



KHAN FOUNDATION

Report

Governance Issues in South Asia

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Preface

How fast the democracy grown in the country is depends on to strengthen democracy at the grass-roots level. Lack of transparency, lack of accountability and miss use of power could be

endangered for democracy or shutter the whole process. To give democracy in a institutionalize shape or perpetuate in the country, one of the main characteristic of strengthen democracy is aware of the elite society about the grass-roots level people state. By this they could get an opportunity of the grass-roots people state in the national and international level. Nevertheless, it is hardly possible for the International Organization or the Embassy combindly understand that what is happening in the remotest area in the country. As a result it is quite natural that we will deprive of their experience and advice. Therefor, by this Conference we get an opportunity to discuss the real state of the grass-roots people and know how other countries in the world face the situation and we can utilities their experience and advice to solve our problems in our context.

It may be noted here Khan Foundation as part of its democracy programme successfully organized in December 1993 the first ever international parliamentary conference in Dhaka, in collaboration with the parliamentarians for Global Action in New York and British ODA on development and democracy and intends to hold the similar conference once again. Following the successfully organization of the above mentioned conference in December 1993, the Foundation organized a Workshop in August and another November 1994, in support of the United Nations International Conference of Population and Development (ICPD), held in Cairo (Egypt).

We are grateful to the participants for their kind cooperation to successful the conference. We are also thankful to the US Ambassador, the British High Commissioner and the Pakistan High Commissioner to attend the conference that enhanced the important of the workshop. Nevertheless, we are very much thanks to the national news paper journalists for their well coverage in the national papers. We are also grateful to the USAID for their economic help to organize the conference and hope that the cooperation will continue in future. At last we are very much grateful to them who have helped to successfully organize the conference and hope that in future we will organize another conference.

Ms Rokhsana Khondker, *MLSA (USA)*
Executive Director &
Advocate Bangladesh Supreme Court

Governance Issues in South Asia

The Major objective of this conference would be to Strengthen and sustain the democracy process retained in the country more the eight years ago after long years of autocratic rules. Parliamentarian, politicians, professionals donars enginies and grassroots level representative can share their ideas for good governance through the conference addressing a wide range of issues and themes. Such conference would not only expected to disseminate a "democratic culture "which had not really been allowed to be nurtured and grown in this country because of extraneous interference's which even at times professed false notions like democracy is neither feasible nor desirable for developing countries like ours. In addition one needs to emphasize the facts that every state consists of three organs: these are executive, legislative and judiciary and they are interrelated. Parliamentarians are legislators while Bureaucrats have the executive authority. Most unfortunately in Bangladesh, it has been observed that virtually everything depend on the bureaucracy or civil Administration. There is little doubt that this organ of the state has been able to consolidate its position over the years in view of continued authoritarian governments, while those of the political institutions including parliament have so far been weakened.

In this context Khan Foundation have successfully organized first round table conference "Road to a Democracy Local Govt. Structure in Bangladesh" in 28 January 1999. As a part of its democracy programme and true spirit of people participation that the public representative can play there true role in the society and the government has directly controls the bureaucracy as well as we court sustaining the democratic Ideas that has take its roots in Bangladesh in order to promote good governance and thus ensure the true participation of our people in the decision making process.

Goal:

To engage stakeholders of the development community e.g. development researchers and civil society in identifying strategies for action to ensure the sustenance of the democratic process in the country, by way of pledging our commitment of the holistic concept of Good Governance in our society at large.

Objective:

Sensitizing issues that are of significant importance to the Nation at this juncture of time with a view to proposing some practical recommendations.

Inaugural & Discussion Sessions

The conference was started through the schedule programme, the one day conference was preside over by the chairperson Dr Abdul Moyeen Khan, Honourable Member of the Parliament. The Conference was divided into Morning & Evening Session, the sessions head were **Local Governance: Development Paradigms at Grass-roots Level** & **"Institutional Issues: Administrative, Judicial, Legal & Electoral Reforms"**.

Ms Rokhsana Khondker

Address of Welcome by Ms Rokhsana Khondker, Advocate, Supreme Court of Bangladesh & Executive Director, Khan Foundation

Honourable Members of the Parliament

His Excellency The High Commissioner of Pakistan in Bangladesh

Learned Professor, Lawyers, Professionals & Experts on the Subject
Distinguished Representatives from the Civil Society

It is a great pleasure for me to welcome you this morning amidst this August Gathering. Today, Khan Foundation is organizing the Round Table Conference with some specific objectives in mind. The goal of the conference is to engage stakeholders of the development community e.g. politicians development researchers and civil society in identifying strategies for action to ensure the sustenance of the democratic process in the country, by way of pledging our commitment of the holistic concept of Good Governance in our society at large.

Before going into details of the Round Table, I would like to say a few words about the Khan Foundation. In 1988 Khan Foundation started its journey by devoting itself to relief rehabilitation work in rural areas in the wake of massive floods engulfing the country with a view to establishing the ideals of Late Mr Abdul Momen Khan, a philanthropist, greatly cherished by the people of his locality, around the District of Narsingdi. Gradually the Foundation made its mark as a PVDO, imbued with the conviction that "Democracy & Development go hand in hand" and came up with slogan : "Democracy for Development & Development for Democracy" to which ideal the Foundation is committed until today. In particular, after the 1991 transition to a democracy governance in the country, Khan Foundation felt even more strongly that development programs can only sustain if we can sustain the democratic process in the country, Since then, the Foundation has worked hard to act as bridge and facilitator among different constituencies in order to engage them in dialogues and build alliances cooperative relationships among them. Members of Parliament, academicians, administrators & policy planners, social activist, NGO's & civil society as well as media representative have been working together in our regular brain storming sessions to recommend action to be taken regarding issues of overriding interest to all of us, like poverty alleviation, productive employment generation, population planning, social development and empowerment of women, children and the underprivileged.

Today, we are here to discuss Governance Issues in South Asia. Now governance is almost a buzz word everywhere, yet it is true that if we do not have proper governance then democracy is indeed in peril.

The objective of this session is to highlight the problems of governance in the specific context of local level development within the framework of a democratic local government structure which is yet to take institutional shape in this country the rural sense of the term.

In this respect the Foundation's long association and experience in running motivational & training programmes in the area of capacity building of local government institutions as well as toward a definitive role of women in the local government system (Union Councils) in Bangladesh in the general context of empowerment of women and the underprivileged, the authority of the central government over the local bodies seem to be viewed as strongly imposing, thus continuing to remain as a real challenge to the democratic governance system around the countryside. Even the existence of these local bodies in rural Bangladesh for over a hundred years has not succeeded in devaluating real decision making power and authority to the grassroots level public representative in that the agents of the central government (Local level officials and administrator) in the rural countryside continue to be the real decision makers as if imposing favors from above e.g. the capital of the country where the concept of central economic planning still fly high. The accessibility of common men to these officials pose a real problem till today, more than half a century after independence from the colonial rulers, in view of these officials enormous power and towering authority. No wonder the involvement in most local level development programmes, even in projects relating to basic sectors like primary education, primary health care, local irrigation and water management etc. remain a far cry for the people for whom the development projects are supposedly designed in the first place.

