

Our Industries: Debt Ridden and Sick

As it is clear from the deliberations of the Consultative Committee of the Ministry of Industries, held last Tuesday, the "credit recovery problems" (euphemistic term for bad debts) and industrial sickness are very complex issues that cannot be solved either by publishing a list of the so-called defaulters or by brushing the problems under the carpet. In the meeting the representatives of the private sector recommended the formation of a quasi-judicial Commission, whereas the industries minister suggested the formation of a Committee to look into the two above problems. Whatever steps the government takes, it must be borne in mind that the problems are deep rooted; that they did not crop up overnight; nor can they be solved in the next few months. However, we must start the process of extricating ourselves from this quagmire.

Regarding the problem of bad debts and defaulters, there is a definite need to delve deep into the issue. It must be admitted that the widespread nature of bad debt has a lot to do with the breakdown of discipline in our financial sector. How could our banks have turned a blind eye to this growing trend and not take any preventive measure against its further spread? The banks could have easily kept a record of performance of their borrowers and identified those they considered as wilful defaulters; and after appropriate warning, taken legal measures against them. What has happened now is that those delaying repayments for legitimate business reasons have become grouped with the wilful defaulters and their names have been published in the same list. This has caused undue embarrassment to the genuine business houses and created credibility problems with foreign partners in some instances.

Related to the problem of bad debt is that of sick industries. Here we need to make a distinction between those industries that fall sick due to the ups and downs of the market, liquidity crisis, change of technologies, bad management, fluctuation in the international prices of products, etc. and others who are perennially sick because they were not viable to start with. Such industries exist only because we allow considerations other than professional to have the last say.

The BSB's report that 500 units out of the 632 that it funded have now turned out to be sick industries is outrageous. ICB's 263 units out of 303 are not servicing their loans either. The figures are staggering, to say the least. The instances of sick industries appear to be too widespread not to cause alarm among the public.

Whatever steps the government decides to take, it should take them in a hurry and in consultation with the business community and the professionals. With such huge amounts of bank credits blocked in bad debt, the financing of new projects have come to a standstill with the result that the employment market has not expanded at the rate that was expected. Some fear that it may even shrink. It may be mentioned here that in Sri Lanka and India there are bodies, such as the "Sick Industries Rehabilitation Board" or some such bodies that help sick industries recover. Their experiences may give us some pointers in solving this problem of ours, which by all estimate, has reached gigantic proportions.

UNDP Stumbles

Much can be said in praise of the Human Development Report 1991 which has been published by the United Nations Development Programme (UNDP), a timely study that emphasises the relationship between freedom enjoyed by a people in the socio-political field and human development. The concept is an old one. In the seventies, a great deal was written about the quality of life index and its linkage with economic development. The discussion prompted experts to accept the fact that, in the long run, a country's economic progress, in real terms, depends on the rate of literacy, the acceptance of the family planning programme and the expansion of medical facilities, among other things, rather than on the size of the Gross National Product (GNP).

In contrast to any previous report, the latest UNDP study places due emphasis on human freedom which would undoubtedly cover such areas as political institutions, the system of government, the role of the press and the independence of the judiciary. All this is relatively uncontroversial.

The problem lies with the Human Freedom Index which, as part of the study, puts countries in different categories. For instance, while Sweden and Denmark whose citizens are said to enjoy 38 out of 40 freedoms of the index top the list, Iraq where these freedoms are allegedly non-existent ranks last. However, several countries may well be unhappy with their placings on the list. Here, one must say, the protest voiced by Malaysia which has been placed 58th in the list of 88 countries, below Israel, has substance. With this low rating which has angered the country's Prime Minister, Dr Mahathir Mohammad, Malaysia has been placed alongside China, North Korea and the Soviet Union. This is, to put it mildly, an absurd classification, one that Kuala Lumpur rightly finds offensive. Notwithstanding some restrictive practices which exist in Malaysia, the federation is governed under a genuine multi-party parliamentary democracy which provides for a fairly vocal opposition within the legislature. The press may not enjoy all the freedom it wants and deserves, but newspapers speaking for opposition parties are not suppressed. Above all, the last parliamentary election was, by any standard, free and fair. It is a pity that one cannot say all this about North Korea, China and the Soviet Union.

If the credibility of the controversial index is in doubt in Malaysia, it can also be questioned in other developing countries. The UNDP will be well-advised to withdraw the document, but not the main study, from circulation and start working on an updated version. It is important that the impartiality of UNDP which maintains a strong base in Kuala Lumpur remains above doubt.

