

A Wrong Move

Hopes raised by the latest proposal of President George Bush for arms control in the Middle East, which we had welcomed on Saturday, have suffered a damaging blow from the disclosure about the US plan to stockpile military equipment in Israel. The plan, as mentioned by the US Secretary of Defence Dick Cheney on Friday, is to "preposition" an unspecified quantity of a range of weapons, which have also remained unspecified, for use in any conflict in the region.

It has been now revealed that the agreement was reached years ago between the United States and Israel on stockpiling the US military equipment in the Jewish state. This may well be true. After all, over the decades, Washington and Tel Aviv have reached many agreements, including several verbal ones, which may have escaped the attention of the outside world. Some of these agreements, including the one under discussion, do not serve the cause of peace in the region, while others have only fuelled the spirit of aggression of Israel, making it more and more unresponsive to the international call to withdraw from the occupied territories in return of peace with the Arab world.

About the agreement on stockpiling the US weapons in Israel, the most surprising element is the timing of the disclosure by Mr Cheney. It may be unexpected, as the international press has put it, but it is certainly meant to assure Tel Aviv that whatever it might think of the arms control initiative taken by Mr Bush, the military ties between the United States and Israel can only get stronger in time. Again, whatever the world may think, Mr Cheney does not see any inconsistency between the initiative of Mr Bush and the US stockpiling plan. The Secretary of Defence has even suggested that his country is planning to offer similar agreements to certain Gulf countries about stockpiling military equipment in their territories. Indications from Riyadh suggest that Saudi Arabia has thought it fit — and rightly so — to oppose what really amounts to the setting up of US bases in the Gulf region. This means that Washington will go ahead with stockpiling its military material only in Israel.

Some of the questions raised by Mr Cheney's disclosure have been dealt with by Washington. For instance, it has been said that the weapons would be used "first and foremost" by the United States to deal with situations which the administration would consider detrimental to peace. However, this clarification stops short of saying that Israel would never be allowed to use these weapons against another country. One statement said there was "a very clear understanding" that Israel could not use these materials "without authorisation from Washington." How firm is the "clear understanding"? Why not an agreement that could be made public? Again, under what conditions would Washington give its authorisation to Israel to use the stockpile of weapons?

We are back to the same old question which has haunted all friends of the United States, the credibility of Washington regarding its position on Arab-Israeli dispute. It is a particularly crucial time for the United States to add a new dimension to its relationship with Tel Aviv. If the region is to take the road to peace, it is Israel that must demonstrate necessary pragmatism. Washington must use all its political and diplomatic influence in persuading the Jewish state to take a reasonable position. At this moment, it is absurd to offer it additional military support by stockpiling weapons in its territory for unknown and unspecified use.

Education Week

"Democracy and Education," the theme of this year's Education Week, that began yesterday, is appropriate and timely. With our education standards ever dwindling; primary and secondary schools facing all sorts of obstacles; students discipline almost non-existent; and the quality of teachers nothing much to boast about—there is a genuine concern in the public mind as to the future of both education and democracy in our country. The Prime Minister, in her message on the occasion, has correctly reminded us that no nation can hope to enjoy the fruits of independence and democracy if its citizens do not enjoy the benefits of education. There is much more to her statement than it appears at the first instance. The link between education and democracy is profound.

Education is at the very core of all types of national development. It has been the experience of the recent past that those countries—Japan, South Korea, Malaysia, Indonesia, Thailand, etc.—who invested a considerable amount of national resources in the social sector, like education, had a faster rate of development than those who did not. Through education we not only produce better citizens, but also create more productive farmers and workers who can adopt to new technologies in the shortest possible time.

The need for mass education has become more critical now that our civilization is moving into the post industrial phase and a higher level of educational skills are becoming a requirement even at the country level of the job market.

While on a global level the quality and standard of mass education is on the rise, the trend is exactly opposite in our own case. Not only that we have not made any advancement in those crucial areas, the level and quality of education that we had reached in the sixties appear far superior than what we have now. The reasons are many, the foremost of which is the lack of a clear government policy in this critical area.

