

## Tribute to AS Mahmud

As one of the founders of The Daily Star and as the "Father of Private Television in Bangladesh," AS Mahmud will be remembered as one of the most significant personalities in the development of free media in Bangladesh. We are proud to be associated with his memory.

MAHFUZ ANAM

ON the occasion of the 72nd birth anniversary of AS Mahmud, we pay tribute to one of the founding fathers of this newspaper and a man who pioneered private television in this country that had given by far the best example of what private television can do for viewers, society in general, and the country.

Most people who knew Mahmud Bhai will of course remember him for his kind nature, his affectionate personality, and his generosity towards others. They will also remember him for his patriotism and love for Bangladesh. They will recall how excitedly he followed the developments of the late sixties as the nation gradually became united under Bangabandhu, and how enthusiastically he helped people, especially the young, to join the Mukti Bahini and fight for the liberation of our Sonar Bangla.

Like all patriotic Bengalis, his happiness knew no bound when independence came and the genocidal Pakistani army was defeated at the hands of the Indian army ably helped by our own valiant freedom fighters. Like all of us, he dreamt about building a new Bangladesh of freedom, prosperity, and peace. But here Mahmud Bhai was a bit different. He had a special focus on the poor that I rarely saw in others.

In everything he said, thought, or did, he would bring out the question of the poor. His one and only question was, how will it ultimately help the poorest in our society. It was this singular concern that prompted him to be associated with several philanthropic and non-governmental organisations, the most famous among them being Brac, where he served as a board member from the late seventies till early 2001.

I will confine my today's personal tribute to the founding managing director of Mediaworld Ltd., the owning company of The Daily Star, and its first publisher, to the role he played in setting up this paper and in the development of print and electronic media in this country.



Whatever modest contribution this newspaper has made to Bangladesh, the credit for it goes to the unique group of its founders, a significant member of which was AS Mahmud.

As one of the core founders of this newspaper, he played a pivotal role in bringing the other founding directors together and forming them into a cohesive and functioning group. It may be recalled that except for Mr SM Ali and myself, none of the other directors were ever involved in the media nor did they have any immediate plans for doing so.

It was largely due to the enthusiasm, faith and energy of Mahmud Bhai that everyone else felt inspired about a new English language newspaper. Of course the reputation, ability, experience and personal elegance and charm of our founding editor, SM Ali worked its own magic on the other directors, still it was Mahmud Bhai's untiring zeal and relentless effort that made everybody and everything else fall into place.

He had tremendous faith in the role of the mass media in benefiting the people. He severely missed the presence of an authentic voice against authoritarianism during General Ershad's rule and committed himself to creating one.

Throughout this period, whenever he would visit me in Paris and later in New York and Bangkok he would express his boundless delight in my plans to return home and work in the

media and reiterated his own determination of doing something in this field. Under Mr Ali's guidance and Mahmud Bhai's management, The Daily Star was born on January 14, 1991, immediately after the fall of Ershad's regime.

Other than its forthright editorials, hard-hitting reporting, and modern lay-out, what distinguished the Star from any other newspaper from the start was its professional management.

As the MD of Mediaworld, the owning company, Mahmud Bhai introduced some of the best practices of the corporate world into newspaper management. From the very start we got off to a strict and yet creative management style, to which we owe much of our success today. Thus we can say we are reaping the benefit of the seeds sown by AS Mahmud in those initial days.

It was also under Mahmud Bhai's managing directorship that a strict demarcation was drawn in the Star between board of directors, and Star management with its editorial freedom. The board was the supreme body to give the policy directives and oversee the financial and all-round health of the paper. But once the guidance had been clearly given, the management was given a free hand to run the newspaper as the editor saw fit.

Thus we can proudly say that the Star board of directors have never, and we repeat, never, interferred (not even once) with the running of the

paper as far as its editorial freedom is concerned. This proud and extremely vital tradition -- the single most important feature of the management -- lies behind whatever modest success this paper has achieved, and it was started from the time of Mahmud Bhai. The role of our founding chair, late Azimur Rahman, in setting this tradition also must be acknowledged.

However his crowning glory came when he set up the first and so far the most successful, creative, and popular private TV channel in Bangladesh -- Ekushey TV. He thought of something that none had done before him, and he brought his dream into reality when nobody dared to venture into this untried area. For opening our doors to private television he can unquestionably be termed as the "Father of Private Television in Bangladesh."

