think land has remained the

issue. Unequal distribution of

income over the last 10-15

years is the real issue. It has

been more due to lack of ac-

cess to opportunities and edu-

in-equalizing forces in our

country than ownership of land

in the country. I agree that if

we have land reforms there

will be once for all improve-

ment in the distribution of in-

come and some in the effi-

ciency or productivity in the

country but some problems

will remain in the next

generation with ceiling or

coupon of 5 acres. But that is

not a solution for the country. I

think our main resource is

human resource and we have

to educate and qualify our

human resources and develop

them like other countries

such as Singapore and S.

Korea. We could bring human

resources from other countries

and transfer into goods and

sell it in the market. So the

answer to your question is

obviously we must give

emphasis to agriculture and

rural development and

gradually increase the level of

income of the people \not

necessarily through land

reform. We could increase the

productive capacity of the land.

We could get access to tech-

nology and make use of it. We

have to invest on land and

other natural resources. Water

is an important natural re-

source which we neglected for

quite a long time. But at the

same time we have to, I sug-

gest for accelerated industrial

growth, we cannot only de-

pend on domestic market, we

have to depend on the exter-

nal market. If we could have

labour intensive export

oriented industries then the

additional income that would

be generated would be

distributed more equitably

and overall we could expand

the internal human base of the

economy amalgamously with

industrialization. So we have

sort of two tone policy - giving

emphasis on agricultural rural

development as well as depend

on the external market to

accelerate industrial growth.

In the process we will expand

the home market and increase

efficiency in the industrial

Mahmud, how viable and feasi-

ble is it for Bangladesh to

become a high exporting

have to refer back to Mr

Syeduzzaman's comments. You

see NIC has a connotation it

means not only middle in-

come countries but growing at

a high speed to export indus-

tries. Now Bangladesh is at a

stage where we haven't yet

reached the stage where we

can lunge forward in that di-

rection. This is so in two re-

achieved enough agricultural

base to start diversifying in the

industry. There is still scope

for agricultural growth in the

We haven't yet passed the

stage of easy import-substitu-

tion. You talk of lack of domes-

tic market. We import most of

the goods even now. The East

Asian countries went into ex-

port goods after they had left

the import substitution stage.

import substitution industries

- they gained experience and

then went into exports. There

is no reason why some import

substitution industries cannot

be intrinsically as efficient as

export industries. We can't

make textiles be as efficient, if

we cannot achieve easy import

substitution. On what

assumption can we go for

efficient export promotion?

The garments industry is no

example. It is the only industry

where we have expanded

except fish and that industry

has come by relocation of

industrial entrepreneurs from

East Asian countries who had

exhausted their own quotas. It

is not really an originally

Bangladeshi entrepreneurship.

Can I conclude that when we

talk of industrial policy or how

it is shaped by the World Bank,

IMF policy of imports i.e.

rationalizing import protection

such as by rationalizing the

tariff structure thus giving

incentives for export. The

main idea is to give

appropriate signals to

investors so that they can plan

ahead. Unless you can make a

policy environment where en-

trepreneurs are confident and

can predict the future of gov-

ernment policy regarding how

much protection you are giving

to import substitution and

what will be the policy envi-

ronment. That has to be clear.

We have been talking of indus-

trial policy these are quantita-

tive, statements. We have to

face the question that the

Work Bank wants to lower our

protection rate upto 75%

maximum of tartiff. Now that is

a matter of negotiation by

industry to industry. That is a

revision of the World Bank

stand. I hear the figure should

year to year the government

policy on the one hand telling

the World Bank that we are

moving in that direction at the

same time appearing the local

industries that their profits

The question is that from

be even lower.

"spects: (1) We haven't

Wahiduddin Mahmud : 1

country?

Rehman Sobhan : Mr

cation, these are much more

Continued

the poverty line. Right? So,

that is 50 million people below

the poverty line. So, from 26

million below poverty line has

gone down to 50 million. Or

rather gone up -? Plus every

year 2.5 million jobs have to be

created. So there is no other

alternative but private sector.

