

# Bangladesh Needs National Consensus on Economic Matters : Kibria

During his visit to Dhaka last week, S.A.M.S. Kibria, the Executive Secretary of the Economic and Social Commission for Asia and the Pacific (ESCAP) gave an exclusive interview to The Daily Star. Below are excerpts :

*Let's start with a broad general question. By now, you have already served the Economic and Social Commission for Asia and the Pacific, better known as ESCAP, for close to a decade. How do you see the changes you notice in the region during this period from your vantage position as the Executive Secretary of the ESCAP ?*

Kibria : I am convinced that the ESCAP region has been going through a profound internal change. Our studies indicate that intra-regional trade and investment within the Asia-Pacific region has started to grow at a much faster rate than trade with the rest of the world or the global trade and investments. In other words, there has started an internal dynamism within the region under the impulse of which investments are flowing within the region at a much faster rate. Similarly, trade has started to develop at a much faster rate and together with this two there is a natural transfer of technology taking place. The significant point is that the trade pattern has changed. Together with North America and Europe, the Asian market, including Japan, has become very important. But even excluding Japan, the trade market within the rest of the Asia-Pacific region is a very strong one and is growing. Not only Japan, as it has become the major source of investment funds, but also other nations have started in a dynamic process of investment. I say dynamic because there is an element of partnership in it. The Japanese, Korean, Taiwanese and Hong Kong business people have done it before. Interestingly, you would be surprised that even India has become a major investor in Malaysia, for example, and also in Thailand. So, when I talk about intra-regional investments becoming a force, this is what I am referring to. And when we talk about regional cooperation, it is an attempt to harness these economic developments. Regional cooperation is organising some sort of a mechanism to put this growing trade, investment and technology transfer within a framework where it can be further strengthened, further accelerated and speeded-up, so that countries of the region can take full benefit of the process.

*It all looks most promising. But surely there are problems which one may not see too quickly. For instance, where does South Asia fit in on this scenario ?*

Kibria : Now, one problem is that under the initiative of Australia, an economic grouping of some Asia-Pacific nations has already been set up. The Australian proposal was confined to ASEAN nations, Korea, Japan, Australia and New Zealand. The US and Canada have also joined in. At that time, I had gone to Australia and I talked to Foreign Minister Senator Gareth Evans, and I asked him why South Asia was being left out. He remarked that South Asian countries do not figure very much on trade matters and so that was why they were left out. China is also not part of it as well, but will eventually be included. Now, Malaysia has proposed this East Asian trade block, which also excludes South Asia. I think, this is something that the South Asian countries should take note of, because they are being simply bypassed, ignored and left out. I think, the countries in this region should be able to take care of their interests. As far as ESCAP is concerned, I have made the point to the Australians and to other countries which are organising these narrow groupings, that within the ESCAP forum we are trying to set up a mechanism which will cover all of the Asia-Pacific region and the main objective of the work that will be done under this arrangement would be development oriented, while the Australian and even the Malaysian proposals would be trade oriented. The Malaysian proposal is essentially based on the failure of the Uruguay Round of trade talks. However, if there is a trade war among economic blocks, then how will Asian countries counter this process? If you leave out South Asia, China and Indo-Chinese countries from these regional groupings, then, in my view, one cannot really talk about regional co-operation involving the Asia-Pacific region.

*Shouldn't countries in South Asia take part of the blame for being left out of these groupings ?*

Kibria : Well, I am not trying to put any blame on anyone. However, I believe, the countries concerned should be alerted. From ESCAP, I have been trying to do this, but in a modest way. I have talked to officials in India, China and Bangladesh, explaining to them how certain countries which are in need of regional co-operation are being bypassed.

At the Commission's session in Seoul next month, we may be able to do something more on this subject. There is a proposal for the setting up of a special mechanism which may be called the Standing Committee for Regional Co-operation, with sharply defined focus on trade, investment and technology transfer. Then, there will also be a broader focus which will aim at placing greater emphasis on serving the Least Developed Countries and the disadvantaged Pacific island states.

*Can you elaborate on the specific trade prospects for the South Asian countries which*

*ESCAP can identify, especially when more affluent countries have started grouping themselves together, leaving South Asia out?*

Kibria : We indeed have lots of ideas. For example, in our view, trade is linked to investment. In a developing country, an industry can be set up with investment from another country. Then, by prior agreement, the product of the industry can be either exported to a third country or sold to the country which put up the investment for the plant in the first place.