It was his vision, his courage, his energy, and his determination that brought about the beginning of private television, which has today revolutionised consumer choice in TV viewing. Not only had he done something new, but he did it with such professionalism that till today, Ekushey TV remains by far the best example of private TV in the country.

In fact, whatever success others have achieved, they are based on those who were trained and learnt their work in Ekushey TV. It is a pity that others have spent so little in training and practical work, which Ekushey under Mahmud Bhai made a regular practice.

A tribute to him cannot be complete without expressing our unqualified condemnation for the way he was treated following the change of government in 2001. Not only Ekushey was closed through a court order, but his own safety became uncertain due to threats to himself and his family for which he had to go on self-exile in London. He died there, a broken-hearted man, on January 22, 2004.

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MaHFuz Anam is Editor and Publisher of The Daily Star.

## No more hartals, no more sieges



ANM NURUL HAQUE

THE treasury bench and the opposition, in a welcome development on June 28 have agreed to open talks on political reform and also to sign an agreement to refrain from enforcing hartals in the future. The deputy leader of the opposition stated that the AL and BNP could come to an agreement during the tenure of the caretaker government that hartals would no longer be enforced.

The BNP general secretary responded positively to the proposal, adding his suggestions for the enactment of a law prohibiting absence in parliament and a ban on siege programs and student politics. AL and BNP leadership ought to have no reason to disagree with such propositions, given that the interest of the country remains uppermost in their minds.

The United Nations Development Program (UNDP) has estimated that the average toll of hartals on the economy is between 3 and 4 percent of the Gross Domestic Product (GDP) annually. The study report, titled "Beyond Hartals: Towards Democratic Dialogue in Bangladesh" released by UNDP, said that a total of 139 countrywide day-long hartals were enforced in the 1990s, with the highest GDP loss (over 9 percent) during the fiscal years of 1994-95, 1995-96, and 1998-99.

The UNDP study cited a World Bank report published in 2001 saying that during the 1990s, approximately 5 percent of the annual GDP was lost due to hartals. While releasing the study report, Mr. Jorgen Lissner, the UNDP Resident Representative in Bangladesh said that "Since the

## BY THE NUMBERS

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restoration of democracy in Bangladesh in 1991, the frequency of hartals has increased dramatically. From 1995 to 2002, for example, 611 hartals were called, compared to the period from 1947 to 1954, when only six hartals were called to oppose language restrictions."

The major opposition political leaders shared the same views as in the report released by the UNDP regarding the negative impact of hartals on economy but also said that the attitude of the government forces them to call hartals. It is recorded that AL and BNP have agreed in the past that hartals are detrimental to the country's economy, but sadly enough, they tend to forget on such agreements when they lose power.

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Civil society and business leaders have repeatedly requested the country's mainstream opposition political leaders to put an end to the unabated politics of hartals and sieges, considering its harmful effects on the national economy and business.

The leaders have devised the human wall program to press the government into accepting their demands, but they soon returned to the use of hartals.

The history of this land provides ample proof of the positive role that the hartals have played in the political evolution of the country since early 1960s. However, now the hartal has lost its positive role

and effectiveness as a political tool opposition parties use to achieve their political goals.

The country has been experiencing hartals one after another from the mid-eighties for which both the major political parties AL and BNP are equally responsible. The BNP has also imposed several hartals during their opposition period, demanding resignation of the AL government, accusing them of indulging in corruption, harassment of political rivals and failure to effectively run the administration. Agitated by repeated countrywide hartals, the then Prime Minister Sheikh Hasina promised that her party would never enforce hartals, even when it would go to the opposition.

Now the leader of the opposition, Sheikh Hasina, claims that she is forced to impose hartals, as the government does not accede to her demand for resignation. The people now do not observe the hartals spontaneously, though the callers demand so. The shops remain closed and automobiles stay off the streets in the fear of violent attacks and damages by opposition activists and the supporters of the hartal.

The fall-out from hartals and sieges on the economy is devastating. The economy frequently becomes the casualty of political actions like hartals and sieges. In fact the national economy is now a hostage to hartals. The common people of Bangladesh are looking helplessly to rid themselves of the curse of these unabated hartals and sieges.

