

Commentary

Let market mechanism take care of the poverty alleviation

By Abu Ahmed
Guest columnist

Bangladesh is one of the world's top-ranking poor countries having approximately 75 per cent of its population living in poverty. Poverty is manifested in various forms in Bangladesh, such as low calorie intake for vast majority of the people, mass illiteracy, increasing landlessness in the rural areas etc.

As poverty is identified as the main problem to be fought in many of the extremely poor countries like Bangladesh, poverty alleviation and economic development, to some extent, have become synonymous in these countries. While all concerned admit the need for poverty alleviation, they differ on ways to solve the problem.

Once the economic ideology of a country used to be blamed for its poverty. The critics used to say that a country was gripped in poverty simply because it was following a wrong kind of economic development policy, and in most cases the capitalistic way of development was branded as the culprit.

Those days are gone. Now economists, social scientists, and politicians too, attracted by the concept of egalitarianism, are looking at the poverty problem putting it in a different framework.

Now they, in an increasing number, like to solve the problem through a competitive market system. This is better, at least, this has put, to quite an extent, an end to the 'unending' political controversy over a very fundamental problem.

Though the problem of poverty is an old one, it attracted the planners, academicians and politicians mainly in the mid-sixties when many newly independent countries of the world were having an economic growth rate at more than six per cent per annum with the help of aid organisations like the World Bank but at the same time also witnessing a widening gap between rich and poor in income receipt.

The problem at that time was essentially one of equity, or growth with distributive justice.

Economists were, however, sharply divided over how to minimize the problem. The neo-classical economists were advising the countries concerned to have patience and wait for the 'trickle down' effect of growth to take effect. Others, known as radicals, Marxists, and extremely pro-Keynesians, were advocating for a more equitable growth pat-

tern through simultaneous adoption of poverty alleviating measures which generally did not suit to the spirit of a market economy.

However, in the meantime many countries like Malaysia, Thailand and, to some extent Pakistan, Sri Lanka attained such continuous economic growth rates which have left the issue back. By dint of having a good growth rates over the years these countries solved the problem or reduced the size of the problem by allowing the 'trickle down' benefit taking effect.

But other countries like Bangladesh were not that lucky. In those countries, economic growth rate was much lower than the targeted growth rate, and the poverty problem deteriorated.

Now the extremely poor countries like Bangladesh are to fight simultaneously on two fronts: How to mobilize the resources required for the targeted growth rate, and how to finance measures, which in many cases involve govern-

ment subsidy to tackle the poverty problem.

In other words, the government of these countries are in real problem of how to match seemingly unlimited demand with the limited available resources.

As the resources are being put to use in the extremely poor countries, through market mechanism, the poor are having less and less income, at least in the short run from economic development processes.

In Bangladesh once poverty problem was tried to be solved through Comilla Model cooperative societies. The Comilla-based Rural Development Academy earned a name for developing the model cooperative for the rural people.

But the glory of the experiment faded away after the independence. In the post-Bangladesh period the Comilla Cooperative system was replaced by another kind of rural development programme known as Integrated Rural Development Programme (IRDP). That too is gone and we now have the Bangladesh Rural

Development Board (BRDB) to help develop rural areas.

Many NGOs have meanwhile emerged, which are also endeavouring to help eliminate poverty.

In the meantime, few attempts were made at land reform in order to solve the problem of landlessness and rural poverty. But that too could not solve the problem entirely. Land reforms work when there are enough land but our basic problem is that we have too less of land while too many people demand it. And if too less land is to be distributed among too many landless or poor marginal farmers then it simply becomes an exercise in futility.

One of the main reasons of the non-viability of the land reform programme is that small pieces of land cannot be used efficiently.

In this backdrop many people think that, in Bangladesh, we have already run out the option of poverty alleviation through land reforms, and now we should look for other ways.

About 40 years ago economist Arther Lewis wrote his famous book: Economic Development with Unlimited Supply of Labour. Professor Lewis did not see Bangladesh, but the problem he described in the book exactly reflects the one we are facing in Bangladesh. The first Third World Nobel laureate in Economics, Lewis suggested that the surplus rural people should be absorbed in the urban dynamic sector i.e. manufacturing sector of the economy.

