

## Rush Help to Victims

With the rest of the nation this paper offers its heartfelt sympathy to the victims of the cyclone which hit the coastal areas of Bangladesh late Monday night.

Early reports indicate that the cyclone, said to be the worst in 20 years, has caused extensive damage to property, livestock and crops all along the coastal belt and the adjoining low-lying char areas.

At this stage, no reliable figures are available of the human casualties. In such thickly populated areas as Chittagong, Noakhali, Barisal and Khulna human lives — hopefully some and not many — were probably lost. We can only hope that everything possible will be done by the authorities to provide support to the bereaved families.

Here we must commend the government of Prime Minister Begum Khaleda Zia for the alertness it had shown on Sunday and Monday about the impending natural calamity. Judging by reports, there was little doubt that the authorities in Dhaka as well as various district administrations took extensive measures to provide as much protection as possible to lakhs of people who were exposed to the fury of the cyclone hovering over the Bay of Bengal. There was also no doubt that the Prime Minister herself was in complete command of the situation.

We shall know within the next few days to what extent the preparations undertaken by the government worked to the satisfaction of all concerned, specially of the victims of the tragedy. On this point as well as on other related issues, such as the relief operations which must be stepped up in the affected areas, we reserve our judgement.

As the relief operations gather momentum, we urge all concerned — the government, the opposition, all voluntary organisations etc., to work together in bringing help to the victims of this natural disaster. No partisan outlook should cloud our vision or narrow interest divide our effort. The need of the hour is to organise a concerted national effort to which we all, including the media, must do our utmost to help our fellow countrymen in distress.

## May Day Pledges

Observance of May Day — a worldwide celebration of the struggle of industrial workers for their rights — takes on a different meaning in Bangladesh which is still an agricultural society. The term "worker" in the context of Bangladesh cannot simply apply to the industrial sector alone, because that represents about a sixth of the total workforce (according to government 1986 figures). Agricultural workers on the other hand constitute nearly 60 per cent of the country's labour.

Although we celebrate May Day in "a befitting/solemn manner and/or with due fervour" but are the problems facing workers in either sector really in national policy focus? When politicians and technocrats sit down to draw up an industrial policy, how high does the interest of the workers figure? While we proclaim our satisfaction with the re-emergence of democracy in this country, we would do well to ask exactly whom this democracy is for? The process of democratisation cannot be limited to election of parliament and formation of government. It has to have wide-ranging social and economic implications for it to retain any meaning. That means tackling problems related to political and economic rights of industrial and agricultural workers, which includes democratisation of the work place and enhancing job security without sacrificing efficiency. A system of social security, by which any worker rendered unemployed through no fault of his or her own could be provided for, should be an essential component of any future industrial policy.

The agricultural sector presents a trickier problem, since much of the work is seasonal and therefore "natural" unemployment is an omnipresent phenomenon. But the biggest problem facing the rural population is landlessness, which makes the majority of the rural folk economic hostages of landlords. Social security for the seasonally unemployed needs also to be looked into. Perhaps more important is the acceleration of the industrialisation process to soften the impact of landlessness and unemployment among the rural population.

In the last decade or so, another category of industrial workers have emerged from the shadows — women. According to official 1986 figures, over 11 lakh women are engaged in the industrial sector, as opposed to only 355,000 in agriculture. Women undoubtedly face special problems, discrimination by male employers being one of them. Low salaries, poor working conditions and lack of job security are still the everyday story of workers in general but women in particular. We cannot really talk about worker's rights until we begin to address special problems faced by women at the work place.

Our aim should, however, not only be to enact laws and regulations to safeguard worker's interests. We should address the fundamental issue of investment: lack of investment would mean slow industrialisation which in turn would cause low salaries and high unemployment. It is as much in the interest of the workers to break out of that vicious cycle as anybody else. Due to lack of enough national capital, greater part of investment has to come from overseas sources. To attract that money we have to offer not only relatively cheap labour, but also skilled labour. Such a workforce could attract necessary foreign investment to generate further employment and income. A content, skilled labour force with guaranteed fundamental rights would not only contribute to the general development of the country, but also make May Day pledges something more than slogans.