It is an evil according to one of

my friends, but it is a neces-

sary evil. Now coming back to

this thousand dollar question

- this private loot - the com-

mercial courts are there - 26

of them. Today it takes them

18 months to get a decision.

ask the members of parliament

- why can't you have 52 com-

mercial courts? Why can't you

dispose off the cases? See,

from the Chamber we have al-

ways been saying that we are

not holding the brief for the

defaulter. All along we have

been saying from our Chamber

that you classify the defaulters.

Those who have taken the

money and run away with the

money you punish them. Why

didn't you punish them? Just

because they went underneath

or behind the petticoat of the

last government, does not

mean that you cannot catch

them now. Why don't you catch

them now? Those who have

genuine difficulties, may be

fiscal problems - you try to

help them out. We have cate-

gorised this, sent this report

to the government - I don't

know how many times. We

have sent it even to the pre-

sent government. But no action

has been taken. Because the

moment the government tries

to take action, - Bangladesh

is a very small country, the

middle-class base is very small.

In one family you will have a

BNP brother, an Awami League

brother, and Jatiya Party

brother. At the moment you

have this situation. So the

moment you try to take some

defaulters to task he has a

connection with the BNP gov-

ernment, so nothing happens

to him. This is the basic prob-

lem - see I am on the board of

Sonali Bank. And the moment

we try to take action, that is

legal we try to take action -

am threatened of removal from

the board. My chairman is be-

ing threatened of removal from

the board — by this present

government. Now you tell us

how do you operate? Yes, we

threatened, you should have

the moral courage to leave the

board. This scenario came up

when I was Chairman of Sonali

Bank. There was a call from

Banga Bhaban by a certain

person, and I said, all right we

will look into it. And after one

week we went back, and I said

to him that it is not possible.

And I had my resignation let-

ter in my pocket. And as he

said, "well Mr Khan you have to

give it" - so I said, sir I re-

signed. Because my loyalty is to

the institution and not to any

individual. So, you see, the

problem is, we have become a

society of compromises. We

the two sides of the

moderator, I would like to

make a statement, that, as you

said that the industrial policy

started from 1982. But the

change in industrial policy

came about in 1971. You

should not forget this. We talk

about environment. Now how

was the environment vitiated?

I mean lets ask - up to 1965,

Pakistan's industrial

development was considered a

model developing country. It

was taught in Harvard. Korea

took the third five-year plan of

Pakistan and created Korea,

and we say, what happened in

1971, today you are getting the

snow-ball affect of the whole

thing. Today the whole

industrial sector is vitiated.

Loss and poverty is not very

important. You know, an

industrial unit can loose for

five years, ten years - and

then earn back in two or three

years. But loss in growth and

loss in efficiency. What has

happened is the nationalisation

programme has demoralised

the whole industrial sector.

Whereas the labour has be-

come totally indisciplined. The

management of the mill.

cannot or does not have any

control of the workers. Even in

the disinvesting mills the

management is at the mercy of

the workers. They are at the

mercy of the workers. I mean

how did we create this situa-

tion. Somebody very aptly

said, we want to be dictated by

a class which do not even

constitute one per cent of the

population. Today our

economic policy, let us be very

frank, is being dictated by one

per cent of our population, and

that is the dilemma. How do

you create an environment,

that would not allow any sector

of the society to pressurise the

decision making process. This

is a very important matter.

Now you, my friend here, said

about the private sector. He

doesn't seem to know, that in

Pakistan, the then East

Pakistan, the private sector

was more vigorous than the

public sector units. I mean, at

that time textile was being

exported. We went and sold

textiles to Thailand. The then

in 1969 to 1971, East Pakistan

had 2,70,000 (two hundred

and seventy thousand) spin-

dles. I mean, Thatland had

25,000 (twenty five thousand)

We two ministers, sitting on

have to take a step.