Today, by and large, economists do not disagree to this proposition. In fact, there is no other way out to absorb the ever increasing rural population than involve them in the manufacturing sector.

If the manufacturing/ industrial sector is developed substantially to generate sufficient employment for the poor it would help a lot.

Poverty is worsening because people are without work. The farm sector has a limited capacity to offer jobs, only manufacturing sector can offer additional work.

But a very pertinent ques-

tion then arises: How to beef up this sector? Through more investment and more initiative. More investment demands more economic use of our resources and economic use is better guaranteed by free play of a market system.

In the short run, the poor may not well compete for their share of the cake but in the long run they will benefit from the operation of the system.

Subsidies lower the availability of resources for investment purpose, and also affect the efficient use of resources. We should not overemphasise the need for subsidies while talking about poverty problem.

Non-farm activities, as many of the speakers in a recently concluded two-day seminar on poverty alleviation pointed out, are the key to solution of the problem, and the more non-farm activities we can generate for the rural poor the better it is for poverty alleviation. Non-farm work means work in manufacturing sector in one form or the other, and that is why we need to emphasise so much the need for industrialisation to tackle the poverty problem.

We should take note of an important point that mere offering of jobs in the non-farm activities may not solve the problem that much, the unemployed poor must be made partners in development.

To be partners in development they must also have ownership and a role in the management and decision making of the projects/organisations where they work. This is quite possible even in a capitalistic way of economic development based on market economy. So we hear many scholars praising the 'democratic capital-

ism. Many countries have shown that distribution of ownership among many is carried out through capital market operation in which millions of people with the small savings buy stocks and bonds. These instruments represent the ownership titles to the manufacturing units, and when they are held by millions across the society nothing better can be done to serve the cause of poverty alleviation.

In such a framework, growth and distribution go side by side, one tackles the other. The system is dynamic and it works on its own against poverty.

(The writer is an Associate Professor of Economics at Dhaka University.)

Shipping Intelligence

CHITTAGONG PORT

Berthing Position & Performance of Vessels as on 19/3/92

Berth No	Name of Vessels	Local Agent	Date of Arrival	Leaving	Cargo
J/1	Kyrinkoula-D	ROYAL	15/3	28/3	R Seeds
J/2	Silver Lake	PROG	16/3	21/3	GI
J/4	Jiang Cheng	BDSHIP	17/3	23/3	GI
J/5	Karabieverett	EBPL	14/3	19/3	GI
J/9	Arktis Island	TSL	17/3	22/3	Copra
J/10	New Genlord (Cont)	BDSHIP	15/3	19/3	Cont
J/11	Euroliberty	EOSL	7/2	20/3	TSP
MPB/1	I Yaburenko (Cont)	CT	17/3	19/3	Cont
	Wezer Star (Cont)	BDSHIP	18/3	20/3	Cont
MPB/2	Laurel Star	BML	14/2	3/4	Repair
	Barge: Mataram	SW	6/1	—	—
CCJ	Pearl One	CLA	19/2	19/3	Repair
GSJ	Banglar Robi	BSC	R/A	21/3	Repair
TSP	Al Swamruz	ASL	4/3	23/3	Repair
DDJ/1	Enduren Sea	EOSL	25/1	30/3	Repair
DDJ/2	Banglar Mamata	BSC	26/2	20/3	Repair
RM/3	Global Ceres	TSL	17/3	19/3	CO
RM/5	Geflon Timor	ECSL	18/3	—	HSD
RM/6	Banglar Jyoti	BSC	R/A	19/3	C Oil
RM/9	Banglar Swapna	BSC	R/A	20/3	Repair

Tanker Due

Name of Vessels	Local Agent	Date of Arrival	Last Port	Cargo
Maritime Pride	TSL	22/2	—	CLHO