FOR Bangladesh, policy debate with donors has now become a fact of life and is a continuous process. Professionals in the Government and policy makers must be able to hold their own. At the forefront of the debate should be the realization and argument that economic management is not an exact science, and no donor has the right to be dogmatic about a particular policy. No one knows the final truth. Donors suggest policy conditionalities on the basis of existing realities and some projection of those realities. There is one major shortcoming in the current framework of negotiations on macroeconomic conditionalities with the donors. All macroeconomic and reform programmes prescribe performance criteria, intermediate and final targets, which are binding on the aid receiving countries. Release of aid resources (from the International Monetary Fund under structural Adjustment Facilities and from the IDA/ADB under sector credits) is invariably conditioned on the fulfillment of such criteria in a time bound fashion under their 'tranching' policies. But the scope for mid-course softening of conditionalities and modification of the policy targets and objectives at the initiative of the borrowers, if conditions so demand, is extremely rare. This asymmetry between a borrower's obligations and his rights is in a way, discriminatory, putting him at a disadvantage. To initiate any discussion on modifications considered necessary by the borrowers, usually there has to be either some dislocation of global proportions such as the recent 'Gulf crisis' or devastating natural disasters (floods, earthquakes). Donor policies in accommodating such initiative by the borrowers have not been uniform. In the case of debt negotiation for Mexico, for example, Mexico's obligations to its creditors and entitlement of resources/loans were linked to the price of oil. If oil price fell below a benchmark, Mexico's obligations decreased, and vice-versa. This instance of automatic flexibility was a rare innovation and it has not been replicated.

Many low income countries are being urged to liberalize their trade policies. Trade liberalization in most cases will lead to higher import demand—which are expected to be met gradually from higher export earnings. But there is no mechanism to assure that their interests will be safeguarded, if exports face resistance due to policies of industrial countries through quota restrictions and non-

tariff barriers. A clear mechanism for compensating such losses through higher volume of untied quick disbursing non-project aid would help sustain and strengthen trade liberalization programmes that might otherwise lose their momentum in mid-course. Better coordination in policy reforms in many areas would also contribute to improved implementation of macro-economic programmes. Trade policy reforms, for instance, depend on concerted action by a number of countries particularly neighbouring countries with common land borders. It should be recognized that it may be necessary for a country undertaking trade liberalization to adjust the pace of its programme to that of its neighbouring countries. Very often, even if there is basic agreement between the donors and the aid recipient about sectoral and

macroeconomic policies, sometimes the donors press for too fast a rate of adjustment and policy reforms. The pace of adjustment has to be realistic. Here the borrower's judgment has to be given due consideration. If the pace of reforms suggested by the donors is ambitious, programmes may run aground which will neither be in the interest of the borrower nor of the donors.

The political judgment of the Government should be given due weight where policy conditionalities are involved. Government will have to weigh the benefits and costs. If the political costs are judged to be so high that they will disrupt social and economic stability, the Government will have to decline a particular type of assistance. Donors have to appreciate this. Political costs have to be carefully weighed. It should mean not just any loss of popularity of the Government of the day, but risk of massive popular unrest, rioting etc. on a scale that results in a breakdown of the framework of productive activity and sustainable reform. We have seen such events in some developing countries in Africa and Latin American. A valid question will be whether the problem was created at the first instance by the Government itself.

Inappropriate and unrealistic decisions either to win popularity or following a line of least resistance under pressure may precipitate such a situation. It must be remembered that it is the duty of political authorities to explain policy reform to the people and make them acceptable. Too often political parties in developing countries consider it their duty to agitate against hard decisions when not in power and to yield to agitations much too easily when in power. During the recent election campaign political parties were competing with each other in promising concessions—such as those relating to land revenue and agricultural credit. It is not known if there was any rigorous and professional examination of the affordability of some of these concessions already announced. We only hope that there was. Otherwise there is a risk

that decisions may be distorted elsewhere in the economy—tying the hands of the Government itself. Alternative resources have to be raised to cover the foregone revenue and to make up for the resources the banks will lose. Otherwise investment expenditure has to be cut or inflationary financing accepted. Some critics have also raised questions about the equity aspects of these decisions. The benefits of these decisions will go to people who are better off than millions of rural population who are landless, the most vulnerable group in our society. A natural question would be whether there were more convincing reasons—other than affordability and equity.

