

## Mess at the Foreign Office

It is understandable that the country's foreign policy as pursued by the BNP-led government should aim at reactivating the late President Ziaur Rahman's "close friendship with Muslim nations" as well as "good neighbourly relations with countries in this region." However, the new Foreign Minister A.S.M. Mustafizur Rahman who made this point at his very first press interview on Thursday has probably recognised that whatever changes or variations are effected to revive the so-called Zia legacy in the country's external relations, they must indeed be within the framework of the continuity of the foreign policy of Bangladesh. Even if this continuity often gives the impression of stagnation, it also serves as a source of strength for the relationship Bangladesh maintains with the outside world. It should, indeed, be a matter of reassurance to the country's allies that the changes of regimes, even a transition from authoritarianism to democracy, cause no disruption or dislocation in the working of our foreign relations.

However, some changes, more like adjustments, should be carefully planned. The South Asian Association for Regional Co-operation (SAARC) which was very much the brainchild of the late Ziaur Rahman certainly deserves to be reactivated. In general terms, the same is true of Dhaka's relations with its South Asian neighbours, and here, ties with New Delhi call for special attention. However, Dhaka is hardly in a position to make even tentative moves in these areas until India has a new government after the May election and Bangladesh has worked out, once for all, how it should be governed, under a presidential system, parliamentary democracy or under a modified form that combines the best from the two systems.

There is, however, one urgent task, perhaps as important as the revival of the Zia legacy, that is calling for the attention of Minister Mustafizur Rahman. It is, to put it simply, the reorganisation of the Ministry of Foreign Affairs, a reorganisation that involves almost every aspect of its operation.

It is a common knowledge that the morale at the Ministry had been poor almost right throughout the eight-year rule of Hussain Muhammad Ershad, but it became all time low during the last years of the ousted regime. Without any doubt, this was mainly due to the system -- if it can be called a system at all -- followed by Mr Ershad with regard to appointments, promotions, transfers and even dismissals of personnel at the Ministry, starting with ambassadors down to junior officers. The former President ran the Foreign office like his own fiefdom, with callous disregard of all norms of good administration, with or without the support -- any speculation on this score is irrelevant -- of his successive foreign ministers.

The number of political appointments as ambassadors increased rapidly, far beyond all proportions once agreed on by the Ministry during the previous regime, and they were generally based on a system of rewards -- mostly political but sometimes undefined -- and often punishments, the latter in cases where a person concerned proved a threat at home.

In this scenario, the first casualty was the effectiveness of the Ministry as a whole, with competent officers losing both motivation and incentive for the job they were engaged in. From time to time, these career diplomats surrendered their chances of promotions and good postings to a new breed of half-baked diplomats who had just appeared on the scene, thanks to their connections -- political and personal -- with Mr Ershad. During this period, as insiders say, the quality of political reporting from various missions suffered and the country saw little tangible results in such fields as trade, commerce and investments in which the country's embassies and high commissions are -- or supposed to be -- deeply involved.

The new Foreign Minister must take immediate stock of the situation which, we understand, had been under close scrutiny of the caretaker administration. Then, it should not take him too long to start taking appropriate remedial measures aimed at setting the house in order. In taking all these steps, his primary objective should be to restore to the Ministry the morale which is now so low, the competence that is lacking in its operation and a sense of motivation among all its officers. As far as possible, the Ministry can do without political appointments, especially at the ambassadorial level, but it should not hesitate to use experts, from outside the diplomatic service, in specialised assignments. There is an area where such experts, especially intellectuals and academics, can provide a useful service, that is, in assisting the Ministry in perspective planning, like in a Think Tank, perhaps in co-operation with the Institute for Strategic Studies. There is, indeed, a great deal to be done. The sooner the government gets started on the process the better.

## QUOTES

**Sheikh Hasina talks a lot. A political leader must be diplomatic and choose his /her words.**

**Indira Gandhi talked with measured terms and was a greater success than her father.**

**Despite his world stature Nehru's talks landed him into a lot of trouble.**

**Achin Roy**  
Press Trust of India

## Economic Objectives and Targets for the New Administration—II

## Search for New Options is Imperative in the Changing World

by M. Syeduzzaman

Special to The Daily Star

(The concluding article of the two-part series)

**I**n formulating its economic policies, the new Bangladesh government will have to take a large number of realities, national and global, into account. Some of these realities, including several international concerns, were discussed yesterday.

There are two other realities which deserve the attention of the new administration.

First, in today's world no developing country significantly (if not overwhelmingly) dependent on external assistance can afford to forego assistance from the multilateral institutions — like the World Bank (IDA for the low income countries), the Asian Development Bank, and the International Monetary Fund.