Vessels at Kutubdia

Equator	DSLL	15/3	—	C Oil
Banglar Shourab	BSC	R/A	—	C Oil

Vessels at Outer Anchorage

Samudra Raj	SSL	18/3	Cal	Repair
Ever Cheer (Cont)	BDSHIP	19/3	Sin	Cont
Piya-1	PARAGON	13/3	Jaka	Cement
Ronjyar Choomi	PSAL	15/3	Visa	Cement

Vessel Not Ready

Tanary Star	MSA	18/3	Sing	Cement
Hang Shing	PSAL	18/3	Sing	S Ash

VESSELS AWAITING INSTRUCTION

Al Ishrat	KSL	R/A(25/1)	Mong	—
Banglar Kiron	BSC	R/A(6/3)	—	—
Banglar Asha	BSC	R/A(7/3)	—	—
Banglar Sampad	BSC	R/A(16/3)	—	—

VESSELS NOT ENTERING

Alyan	ALAMIN	—	Sing	Cement
Red Deer	OTL	—	Sing	—
Onyx	AQUA	—	—	Salt
Vigorous Swan	AQUA	—	—	Urea
Harmony	OTL	—	—	—
Pasig River	ALAMIN	—	Sing	—

Vessels due at Outer Anchorage

Name of Vessels	Date of Arrival	Last Port	Local Agent	Loading Port
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Ever Cheer (Cont)	22/219/3	Sing	BDSHIP	Sing
Infinity (Cont)	10/3	20/3	Sing	RSL Sing
Golden Lake	20/3	Mong	PROG	—
Fong Shih (Cont)	21/3	Mong	BDSHIP	Sing
Mowlavit	21/3	Mong	SSL	Bandar Abbas
Al Tabith	21/3	Col	KSL	—
NGS Ranger(Cont)	7/321/3	Sing	BDSHIP	Sing
Valleta-II	21/3	Bank	KARNA	—
Ocean Earth	22/3	Sing	SUNSHINE	—
Summit Venture	22/3	Sing	BSL	—
Chandidas	23/3	—	SSL	EC, USA, Cana
Banglar Kallio	23/3	Mong	BSC	UK Cont.
Grunwald	23/3	Col	BSA	Harb. Poli
Samudra Samrat	24/3	—	SSL	Karachi
Banglar Gourab	24/3	Pena	BSC	—
Arunachal Pradesh	24/3	—	SSL	Far East, Jap
Sam Houston	24/3	—	KARNA	USA Ports
State of Orissa	25/3	—	SSL	Dundee, UKC
Mandiri (Cont)	14/3	25/3	—	RSL Sing
Ahlars Breeze (Cont)	1 25/3	Col	RSL	Col
ARJ Anand	25/3	—	NISHAT	—
Saftna-e-Haider	25/3	—	ASL	Karachi
Fong Yun (Cont)1	4/3	25/3	Sing	BDSHIP Sing
Leozavodsk	26/3	—	LUTFUL	—
Dimitry Poluyan	27/3	—	CT	Odessa
Andrian Goncharov(Co)	27/3	—	CT	Sing
Kota Buana (Cont)	27/3	—	CTS	Sing
Osman Kurt	27/3	—	ROYAL	—
Banglar Urmi	28/3	—	BSC	—
Mount Sabana	28/3	—	AML	—
Adkris	29/3	—	BSL	—
Asian Angel	31/3	Jaka	JF	—
Petr Starostin (Cont)	7/4	Sing	CT	Sing

The above were the Thursday's (19/3/92) shipping position and performance at Chittagong Port as per berthing sheet of CPA supplied by HRC GROUP Dhaka.

Exchange Rates

The following are the Commercial Bank's BC selling and TT (C) OD transfer buying rates for some selected foreign currencies effective on March 20 and 21.