It is to the tremendous credit of the Acting President Justice Shahabuddin and the Prime Minister Begum Khaleda Zia that they have made an otherwise untenable situation work. To say it as it is, we have a President, with the Constitutional power to govern but not the mandate of the people and an elected Prime Minister with the mandate but not the Constitutional power.

The situation did not lead to any impasse or stalemate because both of the Acting President and the Prime Minister kept the national interest above their personal vanity and in a commendable exercise in pragmatism, made the best of an otherwise complex situation.

However, we cannot escape the fact that two very vital Constitutional questions remain unresolved; one, of transfer of power; and the other, of form of government. There is a frightening casualness in the way we are dealing with these issues of fundamental importance.

We should be debating these issues from every forum; on all media, (especially the radio and the television), within each political party, at the level of national NGOs, professional organisations, cultural bodies etc. — not only to benefit from their collective wisdom and give them all a sense of participation but also to impart vital political education.

This however may be wishing a bit too much, for leave alone all other bodies, we did not have much of a discussion on these vital issues within the parliament itself during its first session that concluded on May 15 last.

The discussion on the form of government kept cropping up in the parliament under various topics, most frequently during the discussion on the address of the Acting President. The debates were clearly partisan and not illuminating. The speakers followed their party lines so what we heard in the parliament were a rehash of what we had heard earlier. The Awami League, its allies and some others from the opposition bench and the Jamaat

PARLIAMENT'S FIRST SESSION — II

The Debate that Never Was

wanted a parliamentary form of government. The Jatiya Party did not say anything clearly. The BNP however kept an official silence on the issue, except for contesting, from time to time, the AL and its allies' contention that the Joint Declaration actually stands for a parliamentary form of government.

The arguments put forward by the opposition hinged on the interpretation of the Joint Declaration, and more specifically on the implication of two words "sovereign parliament". AL and its allies say that a sovereign parliament can only exist in a parliamentary form of government. The ruling party's position is that the status of the parliament is not tied to any specific form of government. BNP adds that AL fought the elections on a platform of parliamentary form of government and they failed to emerge as the majority party. This might be taken as an indicator of 'people's support behind BNP's supposed preference for the presidential form.

Given an history of divisive

politics, it is heartening that there exists today a national consensus on vital political issues. The consensus is on democracy as a political system; elected, and accountable government as the form of government and a "sovereign parliament" as the highest legislative body. (See the PM's speech to the parliament). But when we try to define what does the term "sovereign parliament" mean, we enter into the 'gray' areas of our

The reason for opposing the presidential system are: a) there is too much concentration of power in one hand; b) no accountability of the cabinet; c) too much power leads to unbridled corruption; d) presidential system provides more chances for the rise of autocratic rule.

Those who oppose parliamentary system, do so because: a) it is relatively unstable; b) cumbersome and too involved; c) decision making takes too

should solve our problem.

The 1935 Act is considered by many as the precursor of the form of governments that we inherited in India and Pakistan after partition in 1947. The Act gave us first hands-on experience with representative form of government. The Act introduced provincial governments responsible to an elected legislature made up of the party that commanded the majority members in it. It was this Act that formed the basis of the subsequent Constitutional developments in both India and Pakistan. India adopted its own Constitution in 1950 and had its first general election in 1952 and was well on its course of democratic governance.

For Pakistan it was an entirely different story. The legislative process, after having gone through many ups and downs finally produced a Constitution in 1956. But before an election on its basis could be held, the Constitution was abrogated and martial law introduced in 1958. So what took nine years to make, was undone by the whims of a group of military men tired of playing second fiddle and now wanted all the action for themselves. What is of relevance to us at this moment is that the abrogated 1956 Constitution provided for a parliamentary form of government. The nine years rule by the Muslim League government from 1947 to 1956, though without any election, also followed a parliamentary form, though the founder of the country, M. A. Jinnah, himself gave the system a bad start by choosing to become the Governor General, instead of the Prime Minister, of Pakistan.

The presidential form of government was introduced for the first time in Pakistan by the military turned civilian government of General Ayub Khan. He ruled the country by his military for four years and then introduced his own version of the presidential form

based on what he called the "Basic Democracy" system, one in which the all powerful president was to be elected not directly by the people, but by an electoral college. He cited the frequent changes of government during the 1947-58 period as the principal reason for introducing his version of democracy and called the parliamentary system structurally unstable. Following his exit in 1968 and the coming of Yahya Khan to power, the first ever general election was held in Pakistan under a Legal Framework Order (LFO) which did away, in obvious response to popular demand, with the Ayubian system of controlled democracy.