The most disconcerting development in Bangladesh is the decline of domestic savings. By 1985 domestic savings declined to about 3% from an historical level of 8%. In the most recent years it practically disappeared, resulting from sharp erosion of public savings, that is the current surplus of the Govt. and public corporations taken together. At times public savings perhaps became negative. This decline has not only caused sharp reduction in public investments, it has also reduced the grip of the Government on the development process, with consequent decline in the

commitment of the Government to poverty alleviation. A decline in public savings and public investments in the recent years, at a time when aid availability has been reasonable, is a matter of considerable concern. Unless this decline is reversed, donor pressure for taking certain economic policy decisions is likely to increase. Donors would like to see the restoration of Government's commitment to serve the declared social objectives, that is reduction of poverty. In fact indications are that the volume and composition of aid to countries like Bangladesh will now be determined by their efforts to reduce poverty and on putting in place effective poverty reduction programmes. Among the challenges that the new Government will face the most formidable will be to raise public savings from year to year. Next in importance will be the allocation of the public resources along with external aid to sectors, programmes, and projects which will directly help improve the economic and social conditions of the poor.

Aid conditionalities have to be based on economic rationality. A frequently raised issue is the possible conflict of aid conditionalities with economic growth. When the conditionalities reflect macro-adjustments and belt-tightening it is thought to be restricting growth, often this notion arises from the assumption that if conditionalities were reduced, it would lead to more investment—leading to higher growth rates. But if that kind of investment is coming not out of genuine savings, it might deepen the distortions in the economy. It might be possible to go for increasing productive capacity in the economy for a while, but when the stage of operating those capacities comes, the distortions will surface, and—the consequences may be quite burdensome. Some examples of possible distortions are excessive budget deficit, continuing and unacceptable inflation rates, misalignment between costs and prices of goods and services produced by the public sector, and an overvalued currency. Uncompetitive exchange rates resulting from such overvaluation will introduce bias against exports as well as economic and efficient import substitution. So, a trade off between adjustment, and growth has to be accepted in the short run as a price for making growth sustainable. To what extent a Government can take risks and ignore these considerations for short term comfort will depend upon the prevailing economic realities.

(End of the two-part series)

# Raising Public Savings and Rational Allocation of Resources Pose Two Challenges for New Regime

by M. Syedurzaman

Special to the Star

During the election campaign political parties promised concessions, some relating to land revenue and agricultural credit. Was there any rigorous and professional examination of the affordability of some of these concessions?

## May Day Upholds Dignity of Labour

by Dr. Muhammad Solaiman

MAy Day is observed with due solemnity, befitting dignity and poignancy all over the world now-a-days. The great May Day symbolises the triumph of working people of the world in their fight against exploitation by the capitalists and bourgeoisies. May 1 has gone down into history as the day of the working people's international solidarity.

In 1886, one hundred and five years ago, this day the labourers in Chicago laid down their lives to free themselves from the capitalistic slavery as well as for passing of law for eight hours normal working day. On this very day the police opened fire on the processions of the peaceful march of workers and their blood spilled on the streets of Chicago which, by then, was unprecedented in the history of the labour movement in the world. It was also an outburst of a long accumulation of discontent and deprivation of the working class against the capitalists.

The May Day upholds the dignity of labour. All over the world the working class has now more or less achieved its due share in the enjoyment of socio-economic and political rights and privileges with the other sections of the society. But before this struggle initiated on May Day they were just deprived of all this. Those belonging to the working class

were not even considered as human-beings; they were treated as nothing but mere tools of production and profit-making in the hands of the capitalists. But in that profit, the workers had no share at all. All profits would go to the capitalists. The labourers were plunged into a condition of servitude.

