problem was that such laws were not observed by anybody.

Minister for Industries, Mr. Tofail Ahmed, referring to the suggestion of financing the political parties, said that it was unfortunate that people who wanted to finance political parties usually did not want their names to be made public, indeed politicians were reluctant to even disclose the names of friends who had contributed money.

State Minister for Planning Dr Mohiuddin Khan Alamgir, however, differed with these who advocated for financing the political parties from the government exchequer. He said that it was the poor people who contributed to the budget and these people had other priorities specific to poverty alleviation rather than financing the political process.

Rather, he was of the opinion that the civil society needs to be appropriately conscientised in order that the political parties are made fully accountable for their finances.

Alamgir argued that funding of the political parties was not the main problem. The problem lay with how to stop the activities of those who provided funds to parties with ulterior motives. To overcome this malaise, democracy must be established within the political parties.

Former Foreign Secretary Farooq Sobhan suggested that the time had come to reorient the armed forces and give them a better role in the civil society. The role of the army in such areas as traffic control in the city could even be institutionalised. He said the army should perform many more civic duties and responsibilities. As an example, he referred to the Chinese army engaged in the national afforestation programme.

The Origin of Malfunctioning Politics

Secretary General of the JSD. Hasanul Huq Inu argued that the violent intervention by a group of army officers in state affairs had destroyed the foundations of good governance in the country. He said the democratic system had been totally destroyed through the *Fourth Amendment* to the constitution and the introduction of the one-party system.

Despite a victorious return to democracy in 1990, the country has failed to go back to the original spirit of democracy. The political parties could not agree on the rule of law, freedom of the people, their empowerment and other issues.

His views were also supported by Minister of State for Planning Mohiuddin Khan Alamgir, who argued that providing indemnity to the killers of Bangabandhu Sheikh Mujibur Rahman and other political leaders had effectively stopped the process of the establishment of the rule of law in the country.

Devolution is a Must

Inu suggested that devolution was an essential prerequisite to stop corruption. He thought that bureaucrats who were not disciplined by exposure to transparency and accountability exercised tremendous discretionary power. As a result they were running the administration, whilst the elected representatives remained marginalised in the process of governance. This process constituted an element of asymmetrical accountability.

Law and Order Situation

Inu also called for reforms in the police and thought as an institution it had undergone serious erosion over the years. He said there had been insufficient allocation for the police in the budget. Major Hafiz of BNP said that both the politicians and bureaucrats are responsible for the deteriorating law and order situation. Mr. Quasem observed that the law enforcing agency was not applying the law fairly or effectively. They were rather depending on their political superiors to determine whom to arrest and whom not to. Such a process must be corrected otherwise the rule of law would cease to operate and anarchy would result.

Mr. Azimuddin Ahmed former Secretary, Ministry of Energy and Mineral Resources said that serious attention must be given to the crime situation, adding that *mastaani* was taking place not merely because of politicians or presence of corruption. He said that the growing gap between employment opportunities in relation to the rise in the youth population of the country was also one of the major reasons for escalation of terrorism as a livelihood means of getting ahead.

Watchdog Role Stressed

Hasanul Huq Inu said the country failed to create the necessary watchdogs to check corruption and ensure the independence of the judiciary. Nobody in the last 10 years agreed to separate the judiciary from the executive branch of the government. The institutions of ombudsman and the human rights commission were yet to be set up.

He also suggested that the anti-corruption bureau had to be independent and not placed under the Prime Minister's office. The Auditor and Comptroller General should be under the control of Parliament. The Bangladesh Bank must work independently of the Finance Ministry and the Parliamentary Standing Committees whose meetings should be open to public hearing.

Major Hafizuddin pointed out that there is a law in India which says that a person would be liable to be prosecuted if he led a lifestyle not commensurate with his known sources of income. He observed that Bangladesh should also enact a similar law which could make a person accountable for his lifestyle. The government machinery should go after the big fish of the country who lived a lifestyle beyond their known sources of income and such people ought to be brought to book.

Wasteful Budget

BNP lawmaker Major Hafizuddin also noted that the budget did not prioritise the needs of the country, adding that the country needed more schools and health care centres than MIGs. He felt that the Tk 600 crore spent on purchase of MIG29s was a sheer wastage of public money.

