

Free Trade in SAARC

In an interview with this journal the finance minister of Pakistan Mr Sartaj Aziz put forward the idea of making SAARC a free trade zone, political conditions permitting. The idea is a bold one, and quite in line with the thinking in other parts of the world. The possibility of setting up some sort of special trading arrangements within SAARC region has been on the agenda for quite a while. However, the suggestions to go all the way, that is to say, making a free trade zone, has not been put forward before. It deserves careful consideration as an end goal, especially in view of the emerging trade blocs in Europe, the United States, South East Asia, etc. We will have to have our own group to trade with, and for Bangladesh, the focus for many reasons, must be on SAARC.

The critical question however is, are all SAARC countries ready to participate in a free trade zone, with no tariff barrier or any import restrictions to protect domestic industries? The answer to this question lies in Mr Aziz's own interview, in which he says, "Pakistan is no longer afraid to be swamped by Indian products. But before we could have been." So the question for countries like Bangladesh, Sri Lanka and Nepal, not to speak of others, is "do we not run the risk of being swamped by Pakistani and Indian goods if we have a free trade?" Not all SAARC members are at the same level of industrial development and that special care will have to be taken to accommodate the particularities of every member. While our ultimate aim could be to have a free trade bloc, like in Europe, hopefully not too far in the future, it is our considered view that the idea at the moment is a bit premature for most of the SAARC members.

We, however, support the idea of preferential trade arrangements for selected items. In order to promote trade between the SAARC countries we will have to consider the comparative advantage of each of the partners and go for helping one another through preferential trading.

To be able to do so, the respective ministries in each SAARC country must propose what items they would like to include in such a trade. In this context this journal would like to know whether or not our commerce ministry has undertaken any feasibility study on how we can best promote our trade with the other SAARC countries? In order to promote trade, it is necessary for us to make medium term and long term plans about exportable items, in promoting which we have a comparative advantage. Once we have identified those items, we need to draw up specific policies to develop the export potential for them. We should undertake separate studies on our trade prospects with India, Pakistan, Sri Lanka, Nepal, Bhutan and Maldives. It is no trivial matter that our balance of trade even with Bhutan is not in our favour.

Therefore, the first task before our government would be to undertake rigorous investigation regarding our trade prospects with the SAARC countries. We should liberalise trade on as many items as our mutual interest would permit, with the policy being towards expanding the number of such items. We should also seriously study the issue of tariff reduction in certain items, again keeping in mind our national interest.

The question of free trade and protection of the domestic market is one that baffles most developing country planners. We are damned if we do, and we are damned if we don't. Thailand, Malaysia and the so-called Asian Tigers have all protected their domestic market through high tariff, at one point or another. In fact they do so even now, on selected items. And yet they have also benefited immensely from free trade. The trick lies in a balance between the two. We in Bangladesh are in the stage of finding our own ideal position in that balance. The question is, are our policy makers and planners, and also the private sector, trying hard enough to find it?

The Exit of Havel

Vaclav Havel came into the politics of Czechoslovakia with a bang. On Monday, he went out of it with a whimper.

The resignation of the writer-turned-politician as the president, announced on Friday and carried out three days later, coincided with the break-up of the East European country into Slovakia and Czech states, with the parliament of the former declaring the sovereignty of the republic. The split of the 74-year-old federation prompted Havel to step down. This was hardly necessary. Although Slovak people never accepted him, he could become the head of an independent Czech state and continue to enjoy the world-wide attention which was rightly showered on him during his short two and a half years in office.

If a playwright of the stature of Havel could turn out to be a good politician, the world would be much better place to live in. So, the man who led what is called Czechoslovakia's "Velvet Revolution" against Communists made his own share of mistakes in running a federation which is inhabited by six ethnic groups. But these mistakes did not weaken the idealism that guided his steps, his outgoing attitude towards the global problems or his understanding of issues facing the developing world. In some ways, he probably appreciated the yearning of the Slovaks who, it is said, had been dreaming of their own independent state for 1,000 years. If this is so, the parting was sad but not bitter, unlike in Yugoslavia. It was the continuation of the "Velvet Revolution" in another form.

Havel will now probably go back to writing, produce plays and tell the world what it was like to be the President of Czechoslovakia in these challenging times. Maybe he can still find a way of playing a unifying role between the Czech and Slovak peoples and show other East European countries that even when a state splits up into two or three, borders can be open, trade can be free and people can live in harmony and peace.