These are the largest sources of concessional financing, and whether one likes it or not, bilateral donors, in pursuing their new strategy, have come to look upon a country relationship with these institutions as indicators of good economic management.

In the '60s and '70s, the developing countries were heard carefully and sympathetically in these institutions. But as a group the developing countries have lost and are losing influence in these organisations. These are cooperative institutions, owned by governments — with weighted voting — with the industrial countries holding the majority of the shares. Among the shareholders, there are over 100 developing countries and the administrative expenses of these institutions are financed from income which they receive from leading to developing countries. But during the '80s, the seven large industrial countries have been paying less attention to the concerns of the developing countries in determining the operational and financial policies of the Bank and the Fund. The major industrial countries (G-7) are quite frequently introducing policies in the deliberations of their Executive Boards, though they are supposed to make lending policy decisions on purely economic criteria. In fact, the charter of the newly set up European Bank for reconstruction and development for Eastern European countries contains stipulations that borrowing countries have to follow market oriented economic policies and their societies have to be based on a multiparty democratic system. Aid strategies of major industrial countries in these financing institutions as well as in bilateral dealings will be linked more and more with the internal policies of the developing countries. Bangladesh will have to keep this in mind in formulating and conducting economic policies.

Secondly, the level of savings in the world is declining. A recent study by an international organisation has shown that the industrial countries combined are saving about 20 per cent less than in the early 1970s. The decline in the developing countries as a whole has been nearly as great. The major reason is decline in public savings — governments have been spending more than their revenue income; but savings by companies and households

are also going down. Industrial nations as a group became a net importer of capital in the 1980s and the trend is continuing. In recent years, the United States had been importing capital roughly the equivalent of Japanese and German surpluses. This is not good news for the developing countries in general, and has important implications for foreign aid budgets of OECD countries.

For the foreseeable future, most developing countries will have to depend on raising internal savings as foreign capital will be scarce and more expensive. Though Bangladesh is not a borrower in the international capital market, it cannot remain immune to the implications of this development. It is almost certain that the growth in the overall volume of concessional assistance from the OECD donors will be stunted.

One redeeming possibility is that

the same. Trade brings foreign exchange, creates employment opportunities, brings in new technology and helps in the development of skills. Benefits of trade have been known to the ancient wise persons. For Bangladesh, the experience of 1972-73, and 80-81 (two oil shocks) and of '90-91 tells us only one thing — to absorb the shock of changing external environment, we must make our policies more outward oriented, and all policy support should be given to export production. When domestic demand is low, the only way to keep up production and employment is to look for markets outside. In today's world, no country can survive without trade. We have to remain competitive and that is possible by increasing efficiency, by increasing productivity, and by taking advantage of new technology.

A poor country like Bangladesh lacks the

**The new administration may be obliged to adopt a combination of three options : reduce expenditure, make public enterprises profitable and raise taxes. The reality is that new concessions to the people will have to be matched by new taxes.**

Bangladesh may receive some 'democracy dividend' if the new administration pursues consistent and realistic economic policies.

Difficult policy options will arise for the new government. Public savings (in simple terms revenue surplus) have dwindled, particularly in the past three years — making the development budget almost entirely dependent on foreign assistance. It can be raised by reducing non-development expenditure, increasing earnings from the nationalised enterprises (where thousands of crores worth investments are not producing even one per cent return) including financial institutions, and by raising additional taxes. Taxes may allow government revenue to rise if spending is frozen, but higher taxes will automatically reduce private savings. In reality, it will have to be a combination of these three options — reduce expenditure, make public enterprises profitable, and raise taxes. The starker reality is that any new concession to the people will have to be matched by new taxes.

No matter how important the role of foreign aid is, it is trade and its expansion that hold the key to success for the Third World countries in their development efforts. Today's successful East Asian countries and the NICs have established their position as aggressive and highly competitive traders. ASEAN countries are doing

resources and capability for being on the fringes of modern technology. But we must have access to these to improve our productivity and to maintain our competitiveness. This can be facilitated by foreign investment which is needed by both private sector as well as the public sector. To attract foreign investment, the preconditions are stability of social conditions and of economic policies. Investors have to know what risk they are taking.

Protected industrial investment will generate inefficiency, adversely effect our competitiveness and damage export possibilities. Trade and Industrial policy reforms suggested under structural adjustment measures have to be seen in this light. Bangladesh is poor in raw materials, but rich in labour potential. We need to liberalize imports so that industries and industrial products may be diversified, exports may be increased, employment may be expanded. We have to guard against the possibility of old protectionist slogans and mind-set re-emerging, resulting in higher prices for consumers and stagnation in the export sector (because in Bangladesh export depends in import).