We have lost a lot of valuable time, compared to the countries in the Southeast Asian region, in pushing forward the spread of mass education. As the Acting President has pointed out that though Bangladesh is a poor country yet we spend about Tk. 1,100 crore on education each year. It is a sizeable portion of our scarce resource which is not being put to proper use. Lack of accountability on the part of our teachers, absence of supervisory mechanism to check on the performance of the school administration and the lack of exposure of our primary and secondary school teachers to the modern methods of teaching—all combine to make the performance of our education system as dismal as it is. But all this will have to change. Our education minister is a renowned professional. We expect that he will take the right steps and restore efficiency in this vital sector.

In heeding the words of our Prime Minister we must remember that when we neglect education we are in the long run neglecting democracy and creating obstacles in the path of our development as an independent nation.

ABOUT 30 per cent of total credit flows from the country's banking system has gone astray. That was what the central bank governor S. B. Chowdhury told the press in an informal meeting on May 25. Bangladesh Bank statistics on 'classified' bank loans give a messy picture about the financial institutions and banks.

Classified loans under report include bad and doubtful debts which the bankers' glossary defines as non-performing loans or assets. Non-performing loans are those on which contractual obligations — interest or amortization (repayment of the principal amount of loans or credits) are not being met. Credits or loans are the assets of the banks or financial institutions because they generate incomes or earnings for meeting the charges on their liabilities which are the depositors' money or savings.

In an aggregate loan or credit portfolio of about Taka 220 billion in May, '91, non-performing credits amounted to Taka 60 billion. This reflected severe financial strains of the banks, causing widespread anxiety. Whatever the reasons for such an ailing health of the financial sector, the situation provides an exposure about high credit risks.

Financial contracts everywhere invoke risks of one kind or another. And risks are many: credit risk, price risk, liquidity risk, and systemic risk. Credit risk represents the danger that the borrowers will default. Price risk is the risk of

enforcing discipline in the structurally atrophied banking and financial sector. Like all his predecessors, the governor rarely meets the press. Bangladesh Bank, for all practical purposes, has always preferred to run its affairs in closely guarded secrecy. But, the bank felt it necessary to dispel any 'misgivings' about its current move to recover debt and doubtful debts which accumulated over the years.

The credit recovery drive has already caused jitters in trade and industry circles. The publication of the lists of defaulters or the delinquent accounts by the central bank and a few scheduled banks and fi-

ness caused by unexpected changes in prices — in interest or exchange rates, for example. Liquidity risk relates to the risk of being unable to sell financial assets quickly, except at a steep discount. Systematic risk is the risk where the default of a few large borrowers endangers the whole financial system. And, in the present context of high default rates in the country's financial sector, the inter-related risk factors have compounded the problem.

Understandably, the governor of Bangladesh Bank had some compelling reasons to brief, informally though, the press about the dire need for

by Moazzem Hossain

belongs to the people belongs to none? Do the officials representing public enterprises have no accountability and, thus, enjoy guarantees of safe conduct in respect of their inefficiencies or corruption in management of the enterprises?

The government of Bangladesh stated that the big 'defaulters' in the public sector, according to the published lists until May 25, owned Taka 11 billion to the banks. The corresponding figure for the large borrowers or 'delinquents' in the private sector was Taka 12 billion.

This showed a high degree of concentration of bad debts in both public and private sectors. A total amount of Taka 23 billion is thus realisable from 223 large defaulters in both public and private sectors with their individual outstanding liabilities exceeding Taka 25 million.

Meanwhile, the aggregate amount of classified loans may finally be substantially higher than Taka 60 billion as was cited by the governor of Bangladesh Bank. The extension of financial sector reforms along with new loan classification measures to agricultural credit banks as well as some other development finance

so worst? One cannot simply accept the contention that Bangladesh Bank had no operational jurisdiction over credit supervision and its actions had to wait for enactment of Bank Company Law by the fifth Jatiyo Sangsad.

Any instant solution to the accumulated credit recovery problem is obviously a far cry. Institution of financial courts under the Financial Loan Court Law provides, no doubt, the new legal process for recovery of credits from the defaulters. But, recourse to this process in one-shot operation for realising the full amount of bad and doubtful debts — all at a time — may not serve its in-

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United Nations

Perez de Cuellar: Hero, Villain or Victim?

Frank Campbell writes from New York

How will history judge the man who was at the helm of the United Nations when the world organisation authorised an international force to prosecute the war against Iraq?

was swimming and reading at a beach house in his native Peru.