The worst casualty of this obvious lack of "good governance" are development projects themselves, which lack ownership of the local people as a consequence of the absence of a transparent and accountable governance process and thus remain challenge as to how to sustain benefits to be derived from development projects after the withdrawal of the implementers on completion of projects, when the programmes gradually die down even after investment of sizable amount of money where from the donors or our own hard earned scarce resources. Thus the consequent attempt at alleviation, the ultimate expectation out of the "good governance" in South Asia where nearly half a billion people live below the poverty line seems a cry in wilderness in our efforts to achieving a minimal sustainable livelihood for our poor in this part of the world. The session will attempt to address the issues of crisis of governance in this region posing as a impediment to the overall sustainable development process at local levels.

In the morning Session, Mr Kazi Fazlur Rahman , an enormously respected civil servant with almost life-time experience on governance issues will speak his mind on the theme of good governance. We have with us His Excellency Mr Iqbal Ahmed Khan the Ambassador from Pakistan and also Mr Reddy, the Director General of CIRDAP and they will share their respective country's experience in this regard. Dr. A Moyeen Khan, Honourable Member of the Parliament will preside over the Session. Now I am giving floor to Dr Khan.

Mr Kazi Fazlur Rahman

Former Secretary & Former Advisor to the President

Respected Chairperson, Honourable Members of the Parliament, High Commissioner of Pakistan, Executive Director of Khan Foundation, distinguished participants, ladies and gentlemen. This morning we are gathered here to discuss the important issues concerning the status and prospect of local government in Bangladesh and to identify measures for its effective functioning. We have already heard the welcome address made by Advocate Rokhsana Khondker, Executive Director, Khan Foundation, which has given us some ideas about our business today. As the programme of the round table conference shows the business of the day will be divided into two sessions. The theme of the morning session is " **Local Governance: Development Paradigms at Grass-roots Level**", and I have been asked to present the Key Note Paper for this session. I feel honoured to have this privilege. However, what I shall try to do is to introduce the topic. The session is, as I see, being participated by academics, eminent scholars, representatives of grass-roots level organization, leaders from various political parties, representatives of national & international NGOs, honourable members of parliament, the members of bureaucracy including retired ones. It is an impressive list and indicates that the deliberations will be very rich, meaningful and important. For this, I again extend my sincere congratulations to the organizer.

During the last 20 years the World Bank, UNDP and many other International Organizations have produced quite a good number of studies on local government in Bangladesh. There also were a number of government committees and commission yet. Nothing effective has happened so far. Everybody speaks of the need and urgency of devolution of authority and responsibilities to local government, but in reality nothing much has happened, up to 1947, in this region in South Asia, we had some common institutions and systems with regard to local government. Tradition of local government, even if not formal, were operation in this region for long time even before the British Colonial rule. Formal local government bodies were established during the colonial period more than 100 years ago. In urban areas municipal local government was established in 1860 by an Act. In 1871, Chawkidury Panchayet Act was passed to create local government in rural areas. Under the Act the district magistrate was empowered to establish a five-member committee to look after the law and order situation in the rural areas. A Local Government Act was passed 1880, which created three tier local government system with Union Committee, Local Board and District Board at Union, Sub-division and District levels respectively. Subsequently, the Village Self-government Act was passed in 1919 in order to strengthen the local government institutions. This Act also created a three tier local government and repealed the Act of 1871 & 1883. This process of resulted in some measure of institutionalization of local government. In 1932, District School Board was set up to manage the primary schools and local level health institutions. There was very little central government activity outside services and law and order administration. District Boards and Union Boards were, within limitation of resources, quite effective bodies. This situation continued up to 1947. After 1947 local government institutions started to decline in respect to their hold over local institutions. Side by side, the control by bureaucracy was also increased.

After emergence independent of Bangladesh an attempt to reestablish popular control over the local bodies was made in 1975 with the introduction of district governor system. The attempt was abortive. The central administration and bureaucracy were increasingly encroached on the areas which were traditionally the domain of local government. They had no accountability to the local populace of local government. Another attempt was made in 1983 to bring local

representatives control over the local government bodies with promulgation of Upazilla system. This system created elected councils at the Upazilla (former Thana) levels, and for the first time a number of local level bureaucrats were, at least on paper, made accountable to the elected representatives.

However, before this system could be fully operational, with the change of government it was abolished with nothing to replace it. Since then, the governments of the day have expressed their commitment to effective local government more in words than in concrete action. The present government has made some questions towards having Upazilla councils again under a four tier local government system. Sometime soon, these bodies are expected to be elected. Since independence, a number of factors contributed to the development of local government institutions. In fact, these have resulted in erosion of whatever little effectiveness the existing institutions had. An important among the facts are:

- a) An available attitude of the members of the parliament towards local government bodies. Many MPs consider elected local government functions as potential threat of their influence and own influence in the locality. The line of demarcation between the responsibilities of the members of the legislature and of local government are often hazy.
- b) Over-dependence on foreign aid has resulted in increased central control even in areas which are traditionally local government prerogative. This is because, the aid resources are by its very nature, controlled and disposed by the central government.
- c) Role of local government Ministry has effectively stifled the development of local government.
- d) There has been an almost total lack of understanding and consensus among major political parties in respect of the structure of local government. Result has been frequent and sudden turn of events affecting the same. Change in the party in power resulted almost invariably in the undoing of whatever was put in place by the previous government.
- e) Responsibility was never matched by unless to resources necessary to carry out of the same.

Grassroots level development can become a reality only when these issues are effectively addressed.

I conclude in the hope that the deliberations today will make valuable and significant contributions in resolving these and other related issues.

Thank you all.

Mr Faruque Khan

Honourable Member of the Parliament

Mr Khan has expressed his agreement with keynote speaker Mr Kazi Fazlur Rahman. He has said that the local government could not bloom in the country in the last 25 years as it was expected. Nevertheless, as he has mentioned it we notice a glimpse of light in the constitution of Thana Committee, where the chairmen of different UPs could take part in the process of decision making. It is important that UPs can take eight projects a year, each of worth Tk.200,000 which mean each UP will receive Tk.250,000 for development work a year. Giving an account of his own experience of visiting his UP without any prior information, he has told the conference that he found women participate in the grass-roots level but to a limited extent. Paying great tributes to the Khan Foundation he has observed that in order to create gender balance we should be inspired by the work that Khan Foundation is presently undertaking. He has made the following recommendations.

1. Congenial atmosphere at the grassroots level should be created;
2. Necessary stapes should be taken to create awareness among the women at the local level;
3. Various massive programmes should be undertaken at the village level in order to reduce discrimination against women as well as to create gender balance; and
4. Participation of the civil society in the village level should be ensured.

Ms Talea Rehman

Ms Rahman has made the following observations:

1. To solve the main problems, we need to take massive programmes for expansion of education;
2. Local people should be made conscious so that they can solve and manage their own problems;
3. The local government has to be made free from the control of the central government;
4. Necessary steps should be taken for real and accurate implementation of the existing local government rules, procedure and decisions for its smooth functions; and
5. The solution should come from those who are in trouble.

Mr Hossain Zillur Rahman

Mr Rahman has made special emphasis on four points as follows:

1. Local Government in Bangladesh has a long history. Almost for nearly 200 years the system has been in operation but through out the history the structure has been very weak.
2. It has been found that in all local body elections the voters turn out was 90%. This fact **legitimithes** the system of local government on the one hand and, on the other, it indicates the importance and usefulness of local government.
3. During the long period of its history a large number of commissions and committees have been appointed to study the local Government structure and functions and quite a large number of recommendations have been made. Despite all these nothing meaningful have so far been happened. Every new government has been found to denounce the activities of the previous government with has generated a system of starting almost always from a new point.