The May Day has become truly an international symbol of the national and social emancipation of the working class throughout the world. This great day is observed in all the countries of the world whether developed or underdeveloped. And May Day is celebrated, not only in the socialist countries but also in capitalist countries. The solidarity and struggle for the emancipation of the working class of the world are the main spirit of the observance of this day. The observance of this day everywhere, irrespective of social systems and economic conditions, speaks of the universal acceptance of labour's worth.

It is to be noted that the working class includes not only the labourers and workers in mills and factories, but also the agricultural workers and peasants, the weavers, the fishermen, even the white collar officers. Both the people who do physical and/or mental labour belong to the working class. The observance of May Day calls for the ameliora-

tion of the conditions of the working class from exploitation and servitude. The labourers are fighting not only for their welfare and easing their working conditions but also against forces of oppression and that in the way of economic emancipation.

All the underdeveloped countries are now in the grip of unemployment problem. There are both literate and illiterate unemployed people. This unemployed labour force is a serious threat to the socio-economic development of our country. A scheme like that in many other countries as unemployment allowance may also be introduced here to better the condition of the unemployed labourers. Within the limited resources of the country job opportunities for these unemployed labourers must be created so that they can contribute to increase the total volume of production of the country.

Now-a-days, low productivity in mills and factories in underdeveloped and also in a number of developed countries is one of the major problems that hinder economic progress. The low output in mills and factories is due to the miserable condition of the workers. Because, they are ill

paid and don't have the facilities that can help improve their efficiency, they cannot contribute considerably towards volume of production. They lack minimum economic and social security — the uncertainty that also tells upon efficiency. The workers shall have to be provided with better wages, minimum economic security, better living condition and that will help improve their efficiency as well as increase production. The dignity of labour must get proper recognition and honour in the society. The status of the working class must have to be safeguarded equally with the other better off citizens of the society. The toiling masses must be allowed to enjoy all other social and political rights side by side with other citizens of the society. Otherwise, it would be very difficult for any underdeveloped society to get rid of its economic as well as social and political ills. This should be our pledge on May Day. The lessons that we learn from this historic May Day struggle are that of getting ourselves organised and be ready to sacrifice for overcoming any odds. The May Day teaches us that without sacrifice nothing can be achieved. It also teaches us the lessons of unity as well as healthy organi-

zation which are inevitable towards realising the hopes and aspirations of the toiling masses.

The long twenty years have elapsed since the birth of Bangladesh in 1971 but no tangible gain has yet been achieved to better the lot of the common masses. The country has become a playground of neo-capitalists, reactionaries as well as anti-people forces. Under this situation the

ideals of May Day teaches us to be vigilant and united to crush the designs of the enemies of the society.

Let our solemn pledge on May Day be to use an emancipated labour force for maximising production as well as to establish a just and exploitation free society in the underdeveloped world of today. "Workers of all countries, unite!"

## 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.

### Chittagong University

Sir, After long four months of unscheduled holiday Chittagong University was to be reopened on 24th April, only to see the same tense situation as it did before. After the barbaric incident of 22nd December, 1990 in which one student was killed and many others including teachers were injured, the caretaker government promptly arrested 103 rowdies and searched the campus for hidden arms which were appreciated by all. The government also constituted a Judicial Commission to probe the incident.

In an interview with some student leaders some weeks ago the Acting President said he sent the

Inquiry Commission Report to the Education Ministry for necessary steps. But unfortunately the report has neither been published nor acted upon so far. Under the previous regime such commissions were formed only to hoodwink or console public opinion and the reports were ultimately suppressed. But we want a democratic regime to deal with such things in a democratic manner. At least the main aspects of the report should be published and important suggestions implemented otherwise the whole thing may be called a futile exercise setting bad precedents for the future.

There is a general feeling on Chittagong University campus that the rowdies responsible for the

22nd December, 1990 incident should be dealt with severely. This can be done only on the basis of a neutral and judicial report, and, we hope, the government will act swiftly to implement the findings of the Commission in order to save the university.