After independence, Bangladesh got off to a glorious start with a democratic Constitution — prepared in record time — and the first election under it in 1973. Bangabandhu Sheikh Mujibur Rahman, nominated as the President of the Republic (an act not in congruence with the system AL stood for) during the liberation, quickly divested himself of the presidency and opted to be the Prime Minister instead. He appeared to be making all the correct moves and avoided the pitfalls that weakened Pakistan's attempt to establish democracy in the early days.

But then disaster fell. In a move that dismayed his admirers, puzzled his followers, gave fuel to his critics — far more importantly — infuriated the nation, the man who struggled for democracy and parliamentary form of government throughout his life, introduced an ONE PARTY, PRESIDENTIAL FORM OF GOVERNMENT. The system was totally alien to the history and political legacy of the region. No country in the region (except for the communist regimes in Indo-China), even strongmen like Marcos and Suharto, tried this.

Soon after taking over President Ziaur Rahman abolished the one party system and democratised the stifling political climate. However, he did not dismantle the presidential system as introduced by Sheikh Mujib.

(To be concluded tomorrow)

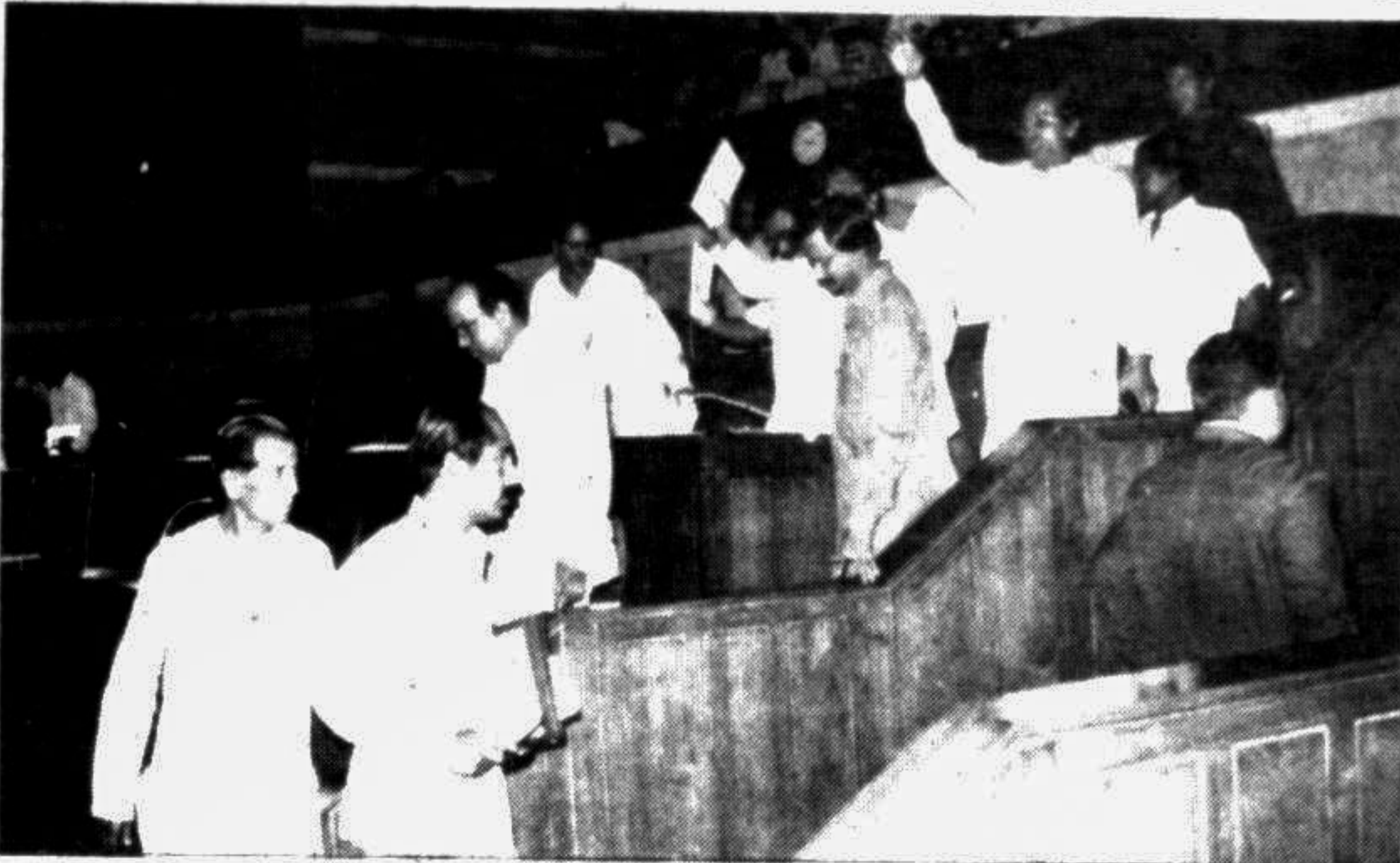
The Third View by Mahfuz Anam

political consensus. If "sovereign parliament" is taken to imply a parliamentary form of government as AL and its allies do, then the political consensus totally breaks.

On what basis are we to judge which form of government suits us better? If we ask the principal proponents — quite in line with our character, they speak less on the merits of the system they support, and far more on the demerits of the system they oppose.