Devaluation is another issue which is at times unduly given political dimensions. If our prices are not competitive, currency values have to be adjusted. There should avoid taking a rigid position on this issue, and decision has to be made on merits. If

we cannot restrain inflation, the value of our currency will be automatically eroded and parallel ('black') markets will develop — which we have witnessed several times since liberation. It is theoretically possible, at any point of time, to choose between devaluation and an improvement in productivity which reduces unit cost of production. This will call for managerial improvement, co-operation between the management and labour, and technology-based capital investment.

Reduction of poverty undoubtedly will remain a key objective of the new Government. Poverty reduction can be most effectively achieved only through adoption of national development strategies based on sound macro-economic and structural policies. Whatever the donors may say, industrial countries have very little expertise in this matter. Where they can help is in making available cross-country experience. The conclusion that comes out is that the key to successful economic development lies in the domestic policies of the development countries themselves. There is no example that a country has achieved economic growth and progress without a coherent developing development strategy and domestic efforts.

Moreover for the economic policy to succeed, it must have general acceptance of the people, and be responsive to their perceived self-interest. Absence of this leads to corruption, black markets, tax evasion. This is almost universal.

Correct macro-economic policies are essential for providing a stable environment for economic activities, investment and growth. But even the best macro-economic policies cannot correct sudden economic disruption like natural disaster, crop failure or a war. So policies must be flexible and provide room for adjustments when domestic or external situations change. Such adjustments will not be smooth or painless and will entail suffering and sacrifice. The important thing is to have policies which can reduce and minimize such sufferings.

One thing is clear from the election manifestoes of all political parties, major or minor — everyone wants stability, economic growth and a reasonable degree of social justice or equity. Economic stability and growth are indispensable concomitants of social justice. Equity cannot be ensured in a chaotic situation or in a situation of low economic growth. Growth is facilitated by better management and new investments. The policies must, therefore, be designed to improve management and create conditions for generating domestic and efficient use of external resources. One important asset that the country is likely to have with a popularly elected Government — a congenial environment for investment, production and trade. The new administration must fully exploit this advantage.

End of the two-part series.

A former Finance Minister of Bangladesh and an internationally known expert on economic development, M. Syeduzzaman will be writing regularly on economic matters for The Daily Star.

## Hopes for Peace Dim in Sri Lanka

Harold Pieris writes from Colombo

**If peace is to be restored, the Tigers would have to recognise the rights of other parties to operate in the north and east. They cannot expect any government to hand over these provinces to them on a platter.**

**A**s the new year dawned there was a flicker of hope that peace could be restored to the northern and eastern provinces of Sri Lanka.

But these hopes have now receded due to the obstinacy and boorishness of the militant Liberation Tigers of Tamil Eelam. The simple lesson the Tigers have yet to learn is that they have lost the confidence of all the political parties and groups in the country.

The Tigers restarted the war last June to establish a separate state in northeast Sri Lanka, breaking off their talks with President Ranasinghe Premadasa. They surprised everyone when they unilaterally declared a ceasefire from January 1.

The government responded cautiously by suspending military operations for three days and later for seven days. They also asked the Tigers to lay down their arms and agree to talks where all political parties would participate.

The government very wisely consulted all political parties and made it clear to the Tigers that separatism was out and that the territorial integrity of the country will be safeguarded.

But the Tigers could not agree to these terms, even to sit down with the other Tamil political parties to work out a solution. They believe they and they alone should represent the Tamil people. Therefore it

was obvious this line of thinking would not help to reach any solution.

The government alleged the Tigers were violating their own ceasefire. They were using it, the government alleged, to build bunkers around military posts and to recruit people to their armed cadres. The ceasefire was just a "breather" to resume their attacks on the security forces.

The Tigers were militarily active during the ceasefire when 12 of their armed cadres were killed while one government soldier was killed and four were injured. There were also complaints that the Tigers were continuing to abduct civilians and to extort money. In Mullaitivu, six people had been kidnapped and the Tigers were demanding 500,000 rupees (US \$16,600) each for their release, reports said.

The Tigers were also making impossible demands of the government such as to stop patrolling the northern seas and to stop low flying by aircraft. There were at the time allegations that the Tigers were attempting to transfer a massive gold haul to an arms

dealer in a mid-sea operation. The government had to investigate the report.

Thus it was clear the unilateral ceasefire would not hold. The government announced that it was not extending the temporary suspension of the offensive against the Tigers from January 11 as the continuing violations by the Tigers, "left the government with no other alternative."

President Premadasa said he has canvassed the views of all the registered political parties on this matter. The general consensus from the outset of the ceasefire offer was that while the ceasefire was welcome, it should be studied carefully as there may be a "catch" to it.

