

Mongolia Limps towards a Free Market

Catherine Sampson writes from Beijing

There are 12 head of livestock per person in Mongolia, but the grocery shops of Ulan Bator are sorry places. In one, 12 white enamelled trays for meat lie empty. There are a few bottles of yoghurt on the shelves, no bread, but a lot of salt and some rationed flour, rice and cooking oil.

"We might have some meat tomorrow," says the shop assistant.

Even when meat gets to the store, it is rationed, and shoppers have to queue for up to three hours. With the move to a market economy, nomads are unwilling to sell their privately-owned animals to the state for a paltry sum.

Meat is not the only necessity in short supply. At Ulan Bator's open-air free market, one vendor has a single item for sale, a syringe.

"Fifty tugriks," 10 per cent of the minimum wage, he asks, unwrapping the valuable object for the scrutiny of a potential customer.

Among the pitifully small range of goods on sale, the few pills and ampoules and other pharmaceuticals are the most sought after. "We go to the doctor, he prescribes a drug, then we go to the pharmacy and there is nothing there," said one market-goer, "so we have to come here and buy medicine from each other."

Last year, Mongolia held its first free, multi-party elections. The communist were returned to power, but the opposition gained a loud voice in parliament, and were given impor-

The Central Asian state of Mongolia is described as having "unlimited potential." It has vast mineral reserves and a literate population, yet now it could not, as a senior politician says, manufacture even a sweet. The country has been chronically dependent on the Soviet Union and much of its trade has been barter. But Mongolia recently held its first multi-party elections and has embarked on a path of radical free market reform.

tant ministerial positions. Mongolia's fledgling democracy has adopted a series of radical economic reforms, with the intention of creating a market economy. At the same time, it has broken away from decades of dependence on the Soviet Union and tried to go it alone.

However, with the loss of Soviet financial support, as one diplomat based in Ulan Bator says, "The Mongolians are in desperate shape." Foreign economists calculate that by the end of the year Mongolia will face 20 per cent urban unemployment, 200 per cent inflation and a 20 per cent drop in GNP.

Despite having vowed never again to look to foreign powers or to heaven for help, the Mongolians are now forced to look to the West for emergency aid.

With a population of only two million, the amounts Mongolia needs are not huge. Economists estimate they need US\$200 million in aid, \$30 million of that before the winter comes. Mongolian officials are optimistic that they will get the aid, but not that they will get it fast enough.

US Secretary of State, James

Baker, on an ideological mission to promote democracy and the free market in Asia, has been putting pressure on western allies to come up with cash for Mongolia. The West does not see the country as a bottomless pit but as a land of almost limitless potential once it gets through the next few months of economic reform.

Mongolia boasts a literacy rate of more than 90 per cent, and vast reserves of minerals.

Shortage of medicine is probably its most acute problem. People may be eating less, but they are not dying of starvation. The Minister of Health suggests, however, that people are dying from a shortage of basic medicines. He points to a 10 per cent rise in infant mortality in the first six months of this year as proof.

There is one pharmaceutical plan in Mongolia, and it produces just 10 per cent of the country's requirements. Traditionally, the other 90 per cent, like everything else in Mongolia, was imported from the Soviet Union.

With the collapse of the socialist trading bloc, hard currency has taken the place of barter trade. Deep in its own

economic problems, however, the Soviet Union has not paid one cent for the copper Mongolia has exported this year. Without hard currency from its copper sales, Mongolia cannot buy medicines or the Soviet-made spare parts which keep its Soviet-built factories working.

The country's six major power stations frequently have to close down, and there may be up to 10 power failures a day in the capital, lasting anything between two minutes and 10 hours. Five to six per cent of industries have closed down completely, and the rest are working at between 30 and 50 per cent of capacity.

To add insult to injury, Moscow has imposed a customs duty of 1000 per cent on Mongolia exports to the Soviet Union. Recently, the two countries negotiated new barter deals, implicitly acknowledging the impossibility of hard currency trade.

Mongolia hopes to get drugs in return for leather and wool, and spare parts in return for copper, but so far nobody is placing bets on the deals working. Mongolia is paralysed by its



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past dependence on the Soviet Union. "Take a sweet, we can't even manufacture that ourselves," says the Minister of Trade and Industry, despairingly. "We import the wrapper, we import the sugar, we import the chocolate dye."