Responding to questions about prioritising expenditures and about the wisdom of buying MIG29s, Tofail Ahmed said that it was like questioning the necessity of having an army in the country. He argued that when a country had an airforce or navy, these forces, would of necessity, require MIGs and frigates. He however pointed out that the MIG purchase process was initiated by the previous government.

Regarding the frigate purchase, Mohiuddin Khan Alamgir said that this was also a project initiated by the BNP government. He argued that the frigate was necessary for surveillance of Bangladesh's maritime zone. On the other hand, MIGs were purchased according to the previous government's decision to build up a modern air force so that the country's armed forces could retain their good name in the UN peacekeeping programme.

Alamgir also contradicted Major Hafiz for saying that the proposed budget had not prioritised expenditure. He pointed out that the ADP put highest priority on health and education sectors. Similarly, agriculture and infrastructure building have also been given emphasis.

Reform in the Election Process

Major Hafizuddin highlighted the need for reforming the election procedures to stop the dominant roles of money and muscle where civil society could play an important role. But at the same time, Hafiz pointed out that the voters should not shirk their responsibility in electing good candidates. In this regard he mentioned that a good politician such as Dr Kamal Hossain was defeated from the Dhanmondi constituency which was more urbanised and educated than most other constituencies in Bangladesh.

Hafiz noted that politics had engulfed everything now. He thought that instead of blaming the government or the opposition, politicians should correct themselves and evolve a system in which the government and the opposition could work hand in hand.

He supported Professor Rehman Sobhan's observation that the country's main problem was that of governance. He, however, thought that Bangladesh was still not a lost case. If the politicians behaved themselves, if the bureaucrats acted with good conscience and if the members of the civil society functioned more effectively, then the country could still be able to salvage itself from the present imperilled situation.

Minister Tofail Ahmed agreed that money matters in politics and added that the country ought to be salvaged from such situation. In the 1970s, the voters used to take into account the political background of a candidate. Now, they want to see if the candidate had enough money. Money started to play an important role since 1975.

Governance

Commerce Minister Tofail Ahmed said that one of the reasons for the absence of good governance was the lack of economic reforms. He said that the government policies should be formulated in consultation with the private sector. The present government was following this particular strategy. He further mentioned that consultation with the relevant people was a way of designing good policies and initiating good practices. The fertiliser distribution policy was a testimony to such practices.

Tofail agreed that more should be done regarding improvement of governance. But all this could not be accomplished at one go. He said that the management of the floods was an example of what good governance could achieve. A grave crisis was handled with efficiency thanks to good governance. In this connection he also pointed out that the 1998 floods has seriously hampered economic activities, contributing to the revenue shortfall in FY 2000.

Tofail said that governance was of global importance in the present world today. He requested the opposition to join the parliament, not only to retain their membership, but also to make it meaningful. The government might have some lapses, but in a system of parliamentary democracy, the opposition should identify these and then everyone should try to remove the problem through cooperation. He also suggested that good governance depended on a meaningful parliamentary system and the efficient functioning of the Standing Committees. A meaningful parliament can keep the government under scrutiny and bring transparency and accountability to the administration.

ICC President Mahbubur Rahman stressed the need for governance by consensus. He also said that without being accommodative to each other, it was very difficult to tackle the governance issue. He mentioned that every sphere of life was now affected by the lack of governance. This happened because those who were supposed to govern the country were not accountable to anyone. The problem with governance was not confined to this government alone; rather, it should be looked at from a broader perspective.

Mr. Mahbubur Rahman said the political parties should sit together on the governance issue and decide on a common agenda for action. He also felt that for establishing the rule of law it was important that the administration was not be politicised.

Mr. Saiful Huq, President, *Khet Majoor Union*, said that the issue of democracy was closely related with the notion of good governance. The political leadership should assume the main responsibility for the failure of governance he alleged that these political parties lacked democratic practices within their own parties. He also observed that honest politicians could not win elections. The two main parties in the country had put their emphasis on money and muscle power while giving nominations to candidates in Dhaka city. It was, thus, not possible for honest politicians belonging to any party to get nominations and win in the future.