Said the Times of London newspaper: "His low profile, his almost non-existent profile, his nondescript appearance, his tact and his reluctance to speak freely with the press...made him ideal for a council which rejected Salim Ahmed Salim of Tanzania for his activism and inclination to speak his mind." Another British daily, the 'Financial Times' commented that 'if he fell out of a boat, he wouldn't make any waves.'

Perez de Cuellar, the oldest secretary-general and the first

banks (which are not yet covered under the reforms) will shut up the total amount of bad and doubtful loans.

High default rates bring to the fore one pertinent question. What has the central bank been doing over the years to stem the rot in the financial sector? Today's situation is not a fortuitous development. It is the outcome of 'free-wheeling' operations over the years, particularly in the eighties when the financial sector witnessed a phenomenal expansion and credits recorded a rapid surge. Why could not the management efficiency of the banks improved earlier to arrest the situation from turning

tended objective. There is a great liquidity risk. Enforcement of decrees all at a time will be difficult and the banks may not be able to dispose of related financial assets (held against loans disbursed) quickly without a very steep discount. This is more so when the economy is under severe strains and defaulters' liabilities are so huge. Who is going to buy the assets for their liquidation?

In the prevailing situation, there is a strong reason for a well-coherent coordinating role on the part of the central bank for a pragmatic solution to the long-standing problem. It is of course ideal that the problem is resolved on the basis of normal banker-client relationship. Rescheduling or any other kind of probable solution will certainly involve refurbishment of such relations. But leaving the solution absolutely to the discretionary powers of individual banks, without any role by the central bank, entails greater risks. Such discretions may involve arbitrariness and also hidden costs or what trade and industry circles note 'covering charges', and, thus, may not be transparent in all cases. Transparency is the basic condition for a market-oriented economy to which the ruling party, as we are told, is strongly committed.

[To be concluded tomorrow]

The author is Economic Editor of The Daily Star

W ITH the incumbency of United Nations secretary-general Javier Perez de Cuellar almost over, history is standing by to judge his performance.

If history judges Perez de Cuellar unkindly, the Gulf war — by no means the high point of his career — might prove to be a major influence UN that evaluation.

"The real question about Perez de Cuellar and the crisis," said one UN observer, "is whether he is hero, villain or victim."

At one stage at least, the Iraqi authorities evidently determined that he was a major villain in the crisis and the war, this much was made clear in a Jan. 24 letter to him from Foreign Minister Tariq Aziz.

"The states that endorsed those resolutions...and you, personally, bear responsibility to history and to mankind for the heinous crimes being committed against the noble people of Iraq who are fighting for their freedom," said the letter.

The Iraqi foreign minister was referring to the UN Security Council's resolution criticising Iraq for its Aug. 2

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.

Postal departments is amazing. Usually the meter reading is taken around 15th of a month, bill is posted next week but in most cases the bill does not reach the addressee by the 7th of the following month. If it reaches at all. This delay keeps the subscriber in high tension of if he did not make the payment within the stipulated date which is the 7th, his telephone connection would be snapped. What has he done to earn this? Why the onus is on the subscriber to go and collect the bill? Why the telephone authorities cannot ensure delivery of the bill through their sister concern, the postal authorities? The Posts, Telegraphs and Telephones are within the same Ministry. The delay is indeed very annoying. Is this the service one is entitled to, for which he pays so much.

The telephone line functions so 'efficiently' that one fails to get the desired number in one go. He must get at least three wrong numbers, a few engaged tones and when finally he gets it, he is billed Tk. 1.70 x 4 = Tk. 6.80, what a service indeed! This call rate was increased from Tk. 1.10, rather imposed on the subscriber to cover up the fault of T&T department. How did the telephone system function is no longer a secret. That was the reason why there was no much of a furore when it was proposed to hand over the telecommunication to private sector. It has become an open secret that the linesman fiddles with the line to make it out of order, then comes to get it right and collects the dose. In Telephone Bhaban, persons do not talk if one is not "lucrative". Complaints are answered by stereotyped letters. Such are the efficient services rendered by the authorities to their 'honoured' subscriber for which he has to pay through his nose. In all countries except Bangladesh, when a long distance call is booked through trunk line, the minute the caller puts back the receiver the operator rings back to tell the time consumed by the caller and the charges accrued. Here the 'honoured' sub-