The radical privatization plan which is seen in some quarters of Mongolia as the one hope for the country's economy, is all ready facing problems.

The state is beginning to auction off its shops and restaurants, handing out vouchers worth ten thousand tugriks to workers so that in theory at least, they can club together and buy an enterprise. Factories and other large concerns will be next, according to the country's privatization agenda.

So far, only eight shops and restaurants have been sold to private owners, generally companies rather than individuals. One such shop, sold for 7.4 million tugriks, looks much like a state-run store — half its floor space is empty, and a tiny display of shoes, string, T-shirts and sweaters does little to fill the rest.

The owner of this shop is looking abroad for help, too. What he needs, he says, is a Western partner — GEMINI NEWS

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Once again, student power has won a notable victory in Bangladesh. After a week of agitation culminating in two days of street violence, the school students of Dhaka city have successfully compelled the government to abandon some proposed changes in the SSC examination system.

It appears from newspaper reports (e.g. the Daily Star, August 19), that the government surrendered not because it realised that the proposed changes were unwise, but simply in the interest of "peace and discipline."

However, unlike on previous occasions when student power demonstrated its efficacy, most recently and notably in the anti-autocracy movement, my heart does not leap up with joy and pride. Nor do I feel inclined to congratulate the government on its far-sightedness and moderation. In fact, my heart is full of misgiving and apprehension. For, by this surrender the government has sent a clear message to all potentially disaffected

Student Power and Democracy

by Abu Abdullah

groups: if you want concessions, take to the streets and throw stones. This makes a travesty of the democratic process and the rule of law. And in the longer run, it endangers peace and discipline by rewarding violence and indiscipline.

True, in a democracy individuals as well as groups must have the right to protest against government decisions, and to get an honest, patient and sympathetic hearing. But there are legitimate forms of protest, and legitimate channels through which the protests can be forwarded to the authorities. In an autocracy, these legitimate channels are nonexistent or inefficient. This is precisely why against an autocracy, more extreme forms of protest become legitimate. A democratic government, on the other hand, must keep the legitimate channels open, and must at

Education has traditionally been an area where adults decide what non-adults should learn, how they should be taught, and how their competence should be tested. It is true that in our country the teacher-student relationship has probably been more one-

Decisions reached by, one assumes, competent educationists on what evaluation rules would be more reliable and less susceptible to unfair practices, are not to be thrown out just because those to whom the rules are going to be applied take to the streets.

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sided and less participatory than it should be. Nevertheless, the basic idea is right and cannot be scuttled. Students by definition do not yet know enough to dictate the criteria by which their performance should be evaluated.

It should be clear that the problem is a general one that transcends the events of the last week. Many other groups are raising demands, and many more will do so. That is what democracy is all about — provided all parties respect the

willed minority. Paradoxically, it will end up responding most to those with the least respect for democratic norms and values.

Furthermore, even democracy can only operate within some well-defined limits. No country in the world practises truly universal franchise — at best the franchise is restricted to adults. The definition of 'adult' is by chronological age. This is obviously not entirely satisfactory — many a 50-year-old is much less intelligent and well-informed than many a 17-year-old. Nevertheless, a line has to be drawn. Alternative ways of restricting voting rights, like educational qualifications or some 'objective' test of maturity, merit consideration, but are unlikely to find many adherents. Drawing this line also means accepting the working hypothesis that in many if not all areas, 'adults' decide for 'non-adults' what is good for them. Here the 'participation of the beneficiaries in decision-making' must be circumscribed.

The big, well-known companies are doing the groundwork for when the government changes its policy, Iwasawa said. The big general trading houses — Mitsubishi, Mitsui, Sumitomo, Nissho Iwai, and Nichimen — have all opened offices and are gathering information on investment opportunities for dissemination to their extensive business network. Big Japanese manufacturers are also investigating possibilities, attracted by the cheap labour and the Vietnamese reputation for industriousness, according to Iwasawa. JVC and Sanyo Electronics have already opened radio and television assembly plants.

All this activity couldn't have come at a better time for Vietnam, which struggling to cope with huge economic problems and is rushing to develop its surest bet of all — oil.