Political protest is a matter of right in any democracy, but the way that the political parties of our country have been exercising their democratic rights are certainly not acceptable to the people. Such political actions are causing untold

public misery and bleeding white to national economy. Therefore, the political parties should consider alternative methods to raise public concerns such as forming human walls, signature campaigns, mock parliaments, and sit-in program as suggested in the UNDP study report.

While enforcing a countrywide dawn-to-dusk hartal on July 4, protesting the killing of an AL activist during their countrywide blockade program, the leader of the opposition Sheikh Hasina informed the nation that each death that occurs in political violence will see another day of hartal. The Bangladeshi people are shocked at such an unwise remark coming from the leader of the opposition, as it is not the kind of sagacity our nation expects from a main political figure. If politics exists for the public's welfare, it must not and should not be a major cause of public misery.

It is really most unfortunate that neither the prime minister nor the leaders of the opposition have been able to reach beyond the narrow partisan territories that have been carved out for them. In such a situation where politics is in free-fall and so is the national economy, a point may come when the political leaders will lose their credibility altogether.

Fed up with on-again off-again hartals and sieges, conscious people have already lost their interest in politics and assume that the power-centred politics will certainly not raise any hope for the nation. Now is the time for political parties to pause and ponder as to whether they would exercise pro-people politics beneficial to the masses or adhere to the politics of confrontation causing untold public suffering.

ANM Nurul Haque is a columnist of The Daily Star.

## Towards knowledge societies

But can the South afford knowledge societies? Are they not a luxury reserved for the North? One could of course reply by paraphrasing Lincoln: "If you think knowledge is expensive, try ignorance!" Should we not draw the lesson from the success of many countries in the world? Some have invested massively over several decades in education and scientific research and have succeeded in substantially reducing absolute poverty. Certain have already overtaken many rich countries in terms of their per capita GDP.

KOICHIRO MATSUURA

ARE we on the threshold of a new age -- that of knowledge societies? The scientific upheavals of the 20th century have brought about a third industrial revolution, that of the new technologies, which are essentially intellectual technologies. This revolution, which has been accompanied by a further advance of globalization, has laid down the bases of a knowledge economy, placing knowledge at the heart of human activity, development and social change.

Yet information is not knowledge; and the incipient world information society, will only fulfil its potential if it facilitates the emergence of pluralistic and participative knowledge societies that include rather than exclude.

Does this mean that the 21st century will see the development of societies of shared knowledge? As underlined by the Unesco World Report *Towards Knowledge Societies*, coordinated by Jerome Binde and just published in six languages, there should be no excluded individuals in learning societies: for knowledge is a public asset that should be accessible to all.

Knowledge has two remarkable qualities: its non-rivalry and, once the period of protection under intellectual property rights has lapsed, its non-exclusivity. The first illustrates a property of knowledge already highlighted in the observation of Jefferson: "He who receives an idea from me receives instruction himself without lessening mine; as he who lights his taper at mine, receives light without darkening me." The second signifies that anyone can make free use of knowledge belonging to the public domain.

There is a clear awareness today that the development of

societies predicated on the sharing of knowledge is the best way of waging effective war on poverty and forestalling major health risks such as pandemics, of reducing the terrible loss of life caused by tsunamis and tropical storms, and of promoting sustainable human development.

For new modes of development are today within our grasp: these are no longer based, as in the past, on "blood, sweat and tears," but rather on intelligence, the scientific and technological capacity to address problems, intellectual added value, and the expansion of services in all sectors of the economy, which should be conducive to civic development and, in response to the risk society, the growth of a forward-looking democracy.

However, five obstacles stand in the way of the advent of societies of shared knowledge:

- *The digital divide:* no connection means no access. True, the number of Internet users is increasing all the time, having reached close on one billion. Yet two billion people are not connected to an electricity grid and three-quarters of the global population have little or no access to basic telecommunication facilities.
- *The cognitive divide:* even deeper and much older, constitutes a major rift between North and South, as it does within every society.
- *The concentration of knowledge:* particularly high-tech knowledge, as well as large-scale scientific and educational investment - on restricted geographical areas, reinforcing the brain drain from South to North as well as North-North and South-South directions.
- *Knowledge exists to be shared:* but once it is converted into information, it has a price. How is the necessary balance to be struck between the universality of knowledge, implying accessibility to all,

and respect for intellectual property rights?