long. The "instability" factor of a parliamentary system has numerous facets, the most prominent of which is crossing of the floor (changing parties) that leads to premature fall of governments and forced early elections, with all its destabilising consequences.

How valid are these criticisms and what can we do to devise the most suitable system for ourselves? Let's delve deep into the reservoir of our experience and see if we can get any pointers, as to how we



The Old Africa has Gone with the Fall of Mengistu

by Cameron Duodu

For weeks the guerrilla forces from Eritrea, Tiger and Oromo which were ranged against the government of President Mengistu Haile Mariam of Ethiopia, had been gradually closing in on the capital, Addis Ababa. It seemed only a question of time before Mengistu's government was either overwhelmed or he was forced to join peace talks in London. As it turned out, he fled, and Ethiopia may after years of war at last face a real chance of peace.

Mengistu's fall may give Ethiopia a chance to return to some sort of normality after 17 years of the most horrendous upheavals. When a group of army officers seized power from Emperor Haile Selassie on September 12, 1974, the expectation was that the famine which Ethiopian had just suffered — and which the Emperor's government had tried to hide from the world — would be the new government's priority.

It was assumed that government motivated by anger at the suffering the "insensitive" Emperor and his acolytes and unleashed upon the people, would be humane and tackle the food issue with efficiency and probity.