Japan which imports all its oil and is more anxious than ever to diversify its suppliers after the Gulf crisis, is left fretting: can its oil companies afford to miss this opportunity for policies not of their own making?

THE Japanese government has described Foreign Minister Taro Nakayama's recent four-day visit to Vietnam — the first by a Japanese foreign minister to the South-east Asian nation since 1972 — as a peace mission.

But some irreverent wags here ask if that shouldn't be "peace mission", that is, a mission to grab a piece of the action.

The play on words relates to why Japan is anxious to see peace in Cambodia. Nakayama went to Vietnam to urge Hanoi to pressure the Phnom Penh government to help instal to settle the 12-year-old Cambodian civil war.

Behind Tokyo's warm-hearted interest in bringing an end to war is an even hotter desire to serve its national self-interest: exceptionally valuable oil concessions off the coast of Vietnam.

Vietnam, reeling from the loss of Soviet aid and the need for hard currency to pay for its imports, is raffling off rights to foreign companies to drill for its substantial, high-grade oil deposits — estimated to yield from 300,000 to 500,000 barrels of oil a day over the next 15 years — in its territorial

Japan

Rushing to Grab a Piece of Vietnam

waters. But Japanese companies have not yet submitted bids and, like US oil companies, risk missing the chance to take part unless the freeze imposed by Washington, and supported by Tokyo, on trade and investment with Vietnam is soon abolished.

Washington declared the economic embargo at the end of the Vietnam war, and extended it after Vietnam invaded neighbouring Cambodia in late 1978. Its lifting has been made contingent upon the peaceful settlement of the Cambodian civil war that ensued.

That goal has appeared near in recent months, triggering a rush by major Japanese companies to establish offices and contacts in Vietnam. Although not forbidden by Tokyo to trade with resource-rich Vietnam, big Japanese companies held back for years, not wishing to offend either their own government, or the

United States. But all that is rapidly changing. Vietnam badly needs money now, and its hurry to sell off rights to its most attractive resource may entice some Japanese oil companies to break ranks and jump in ahead of any Cambodian peace accord.

In fact, one Japanese oil company, Sakhalin Oil Development Corp, has already bought its way in and joined firms from 10 other foreign countries in sinking offshore wells. Other Japanese firms are clearly straining at the leash. The president of Mitsubishi

Oil Co met Vietnamese Prime Minister Do Muoi in April and expressed his firm's intention to seek drilling rights. Another Japanese-owned firm, Arabian Oil Co (so named for where it gets the bulk of its oil), declared last week it too will seek rights. At least four other major Japanese firms are interested.

But oil isn't the only investment opportunity in Vietnam which has excited interest in Japan. Hanoi introduced free-market reforms in 1986, culminating two years later in legislation permitting wholly owned

subsidiaries of foreign corporations. More than 2,000 Japanese chambers of commerce members visited Vietnam in 1990, almost double the number the previous year and five times the number of French, British or Singaporean businessmen. And at least 15,000 are expected to visit this year, according to a recent report by the Vietnam News Agency.

In October, a mission from the Japan Management Association, consisting of representatives of 15 industries, including textiles, electrical machinery and construction, is scheduled to tour Vietnam and meet with top government officials and business leaders.

The Japan-Vietnam Trade Association which represents Japanese firms already established in or trading with Vietnam, already has 80 member companies, including many of Japan's largest and best known, according to Mitsuo Iwasawa, an association official.

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.

Islamic spirits

Sir, Foreign Secretary led a five-member Bangladesh delegation to the 20th conference of foreign ministers of Islamic countries held in Turkey recently. The conference authorized specialized agencies to help cyclone-battered Bangladesh.

Over 80% Muslims together with Hindus, Christians, Buddhists, and others characterize Bangladeshi population of 110 million. Islam has recently been sanctified as the state religion despite widespread demands for secularism as a state principle.

With thousands of mosques (some are aged over five centuries) that indicate the nation's religious affiliation, Bangladesh can justify her Islamic sentiment and apparently needs more mosques of space-efficient multi-storied type to accommodate added new Muslims. Also, re-inforced Islamic spirits with continued emphasis on Islamic studies will contribute to spiritual enlightenment, will strengthen Muslim Ummah, and will consolidate social harmony based on respects for personal faith.