● *The development of societies of shared knowledge:* is today hampered by the deepening social, national, urban, family, educational and cultural divides affecting many countries and by the persistent gender divide reflected in the fact that 29% of girls on the planet do not attend school and that women are under-represented in the sciences.

To overcome these obstacles, the nations of the world will have to invest massively in education, research, info-development and the promotion of learning societies. What is at stake is the destiny of every country, since nations that fail to invest sufficiently in knowledge and quality education and science jeopardize their own future, running the risk of finding themselves drained of vital brain power.

● *What are the practical solutions proposed in the report Towards Knowledge Societies?* Here are some examples:  
 ● Invest more in quality education for all to ensure equal opportunity. Countries should earmark a substantial share of their GNP for educational spending; donor countries should raise the percentage of development aid intended for education.  
 ● Governments, the private sector and social partners should explore the possibility of introducing progressively, over the 21st century, a "study-time entitlement" giving individuals the right to a number of years of education after the completion of compulsory schooling. In this way, everybody would have access to lifelong training and would be given a second chance in the case of having left school early.  
 ● While increasing investment in scientific research and in quality research geared to future challenges, there is also a need to promote practical and innovative

approaches to the sharing of knowledge, such as the laboratory. This new virtual institution, telescoping laboratory and collaboration in one word, enables researchers to work together in crossfrontier scientific networks. This innovation, to which we owe the deciphering of the human genome, could change North-South relations in the scientific field and curb the brain drain.

● There's also a need to promote linguistic diversity in the new knowledge societies and turn to account local and traditional knowledge.

But can the South afford knowledge societies? Are they not a luxury reserved for the North? One could of course reply by paraphrasing Lincoln: "If you think knowledge is expensive, try ignorance!" Should we not draw the lesson from the success of many countries in the world? Some have invested massively over several decades in education and scientific research and have succeeded in substantially reducing absolute poverty. Certain have already overtaken many rich countries in terms of their per capita GDP. Others, which were already among the most advanced countries, have further boosted their chances globally, while continuing to raise their level of sustainable human development.

Can it be said that a world that now devotes a trillion dollars annually to military spending lacks the means to promote knowledge societies for all? Substantial funding for education and knowledge could also be released by bold reform policies aimed at reducing non-productive expenditure, improving the efficiency of public services, streamlining bureaucracies, eliminating ineffective grants and combating corruption.

To meet the challenge of a world deeply divided by disparities of all kinds, and to address the contradiction between the global nature of our problems and the partitioning of knowledge, there is no alternative to knowledge sharing. To paraphrase an African proverb, knowledge is like love -- it is the only thing that grows by being shared.

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## Need for corporate governance

M MASRUR REAZ

THE expanding role of the private sector and the recent global financial crises have generated much discussion on competition and corporate governance in developing countries. The interest in promoting competition, as reflected in mounting globalisation, deregulation, and privatisation, has increased as part of the "move to the market" wave initiated as part of economic reform in many countries.

However, the contemporary wave of mergers, post-liberalisation failures, and anti-competitive practices has further raised the awareness of effective corporate governance practices to maintain competitive market conditions.

Competition is a very powerful force for implementing good corporate governance practices. The problems of asymmetric information, transaction cost and other capital market imperfections are ubiquitous in developing economies and most of them have no active market for corporate control. Despite intense competition, interests of managers and owners may differ on optimal strategies to deal with competition.

Effective competition with desired positive effects would be possible only with the adequate development of supporting structures such as sufficient and appropriate legal back up, regulatory policies and policies regarding good governance of firms. Sound corporate governance practices ensures that a firm is run by its management as well as by shareholders in the right direction which upholds the interest of owners and stakeholders.

Enhanced competition without improving the quality of corporate governance may create added opportunities for corrupt entrepreneurs and managers to embezzle people's hard earned savings.

Which survive intense competition are thought to have optimal governance structure and firms which fail to acclimatise their governance structures to changes in the business environment supposedly face extinction, leading to a natural selection of efficient organisations.

During the period of deregulation, the system of management incentives and monitoring needs to change significantly to avoid the chances of extinction due to bad

decision, which is higher in a competitive environment. It has been proved that if the corporate governance practices and competition were complementing each other then the impact of product-market competition would be greater in firms with efficient governance structures.