4. It is high time for us-politicians bureaucrats, administrators, donors and the NGOs should come together to work for the development of local government along with a development of local people.

Mrs Tasneem Asafa Siddique

Mrs Siddique has expressed her satisfaction with the activities of the KF in the local government sector. She has observed that it was unfortunate that the civil society did not have any work at the grassroots level while the NGOs have been working in the rural sectors. Referring to the keynote address by Mr Kazi Fazlur Rahman she has stated that it is important to note that the civil society is not functioning even at scale it used to function in pre-1947 days. She has also expressed her agreement with Mr. Rahman that social work depends to a large extent on administration. She has also argued that large NGOs are hindrances in the process of local government as they do not allow new NGOs and other social organizations to grow. With regard to the women's representatives activities in the local councils, she has indicated about a positive change and has observed that previously only the wives of male representatives or their relatives used to occupy the positions in the local councils. The situation has changed today and women with better qualifications, not necessarily related to male representatives, are being elected to the local councils. However, our experience speaks that, as she has observed, the male counterparts are still very reluctant to provide them with due scope and are non co-operative to their functioning. Therefore, she has suggested, course very strongly, that our male representatives in the councils should change their attitudes towards the women representative and help them to handle the public affairs properly.

Mr Mozahidul Islam Selim

Mr Selim has in his speech argued in favor of theoretical discussion in the face of the opinion, of some quarters, that there is no need of further theoretical discussion. This will always needs be there and theoretical discussion and practical application may proceed side by side. The latter i.e. practical application will always create scopes for the first i.e. theoretical discussion which will always come forward with a new as well as appropriate ideas and strategies. Speaking on the hard reality of Bangladesh situation Mr Selim has stated that people in general and rural people in particular have always been deprived of the benefits of development what so ever. According to him decentralization of power resulting in the creation of local government structure may go a long way to help people eliminate their poverty condition. Everybody speaks in favor of the local government but its shape is still unclear. Presently we have UPs in the grass-roots level but the Parishad is not found to be accountable to it electors. Local government bodies are also, as Mr Selim observed, suffering from weak financial strength. He has strongly argued for at least 30% of the central budget for the local government. He has also emphasized on the bottom up approach of development plans and project to ensure the accommodation of popular desires and mechanism. He has further spoken about a very unfortunate development where politicians are increasingly becoming businessmen and vice versa. Referring to our former Finance Minister Mr Sifur Rahman, Mr Selims as stated that the domination of international community is also a factor and this has created in a very great way the problem for our development. In the end, he has observed that the provision of Local Government Ministry may be reexamined and the ruling and opposition parties should reach to a consensus on the important national issues.

Col.(Rtd) Akbar Hossain BB

Mr Col.(Rtd) Akbar Hossain in his short speech has observed that our first need is to identify our problems and then take the appropriate measures to solve the problems. Today it is almost true for everybody to ignore his responsibilities. He has stated that though all of us have come from the villages, we are now elite of the Dhaka city and we have completely forgotten our roots. It is now very essential to think about our roots and proceed ourselves to remember those days which we have passed in our villages. Government comes and goes but the villages' condition remains the same. In his conclusion he has made the submission that the government is the root of all powers but it can function properly only when we perform our duties properly.

Mr Ashiqur Rahman

Honourable Member of Parliament

Mr Ashiqur Rahman has identified the strengthening of the local government as the main issue and observed that it is not possible under the present circumstances as the legislators i. e. the lawmakers live at the capital, Dhaka. Their presence in the local areas is a condition for the development and strengthening of the local government. Terming the "wheat distribution" as the main task of the UP, he has stated that he found in his locality poor mothers, with their babies in their arms waiting for hours together only to get 3.5 kg of wheat. He has further stated that since Bangladesh is an agricultural country and 80% of her population live in rural areas, there will be no fundamental change in the lot of the people without development of agriculture. Giving an account of his own involvement in welfare activities, he has appealed to the participants to engage themselves in welfare activities and perform such functions that directly benefit the poor and, at the same time, become transparent and visible. He has made his suggestion mainly keeping in the mind the fact that, the corruption prevails every where in the country.

Professor Nazrul Islam

Prof. Nazrul Islam has said that urbanization and urban administration are problem ridden. Nearly 25% of the total population of the country or thirty millions of people have been living today in the urban areas and the urban population is always increasing. Today we have six city corporations. But these corporations are stripped off some of their important functions. Up to 1967 water supply was an important function which is now being done by the WASA. Resource bases of these local bodies are very weak. In fact, decentralization without money is no decentralization. Referring to a decision of a regional meeting held in Nepal, he disclosed that it was decided that the fund should come from central government. Stating the nature of composition of our municipal bodies, Prof. Islam has observed that we are ahead of India and Pakistan as all our members including women members are elected. Stating the fact that three lakh people live in one ward, he has said that it is impossible for one to take care of the welfare of the ward people. Therefore, he has suggested that a committee of each ward consisting of both elected and non-elected members may be organized. This is *practised* in Sri Lanka and Nepal. Thus they do not bring politics in local government. He has also informed the conference that in Nepal and Sri Lanka, the organizations of people have also been brought in the affairs of local government. His opinion is that we may get better result from introducing similar types of provisions.

Prof. Mahabullah

Prof. Mahabullah has in his speech denounced the proposition that there is no further necessity for theoretical discussion and we should directly go to the plans of action. In his opinion theoretical discussions are still very important and it is due to the improper knowledge as well as use of theoretical foundations we have not received the result from our past plans and projections as we expected. In fact, theory should decide what government (i.e. central/local) will take what amount of works and of times. In our country, local government has been given 40% sources of revenue which are not properly utilized and the result is the perpetual financial weakness of the local government bodies. Moreover, it may be suggested that local bodies themselves should mobilize new sources of revenue. In China a particular township is not only allowed to have its own funds but it is also allowed to make contract with foreign agencies for its betterment. Prof. Mahabulla has also suggested that a permanent structure for local government should have to be developed and the optimum utilization of national economy should be ensured as Dutch economist, Tin Bergen once advised to President Suakarno of Indonesia.

Mr Rahman Sobhan

Professor Sobhan in his speech has refereed to the keynote address by Prof. Mahamud who mentioned in his paper that the economic policy pursued in the developing countries in 1950s and 60s envisaged a strong role of the government in actively promoting economic development. In this context, Prof. Sobhan has observed that the then regime in Pakistan under Ayub Khan introduced a system of local government namely the Basic Democrats in 1959 in order to generate a process of economic development in the rural areas by the directly elected local councilors namely Basic Democrats. This system could not generate, as Prof. Sobhan has mentioned the process of economic development and, hence, failed to bring the popular welfare. Instead of becoming a vehicle of poor people's development, it became an institution of the middle class people. Moreover, their involvement with and control over the rural works programmes (RWPs) as well as their right to elect the country's Chief Executive i.e. the President has deprived the people from reaping any benefit from the Basic Democracies system. In fact, Ayub Khan did not initiate any local government, rather he facilitated the penetration of the central government deeper into the rural areas, the union councils of the Basic Democracies system being the lowest tiers of central government. Financially, the local bodies were very weak and no fundamental changes have taken place. Many years have passed after Ayube Khan's promulgation of Basic Democracies. Each regime under Sheikh Mujibur Rahman, Zia-ur Rahman, HM Earshad, Khalada Zia and the present Prime Minister Sheikh Hasina is found to mark its own stamps on local government. However, under every regime only limited sources of resources have been granted to local government. Drawing the special attention of the honourable MPs present in the round table, he very humbly asked to know whether the MPs did really want the devolution of power and finance to the local government. He has made it clear that we are in need of changing the laws, particularly relating to finance without which nothing meaningful will result. He pointed out some other important problems such as our failure to build up capable institutions to conduct various activities. The Local Government Engineering Department (LGED) has so far, as it is said by Prof. Sobhan, been proved to be an effective public money user which has still been working perfectly even after the departure of its architect, Mr Qamrul Islam Siddiquee who has recently been transferred to PDB. The importance and domination of line ministry has been termed as another problem. There are conflicts and clashes between the ministries creating problems for effective coordination of different ministries,

particularly at the local level. Popular unwillingness is also a barrier to healthy devolution of administration. For example, he has referred to our experience of a few years back when the task of supervision of the primary schools was placed with the local government bodies. But the primary school teachers revolted against it and the task of supervision again backed to the central government.