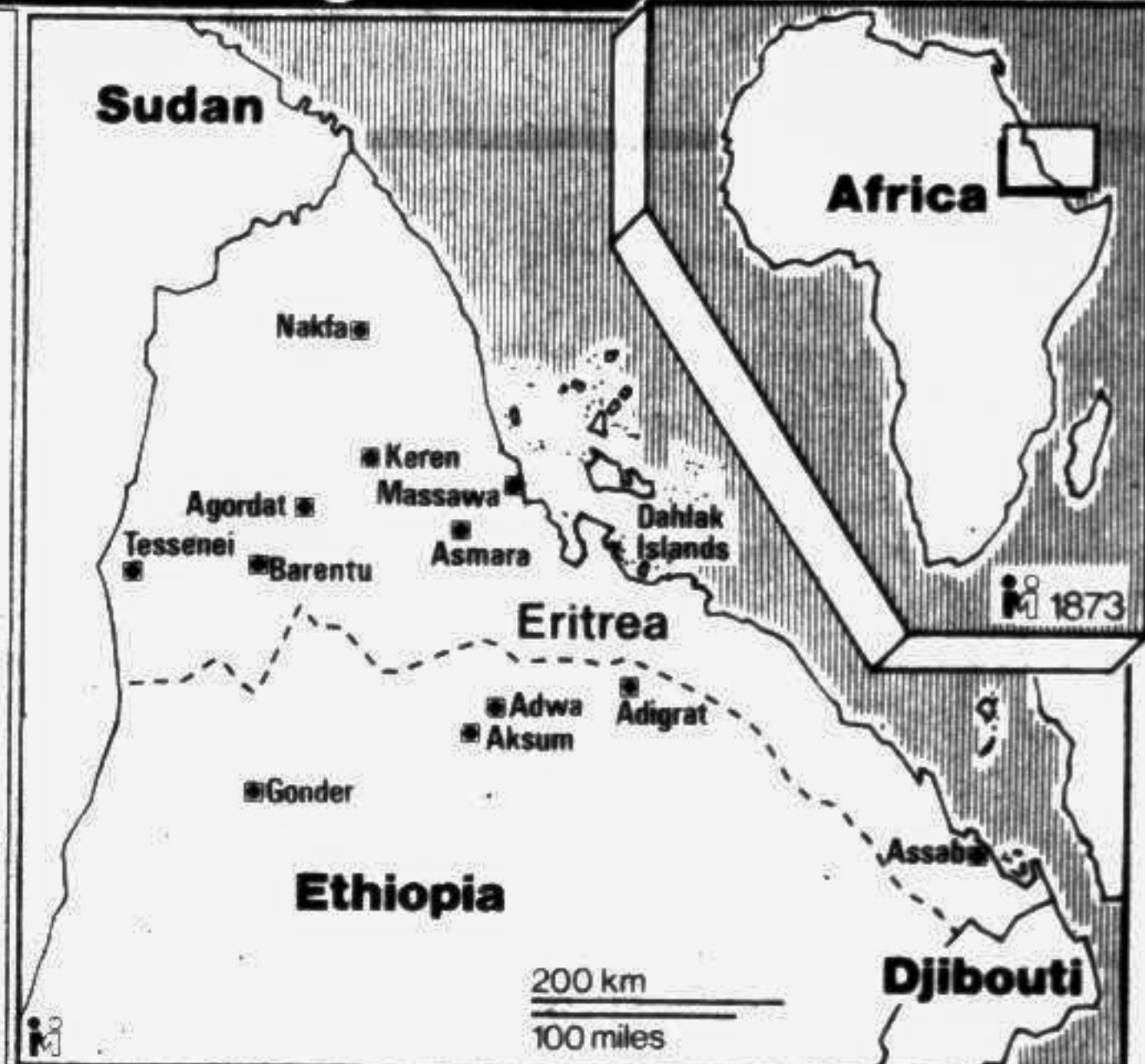
It soon became clear, however, that the Dergue, as the new government was known, was preoccupied with its own internal difficulties and internal ideological differences.

A series of bloody struggles and purges took place within the Dergue, ending in 1977 with accession of Mengistu to power as undisputed ruler.

Before Mengistu shot his way to the top, he was reputed to have led the "Red Terror" in the country, during which "undesirable elements" had been hunted down and killed in cold blood, in a manner

Eritrea: Mengistu's undoing

- 1930 Nov 2: Haile Selassie comes to power, produces the first written constitution, abolishes slavery
- 1936 Oct: Italian army invades
- 1941 May 5: British and Ethiopians retake Addis Ababa
- 1941 Jan 31: Ethiopia recognised as independent state
- 1960 Dec: Attempted coup by imperial bodyguard fails
- 1962 Nov 14: Eritrean Assembly votes for union with Ethiopia
- 1974 Feb 12: Air Force mutiny at Debre Zeit begins revolution
- 1974 Sept 12: Haile Selassie deposed
- 1974 Dec 20: Ethiopia declared a socialist state
- 1977 Feb 8: Lt.-Col. Mengistu Haile Mariam becomes chairman of PMAC and head of state
- 1991 May 21: President Mengistu outflanked by freedom fighters, flees to Zimbabwe



hitherto unheard of in Africa.

This reputation as the man who masterminded the "Red Terror," as well as a strict adherence to Marxist doctrine, created fear of Mengistu and eventually he became an unwavering dictator bent on imposing his will on Ethiopian society.

There is no doubt that it

was his inflexible attitude that rendered Mengistu's rule so costly to the Ethiopian people. He could not come to terms with the people of Eritrea. He could see no merit in the demands of the Tigryan people either.

Even the Oromo, who had been relatively quiet for decades, were driven into

open rebellion, though as they make up the singly largest ethnic group in the country the wisdom of trusting their aspirations with some circumspection would have been thought to be self-evident.

Whether Mengistu's desire to preserve Ethiopian unity at all costs arose out of pure patriotism, or solely from his

personal ambition to rule over an undivided kingdom, will be debated by historians many years after his departure from the scene.

Who knows, for instance, whether he would have been defeated if he had continued to obtain Soviet and Cuban military support?

At the crucial time when he needed his Eastern bloc friends more than ever, they were nowhere to be seen. The Soviet Union was too busy trying to prevent itself from falling apart to worry about Ethiopia. East Germany had been swallowed by the West, and Cuba was looking after itself the best way it could in a world suddenly bereft of Marxists in power.