Our telephone system

Sir, The previous government had arbitrarily increased the rental from Tk. 60.00 to Tk. 150.00 per month on analog telephone set, introduced Accesseories/Tax/Facility charge and other charges/Excise Duty and Jamuna Surcharge. These were imposed on the poor subscriber who did not dare raise his voice of protest. Take it or leave it was the attitude. As a subscriber particularly in a country which now professes to be democratic, has every right to know the why and how of every item in the bill. Increase of rental by almost 250% has no logic behind it and is most unethical. What initiated the authority to impose Excise Duty is also not quite understood. When the subscriber of a telephone is not rendered with any service whatsoever why charge him for service/facilities? There is no point in charging a huge sum of money from the subscriber in the name of Jamuna Bridge Surcharge when the construction of the bridge has been shelved. It has just now been okayed by ECNEC.

Job store

Sir, A foreign entrepreneur is trying to staff Bangladesh firms that need personnel with managerial, professional, and technical expertise. Hiring high ranking foreign officials at local firms seems to have become fashion nowadays.

The fact that Bangladesh does need experts of international standard for her progress may gradually shift her domestic affairs over to alien domain as a consequence of such a practice. As long as the country will be lacking local personnel required in public or private sectors, the pressure to hire costly foreign employees will persist.

As a universal phenomenon, the brain-drain out of Push-Pull Effects may also deplete LDC Bangladesh old specialists eventually jeopardizing the growing national integrity having an inherited background of 190-year British colonial and subsequent 24-year (West) Pakistani prejudicial rules followed by 20-year extra-dependent national governance.

However, one of the deterrents, if not the reversal, of the course is the establishment of (government-supported) Job Stores (JS) at each administrative (Upazila or Union) center and other convenient areas.

JS will record detailed information on job availability at government and private enterprise in the respective jurisdiction, will maintain updated daily register of applicants for employment, will advertise the job availability, and will coordinate the recruitment as the major functions.

JS will certainly contribute to minimizing irregularities in employment matters and will lessen pressure on quota and preference provisions in re-

Radio, TV coverage

Sir, A democratic government has now come into power with the pledge to establish true democracy in the country. We would like to suggest the new government to allow the national Radio and Television net-work to cover news and views relating to various professional movements. The television can play a vital role in reducing the communication gap between the government and various professional groups. In my opinion, the professional groups include all groups of professionals, both literate and unlettered workers' class. And these groups have manifold professional problems which the government need to listen and solve. For instance, the other day we saw the jetty workers of IWTA on a hunger strike in front of the National Press Club to realize their demand. Such action definitely deserves Radio and TV coverage. The newspapers are of course doing a great job in this respect but problems will be more easier to solve if these actions are covered by the Television and Radio net-work.

Radio, TV coverage

M. Zahidul Haque
Assistant Professor,
Bangladesh Agricultural
College, Dhaka-1207.

OPINION

For a Tobacco-free Environment

It is now known that side-stream smoke contains larger amount of toxic substances than the main-stream. The risk of development of cancer among passive smokers is therefore no less and may even be greater. It has been found that 20% to 30% non-smokers' lung cancers are due to exposure to environmental tobacco smoke (ETS).

ETS also increases the risk of cardiovascular complications. A recent study shows that passive smoking causes 10 times as many deaths from heart diseases as it does from lung cancer. Mortality from coronary heart diseases has been found as significantly higher among the passive smokers in a community based study in Scotland.

Adverse effect of passive smoking on the health of children of smoking parents is now well recognised. Respiratory diseases among these children are more common during the first year of life. Acute respiratory infection (ARI) accounts for about a third of all deaths under five years of age in developing countries. Undernutrition and overcrowding are additional contributing factors. Smoking parents, among these children, are added insults to these injuries.

In the words of doctor Hiroshi Nakajima, Director General of the WHO, "In addition to the health risks associated with passive smoking, there are economic, environmental and behavioural factors which make efforts to establish smoker-free public places and public transport a topic of significant importance to modern society".

This is more true for a developing country like Bangladesh. Overcrowding almost everywhere from the public places to transports as a result of over-growth of population with an alarming rate has crossed the limit of our national capacity to tackle the problem.

We do not have enough work to provide them, enough work-place to accommodate them and enough transport to offer them a tolerable journey.

N. Islam
National Professor and
President, ADHUNIK.