Politics in our country, according to his evaluation, is gradually becoming a rich man's game where money is necessary to purchase votes, mastans and weapons. This affair of money shrinks the scope of wider people participation, hence, we need the proper devolution of power. The fact of role differentiation between the MPs and the local bodies chairmen, particularly the Upazilla chairmen is also a stumbling block in the way of decentralization. MPs think that if they do not go to their Upazillas and worked there, they could be defeated by the Upazilla chairmen. This is an important issue which needs to be settled. Last but not lest, the relation between the officials and public representatives, according to Prof. Sobhan, is also found to be a negative factor. The officials with BA/MA degrees will find it difficult to be loyal and accountable to the representatives with lesser educational qualifications.

Mr ABS Reddy

Mr ABS Reddy, in his address, has observed that in India there is a three tier local government system with elected bodies to run the administration at every level. They have no elected staffs to assist and help the representatives. They are elected directly by the voters of the respective constituencies. They are fully responsible for local affairs. MPs should as Mr Reddy has observed, not be involved in local affairs and people should not approach them for any local issues. Nevertheless, people raise local issues during the MP elections. MPs should, deal with policy matters only. Mr Reddy has said that we have common experiences in the subcontinent of local government administration as we have also separate experiences of about half a century. We have both the records of success and failures. But he has expressed his wonder how a four tier local government system could be run in Bangladesh. He has praised our system as it has provision for gender balance with reserved sits for women at every level. This is according to him good. However, it could be wise, as he has suggested, to take care so the right people are elected to the reserved seats. Qualified, educated and informed person should be elected. Everybody should be more concerned with his/her responsibilities than power.

HE Mr Iqbal Ahamed

Mr Iqbal Ahamed the High Commissioner of Pakistan has said that 1/5 of the total population of the world live in the region namely the region of South Asia. But most of them live under the condition of abject poverty. He has said that the meaningful decentralization could have helped these people change their condition. For the overall development of the region he has suggested for a combined mechanism to ensure effective and efficient management of the local government. He also highlighted some important problems like low literacy rate, old method of agriculture, lack of trust and the presence of tensions and conflicts throughout the region. He has concluded that we need to ensure democratic practices particularly in the face of globalization and marketing.

Afternoon Session

Market -Oriented development and Democratic Governance

Wahiduddin Mahmud

Dhaka University

Introduction

In most of the developing world, the introduction of market-oriented liberalizing economic reforms since the 1980s has been accompanied by political liberalization and transition to democracy. As a result, the consolidation of economic reforms along with governability of the new democracies. In the context of developed capitalist economies, many writers have stressed the close cultural and institutional linkages between market capitalism and parliamentary democracy (see, for example, Schumpeter, 1943). It is, however, well recognized that transferring the formal political and economic systems of successful Western market economics to the developing world is far from being a sufficient condition for good economic performance.

Both economists and political scientists have contributed to a growing body of literature on political-economy of market-oriented reforms². This literature, however, still remains unconsolidated and provides very few generalizations regarding the linkages between democratic consolidation and sustained economic development. Nevertheless, I shall attempt to present some of the ideas in a non-technical way so as to be of interest to a wider audience other than formally trained social scientists. I feel particularly privileged to do so before this august gathering of professional engineers.

Shifts in Development Paradigm

We first look at the changes in economic policies in developing countries over the last few decades and the accompanying shifts in the dominant development thinking and ideology. The economic policies pursued in the developing world in the 1950s and 1960s envisaged a strong role of the government in actively promoting economic development through direct investment and national economic planning. These policies were largely consistent with the prevalent development thinking of that time which emphasized poor supply response to price incentives due to many market imperfections and institutional bottlenecks. This 'structuralist' view of the development problems was interpreted to mean that the government should determine overall investment allocations through planning as well as directly invest in sectors where private investments were lagging. The promoting import-substituting industrialization behind high protective tariff walls.

¹Keynote paper at the Round Table conference on "Governance Issues in South Asia" organized by Khan foundation at Democracy Auditorium, Dhaka, 19 September 1999.

²See, for example, Heggard and Kaufman (1993) and Krueger (1993)

The development policies have changed dramatically since the 1980s, as market-oriented liberalizing policy reforms were introduced mainly with the support of the IMF and the World Bank. The policy changes took place partly in response to international financial shocks but also

partly because of the ideology shift in donor countries in favor of promoting economic and political liberalization in the developing world. The underlying development thinking, also known as the Washington consensus, derives from the orthodox neo-classical free-market theory of allocative efficiency. The standard policy package under the so-called structural adjustment programmes included privatization along with a curtailment of the scope of public investment, reliance on market forces (e.g. getting prices right) and trade liberalization for promoting export-oriented industrialization.

The record of the impact of structural adjustment on growth performance has been rather uneven. In many developing countries, private sector investments and exports have poorly responded to incentives created through economic liberalization. Evidence suggests that getting prices right may not be enough for eliciting market supply response unless accompanied by other non-price reforms such as those aimed at improving the quality of public administration and the functioning of financial and labor markets.

There now seems to have emerged a modified version of the Washington consensus that emphasizes the role of good governance and other institutional reforms necessary for the efficient functioning of a market economy. According to this view, effective structural adjustment demands a more activist and capable state than is typically envisioned by the orthodox neo-classical prescriptions. As economic liberalization replaces rigid control, a new more market-oriented, but more sophisticated, kind of economic and commercial regulatory framework needs to narrow down the sphere of activities while managing more difficult tasks more efficiently.

The proponents of the new 'institutional economics' like Douglas North would go even further. According to him, the emphasis of the market-oriented reforms on the static neo-classic concept of allocative efficiency based on a given set of institutions is rather misplaced. Instead, the key to good economic performance is the creation of a stable polity with complementary norms and a flexible institutional matrix that responds to the needs of economic development.

Democracy and Public Policy

How are public policies determined as outcomes of democratic political processes? How far economically efficient are these political outcomes? In the context of the Western capitalist economies these questions have been addressed by the so-called "public choice" theorists led by James Buchanan and Anthony Downs among others (Buchanan and Tullock, 1962; Downs, 1957). They have challenged previous beliefs of the welfare state and government planning and substituted a much more critical view of the capacities and integrity of the democratic government. Public choice theories have been fused with free-market theories and converted into a politically dominant ideology thus planning and substituted a much more critical view of capacities and integrity of the democratic governments. Public choice theories have been fused with free-market theories and converted into a politically dominant ideology thus undercutting the previous thinking of Keynesian welfare-state.