Currency	SELLING	(Figures in Taka)	BUYING
US dollar	38.9326	TT(C)	38.4481
Poundsterling	67.2348	TT(C)	66.4789
DM	23.5570	TT(C)	23.2497
FF	6.9380	TT(C)	6.8480
S Riyal	10.4067	TT(C)	10.3469
S Kroner	21.9214	TT(C)	20.6499
Singapore Dollar	6.4948	TT(C)	6.4080
UAE Dirham	23.5926	TT(C)	23.2990
Kuwaiti Dinar	10.6364	TT(C)	10.5041
Indian Rupee (AMU)	NA	TT(C)	NA
Pak. Rupee (AMU)	1.5027	TT(C)	1.4884
	1.5586	TT(C)	1.5437

Authorised dealers will apply TT clean buying rate for purchase of remittances of Bangladesh working abroad. NOTE: AMU - Asian Monetary Union.

Dhaka Stock Prices

At the close of trading on Mar 12 and Mar 19, 1992

Company	FV/ML*	March 12	Mar 19	High	Low
BANKS (10)					
Al Baraka Bank	1000/1	1090.00	1090.00	1200.00	760.00
AB Bank	100/5	188.00	188.00	188.00	155.00
City Bank	100/5	265.00	264.00	290.00	172.00
IFIC	100/5	183.00	183.00	200.00	170.00
Islami Bank	1000/1	1810.00	1500.09	1900.00	1190.00
National Bank	105.00	103.00	103.00	118.00	103.00
Pubali Bank	100/5	102.00	102.00	110.00	85.00
Rupali Bank	100/10	90.00	90.00	110.00	68.00
U.C.B.L	100/5	123.00	120.00	131.00	118.00
Utara Bank	100/5	158.00	140.00	200.00	140.00

Company	FV/ML*	March 12	Mar 19	High	Low
INVESTMENT (06)					
ICB	100/5	90.00	90.00	95.00	90.00
1st ICB Fund	100/5	330.00	330.00	400.00	330.00
2nd ICB Fund	100/5	153.00	150.00	190.00	150.00
3rd ICB Fund	100/5	125.00	124.00	160.00	124.00
4th ICB Fund	100/10	125.00	122.00	145.00	120.00
5th ICB Fund	100/10	88.00	85.00	128.50	80.00
6th ICB Fund	100/10	58.00	57.00	91.50	56.00
Unit Certificate					
Sales Price		116.00	116.00		
Re-purchase		111.00	111.00		

Company	FV/ML*	March 12	Mar 19	High	Low
INSURANCE (04)					
BOIC	100/10	110.00	110.00	121.00	104.50
Green Delta	100/10	124.00	122.00	139.25	106.00
Propies	100/10	2128.00	2128.00	150.00	120.00
United	100/10	142.00	142.00	154.00	116.50

Company	FV/ML*	March 12	Mar 19	High	Low
ENGINEERING (18)					
Atlas Automobiles	100/5	180.00	180.00	208.00	180.00
Atlas Bangladesh	1050	33.00	31.50	49.97	30.00
Azaz Pipes	100/5	233.00	233.00	300.00	218.00
Bangladesh Autocars	100/5	71.00	65.00	105.00	65.00
Bangladesh Lamps	105/5	225.00	225.00	266.00	225.00
B That Aluminium	100/10	85.00	82.50	110.00	75.00
Bengal Carbide	100/5	220.00	220.00	250.00	220.00
Bengal Steel	10/50	18.00	18.00		
Eastern Cables	100/5	75.00	73.40	100.00	73.00
Howlader PVC	100/10	101.17	88.00	122.00	88.00
Karim Pipe	100/5	126.00	126.00	139.00	112.00
Metalex Corp.	100/5	102.00	102.00	153.07	75.00
Monno Stafflers	10/05	200.00	200.00	200.00	200.00
Monno Jute	100/5	223.97	24.00	240.00	210.00
National Tubes	100/10	103.07	98.50	148.46	97.00
Panther Steel	10/50	6.00	6.00		
Quasem Drycells	100/5	7.05	7.05	9.30	6.80
Renwick Jaineswar	100/5	73.00	70.00	100.00	48.00
Singer Bangladesh	100/5	1050.00	1050.00	1100.00	700.00

Company	FV/ML*	March 12	Mar 19	High	Low
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