This conceptual discussion underlines the need for strengthening corporate governance practices of firms as the markets are liberalised to enhance the nature and pattern of competition. One area of corporate governance which requires an immediate attention as a determinant to competitive market condition is that of the pattern of shareholding in firms.

The corporate sector in developing countries is typically characterised by heavily concentrated shareholdings in the hands of large investors such as families or the government. As large investors are often motivated by their own self interests such as possible expropriation of the investments when the large investors own equity with greater voting rights or through the pyramid structure, appropriate mechanisms that protect shareholders' right such as market for corporate control, effective audit and disclosure policies are important to encourage dispersed shareholding in a deregulated market environment. Or else, the controlling owners/executives of firms may misappropriate shareholders' wealth by taking advantage of small shareholders' lack of power and motivation to closely monitor.

Increased competition seeks the benefit of spreading products or services to a greater number of population at a reasonable price. In order to attain this vital goal, firms operating in the liberalised market must strictly conduct their business in ways which primarily aim at boosting the firms' efficiency. The shareholding pattern and structures have a determining role in the functioning of firms.

Although the large shareholders have been cited as efficient monitors, there are concerns that such block holders, taking advantage of their large voting rights, may direct the firms in a way which are only beneficial to themselves at the expense of other stock and stakeholders. Similarly, executives may be acting in a way which is most beneficial to them as well where shareholding is dispersed. In both

cases self-dealing by owners and/or management could lead to the inefficient performance of firms and their possible extinction.

The other issue which needs immediate attention in deregulated environment is the changing dimensions of public-private and foreign firms. This issue becomes a sensitive one in many countries where the public/government ownership comes into focus. In most cases, private and western firms employ governance mechanisms better than public sector, to enhance or maintain high level of efficiency. However publicly owned firms still dominate with large market shares in most of the deregulated markets.

For example, in the banking sector which was liberalised in the early 1980s, four publicly owned commercial banks still control 50 per cent of the assets and deposits. The reasons for the large government ownership in the banking sector may be due to solving the inherent informational problems in developing financial system, aiding the development, or maybe supporting vested interests and distributional cartels. However, in absence of market-provided incentives, the administrators/managers of the public sector organisations may be able to engage in opportunism at the taxpayer's expense, which supports the need for reforming the public sector organisations and their governance in developing countries in a time-bound manner.

As competition in the markets increases, more entrepreneurs invest in newly created or privatised businesses. Regardless of their size of investment, shareholders must be treated equally and each shareholder deserves protection from any potential embezzlement of funds by the executive or any other parties. This can be achieved through sound firm governance, and sufficient regulatory and legal back up.

In a deregulated era, enhanced competition envisages the growth of new businesses in developing economies which necessitates the need for an enhanced supply of funds primarily through financial markets. However, financial markets' interest and active participation in financing new businesses would largely be determined by the fact that how well the rights of investors and shareholders are protected.

Many experts are calling for performance-based incentives in

the privatised firms, which could work as a measure to ensure good governance of the firms. In the long run, incentives through stock remuneration such as stock options may play a more effective role as the benefit flowing to the executives would only increase with the increase in share value of the company which would reflect an overall improvement in a firm's market and financial position.

But this is only possible where an active and strong capital market is present. The developing countries in general lack such equity market and as a result cash incentives may be the more effective way of motivating the corporate management of those countries until their capital markets reach a sound and efficient stage.

In a pre-reform era, the information of firms available to the public domain was very limited, a practice conducive to encourage corruption and hide failures resulting from wrong decision-makings, at least in the short term, which has changed later on as part of the reform process. The implementation of timely disclosure methods and regular auditing of the firms are essential for firms to become efficient, accountable, and transparent.

Competition, having gone through different evolutionary stages in the past couple of centuries, is now being widely perceived as a force, as a consequence of liberalisation policies, to achieve efficient production and resource allocation. The financial crisis in several developing and emerging economies has provided an opportunity to have a better appreciation of corporate governance and its role in national economies, particularly in boosting investor confidence, improving the quality of investment decisions and fostering the resiliency of corporate sector in competitive environment.

Although there is no one-size-fits-all system of corporate governance, some common features as discussed above are demanding attention in an era of competition, and such attention is urgent in developing nations such as Bangladesh which have adopted pro-competition policies in many of their vital economic sectors since the early 1990s.

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