The basic assumptions of public choice writers are that individuals - whether voters, politicians or bureaucrats - pursue their private interests in both economic and political life. This admittedly

arguable assumption regarding the motivation of political behavior leads to the prediction of many adverse outcomes. Thus the actions of elected officials would be guided only by their assessment of what they must give the voters to gain and retain power and what benefits they individually get from the system. Bureaucrats would try to maximize their budgets their budgets for gaining more prestige and power thus resulting in an oversupply of public goods. (The popular British TV comedy series "Yes Minister" was, in fact, inspired by public choice theory, in this series, both the top departmental bureaucrat and the Minister act to maximize their career initially in opposition but eventually in collusion.)

The pursuit of rational self-interest by individual voters can frustrate social cooperation and collective action because of the so-called "free-rider problem. The free-rider theorem postulates that a rational individual will not insure the costs and trouble of supporting a collective action for pursuing some jointly beneficial goals if his own contribution will make a negligible difference to the result and he can enjoy any eventual benefits without contributing . In other words, he will "free-ride" on the backs of others. On the other hand interest groups will be formed only when there is opportunity to gain a concentrated benefit for its members while diffusing the cost thinly among a wide public who are to may organize a resistance because of the "free-rider" problem. as a result, strong lobbies will promote narrow group interests at the cost of the welfare of the people at large.

Public choice theories have been criticized for their narrow interpretation of political motivation and their ideological bias in favor of restricting the scope of public sector responsibilities. Predictions of these theories are, more often than not, proved wrong in the context of Western democracies. The deficiency of the theories lies in their neglect of emotional identifications and moral standards and constraints. Consider, for example, the characterization of politicians as portrayed by public choice thinkers, namely, that they are (a) self-seeking persons who will support their party or government only so long as it suits their private interest and will follow whatever course offers the biggest material rewards; (b) advocates and beneficiaries of narrow sectoral interests; or (c) members of a collective conspiracy for exploiting an ignorant electorate? While such a description of politicians would appear to be too cynical and an unfair generalization, there may be much truth in it in the context of many developing countries where democratic norms are far from being well-establish.

³For a discussion on this, see, for example. Self(1993)

Exploring the implications of public policy theories in the context of the new democracies may in fact provide some useful insights into the role of government in promoting economic development. One important implication is that the vote-maximizing behavior of political parties, as postulated by public choice theorists, may sometimes seriously compromise the capability of democratic government to pursue long-run development objectives. If the time-horizon of an elected government's cost-benefit calculations is too short, there will be a temptation to adopt populist policies even at the cost of jeopardizing prospects for long-run economic growth. Political parties know by experience that periods of slow economic growth do not necessary result in a collapse of an elected government, but short-run sharp shocks are destabilizing. As a result, more attention may be given to short-term stabilization and management of shocks than to measures aimed at achieving sustained economic growth such as for domestic savings mobilization or for environmental protection.

A populist policy stance of the government may even jeopardize short-run stabilization - the cornerstone of macroeconomic management under economic liberalization. An example is provided by the theory of so-called 'political business cycle' which argues that a government will court popularity by cutting taxes or increasing expenditures (and thereby running budget deficits) before an election. Evidence of such behavior is indeed found in the case of many developing countries (e.g. Haggard and Kaufman 1992; Krueger 1993). In the developed countries, however, the scope of such behavior is limited by the fact that parties are usually found to behave more responsibly given the presence of a well-informed voting public (Self 1993)

The postulates of the public choice theory regarding the formation of interest groups, along with the free-rider problem, may explain the existence of political barriers to the implementation of liberalization economic reforms. For example, powerful business and labor groups in heavily protected domestic import-substituting industries are likely to resist import liberalization. Similarly, employee unions in loss-making state enterprises would resist privatization or reforms are either non-existent (e.g. would-be exporters) or too numerous (e.g. general tax-payers, informal sector employees) to form effective coalition for collection action.

A related but more serious problem arises from the temptation of the government to use economic policy instruments for political ends. The severity of this problem would, of course, depend on the power bases of the elected government, and therefore, on the quality of the democratic system. Unless the government's economic decision-making can be insulated from the appeals of narrow group interests, and activist role of the government for promoting market-based economic development can easily degenerate into a process of distributing spoils and privileges among the political elite.

There is, of course, only a thin line of distinction between the use of economic decision-making power for narrow political ends and for personal material gains. In developed societies, there are institutional, legal and normative restraints on the activities of politicians and bureaucrats in pursuing private material gains; but such restraints are often absent in the new democracies. It is true the removal of direct government controls such as on import and private investment may have narrowed down the scope of rent-seeking activities arising from such controls. But the imposition and strengthening of a regulatory framework that is needed for an effective functioning of a market-based economy will itself give considerable discretionary powers to government functionaries. This is particularly true for a transition period when enforcement remains incomplete and, of necessity, selective. Pursuance of a 'pick-the-winner'-type approach in support of private sector development creates even more discretionary powers. In this respect, institutional arrangements for ensuring the accountability and transparency of the governments financial and economic management may prove crucial.

The logic of public policy theories predict some positive outcomes as well, resulting from political party behavior and competition. Consider, for example, the so-called median voter rule of political equilibrium that in a two-party system. This theory tells us that it will pay both the parties to take up moderate policy positions close to each other, each seeking to command all voters either to the left or the right of the spectrum (an analogy Unfortunately, this will not apply if policy choices are misleadingly presented in terms of two extreme alternatives, with two

parties taking extreme policy positions. Dispassionate public debate to inform voters on the range of policy options may help remedy such a situation by forcing the parties to take a more moderate position.

Economic Reforms and Democratic Consolidation in Bangladesh

Bangladesh has been in quest of democracy and development since independence, but the record of success over this period has been rather uneven, if not entirely disappointing. The beginning of the 1990s saw a new beginning of the parliamentary democracy along with the strengthening of market-oriented economic reforms although introduction of these reforms dates back to the 1980s). In fact, since independence, there have been successive shifts in the economic policy regime leading to varying and often contrasting trends in economic performance. Since these policy shifts were mostly linked to the changes in the political regime, one may be tempted to interpret the economic turnarounds as evidence of the so-called political business cycle discussed earlier. In reality, however, if there is at all a political-economic cycle, the explanation lies more in the phenomena of periodic episodes of political agitation and the resulting uncertainty and economic disruptions than in any vote-maximizing **political** behavior.

⁴See Centre for Policy Dialogue (1995). Ch.2

The politics of agitation and confrontation has, perhaps, been the most severe bottleneck to Bangladesh's development efforts. In spite of a heavy dose of market-oriented reforms along with considerable successes in domestic resource mobilization in the early 1990s, the envisaged acceleration in economic growth has not taken place mainly because of feeble response of private sector investment. It is true that in the past, Bangladesh economy showed considerable resilience in the face of many man-made and natural adversities. However, with economic liberalization and increased reliance on private investment and export, the Bangladesh economy is now more vulnerable than ever to a climate of political uncertainty and unrest. The democratic system must therefore find a mechanism for limiting the degree of political conflict and build a reservoir of political toleration to draw upon.