Zahiruddin Khan: If you are

are threatened.

The Baily Star Media Round Table on 'LDC to NIC: Prospects for Bangladesh'.

achieved because there were certain issues that were not commonly acceptable by all in the society itself. I believe this part is important as pointed out by many of the speakers that in countries like Thailand, Malaysia, even Bangladesh there is possibility to achieve what is termed as social con-

Rehman Sobhan : Since time is moving let us look at specific issues where we may or may not have consensus. And I think on that point Mr Manzoor Elahi has appropriately set the ball rolling and has raised the issue of land reforms and its implications on distribution of income and effective demand. Now have you any immediate thoughts on

that subject? Enam Chowdhury: Political will to achieve land reforms is needed. There is no disagreement that in an agrarian economy land reforms are obviously needed. Land reform 1s a prerequisite of agricultural advancement, which is the very basis of industrial growth.

Rehman Sobhan : Let me ask Mr. Kamal Siddiqui whether he is drawing up any legislation for land reform which this government has initiated since there seems to be some consensus in this direc-

Kamal Siddiqui : Chairman, about land reforms my views are very well known. I have written quite a bit on the subject. But my submission to this August gathering is that the political and administrative government which we have achieved after 9 years of autocratic rule and also the international climate, does not permit us at this moment to undertake distributive radical land reform which I think theoretically it is justified even now or even after 5 years. Because for the kind of programmes we have in mind for power - cannot be wished away. But we have to create a climate for such land reform. And for that I believe that some serious land management improvement can be made. If you remember Mr Chairman when we had the committee I'm about those task forces I was a member of the committee on land management. At that time we came to a consensus that this was not the time for land reform. We do not have the administrative capacity or international climate for it. When Korea embarked upon land reforms it was a very different political situation. There was the threat of North Korea, of a communist takeover. It was both economically and politically justified to have land reforms in that country. S. Korca also had the required international climate which we do not have at the moment.

Also, let us concentrate on what can be done under the present circumstances. For example if we want land to be transacted easily we can do certain clear improvements without going into land reform.

Like in industry we have one stop service. So for land we can have one stop service. Say, land recording done in one place, land revenue done in another place, land transaction in another place - all these services could be brought together so that the land transactions and land transfers can be done more easily and pass on to people who can use land more productively. That kind of improvement we can attempt at the moment. But yes, of course theoretically we can justify very radical land reforms for Bangladesh but I don't think it is the right time for it. Maybe after 5-10 years when we have taken some serious measures to improve the present land

management factors. Rehman Sobhan: How are Mr Manzoor Elahi and Mr Mahbubur Rahman and their community going to sell their goods and in fact make their industries viable? In fact who is going to create the domestic market for sustaining the process of industrialisation? Have we any thoughts on this pro-

Mahbub Hussain : I suppose Dr Sobhan you are raising the question of effective demand so to promote industrial growth we need to have market. But I don't think any sort of radical land reform will ensure this market in Bangladesh. If we look at the stre of land that we have even if you have a very drastic land reform, say a cetling on 4 hectares which is the ceiling in South Korea we can give only 15 or 16 decimals each to the functionally landless people who are 50% of the households in the country and that is not going to raise the income of the poor by more than 5 or 10%. So that's not the solution of the problem of organizing demand for the industrial goods of the country. I was a very strong advocate of . land reforms 10 years ago, because most of my studies were on that and I was making recommendations on the basis of our static arguments. Now looking at how resources and income have been generated and how income has been unequally distributed, I don't

will not be disturbed that much. That is bad, you have to take your own stand if you want to debate with World Bank or IMF that on practical grounds, our spirit of adjustment of rationalization should be debated and agreed. The government should have at least a definite firm signal that this is our policy regarding tariff rationalization and export promotion. Unless you do that arbitrary policy and changes from year to year, balancing your commitments to your donors and on the other appeasing the local vested interests, creating an atmosphere of uncertainty where no industrial policy will work.

