

In the Name of God, the Most Merciful, the Most Kind



July 18, 2016

## Democracy Wins in Turkey

The countries that have strong military rule, and the military interferes, in some way or the other, in the political affairs, have always been the victims of military coups. Military, in such countries, finding the political or democratic government weaker, or taking advantage of any situation, initiate a coup and thus try to attain all the powers. Or sometimes, there is a history of competition or rivalry between the military leadership and political government that results in different such incidents wherein the military tend to overthrow the political government. Turkey is one of the same countries.

There have been several coup attempts by military in Turkish history. Some of them have been successful as well but the last one that took place on Saturday to throw down the government of President Recep Tayyip Erdogan, could not be successful as thousands of government's supporters poured onto the streets of Istanbul, Ankara and Izmir to demonstrate their loyalty to Mr. Erdogan and face the military tanks and artillery face to face.

The 13-and-a-half hour drama, which at one point reduced President Erdogan to broadcasting to his nation via a mobile phone, street protests and military forces loyal to the Turkish leader suppressed the coup that left at least 265 dead.

It was a victory by the democratic government and the supporters of the government as a whole as the people did not accept the military coup and stood against it collectively. The military did not have any right to attempt to throw down the elected government. As per the democratic principles every elected government has the right to complete its tenure as per the constitution of the country. Moreover, they could also be regarded as the main reason behind the killing of those 265 people.

The Turkish authorities have now started to retaliate and punish those who were behind the coup.

They named Akin Ozturk, a former air force commander, as one of the "masterminds of the coup" alongside two army generals, Adem Huduti and Avni Angun. They also announced 6,000 people including generals had been detained in the aftermath. Arrest warrants were issued for 2,745 judges in what was widely expected to mark the start of a purge of opposition forces.

The victory of Turkey's democratic government is really encouraging but it is important to see how it reacts to the situation. It has to be careful that the democratic principles are not violated in the thirst for retaliation. World leaders including US President Barack Obama strongly condemned the attempted putsch but also urged Turkey to respect the rule of law in its aftermath, especially after pictures emerged showing the rough treatment of some coup plotters when arrested.

It is dictatorship that adopts tyrannical methods to crush the opponents and loosens the reign of terror on the subjects. It is tyrannous for its people in many ways. There is actually a reign of fear and terror in the country. It is also an undeniable fact that dictatorship with all its characteristics is opposed to democracy. A democratic government is accountable to the people while a dictator is not accountable to anyone for his activities. He asserts his will in every matter. This is the reason that the people do not like dictatorship. Moreover, the democracy respects the rule of law and tries to implement it in every possible way; even if it has to deal with the opposition or enemies.

Dictatorship may appear to have certain advantages but they are only on the exterior, while in reality a civilized society would never prefer dictatorship. It should be noted that though a dictator may establish a temporary economic growth, peace and tranquility and unity but that will be very temporary as they are achieved through terror and violence. The national unity and integration is permanent and everlasting which is based upon the will of people, not on terror and violence. As soon as dictator dies, or becomes weak and loses control then the country faces chaos, unrest and political anarchy. It can be said without any hesitation that dictatorship can never be a substitute of democracy.

In a democratic country the ultimate authority lies within the people. The modern concept of state and government says that the sovereignty lies with the people. And ultimately, all the governments are answerable to the people. Moreover, to guarantee such accountability the modern states have established and strengthened their political systems in such a way that people have most of the power, though indirectly. Therefore, the democratic government must be preferred by all the people in the world. The people and leaders of the world should, thus, respect and encourage the democratic government of Turkey and also its people who, at a crucial time, stood for their government. The episode in Turkey's political history would be remembered with golden words.



## Higher Education Reforms in Afghanistan

By Ahmad Jawed Samsor

Exclusive for the Daily Outlook

None of higher education institutions in Afghanistan has ever been evaluated or ranked by an international or regional ranking body, in other words the institutes have not yet met the minimum requirements to be ranked or be placed in one of those lists. On the other hand, the Ministry of Higher Education (MoHE) has constantly failed in last 14 years to establish or propose the structure for an independent Quality Assurance and Certification (QA&C) body within the country. There has been no mention or sign of such body in National Higher Education Strategic Plan (NHESP) 1, 2 and 3. The QA&C body is very common in every country and has functioned independently. Their main objective is to assess higher education institutes for quality assurance and to award, cancel or put on probation their activities. Currently universities in Afghanistan are applying for accreditation to regional or international bodies, such as the Asia Pacific Quality Assurance body, the Accreditation Council for Business Schools and Programs (ACBSP), Association to Advance Collegiate Schools of Business (AACSB), and International Assembly for Collegiate Business Education (IACBE). What has been more observant in the last years is that three major universities, all of which are located in the capital, Kabul, have systematically dominated the MoHE. Kabul University, also known as mother of universities, the Kabul Medical University, which used to be part of Kabul University and has later been separated as independent institute, and the Kabul Polytechnic University (KPU), which was supported by soviet education system for a long time. Interestingly, there has been a serious conflict of interest that has never been addressed by the MoHE itself and the Government of Afghanistan.