Contrary to popular expectations, economic problems have not constituted the most salient issues in the country's political debates and discourses. This is a serious limitation for the democratic system to be conducive to good economic management. There are many advantages of creating public awareness about major economic issues - whether it be the question of economic cooperation with India or of reforming the state enterprises, In political debates on such issues, policy choices are sometimes misleadingly presented in terms of extreme alternatives (which they rarely are) leading to divisive politics. Once the full range of policy options become public knowledge, political parties will see it in their interest to make a more moderate position, unless of course party behavior is guided more by ideologies, emotions and prejudices than by the goal of gaining popularity among the electorate. ⁵ Public debates on economic issues can also create a more informed voting public as a safeguard against the adoption of populist economic policies.

Effective institutional arrangements for ensuring the accountability and transparency of the government's economic management is also mostly lacking in Bangladesh. One such institutional arrangement in parliamentary democracy is provided by the public accounts committee of the parliament. Such a committee has hardly functioned in Bangladesh with any

degree of effectiveness. Even if the committee were made effective, it would have to depend on government audit reports that refer to financial irregularities committed 5 to 8 years back, given the current state of the country's public auditing system. Thus, the committee could at best attempt to ensure the accountability of the previous regime or of the regime before.

A striking feature of Bangladesh's experience of economic reforms since the early 1980s is that much of these reforms could be implemented without serious political resistance. Most of agricultural inputs subsidies, abolition of urban food rationing and reduction of industrial protection through import liberalization.⁶ Similar reforms in other developing countries have often met with violent civil unrest and political upheavals. Although the country has had its fair share of periodic episodes of political agitation and unrest, the underlying reasons in most cases were not primarily of economic nature.

⁵ See the discussion about the potential advantage of a two-party democratic system.

The reforms that have so far proved ineffective or have been delayed are mostly of institutional nature, such as administrative, legal and financial sector reforms as well as privatization more difficult to implement compared to price reforms, but the real reasons for resistance to such reforms perhaps lies elsewhere. These reforms are essentially to deal with economic crimes that generate huge illegal incomes, whether it be willful default in repayment of bank loans, or electricity pilferage, or corruption in tax administration, or leakage in public development expenditures. It is most likely that effective policy measures in these respects will meet with strong popular support, except among the few who are the beneficiaries of the system. One would, therefore, ponder as to why the resistance to such reforms has apparently proved so insurmountable.

No one standard explanation would perhaps suffice to explain the above institutional reforms. In part, it is a problem of strong interest groups (such as employees' unions in the state enterprises) bent on protecting their sources of incomes, legal or illegal. The explanation in part may also lie in the 'free-rider' problem of organizing collective actions in favor of such reforms. But the most disconcerting explanation may lie in another basic postulates of the public choice theory, namely, that individuals would use their political power for personal materials gains, unless prevented by institutional and legal restrains. The implication is that a share of such illegal incomes is appropriated by certain sections of the political elite who are themselves responsible for economic decision-making.

We may note at this stage that the implications of public choice theories that we discussed rest on two basic assumptions, namely, that voting is fair and that democratic governments change only through elections. One we relax these assumption influencing voting outcomes, the adverse implications for the political-economic nexus become far too grave. A sinister aspect of this nexus can be seen in the growth of financial extortion (including collection of illegal tolls and protection money) under political patronage.⁷ This phenomenon has increasingly become a menace contributing to the cost of doing business' in Bangladesh. Overall, one could perhaps conclude that if there is a demand in the political system for rent-seeking and illegal incomes, economic policy reforms alone can hardly be the remedy. That is why economic reforms need to be accompanied by complementary improvements in the political environment.

⁶ In fact, careful analysis of the way import tariffs have been reduced in Bangladesh suggests that the government's revenue concerns rather than protectionist appeals for domestic producers have been a stronger deterrent to faster import liberalization.

⁷ Illegal toll collection, which pervades across industrial production, construction, trade and transport services, has been markedly on the rise particularly since the beginning of the 1990s. Whether this has anything to do with the transition to parliamentary democracy is a worthy topic of research.

Conclusion:

In this lecture, I have not covered the other side of political-economic interactions, namely, the impact of economic developments on democratic consolidation. This should be primarily the task of political scientists, although it may be mentioned that mainstream political scientists have not as yet addressed this topic adequately.

Just as the quality of democratic process impacts on economic performance, so also vice versa. Even if lack of economic growth does not usually result in a collapse of elected governments, it can still profoundly affect the quality and context of the political process. A general erosion of faith in the democratic governments to manage the economy increases political cynicism and strengthens appeal of authoritarian solution to crisis. However, the principal danger to democratic consolidation in the developing world at the present time is less likely to be a possible reversion to military rule than a decay of state institutions and an erosion of the capacity of groups within civil society to engage in sustained and constructive collective actions. One would hope that the civil society in Bangladesh would be capable of undertaking such collective actions to avert reversal of the democratic process.

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HE Mr Holzman

HE Mr Holzman has delivered his speech as Guest of Honour who has said that women will have to be involved to play a positive role to eradicate poverty in the country. HE Mr Holzman expressed his satisfaction and has pointed out that the Khan Foundation has been working with UP women members for 4 to 5 years with a leading role in the sector. Emphasizing the focus that both ruling and opposition party leaders are women in the parliament, he has expressed that the number of women members in the reserved seats in the parliament should be increased from 30 to 64 indicating one member from each district. He has also mentioned that more and more women should directly participate in the parliamentary elections. It is also pointed out by him that women are more exploited by men and everybody runs after power disregarding the

importance of national interest. At the end, he has made it clear that no development has taken place in Bangladesh and also in different developing countries even after repeated research works have been undertaken and completed. Therefore, it is time to take some concrete steps to implement in order to transform research findings into benefit generating programmes.

HE Mr David Walker

HE Mr Walker, another Guest of Honour, has observed that the main challenge of the developing countries including Bangladesh is poverty and the micro economy could not bring economic emancipation for the toiling masses. The banking system needs to be upgraded and the private sectors will have to be given opportunity to contribute. The education system and the policy is very poor but violence and illegal extraction have increased very alarmingly. The politicians are in general found to lack transparency and reluctant to discharge their responsibilities. Bangladesh has many opportunities to develop their condition and many countries in the world have improved their situation even with lesser opportunities. He referred to some African countries he has visited where situation was worse than Bangladesh but now they have surpassed economically Bangladesh. He has also mentioned that his country, Great Britain itself was not in a good position but its government and politicians have jointly worked and changed the situation. A lot of workshops and seminars have been organized in the country. It is perhaps wise now to speak least and work more.

Dr Shahnaz Huda

Dr Huda has very forcefully observed that everyone has the fundamental rights to secure himself/herself. Giving an impression about the objective condition of the village areas of today, she has reported that almost everyday tortured and helpless women from village areas come to them. They need legal help and services. But there is no easy way to help them. In 1980s Human Right Commission was established and after that several legal committees have been organized but nothing could be done meaningful to provide the needy people any legal services. This is very unfortunate. She has recommended for the separation of judiciary from the executive and administration. She has also pointed out that our people are not aware of their rights and obligations. Their perception about law should have to be changed and judiciary should also accept criticism against it. Conspiracy of judges and lawyers are also making things difficult for our poor people resulting in the delay of the justice and in some cases to the right person or parties. She has concluded her speech with the observation that we need complete separation of power creating scope for all the branches of government to function independently.