Rehman Sobhan : Taking the cue from that can I invite Mr Mahbubur Rahman and Mr Manzoor Elahi to address the issues of policies regarding industrialization and foreign investment. Now since the mid to late 70's a whole series of industrial policies have been formulated. In fact the policies were really formulated by the previous government and all you had made is to have the opportunities to add a few

commas and semi colons. Shamsul Islam Khan : Previous government was the government of the President where you are the member. do not know whether you have formulated this policy.

more competitive. And this will create another debate. wouldn't like to go in for it. I think we can discuss this some other time, and we congratulate The Daily Star' for arranging such a beautiful opportunity. And we want criticism and we want to learn from this type of discussion. Thank you. Rahman Sobhan : May I ask

Mr. Mahbubur Rahman what he has to say about this? Mahbubur Rahman : Before the Industries Minister leaves - we have been talking about consensus on the national issues, both in economics and politics. But in these issues where do we have consensus already, how far have we gone in those directions? Regarding the economic policies in particular, for which I think Mr. Kibria has been advocating for the last two years and I too had discussions with him both in Bangkok, as well as in Dhaka - on as he mentioned at the beginning what may sound very ambitious - "From LDC to NIC: Prospect for Bangladesh," some of the ambassadors have been commenting about such an initiative taken by ESCAP let me not go into the details. Nevertheless what he feels, as a result of his experience of last 10 years, and serving in these areas, that we must begin somewhere. And where to

dustrial, liberal policy of the government -from where we generate our savings? How we do it, that is most important, to make the investment pos-

sible? We have discussed many things about this market, the domestic market, how we can sustain this market, how we can develop the purchasing capacity of the common people - that is all big economic questions. So I would not like to address this, because I will be rather more confused. But what I see in practical terms there we have certain consensus as far as privatisation is concerned from the mtd 70s. Even if some political parties may not agree, but they have not all come out against it, to undo those initiatives taken by successive governments. So naturally I would like to say that there is some sort of a subtle understanding that the economy should grow through private sector initiative. But what have we achieved? But those policies are bound in beautiful books, not in realities. So in many cases, well those our Industries Minister has been telling you about, I am very happy to see the Planning Minister has been talking all about this. And we shall now have to ask them, the industries and planning ministers whether all

is no other choice left. Particularly coupled with World Bank, when they are emphasising so much that you will have to be this way or that way. So naturally you have no choice but to go through the private sector for your further economic growth.. I would now like to conclude here by saying that whatever policy we have on the basis of mutual discussions between the private sector and the government have to be implemented; and it should be available in reality. We are saying that this is our labour policy which is not in existence. which is prompted by the political parties for political interests. There are unauthorised labour union operating in the country with which both the opposition and the government are discussing matters of vital interest and importance. So we shall have to make sure that proper situation and environment is available and climate is available in the country, so that the local investments can come in and when the overseas investors would see that the local investors are thriving, local investors are coming up in good numbers to invest in the economy and they are really in business; then only the foreigners will come up to invest

been trying to stress, that unfortunately for the last eight months, though it is very often said but as far as economic policies are concerned, the previous government has also had links with the business community or the private sector to discuss regarding the economic policies to be framed by the government. But what we are seeing in the last eight months, that such regular intercourse or exchange of ideas in policy formulations or in various vital economic issues, that such economic discussions or interactions are becoming gradually absent. So that is also causing another barrier. We have seen certain allegations in the press, in public, by which business people are undermined by the top functionaries of the government. And this is not going to create an environment or a question of mutual cooperation for their contribution to the economy."