For example, the existing bylaws in the Higher Education system allows only university instructors and professors to fill the higher level administrative positions (i.e. Manager, Director, General Director and the Deputy Minister) at MoHE, while they are required to teach at least 4 hours a week at a public university. Basically, these lecturers and professors have two jobs at the same time. If one tends to develop an organizational chart for MoHE, it would be no surprise to identify staff members that are their own supervisors in one way or the other. Based on basic management concepts, the staff members in an organization can be appointed in different roles but that strictly has to be horizontal in terms of reporting and supervision. The MoHE has been identified an under spending Ministry in last 14 years because of poor planning and inconsistency between the MoHE strategic plan and the Ministry's Mission and Vision. Most importantly, the MoHE's mission and vision has been very vague in terms of the market demands on country or regional level, quality of education and or introducing new programs to fill the existing gaps or meet the new needs. In the NHESP 3, 2015-2020, MoHE focused on infrastructure, new buildings for new or existing universities, building hostels for female students in provinces where access to education is the major issue, and the entrance examination (Kankor). There is little or no mention of important issues in higher education such as access to higher education in rural areas, especially for female students, lack of human capacity in the provincial universities, financial and operational autonomy of public universities, National Quality Assurance and Certification Body, and development of new programs. In other words the NHESP3, like NHESP 1 and 2, prioritized infrastructure, leaving limited room for other important matters. Taking this further, the

MoHE is being supported by two multimillion dollar projects, the University Support and Workforce Development Project (USWDP) implemented by FHI360, funded by the United States Agency for International Development (USAID), and the Higher Education Development Project (HEPD) funded by the World Bank Group. The USWDP functioned under a different name for a few years but because of its underperformance, the project had to shutdown and was rewarded to an international consulting company, whose major area of expertise is public health and research. With the fact that the support of international experts and the donors existed for a long time, the MoHE has been unable to identify the higher education priorities and develop a more consistent strategic plan for the upcoming five years. Also, the supporting projects funds fewer and more dominant public universities, which discourages newly established public universities and universities in the provinces to perform better. Clearly this is the failure of the MoHE, which is responsible for defining the higher education road map of Afghanistan. So how worse can it become? And what are the possible remedies? Foremost of all, we need to revisit the MoHE. Because the new government has shown dedication to reforms, the following proposal can strongly help in defining the role of higher education in Afghanistan and develop a road map that is not only clear but also can answer the market need, both in public and private sector, quality education, access to higher education by male and female and paving the path for research.

To begin with, formation of a Higher Education Task Force to revisit the MoHE and come up with recommendations addressing the major issues of restructuring, existing bylaws of MoHE, quality of education, universities autonomy, access to higher education, and revised functions of both public universities and the MoHE. Universities should have the right to function independently in important matters such as the entrance exam, development of a strategic plan, proposing new programs, hiring and firing of academic and administrative staff, and graduation of students. The role of the MoHE can be confined to maintaining standards and overseeing. On the other hand, Quality Assurance must be carried out by an autonomous body, much like the Quality Assurance Agency (QAA) in UK, and not by the MoHE. Also, the MoHE have no role in ranking universities as that would be a conflict of interest. These anomalies have to be stopped. The support by the MoHE and the supporting projects to public universities should be based on performance and should not be affected politically. Universities should be given full autonomy. Today, political governments ensure that people of their interest get appointed as chancellors, faculty deans or directors. All appointments must be made internally by the university bodies through a transparent and merit-based mechanism of search committees rather than the MoHE.

Vice Chancellors (VCs), who should be superstars, must be appointed by a search committee of distinguished professionals, which must include at least one member from the private sector. The VC, once appointed, must be evaluated for performance at the end of their second or third year by an independent external body, and make a recommendation to the appointing authority on their extension or end of contract. A detailed criteria for assessment of VCs should be developed to ease the process. Higher education is the single most important pillar of a knowledge economy. Afghanistan's higher education system needs to be reengineered effectively to perform better according to regional and global standards.