Mr Rashad Khan Menon

In a very short speech Mr Menon has touched upon two very important aspects of good governance - devolution of power and judicial as well as electoral reforms. Emphasizing the importance of the people's participation in the process of administration, Mr Menon has observed that devolution i.e. the decentralization of the responsibilities and authority will bring the administration, people and their representatives together to plan development projects, implement and evaluate those. This is very important to encourage activate and prepare people to handle their own affairs. Similarly, appropriate and people oriented judicial and electoral reforms will ensure the existence and operation of good governance. Because good governance will have to dispense, justice not only rightly but also speedily and through electoral reforms **it will ensure** the election of the rights persons to the right places and positions.

Mr Abu Hena

Mr Abu Hena in his speech has observed that the situation of local government institutions is much worse than the earlier days. It can be said that the institutions are almost destroyed. Before the introduction of formal local government institutions there were traditional institutions to cater the needs of local people. The introduction of formal local government bodies was seen as a positive improvement but the politics of the promulgators made them totally ineffective. Thus emphasizing the importance of favorable political will for the proper development of local government and its operation in the interest to the local people, he has suggested that the central government should keep itself away from the local government. At the end he hinted upon the role of a "watch dog" and journalists can be, according to him, a good watch dog.

Mr Mazbhaul Fahim

Addressing the chairperson and the participants, Mr Fahim said that he has been working as the chairman of his UP for the last twenty years. Mr Fahim thinks that it is their prime duty to help the UP people. According to him UP is the nearest, closest and dearest administrative body of the local people that consists of their elected representatives and is also responsible for their development. Owing to its close proximity, Mr Fahim has said that any hungry man can easily come to chairman's house and can explain his position. He thinks it is his moral duty to help them. Emphasizing the importance of UP to local people, the chairman observes that UP is very poorly equipped to meet the necessity of the local people. The facilities available to the chairman as well as UP are, as he says, very limited. He has suggested that the honorarium of the chairman and other members should be enhanced so that they feel encouraged to become more particular in discharging their responsibilities and duties. He has also suggested to provide motorcycles to the chairmen, which will enable them to move faster resulting in the greater extent of access of the people to their representatives. On the basis of his own practical experience, he has suggested that every UP may have a Board of Advisors consisting of representatives from all sections of population and a quarterly meeting of the UP Chairman, members, heads of all educational institutions of the union and the important personalities from services, business, and politics may be regularly organized. They have been practicing these in their UP.

Mr Khalequezzamen

Mr Khalequezzamen has said that most of our problems are the result of our thinking and patterns behavior. Most of us, as he has said, run after money and personal interest with no amount of care for our responsibilities towards others including the national interests. It is unfortunate and, at the same time, dangerous, as he has observed, that we do not realize that on some basic national issues we should cooperate with each other. He has also suggested that developing a mechanism or system of check and balance so that everybody feels encouraged to perform his/her responsibilities and nobody exceed his/her limits.

Mr Riazuddin

Mr Riazuddin has, in his speech, highlighted some important aspects of the objective condition and made some suggestions for the good governance vis-a-vis the local government of the country. Making the observation that the democracy is not functioning properly in the country today, he has said that the mismanagement of every thing is the rule of the day. Judiciary also,

accordingly to him, can't play its due role as it is controlled by the executive. He has suggested that we should establish strong parliamentary democracy, accountability as well as transparency shall have to be ensured, all sorts of mismanagement should be eliminated, strong institutional mechanism shall have to be developed to protect personal interests of the citizens and to manage public resources. Media has also been suggested to perform its due role which will, according to Mr Riazuddin, help everybody to identify their place, role, responsibilities and rights in the society on the one hand and, on the other, their obligation to cooperate with other sections of the society to run as well as help run the statecraft.

Mr Waliur Rahman

Mr Rahman in his deliberation has presented the changed concept of the local government. Local government in its traditional sense, used to be understood as a mechanism to resolve the community conflicts of very small nature. When it was first formally introduced by the British Government in 1870 under the Chawkidary Panchayat Act., it was supposed to take care of the local law and order situation and the collection of revenue. But today its meaning is very wide. As for example our UP has a long list of activities. Its main function is developmental in nature. Most of the local development projects are its subject for execution. However, as it is said by Mr Rahman, more than 75% of the projected works can not be materialized and mainly due to lack of fund. It has to depend on the central government for fund that are in most cases not available in time and in adequate amount. He, in his conclusion, emphasized on the provision and practice of rule of law and the establishment of more legal educational institutions.

Mr Hafizuddin Ahamed

In his speech Mr Ahamed has expressed his belief that the local government bodies could be made a meaningful vehicle for the development of the local areas. At the local level, UPs can be given the responsibilities to supervise the local bodies including the educational institutions. It is the local people who can say who is a good people or who is a bad people and on this basis of their knowledge they can select the right people for the right place including even the personnel for the police force. They can also form an advisory board for their local areas with people taken from the teaching communities, religious groups and other important sectors of the society. In fact, most of the development works in the local areas can best be done by local government bodies. However, in our country every thing is controlled from Dhaka, the capital of the country. This is a real problem. If local bodies are not free from the external control they can not gain the real spirit. This problem is perhaps realized by every government, but no government tried to correct it. No government in our country took proper care of the poor and appropriate steps to improve their condition. Not bureaucracy itself **on the** policies made with direct and active assistance of the bureaucracy are also our problem. Corruption has engulfed the whole of our society. It has penetrated everywhere. The situation is so vulnerable that it seems everybody is in competition to do corrupt practice. We should undo this and the society should be made corruption free. Our present need is to ensure separation of the judiciary from the executive, execute administrative and electoral reforms and establish rule of law. This will, as Mr Ahamed has observed allow democracy to function where everybody will feel encouraged to perform their duties and, in return, they will enjoy their due rights.

Mr Obhidullah Khan

Mr Khan has in his speech observed that the political and economic conditions in the country are gradually going against the interest of the local people. This process started during the Pakistan period and is still continuing. Bangladesh is not a caste ridden society. Kingship is also an important factor in Bangladesh where the relation between the poor and the rich are neither congenial nor reciprocal. Most people here are poor who have always been fighting to meet their basic needs. That is why, we do not hear their effective voice in favor or their effective participation in the society and we also do not take any steps to create situation for them to participate. Their condition is so bad that major steps should be taken by the central government for their development. Land reform is necessary and it is necessary to find out the state land or khas land, so that they may be distributed among the marginal poor. A number of NGOs are working in various sectors in the county with respectable amount of success and the central government may take technical support from them. In the form of suggestions he has stated that

- a. Civil Society should be developed;
- b. Sources of revenues should be increased;
- c. GO & NGO co-operation should be encouraged;
- d. Support may be mobilized through the traditional patron - client structure.

Mr Dalem Ch. Barman

Thanking the Khan Foundation to organize the Round Table Conference and invite him, Dr Barman in his speech has said that we it is true that need major reforms to reap better and expected results from our local government bodies. However, as it has been observed by Dr Barman the local government bodies may be made better performers with little but careful efforts. Referring to their own works conducted in different parts of the country he has observed that UPs, the lowest tiers of local government can be made much more effective provided some measures can be taken as follows:

1. Presently, UPs in most cases, exist and function as one man's i.e. chairmans body where ** members do not feel encouraged to involve in UP activities. They do not have enough scopes either. This should be corrected and UP's should be turned into "Council", that all council members including women members elected from reserved seats can participate in the UP affairs.
2. The councilors are reluctant to collected tax from the local people mainly for two reasons. First, they feel that the amount of tax money will be very meager and insignificant and, second they will face an unfavorable situation in their future elections because of their asking for taxes from the constituency. Neither can be an acceptable reason and therefore, should be corrected.
3. Under the present provision government grant money in equal amounts and through Thana administration. This provision should be changed. Government should *** amount of grant, of different UPs on the basis of their performance including their success in collecting tax from the local people as well as making the maximum use of other sources of revenues granted to them. Grant should also be made available to UPs directly. They should plan and implication their own projects. It may be mentioned that the UN capital development fund (NNCDF) has initiated the system of providing capital directly to the UPs in Siranjonj district.
4. Most of the councilors have no knowledge about their duties and obligations on the one hand and, on the other, their rights and privileges as UP members and chairmen. Moreover, they also

need some "skill training" to handle the UP activities. Therefore, they should be trained so that they can know about their rights and obligations and can acquire different skills to use in their activities.