Mr. Saiful Huq also blamed Parliament for not embarking on any serious debate on any important issue, be it the budget or the *Ganges water treaty*. He said that to bring the law and order situation under control, the Home Minister should not have to do much to catch the terrorists. All he had to do was to look inside his own party and the parliament and pick up those people in order to stop terrorism. He said terrorism and politics were now working in unison. This culture must be changed and the political leadership should play the catalytic role for establishing good governance. He apprehended that in the next election, 90 per cent of the parliamentarians would be terrorists and holders of black money. If that be the case, then the nation could not expect much from them in terms of good governance. He also argued that the democratic character of the constitution, which had been mutilated over the years by passing many black laws and inserting communal clauses, must be restored. Corruption is presumably high on the agenda now, but unfortunately the anti-corruption bureau was being kept under the Prime Minister's office. He said an independent organisation such as the CBI of India was needed to fight corruption.

Mr. Farooq Sobhan on this regard suggested that a national independent commission on corruption should be set up with the power to accommodate quick trial of corrupt people and to debar corrupt politicians from coming back to parliament in the future.

Former Finance Minister and CPD Board of Trustees, M Syeduzzaman said that there were two aspects of governance the first one involved the institutions directly related with governance activities and secondly, the general environment of governance covering law and order, corruption, administrative efficiency and the overall economic management. As far as institutional governance was concerned, the public awareness about their modes of functioning, their constraints and efforts to make them more suitable to changes was less than adequate. The urban middle-class was often ignorant about the functioning of different government agencies and the process of decision making. He observed that interaction between the government and civil society on a regular basis could expose the existing operating constraints within these institutions which would be very useful in creating an environment for promoting good governance.

As to the second aspect – the overall environment – the important factor was the relationship between the politicians and the permanent bureaucracy. Syeduzzaman said that it was essential that the relationship and rules of business had to be very clearly defined and honoured between these two. The bureaucrats should have the courage to put options before the politicians to help make key decisions. He reemphasised that the bureaucrats were supposed to help the decision making process, not to make decisions of their own. They should not cross their line. On the other hand, he said that the politicians should also encourage freedom of expressions by the bureaucrats.

In the discussion of governance, Syeduzzaman also raised the issue of the NGOs. He said that the public perception about the NGOs was not uniform and they appeared to be self righteous and lacking in transparency. The corporate lifestyle of many NGOs also gave out the wrong message to many people. The NGOs should give some thoughts to these factors because these were also part of the governance issue.

Professor Masum, from Jahangirnagar University said that the governance issue was related to setting up necessary institutions and allowing them to play their due role in the society. Unfortunately, this had not happened and the politicians were mainly responsible for this. He accused the politicians of making unholy alliances with the bad elements in the society and of paying the terrorists for their support in propelling the politicians to go to and stay in power. This, he said, was responsible for creating the governance problem. He said that if a politician took election money from the bank defaulters, then he would lack the moral courage to initiate action against them through the parliament. He further said that politicians could not take actions against bureaucrats if they were allowed to join political forums such as the *janatar mancho*. Such practices contributed to the creation of a partisan administration, resulting in governance problem.

Dr Mohiuddin Khan Alamgir, dwelling at length on the governance issue, stressed the need for building up local government to ensure good governance. He said the keynote paper had not properly addressed this issue. To take governance to the people's doorsteps, the local government institutions must be strengthened, which explains why the government had recently put stress on local government capacity building.

He also said that the erosion of values had also been eating into governance. Values should be instilled in the minds of the citizens right from the educational institutions. He expressed his belief that if strong ethical standards and moral values could be established, these would have acted against corruption and it would then not have been possible for anyone to capture state power using their muscle power. He lamented that even those who had worked in the educational institutions or the judiciary, had supported the greatest corruption of all, the removal of the constitutional government and capturing political power through forcible measures.

He also said that in order to establish good governance in this country free, fair and regular elections have to be held at all levels of the government. Such elections would establish the responsibility and accountability of the elected representatives to the people.

He felt that a free media was another precondition for establishing good governance. There should be a law to ensure freedom of information so that the decisions taken for the good of the people could be made public. He mentioned that a free media could expose the corruption of the society and reflect the people's aspiration.