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## Privatizing System Important to Economic Development

By Mohammad Zahir Akbari

Afghanistan has the most centralized economic and political system of the day whilst privatization and decentralization system is widely recognized as great means of improving economic performance in developing countries. Privatizing state-owned enterprises (SOEs) is one of the major steps in transforming centralized economies into decentralized and market economies. This article aims to learn the experience of SOEs implemented in china the most occupying economy of the world.

Indeed, an important component of the economic transformation in China has been the privatization of its SOEs. Unlike the "shock therapies" used in transitional economies in Central and Eastern Europe, China took a gradual approach to its enterprise reform. This gradual privatization means that, at the time of privatization, most SOEs were losing money and were deeply in debt. This poses significant challenge in restructuring the SOEs so that they could be sold. On the other hand, the market and the legal-institutional conditions for private ownership were much more developed than were their counterparts those during mass privatization in other transitional economies.

Depending on the ease of restructuring and the incentives and ability of local governments to bear the social cost of restructuring, China adopted multiple approaches to privatizing its SOEs. These approaches included share issue privatization (SIP), joint ventures with foreign firms, management buy-outs (MBO), and sales to outsiders, etc.

More than three decades of reforms in China are marked by the government's piecemeal and gradual approach. The reform of the state-owned enterprises is no exception. Instead of outright privatization, China concentrated first on productivity improvement by initiating enterprise governance structures that stressed autonomy and better incentives and then later by adopting long-term managerial contracts with pre-specified financial targets (such as profits and taxes). Instead of introducing markets and liberalizing prices overnight, China first created markets at the margin, parallel to the planned economy, by introducing the "dual-track system" in the state industrial sector and by lowering bureaucratic barriers to entry to the once state-monopolized industries. Admittedly, the reforms brought about fundamental improvements in output and productivity.

In 1993, the Third Plenum of the Fourteenth Chinese Communist Party Congress endorsed the creation of a modern enterprise system. In particular, it approved the development of diversified forms of ownership through privatization, which would allow SOEs to compete on equal terms in the marketplace. In 1995, the central government decided on the policy of "retain the large, release the small". That is, the state was to keep the largest 300 SOEs in strategic industries and allow smaller firms to be leased or sold. The Chinese Communist Party's 15th Congress (1997) gave a green light to privatizing the majority of SOEs nationwide. Regional governments were granted de jure ownership of SOEs within their jurisdictions and were allowed to sell their assets.

Large scale privatization began in the late 1990s. This "delayed" privatization brought about both advantages and difficulties in the designing of privatization programs. On the one hand, the market and legal institutional conditions for private ownership were much more developed than those during mass privatization in other transitional economies. On the other hand, at the time of privatization, most SOEs were losing money and were deep in debt. They were how to restructure the firms so that they could be sold off and / or how to attract buyers pose a challenge to the Chinese government. Restructuring means laying off excess labor, upgrading of plants and machinery, and injecting new capital, all of which were costly both socially and financially. Thus, depending on the cost of restructuring and the financial these problems ushered in a new stage of more fundamental reforms.

To summarize, Privatization in China has greatly changed the landscape of the state-owned firms. In particular, it has created concentrated private ownership and large shareholders essentially control major decision making in their firms. While the control rights of the state have been greatly reduced, its policy support is still important to firm growth. Moreover, the state's influence remains important in a significant portion of China's firms, which potentially hinders efficiency improvement.

After privatization, soft budget constraints were substantially hardened and incentives have been enhanced through equity incentives either through compensation or through ownership. China's privatized firms are moving towards greater levels of professionalization, by hiring professional managers, introducing international accounting standards, and establishing boards of directors.

Privatized firms became more efficient and more profitable based on various measures. Such efficiency gains appear to be most significant among firm in which incentives are better aligned. Specific mechanisms of improved post-privatization performance are considered in a contemporaneous paper.

China's privatization experience provides several insights into privatization designs in general. First, the Chinese experience highlights the importance of the incentives of large shareholders. Only when the large shareholders' incentives are in place will firms undertake fundamental restructuring measures to enhance efficiency. Second, the Chinese experience suggests that postponing privatization to create stable market institutions increases the effectiveness of privatization. In particular, privatized firms can benefit from established product and labor markets for expansion and managerial tenant. They can also benefit from better-developed financial institutions to obtain external financing. Legal institutions protect the property rights of the owners of privatized firms and provide them with incentives to grow their firms. Finally, new private owners can use the capital market as an exit strategy to capitalize on efficiency gains.

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