5. Large number of government and NGOs are usually found to conduct their activities within the territories of UPs. Careful supervision and proper coordination of the activities of these organizations may yield in a better result and, UPs may be authorized to look after these two activities. This, in addition will generate a feeling of an existence with difference among the councilors as the consequences of an elected body.

6. Honorarium of the UP members and chairmen and the salary of UP staff are very poor. These payments are also very irregular. They should be increased and paid regularly.

7. There is one Assistant Director, Local Government (ADLG) stationed at the district headquarters to supervise the UPs and their activities. This supervision is very effective if properly carried out. But it is impossible for one ADLG to do it properly. Therefore, the number of assistant directors should be increased or some district officers of the same status may be made for the job.

Dr Barman has said that some other minor *measures* may also be suggested. However, the point of attention is that even without major reform the LG system can be made effective. With regards to the good governance Dr Barman has said that good governance often is linked to the meaning of democracy. But democracy is an very wide word and it should also involve the manner in which political and economical power is distributed. In fact, good governance should ensure a public service that is efficient, a judicial system that is reliable, and an administration that is accountable to its public (as developed by World Bank in 1989) as well as involve sensible economic and social policies, democratic decision making, adequate governmental transparency, creation of a market friendly environment for development measure to combat corruption as well as respect for the rule of law, human rights, and freedom of press and expression (as resolved by the European Union 1991). In the conclusion, Dr Barman has said that success in every respect is linked with the consciousness of the citizen which is the result of long time practices. Until now the level is very low and it is all *pernysive*. He has thanked the Khan Foundation, particularly its Chairman and Executive Director for their active concern for the local government affairs. He has singled out the Foundation's training programme for the UP chairmen and members, *praijal* it and strongly recommended that it should be made more extensive to involve larger number of groups and intensive to impart Both theoretical as well as parctical training. The donors may only more grants to enable the Foundation to puruse its programme.

Mr Hasnul Hoq Inu

Good Governance Khan Foundation 19 September 1999

Mr Hasnul Hoq Inu in his speech observed that after the over throw of the Military Autocracy in 1990, through there is an Elected Government and a parliament at the top but there is autocracy at the bottom. The Districts & Sub-districts are ruled by NON elicited bureaucrats. Urban & Rural local Government structures are completely kept out of community development Project. Judiciary is partially free & there are a set of undemocratic laws. He ----- has jaining at the moment polities of conspiracy, connunallism, fallen dictators & are threat democratization. A weak election commission questing the fairness of election process. Undemocratic Laws are hindering Rule of Law. Bureaucrats are obstructing empowerment of people and politics of confrontation is slowing down Reforms. Ninth vragaul ----- for Good Governance he says that the foremost ---- is a transparent, accountable, participatory and democratic Governance system with an effective legal framework harmonious labor relations and strict financial disciplines. What is needed most, as he ob---- Dismantling of autocratic bureaucratic apparatus by devolution & abolition of Dualism in administration repeal of all undemocratic laws, creation of necessary watchdog institution's Empowerment of Elected persons at all tires of administrations with necessary executive & financial power, Empowerment of women workers, peasants & professional groups; All discretionary powers should be abolished or reduced; Enacting recessed laws to **profich** people rights; Down sight or the government and **ensuirk** role of technocrats & experts. A local Government centered development pervading pro poor, pro people, environment friendly & sustainable, An independent strong election commission with partial judicial powers; Reflection of post Mistales. A Political Consensus against polities of Confrontation, **connunalism** and or polities of reforms & Rule of law and democracy.

Remark of the Following suggestion

Proposals for Good Governance

1. A National Commission on reforming Government with an "Efficiency Unit" as its secretariat.
2. Policy Analysis wing be set up a Prime Minister office.
3. Minister to be chief executive & Chief Accounting Officer.
 - All Corporation, Directorates be made autonomous and be directly responsible to the Minister.
 - An Advisory committee of Experts & technocrats to be formed in each Ministry.
4. All commission reports are to be placed and scrutinized by the cabinet
5. All discretionary Power are to be abolished or product.
6. Dualism in administration be abolished
7. Parliamentary standing committees should be open to public hearings
8. All policy statement by the Government are to be made first before the parliament
9. Planning Commission to be an independent body and be separated from finance Ministry.
10. Bangladesh Bank be made independent of made independent of Finance Ministry.
11. Anti Corruption Bureau be made independent of PM's office & be placed under an independent Commission.
12. The office of the CAG be made independent of the executive by bringing his office and staff under Parliamentary control.
The Audit should be separated from Accounts Department

13. Central Intelligence Commission be made an independent body under constitution.
14. Official Secret Act of 1923 be abolished
15. Reform the 1922 Financial Rules and 1937 General Financial Rules.
16. A National Human Rights Commission be formed.
17. The Office of Ombudsman should start functioning
18. Parliamentary Secretariat be placed under the speaker
19. Recall system of Elected Representations be introduced
20. Downsize the Government by reducing Ministries and Government organizations.
21. Police be reformed separate Investigation' from 'Prosecution'.
22. 1976 Directive and Rules of Business 96 be reformed.
23. Fundamentals of constitution and clauses of Human Rights cannot be amended.
24. All undemocratic Law be repealed
25. Judiciary be separated from executive
26. Media to be made autonomous
27. Local Government be independent of Bureaucracy by law and be made a constitutional body, so that LG cannot be dissolved by administrative order.
 - LG Ministry be dissolved & Instead of a LG council be formed at the central Level.
 - All members & chairman of LG to be directly elected and there should have representative from **workcrss, pafasts** & professionals groups,
 - All the duties & functions conducted by LG are not to be done by the Central Government. All the officials --- at LG level be directly placed under then.
 - LG Centered development paradigm be fallen.

For that - 40% Revenue Budget be allocated for LG. All poverty alleviation programmes are to be channeled three LG be allowed to transact with Banks & financial institutions for developing Economic Project.

 - A "Technology Support Service Centre" be established at the Upazilla level.
 - Instead of "nonparty" Election to LG be held on Party basis.
28. An "Upper House" is to be formed of the parliament with representative from - professional groups, women, National minorities & local government representatives.
29. The Lower House" of Parliament should have beside the present system, "proportional representation of political Parties."
30. A Consents Government should seen for at least 20yrs during the period of reforms.
31. Art 118 & Constitution be amended, so that these is a permanent system to elect an Election Commission EC to have enough financial power with its own staff have power to declare, punish, stop election. Vest Judicial Power to EC. Administration cards are not to be made returning officers. Code of conduct be made part of law. A disqualification provision be made for government & military officials bank defaulter, killers & commsal faraties - I D cards for voters.