He also maintained that having a free judiciary is another precondition to have good governance in the country. He mentioned that the country's higher court was free, although it had been sometimes criticised for being slow in dispensing justice. But, he said, the government had not yet been able to establish a free lower court. Alamgir also admitted that the government had not been able to take steps to separate the judiciary from the executive branch. These steps should be taken immediately for which both the opposition and the government should reach a consensus.

Dr. Alamgir then stressed the need to have a neutral bureaucracy, which was now absent in the country. He mentioned that India formulated an act called *Nikhil India Services Act* to give a legal basis to the neutrality of the bureaucracy. Unless the bureaucracy was made neutral, it would not be possible to ensure implementation of reforms promoting good governance.

Mr. Quasem said that the utility sector was important for investment. When the government came to power, it made a commitment that the power situation would improve within a period of ten months. However, even after 40 months, there was no visible improvement in the situation.

Defaulters

Tofail Ahmed said that politicians were against defaulters, but added that there were two types of defaulters i.e., willful and circumstantial. He said that *hartals* observed by the Awami League when it was in the opposition rendered many garments factories defaulters for which the entrepreneurs were not responsible.

Replying to Major Hafiz's accusation about a defaulter visiting foreign countries as the Prime Minister's envoy, Tofail said he did not know who this defaulter was. He said that many defaulters had their loans rescheduled by the previous government. Such practices suited the then government very well, and it is not right to talk against the same defaulters now. He felt that the opposition and the ruling party should sit together and identify the genuine defaulters.

Mohiuddin Khan Alamgir added that one of the major causes from which the default culture originated was the devaluation of the *taka*. Because of devaluation, those who took loans in dollars could not repay their loans.

Economy

ICC President Mahbubur Rahman expressed apprehensions about the deficit budget and borrowing from the banking system because the borrowing was being done to finance the current expenditure. On the other hand, the SOEs were borrowing from the banks and not returning the money and their classified loan rate crossed 50 per cent. Those officials involved with the budget formulation said the budget revenue estimations were not computed on a sound basis. NBR assumed there would be a surge in imports. Unfortunately it did not happen; besides the duty structure was also lowered. As a result, the revenue target remained unfulfilled. Rahman observed that under such circumstances it would be very difficult to continue such deficit financing for long.

Talking about the economic situation, Mr. Tofail Ahmed said that while thinking about Bangladesh, one should also consider the case of South East Asia. He said many thought Bangladesh's growth would be affected due to the Asian crisis, but fortunately this did not happen. The country's export growth was very good and industries did well. All the economic indicators were moving towards the right direction. He also maintained that it was the global economic recession which pulled down global exports from 10.6 per cent in the year 1997-98 to 3.5 per cent in the following year which affected Bangladesh's exports.

Regarding the proposed budget for FY2001, he said that for the first time, efforts had been taken to protect local industries by lowering duty on raw materials. The thrust sectors have been identified and emphasis has been put on the social sectors.

As far as the law and order was concerned, Tofail agreed that it was a big problem. Time has come for the political parties to forget their differences and work together for maintaining law and order in the country.

Professor Abu Ahmed, from University of Dhaka said that there should be a limit on deficit financing, or a dangerous trend would be set for the subsequent governments who will look to bank borrowing as an easy way for meeting the fiscal deficit. He also suggested that a law be enacted to limit deficit financing.

Dr Mohiuddin Khan Alamgir felt that the country should create employment, increase growth and reduce poverty in order to tackle terrorism. For this, investment has to be increased. Alamgir stated that the government had already achieved a good growth rate. He contradicted former Finance Minister Saifur Rahman's criticism that the growth rate would be neutralised if the inflation rate was adjusted. This was not true because the growth rate was calculated on the basis of constant price after factoring in the inflation rate. He said the government achieved success in its anti-poverty campaign as the people living below the poverty line dropped from 52 per cent to 44 per cent last year. In the Fifth Five Year Plan, the poverty rate is expected to be brought down to 32 per cent.