Such an arrangement has been working very well in Thailand. The investment from Japan has helped in the setting up of industries whose products are either taken by Japan or exported to third countries.

Here, again, ESCAP can definitely help by bringing the parties together, by dissemination of information and by even working out investment guarantees and other arrangements.

*We take it that Bangladesh occupies an important place in the scenario you have just outlined. What is your specific view on this ?*

**"The fact that Bangladesh offers extremely favourable terms and conditions to the investors is either not known or even if it is known, it is not credible in other countries. If the information gap is bridged, investments will flow in..."**

Kibria : The fact that Bangladesh offers extremely favourable terms and conditions to the investors is either not known or even if it is known, it is not very credible in other countries. If certain irritants that exist are removed and the information gap is also bridged, I have absolutely no doubt that investments will flow in. I have also no doubt, having observed South Asia, Southeast Asia and East Asia, that investments is what is going to stimulate the economic life of this country. Investment is necessary for growth. Why will investments flow into Bangladesh? Because Bangladesh has an extremely important commodity to offer, its labour. Investments follow profitability here in this case will depend on cheap labour. In many countries, especially in South Korea, labour is no longer inexpensive. This is why Japanese companies are setting up industries in Thailand, Malaysia and Indonesia. This is where Bangladesh still enjoys an advantage, an edge, over others.

*At this stage, one cannot help asking a few negative questions which are often posed by foreign entrepreneurs. True, the labour in Bangladesh is cheap, but its productivity is low and so is its level of efficiency. During the decade of the eighties, there were too many work stoppages and considerable political turmoil which adversely affected the industrial peace. Again, foreign investors often feel frustrated in dealing with our bureaucracy, while many are harassed by rampant corruption. Any comment ?*

Kibria : Yes, all these criticisms are indeed very valid. There are many ways of dealing with them. I think, what is most important is for Bangladesh to develop a national consensus on basic economic policies, with the participation of all concerned parties. In all the ASEAN countries, the national consensus on economic policies on matters ranging from foreign investment to the continuance of industrial peace remains strong, despite differences among political parties. This explains why even a recent coup has made no change in the economic policies pursued by Thailand. These policies are formulated through a national debate in which every part of the Thai society. Politicians also make their contributions to this debate, but they are most respectful of the collective views which emerge on different issues. In my view, this consensus plays a vital role in the continued economic growth. I feel,



Women in employment. Photo: Shiben Chakraborty.

Bangladesh and other South Asian countries must achieve this kind of consensus, a kind of a bi-partisan policy between the ruling party and the opposition, like what exists in the United States in the field of foreign affairs. A poor country like Bangladesh cannot do without such a national consensus, especially on economic matters.

*Can ESCAP play any role in promoting such a national consensus on our economic policies ?*

Kibria : I am afraid, ESCAP cannot play a role in the formulation of a national policy. However, our organisation will be happy to undertake a study on any aspect of a country's domestic concerns, if



S. A. M. S. Kibria, Executive Secretary, ESCAP.

we are asked to do so, or we can provide the advisory service on a specific issue. We cannot go beyond such well-defined areas.

*We have one more question about South Asia. I think, we can all agree that right through these decades, especially during the seventies and eighties, disparities between Southeast Asia and this sub-continent are widening in all respects, in terms of poverty, in quality of life, even in terms of trade and investment policies. Now, if you look ahead beyond, say, 1995, do you not feel alarmed, concerned or even a little frightened ? What can we do to halt this process, even if we cannot reverse it ? What would you like our governments to do in this respect ?*

Kibria : Well, I feel concerned and I think it is very important for this part of the Asia-Pacific region to take urgent steps to join the mainstream of the regions dynamic growth. You see, people in other parts of the world think that

**Countries in South Asia are being left out of new regional groupings set up under initiatives of Australia and Malaysia.**

the whole of the Asia and Pacific region is doing very well as the growth rate has been much higher than in Africa, Latin America and even Europe. But they do not know that the picture is so mixed, that this high growth rate is entirely confined to certain parts of Asia and is not shared by South Asian countries.