But whether he was lucky or not, there is little doubt that Africa has outlived the Mengistu style of administration. These are days when dictators, whether of the leftist or rightist variety, are finding that no one is willing to allow them to run all over them, no matter how high their motives, or prestigious their achievements.

The new man in Addis Ababa will have a chance to bring peace to their devastated country, and thereby be able to tackle the horrendous famine that has made it appearance there again, only if they allow the past to gaily them and to see the other person's point of view.

No nation can be built on the sands of one man or one man's group fiat. Discussion, concession, compromise, agreement: these are the ingredients of which the enduring regimes of Africa will be composed in future. — GEMINI

To the Editor...

Letters for publication in these columns should be addressed to the Editor and legibly written or typed with double space. For reasons of space, short letters are preferred, and all are subject to editing and cuts. Pseudonyms are accepted. However, all communications must bear the writer's real name, signature and address.

Import Substitution Industries

Sir, During the last few years, the local entrepreneurs have set up a number of Import Substitution Industries. But for lack of support and patronization these units could not utilize their potential. The Board of Investment (BOI), Bangladesh Small & Cottage Industries Corporation (BSCIC) and other sanctioning authorities are well aware of these projects. In spite of problems these units have been successful to produce various industrial products, and which have so long been imported, supplied to local industries to their satisfaction. But as these items are freely importable,

the units are not getting orders to keep the factories running.

As these units have been set up with financial assistance of public sector banks and other loan giving agencies, it is apprehended that if the current situation persists, these units will become sick and eventually fail to repay the loans adding new names to the already long list of defaulters.

If these units are fully utilized, apart from creating job opportunities to many, the country will save substantial amount of foreign exchange.

What is necessary at first is to prepare a list of import substitution industries already set up and assess their capability. Where necessary, the govern-

ment could protect them as deemed fit. It is high time a way should be worked out to save these units and thereby help save hard earned foreign exchange.

As genuine people's representative, the present government should look into the matter and do the needful.

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Autonomy of TV and Radio

Sir, Various views are being aired on the autonomy of our TV and the Radio. Reportedly, our government too is considering the issue. Making our TV and the Radio into one or two separate autonomous bodies is a laudable step indeed, but the question is whether these bodies will actually be autonomous in the real sense, for autonomy means self-governance and personal freedom. As a former chairman of a large autonomous corporation, I claim to have some experience of

what autonomy means in our country. It simply means toeing the line and doing what one is told to do or face the consequences. Unless the TV and the Radio are made autonomous organisations in the real sense, merely changing their names will not serve any purpose, for, after all, what's there in a name? It would only be like pouring old wine into a new bottle. The TV and the Radio are very powerful media for expressing the views and aspirations of the people. In a democratic country, these media should, therefore, be free to express views on the achievements of the government in power as well as their lackings. In order for the heads of these organisations to be able to do so, they should be independent of any government influence and they should also have their job security, for instance, once appointed, such a person can only be removed by a majority vote of the parliament and on payment of an adequate compensation package. It is only

then that these media could be made autonomous in the real sense.

Vox Populi

Rajiv Gandhi

Sir, Former Indian Prime Minister Rajiv Gandhi's unfortunate death has shocked the people of the entire world. The news of his assassination came to us as bolt from the blue. We strongly condemn such cowardly action by any quarter whatsoever. We extend our heartfelt sympathy and deep condolences to Mrs Gandhi and her children.

Meanwhile, I appreciate Mrs Sonia Gandhi's decision not to accept the leadership offer of her late husband's political front. It seems that there are political enemies to the Gandhi family and therefore it is better to keep the family away from politics for some time.

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"The Third View"

Sir, Mr. Mahfuz Anam's impression of the Parliament's first session was an excellent piece. It is unbiased and very well written. I only hope all the members of the parliament and the leaders will avail some time to read it.

I hope the leaders of the house give a serious thought to Mr. Anam's suggestion about sharing some of their positions. Is it not time yet for our politicians to think of the nation, of the future? We have become a nation of disasters, either man-made or natural. No sooner have we got rid of an autocratic regime, whose enigma for destroying our economic, political and social fabric will be written in history, we are faced with the worst natural disaster of the century.

Now is the time for all of us to unite and save our nation. We have the resources and the energy, all we need is someone to show us the light.

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Nakhalpara, Dhaka.