Rahman Sobhan : I have here industrialists to the left of me and to the right of me and you are claiming that there is decline in intercourse between the industrial community, and a cabinet with so many industrialists in it. Now perhaps, may ask of UNDP Mr Lustmont do you have some observations

Mahbubur Rahman : Before I conclude, I would like to add another comment made by Mr Willoughliy, that we have many policies. Many policies which we have acclaimed as good policies and may be congenial for creating a better industrial atmosphere. Clear action plan when you are going to act upon those policies. I am not going into the debate of those recommendations made by the IMF and World Bank that will bring in other issues, which we may discuss on future occasions. But Action Plan - on all these, the action seems to be one sided - that all of a sudden there is a list in the newspaper, that all banking facilities and loans, stopped to all black listed industries and people, that is 33,00,000/-, and, everything came to an instant standstill at the stroke of

And then you change, saying that some of this people can have some facilities from the banking system - and how it is to be given is not very clear. Then of late it has come that all those industries are at a stand still. And now it has come that 75% of the interest can be waived 100% of the penal interest can be waived but you have to pay here and now. You have to pay within 45 days. Who has advised? With whom have you discussed? For whom have you made all these policies ? So this is all for people for whom you are addressing today. - on whom you are rely ing to take your economy further forward. And this we all come to know through news-

papers. Shamsul Islam Khan : I fully agree with Mr Mahbubur Rahman, that we can have a very well-worded industrial policy. and a well printed one also. But if you cannot implement it - it is uscless. I think we get cooperation from all sides.Last nine years there were slogans that make industries, give chance to the private sector, there was only 2.9% growth rate # way 49 before - gradually we have decreased. And that is what we think should be very much in your knowl-

Rashed Khan Manon : The Chamber representative has found a consensus about the development of the private sector. I think there is a consensus about development of private sector, but of course there is a difference about the privatisation policy. And he also agreed that they had a role to play in order to shape the policies in the last nine years, at least it was evident from his statement. But may I ask him, why did not the Chamber differentiate between the private sector and the private loot that was done in this country during the last nine years? Now he is gesturing- why the government is asking for the return of the loans taken from the banks within 45 days. These defaulters who have taken so much of money from the banks - why have they not invested in this period of time where have they invested ? This is a very important question and you have not answered it. It is a part of a national question - we are raising this question in the par-

Mahhubur Rahman : It is a million dollar question and I have one hundred and one an-

Manzur Elahi :. We were class friends and later you taught us, too. But we don't know whether you taught us right or wrong. Coming to this question, Mr Menon talks about private loot let me give you some grim figures.

Mansur Elahi : According to Dr. Mahbub Hossain, he said in the last meeting of the EEC, in the 1960s - 44% of the people were below the poverty line. So, 44 per cent of 60 million in the 1960s, that was 26 million below the poverty line. Today, according to BIDS, 46% of the 110 million are below

in our country . There are 'Present climate does not permit radical distributive land Kamal Siddiqui

'Policies are usually good. But they remain confined to statements, seldom implemented.'

begin? And how to begin? May

Mahbubur Rahman

Rehman Sobhan: No. This was formulated by the autocratic government, not us.

Shamsul Islam Khan : I can tell you, before that autocratic government there was another government in 1981 and before that there was government of the - of course, this question I think this question is not really relevant.

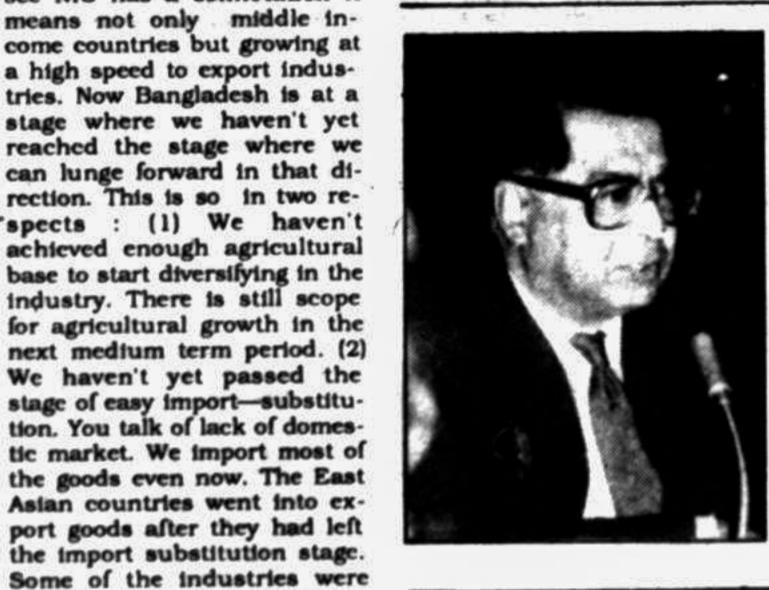
be we will not be industrial economy by tomorrow but may be in ten years or twenty years. And if South Korea can become that in 20 years, if Taiwan can become within 20 years, if Thailand can become within 15 years, why not ourselves? So let us see where the problem lies. That is why he wanted to create a debate on this, in order to come to some