The general opinion was that the Tigers should lay down their arms, permit all parties, particularly the Tamil and Muslim political parties and group, to function in the north and east and drop their demand for a separate state which violates the sovereignty and the territorial integrity of the country.

Many analysts noted that the officer of a ceasefire had come from a Tiger leader

based in London, Sathasivam Krishnakumar, and not from the acknowledged leader in Sri Lanka, Velupillai Prabhakaran. The ceasefire measure also stated it was being offered "to create conditions of normality in Tamil Eelam." Mohamed Ashraf, the leader of the Sri Lanka Muslim Congress, said this phrase made the ceasefire offer "a tricky affair."

The move of President Premadasa to get all parties involved is encouraging because a lasting solution on this ethnic problem can only be worked out with the consensus of all recognised political parties.

The opinion among other Tamil militant groups was that the Tigers should lay down their arms, permit all parties, particularly the Tamil and Muslim political parties and group, to function in the north and east and drop their demand for a separate state which violates the sovereignty and the territorial integrity of the country.

However, Savumiamoorthy Thondaman, Minister of Tourism and Rural Industrial Development who is also leader of the large Indian-

Tamil Plantation Workers Union, the Ceylon Workers Congress, urged that negotiations to reach a political settlement must commence without preconditions being laid down "despite the natural caution that would spring up" in the mind of the government on account of past experiences.

Opposition leader Mrs. Sirimavo Bandaranaike, in a letter to President Premadasa, says any discussion must be on the basis that the territorial integrity of Sri Lanka will be preserved. The Tigers would recognise the rights of other minority parties and groups, lay down their arms and agree to the restoration of a proper civil administration in the north and east.

She blamed the government for its "calamitous position" and alleged that during the earlier "prolonged and secret talks" the government had with the Tigers "many accommodations were made by the government, even the restoration of some arms."

Earlier, the government rejected outright any theory of a Tamil Eelam or separate state and the claim that

government was committing genocide against the Tamil people.

The government asked the Tigers to free all security and police personnel and civilians who are being kept in captivity. It insisted security forces will continue to maintain law and order and safeguard the territorial integrity of the country.

Tiger leader Sathasivam Krishnakumar had laid three basic conditions for talks with the Sri Lankan government: the right of self-determination for the Tamils, a Tamil national army and the recognition that the northeast is the traditional homeland of the Tamils.

Thus the situation was ominous. But still all parties could have met and discussed the issues if the Tigers did not violate the ceasefire they themselves declared and created suspicions and if they had recognised the democratic rights of the other Tamil and Muslim parties and groups.

If peace is to be restored, the Tigers would have to recognise the rights of other parties to operate in the north and east. They cannot expect any government to hand over these provinces to them on a platter.

The Tigers also have to wipe off the image they have created in the minds of all the political parties in Sri Lanka — that they are a group which could not be trusted.

— Depthnews Asia

Editor...

## Working mothers and their children

Sir, I have read the article of Sabah Chowdhury captioned "What do the working mothers do with their children", published in your issue of 19 March.

The Factories Act of 1965, (later adopted by our Govt.) under Section 47, does have provisions for children's rooms in a factory where more than fifty women workers are

ordinarily employed, with adequate accommodation, sanitation, ventilation and providing free milk/refreshments, facilities for washing and changing cloths of their children under six years and appointment of trained and experienced 'aaya' to look them after. But the question arises whether or not the enforcement of these provisions would run counter to the steps being taken directly by the Govt. for limiting the family size. The gigantic problem of increased birth rate is being fought in all fronts. The maternity leave of six weeks, provided under the Maternity Benefit Act, has been restricted to two times only in career by many under-developed countries who were facing the music of population boom and the time has come when we should also take similar measures in our country to indirectly discourage excessive childbirth.

by amending the existing law.

The provision of the Factories Act in question also allows a working mother to leave her place of work as many times as she feels necessary to feed her baby in the children's room of the factory. Perhaps the writer may now appreciate as to why an employer would prefer to recruit an unmarried woman worker for his factory.

A.R.M.F. Hadi, Dhaka.

## Aspirin and cancer

Sir, A recent news item said that Aspirins help protect the body from heart attack, now another news says that an Aspirin a day can keep cancer away, particularly cancer of the colon.

This is a good news indeed, when even up till now, despite researches carried out by a number of institutes in the developed countries like USA and UK,

nothing substantial has yet been found to contain this killer disease.

So if Aspirin really does help prevent any type of cancer, people would feel encouraged to take Aspirin regularly.

This news brings a ray of hope worldwide, as cancer is something