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### A controversy?

Sir, Bangladesh has ceremonially become 20 years old on March 26. After two decades since her liberation from Pakistan, controversy over the validity of her independence day still lingers on. Rare as it may be in a state's history, the contradictions about the facts on who, when, where and how declared "Bangladesh" (then East Pakistan) an "independent state" continue deepening roots.

So far, March 1, 3, 7, 27 and April 10 of 1971 are the other prominent dates claimed to be the National Day instead. The less prob-

able ones date back to late 1970 and to early 1969 as well. As a matter of fact, no such proclamation of an independent state for Banglaes was formal enough to have gained a solid ground until the beginning of 1971 when the struggles for autonomy virtually sowed the-beginning-of-the-end of the non-Bangalee minority rule of majority Bangalees.

But, what the official history reveals may not be totally accurate, which is often discredited with "distorted and incomplete," owing to various misconceptions and confusions. In spite of the officially celebrated day against different other ones unofficially debated on, December 16 (1971) may be considered as the most deliverable date (probably as a compromise) for the Independence/National Day outsignifying any other, e.g. March 7, March 27, or April 10 (1971).

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## OPINION

### REJOINDER

#### Flyovers' Construction Grinds to a Halt

Your attention is drawn to the report on "Flyovers' Construction Grinds to a Halt" by your Reporter, Astuzzaman, published in your daily on 29 April, 1991.

Mr. Astuzzaman had a long, elaborate discussion with the undersigned when he came to our office a few days back to know the present situation of Flyover Construction Contract and we are quite surprised about his misreporting on a number of issues concerning the subject.

Quoting a former Member of the Planning Commission as saying "the project was passed arbitrarily in the Planning Commission meeting by deposed President Ershad", your Reporter went on to say "Concord denied this and said that the former Adviser in charge of the Planning Ministry, inclined towards Awami League, hastily cancelled the order on February 28 to put the new BNP Government in trouble."

The observation of Planning Commission's Member was never discussed with your Reporter and as such there cannot be any question of denying his comments. Moreover, as we were awarded the job on a competitive open tender by the Roads and Highways Department of the Government, we are not supposed to be concerned about how the project was approved prior to tendering.

No one from Concord made any comments on the former Adviser in charge of Ministry of Planning being inclined towards Awami League. The entire nation knows that on February 28, 1991, a neutral Caretaker Government was in office and we have no question about the neutrality of any of the Members of the Caretaker Government. In the process of discussion with your Reporter, we only expressed our opinion that the Caretaker Government could have waited for the elected Government to take office for such a vital decision. It seems totally motivated on the part of your Reporter to

have placed his personal opinion as that of Concord's.

Your Reporter quoted one Director of Concord Engineers & Construction Ltd. as saying that "..... told The Daily Star that the cancellation was politically motivated and that the contract was a fair one."

While we did say and still say that the contract for construction of Flyovers was a most fair one, we did never say that the cancellation was politically motivated. What actually we told your Reporter was that "the cancellation order was illegal, arbitrary and unilateral."

In subsequent paragraph your Reporter quoted us as saying that "we have already claimed Tk. 36 crore from the Government as compensation." This is also a gross misreporting. What was told to your Reporter and the fact is that we claimed Tk. 24 crore from the Government against reimbursement of all actual costs incurred by us, from the date of signing of the Contract till the receipt of illegal cancellation letter, in carrying out works as per contract and another Tk. 12 crore as compensation. As such your report that we claimed Tk. 36 crore as compensation alone, is totally wrong.

From the above we feel that the report in question was motivated and besides misreporting, your Reporter tried to pass on his personal opinion as that of Concord's, which is highly unethical and by doing so has damaged Concord's image.

Serajul Majid Mamoon  
Director  
Concord Engineers &  
Construction Ltd.,  
Dhaka.

We offer our regrets for the case of misreporting, as mentioned above, and apologise to all concerned, including to Prof. Rehan Sobhan, the former Adviser in the Ministry of Planning in the Interim Government, for any misunderstanding caused.

EDITOR.