Now, may I comment on one specific point you have raised, about the role of government in the process of promoting national consensus and in the implementation of economic policies ? My experience as well as ESCAP studies show that the government has a very important role to play in economic development. Quite contrary to the impression in certain quarters, the government has played a very key role in Japan, for example, as well as in Korea and in other countries such as Indonesia, Malaysia and Thailand. However, there is a fundamental, qualitative difference between the role played by governments in South Asia and the role played by governments in East Asia and Southeast Asia. Whereas in East Asia and Southeast Asia, the government has played a supportive interventionist role, in South Asia, it is perceived as a regulatory and restrictive interventionist policy. Whenever there is a problem the government thinks it can be solved by forming a corporation or a company or by passing a law and putting more restrictions.

*Here are you talking about all the seven countries in the region ?*

Kibria : Yes, but I would say, that of the seven countries, Sri Lanka and Pakistan have a slightly better record. Sri Lanka set in motion certain liberal economic policies a few years ago. Pakistan, after earlier setbacks, has started to liberalise the economy recently. India has also liberalised its economy but not to the fullest extent.

*What is your overall view of the current situation in Bangladesh ? How do you see our objectives and priorities ?*

Kibria : Like all people of this country, we are delighted that we have been able to hold a free and fair national election. This has come like a breath of fresh air. It has given a sense of relief to the whole nation and I could sense this sense of relief when I came to Bangladesh. So, this has given a tremendous sense of optimism to the people, that we are all for making important changes. Unless these expectations are reasonably fulfilled, a period of frustration and discontent will again set in. I think, people are gradually coming to a realistic appreciation of the current situation. So, it is very important that while the nation is in a very optimistic and hopeful frame of mind, certain important steps are taken to put the energies of the people along constructive lines.

However, the government must be ready to take specific measures to achieve this objective. First, I feel that a campaign against corruption must be made into a national issue. It is no good just talking about it. We must take specific measures to restore the confidence of the people about political morality, business ethics and indeed about integrity of the top leadership in the country. This is one more area where we can promote national consensus.

This need for national consensus which we have talked about at some length must also touch a few other key areas. One such area is the development of water resources. Here, we must adopt a national policy instead of treating it as an issue in domestic politics. One other area is education. The productivity of labour is linked to education. Primary education must be made free and compulsory. All our work in the field of economic development or in population control will not succeed if the country has to wage a battle against 70 per cent illiteracy in the country.

*At the time you took over as the Executive Secretary of ESCAP, there was quite a lot of criticism of your organisation. Many people felt that it was inefficient and flabby. When you look back, how do you feel about the organisation ? Are the criticisms still valid ?*

Kibria : As far as ESCAP is concerned, my answer would be very simple: ESCAP is certainly not a flabby organisation any more. ESCAP is regarded both in the countries it operates as well as in the UN system as one of the most efficient, and if I may say without being immodest, as one of the best run organisations in the whole system. With the increase of its efficiency, its image has also improved. This is proved by the fact that member countries are so keen on inviting the ESCAP to hold its commission session at great costs to themselves. This year, we are going to hold the session in Seoul. Meanwhile, two countries are interested in holding the next session. This is just one example of the importance attached to ESCAP by member countries. Another way of looking at the efficiency factor is that apart from the regular budget of the United Nations, many donor countries and multi-lateral aid agencies are giving us funds for implementing special projects. Last year, for example, these extra-budgetary funds amounted to more than our regular budget.

Again, in recent years ESCAP is increasingly being accepted at the regional level in a team leadership role. For example, only a couple of weeks ago we had a meeting in Bangkok where 16 UN agencies have agreed to set up a coordinating mechanism in the field of sustainable development and environment with the Executive Secretary of ESCAP as the chairman, giving us the central role of coordination.

So, if I am pleased with what we have achieved so far in making ESCAP an effective body, I am also confident about its future role during the decade that lies ahead and beyond.

*What are your own future personal plans ?*

Kibria : My tenure with ESCAP may end either at the end of this year or early next year. My personal plan is very simple : To come back to my country. I have no ambition other than to be of some service to our people.

Thank you, Mr. Kibria.

The interview was conducted by the Editor of The Daily Star, S. M. Ali who was assisted by the paper's Executive Editor, Mahfuz Anam and feature writers, Fayza Huq and S.Y. Bakht.