Transparency

Professor Abu Ahmed argued people should know of the agreements between the multinationals and the government. He particularly referred to the agreements on the private port and the power deals. He further added that there could be debate on these deals with a view to identifying the loopholes in the agreements. Professor Ahmed further mentioned that in Indonesia, the MNCs were forced to inject a part of their capital into the local capital market. But in Bangladesh, no such obligation had been imposed on the foreign investors.

He said that the capital market reforms must be carried out to bring transparency to the system. The ADB loan conditionalities should be implemented for better governance of the market. Despite the proposed budget's incentives for the capital market, the index did not improve, showing a total lack of trust by the investors in these initiatives.

Political Harmony

Professor Sobhan, while highlighting the need for political accommodation, said that Bangladesh was a unique country where the leaders of the two main parties did not hold any face to face political dialogue over the last ten years. Such a phenomenon has few precedents in the history of democratic politics.

He accused the senior politicians of not doing anything to change the situation. He also asked Tofail Ahmed, who he recalled, had fought against the Ayub regime, gone to jail and fought in the Liberation War of Bangladesh, if he felt a responsibility to see that a process of political reconciliation was initiated. He asked Tofail Ahmed to go and sit with the shadow Finance Minister for a dialogue. He stated that the nation expects reconciliation between the politicians of the ruling and opposition parties.

Industries Minister Tofail Ahmed then agreed that the current political situation is an unfortunate one, but added that the Prime Minister also wanted to have talks with the opposition. The government had tried to discuss matters with the opposition on the issue of appointing the Chief Election Commissioner. He also appealed to the opposition to come to the parliament and make the government accountable.

Mr. Farooq Sobhan said that one of the major complaints of the opposition for boycotting Parliament was that its legislators were not given enough time to speak. But, roughly speaking, they had been given about 50 per cent of the total speaking time. He suggested that Parliament could introduce time clocks similar to those used in chess to record the time allotted to them to ensure transparency in time allocated by the Speaker. Such a practice was already in use in the Australian parliament. He said regular meetings should be held between the leader of the house and the leader of the opposition as was the

practice in the developed countries and even in some Third World countries such as India and South Africa. Perhaps, the President could take the initiative in initiating such meetings between the two. He said that it was a good practice for the Prime Minister to brief the President on her return from abroad on important issues and suggested that the same precedent could be introduced in case of the leader of the opposition. Farooq Sobhan also suggested that at least 50 per cent of the Parliamentary Standing Committee chairmanships should be given to the opposition in Parliament.

He also felt that it was now time for Bangladesh to have an upper house which would be reflective of the civil society. It should have non-partisan representation where free and fair discussions would take place. This upper house could set precedents as to how debate should be conducted in the lower house. The political parties should also demonstrate a more effective democracy within their own parties to ensure that the right people get nominated to contest for elections to the parliament.

Former Secretary Azimuddin Ahmed said that after the fall of Ershad, there was an euphoria all over the country and people hoped that a reformed political system would be put in place to replace the old one. The fact of the matter, however, was that after the elections, instead of witnessing a process of participatory politics, the country was exposed to a politics of confrontation. There was a talk of a dialogue between the two parties just before the selection of the Chief Election Commissioner. But the two party chiefs were so uncompromising in their attitudes to each other that any opportunity for such a dialogue was lost.

Azimuddin Ahmed said that unless the entire perception about good governance was changed, the same confrontational politics would continue even after the next election. He expressed his doubts that most politicians did not know what governance meant. He recalled his experience as a bureaucrat and said the first question any government would ask about a bureaucrat is: "Is he our man?" The same question was being asked even in appointing a simple police sub-inspector.

Businesswoman Rokiya Rahman said the top politicians should communicate among themselves. There should be dialogue between the two leaders of the two major political parties. They may end up disagreeing, but it was important that a dialogue process is initiated. Rokiya Rahman also pointed out that countries such as North and South Korea were now holding a dialogue. Similarly, Palestine and Israel were also engaged in discussions. There was no good reason why, in the context of the emerging scenario of non-confrontational politics in the global context, politicians in Bangladesh should not engage themselves in serious talks on how to solve the many problems facing the country.

The Chairman concluded the session by reemphasising the need for political commitment and civil society activism in order for good governance flourish in Bangladesh.

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