these policies have been implemented in reality? And whether these policies are supported by the environment that is prevailing in the country. Even if we say that we have a small savings, - even 2%. even if we say the rate of investment has gone down. But for that relevant per cent we have securing. The question of inviting foreign capital into our

reform.'

many other issues. We are say-

ing we want free market economy, market oriented economy, but this also cannot come about - considering our geopolitical and social situation. Because we have a vast border with India and, also the big sea lane for which we have been suffering, as someone already mentioned regarding the import substitution industries for



'Improvement in agriculture is a prerequisite for industrial growth.'

Enam Chowdhury

'Agreement on vital political issues before consensus on economic issues.'

Dilwar Hossain



Rahman Sobhan: No the question I was saying is - this policies have been formulated for last twelve years. Now, why have we not got down to industrialisation?

Shamsul Islam Khan : Professor Sobhan, I already told Prof. Mahmud that it is always for import - substitution that we want protection. But you see that a machine made in Germany - we are buying that machine, the South Korca is buying and the Singapore is buying and say Thailand is buying - the machine prices are same in dollar. And if we claim that our labour is cheap and efficient then we can produce the product at a much lesser cost than Thailand, except the duty. Then why should we want protection? You see protection means that we make our worker less efficient. But we want to make our

sort of a consensus. I do not think that his efforts were all about the political consensus

Rahman Sobhan : But Mr. Rahman, what I was wanting you to react to is whether? Mahbubur Rahman : | am not such an educated man. I

am more of a practical man. Rahman Sobhan : What I was wanting you to react to is we have had NIP 1 tn 1982. NIP-2 in 1986, now we have Mr. Islam's policy in 1991? Why is it not delivering good to

Mahbubur Rahman : I am coming to that. I want to discuss some figures which have been given by Mr. Syeduzzaman. The rate of savings is 8 to 2% gone in the opposite direction and the investment ratio also down to 16 to 11% compared with other countries around. If we want to achieve something from this new incountry, say as the minister himself has said, that they have to understand the situation prevailing. So in order to augment our deficiency in supply of capital we should invite, there is no other alternative. The private sector, you know, in our country is not that strong. So to be very frank if you ask say, what the private sector has achieved during these period? There are many questions, ifs and buts and you always contest and debate regarding these issues. The reason privatisation has not taken off in this country is because it has been more a political slogan than anything else. The denationalisation of the lossmaking industries in the country, is this privatisation? I am not sure that I would agree. But nevertheless the attitude has greatly changed than before, and now they have become convinced that there

which we are facing a tremendous problem. So, what would say in order to really start to more "From LDC to NIC", we must create investment, an atmosphere for investment which will encourage the local people and as well as the overseas investors. We have to address the issue from the right direction. The policy has to be determined by the people who will carry through this policy, and the government will only discuss with them whether the government can accept these policies. In other words I would like to say, the policy will be framed by that the people, who would like to operate under that policy. And the government will endorse say that we agree or we disagree because of this reason and this should be debated. And this should be discussed across the table.

As Mr. Manzoor Elaht has



Deliberations at its peak.