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Economics and Bangladesh

Sir, It was refreshing to read Star's interview with Prof Selim Rashid of the University of Illinois (Aug 11), who spoke in the candid way the Americans do (a compliment to the Professor). He touched upon how to look at economics in startlingly different ways, as applicable to LDCs such as Bangladesh. Other questions come to mind, which Prof Rashid might like to respond to in a future article to the star: (1) A new discipline called 'Development Economics' was born several decades back. How the concepts are changing now, and what are the future trends? (2) The impact on world economics on the dissolution of socialism, which could last only a couple of generations, and how the 'new economics' is going to affect the DCs and LDCs during the succeeding two generations?

(3) Would he care to comment on Bata's 'great depression' hypothesis, and the future of USA as a world economic power? A. Mawaz Dhaka

An allegation

Sir, Many complaints have been published in the newspapers about the hell-like situation in residential Kazipara area, but no effective actions have been made by the concerned authorities yet. Thieves, gangsters and other criminals who are known to have good 'relations' with people in authority are causing insecurity to the gentle residents of Kazipara. Police apparently care little about any complaint or case. And the mastans enjoy their 'heavenly' times at the cost of people's peaceful living in Kazipara. Local police seem to be alert only about satisfying their superiors with salutes

and services needed for their 'promotions' and in the process they rather neglect to an extent their sacred duties to insure the well being of the peace-loving citizens who are contributing to the nation's progress. A Resident Kazipara, Mirpur Dhaka.

A praise

Sir, The people of Dhaka city are very much at ease to get rid of mastans, hijackers and anti-social elements for about a fortnight now. Mirpur was the worst affected area which now seems peaceful and the people much relieved. The 1st and 3rd prices given to the sub-inspectors of Mirpur alone, as published in your paper on 17-8-91, is an proof of their efficiency. People hope and expect the same brave and timely actions throughout the country. Many of the anti-socials have made their dens in the

abandoned houses and are pursuing crimes there. The government should now take accounts of the last 16 years of their activities. S.U. Ahmed Kakrail, Dhaka.

Retiring age

Sir, newly formed government is trying to increase the retiring age of government semi-govt. employees to 60 years from 57 years. At the moment at least 18-20 million people are just unemployed. Under such condition should the government increase the retiring age of officials? Rather it would be just and appropriate to fix the retiring age at 55 years for all cadres irrespective of their efficiency. People hope and expect the same brave and timely actions throughout the country, whichever is earlier. Sadiq Alee Maghbar, Dhaka.

We are gratified that a scholar from Japan has set the train of such promising possibilities for our literature in motion.

Nazrul in Japanese

We are pleased that a distinguished Japanese scholar, Professor Kioko Niwa, now visiting Dhaka, has offered to translate the literature of Kazi Nazrul Islam into Japanese, by way of popularising our rebel poet among her people. In fact, she had already done some work in this direction. During a lecture held recently at the Bangla Academy Professor Niwa recited some of Nazrul's poems in Japanese and even sang some of his songs. This shows that when she undertakes her major venture of introducing our poet to her people, she will do so as an expert, and not as an amateur.

From what we know, not enough of Bengali literature has been translated into other Asian languages, one exception being the poetry of Rabindranath Tagore. It is true that the works of our novelists and poets are now available in English, French and other European languages. Some research work has also been done on Sharat Chandra Chatterjee and few other well-known personalities of our literature by the universities in Europe and the United States. Unfortunately, a gap exists in the translation of our literature to other Asian languages. It is in this context that the move by Professor Niwa assumes extra-ordinary significance.

Let us hope that our government will take cue from the Japanese move and encourage the translation of Japanese works into Bengali. After all, cultural exchange is a two-way street.

Closer home there is a great need for the literature of the SAARC nations to be translated into the major languages of these states. We cannot escape the fact that we know next to nothing about the literary development and the inherited riches of our very close neighbour Nepal. Similar is the case with Sri Lanka. In the interest of a more meaningful cultivation of good neighbourliness, we should begin our part of the two-way deal by translating into Bengali the literature of our sister-nations in the SAARC. Tagore is well known throughout this region. The next great man the neighbours would be interested to translate in their turn, we have no doubt, would be Nazrul.