WHEN India initiated economic reforms one year ago, on the advent of the Narasimha Rao government, it was assumed that the mere demolition of permits, licences and tariffs that walled the country would bring foreign investment gushing. It turns out that the euphoria was misplaced.

There has been only a trickle of flow, \$ 200 million in 1991-92 and another \$ 500 million in 1992-93 if our expectations do not go awry. The government has rationalised the paltry sum as a sign of normal reluctance on the part of investors. But we refuse to admit — thanks to our big ego — that India does not sell well.

Foreign investors are still 'watching' us. Our functioning is beyond their comprehension. They are still beset with the fear whether Prime Minister Narasimha Rao will stay in power and whether his successor will pursue the reforms he has initiated. They are impressed with some of the tough decisions taken. But the fact that the government does not enjoy a majority in the Lok Sabha bothers them.

This is reflected in the queries that the investment world as well as the donor countries make from India's representatives. At the last meeting of Aid-India Consortium in Paris, the number of questions on matters other than fiscal was surprisingly large. Human rights and non-proliferation treaty (NPT) were, no doubt, the main topics. But the viability of the Narasimha Rao government also came up for discussion.

The exit of Commerce Minister P Chidambaram could not have come at more inopportune time. It has given the message that all is not well

Foreign Capital Skirts India

The questionnaire, which Narasimha Rao has sent to every minister after Chidambaram's exculpatory letter, has disturbed even Indian investors, not to speak of foreign.

with the government. His explanation that he had erred in buying the promoters' shares of a financing firm, which is now under investigation in connection with the scam scandal, is not convincing. There is more than what meets the eye. That the prime minister treated his offer to resign as the resignation itself has only deepened the suspicion.

The questionnaire, which Narasimha Rao has sent to every minister after Chidambaram's exculpatory letter, has disturbed even Indian investors, not to speak of foreign. The impression is that many ministers are involved and that Chidambaram is only the first to quit.

The questionnaire itself is not a comforting one. Ministers have to tell whether they or their family members traded in shares in the last 16 months and whether the transactions were through the persons or firms under investigation. The source of money for transactions has also to be disclosed. The way the questionnaire has been worded — the job of a cantankerous bureaucrat — is more of a school master's exercise in self-righteousness. This has jolted even the most loyal ministers.

The bulk of the information sought is already with the prime minister's secretariat since ministers have to file a statement of their assets, including shares, on joining;

they also have to inform about transactions, new purchases, etc., as and when they take place. The most charitable explanation for the questionnaire is that the prime minister wanted to dramatise the whole thing to shore up the sagging confidence in his government. The scam has, indeed, rung many more alarm bells. The banking system, the bedrock for any investment, has become a question mark. The

them, who recently purchased shares in an Indian company, find those being traded at a lower price. Sensing an adverse atmosphere, many Indian companies have postponed floating new issues abroad.

Apart from the scam, the biggest drawback is that prestigious European firms, which advise on investment, have not yet upgraded India's credit worthiness; it is still b-b,

emerge. I do not think that Manmohan Singh's importance will lessen. His diminution may not only annoy the World Bank, the IMF, the donor countries and prospective investors but also administer a fatal blow to the policy of liberalisation. There is no half-way house in economic reforms. The government has destroyed the old structure. It is trying to build something new.

This may not be to the liking of many. But stopping at this time will bring the worst of both worlds. The World Bank and the IMF are justified in emphasising upon us to accelerate the pace of liberalisation. But even if we were to fulfill all the promises we have made regarding liberalisation, investors might still be cagey. They are not sure of India yet.

What the investors abroad do not seem to realise is that the presence of Manmohan Singh cannot retrieve the situation if foreign capital remains shy. Our annual debt servicing is nearing a figure of Rs 13,000 crore, more than our foreign reserves. The annual bill of imports continues to be around Rs 75,000 crore (\$ 25 billion), the oil claiming Rs 16,500 crore (\$ 5.5 billion). We have not been able to trim it in any way. The discovery of new oil fields may have cut the bill but the government has invited fresh tender for the joint venture of Mukta Panna Hira even when some reputed

BETWEEN THE LINES

Kuldip Nayar writes from New Delhi

Central Bureau of Investigation (CBI) has already established a massive collusion between bankers and brokers. The government's response has been the constitution of a special bureau to deal with frauds in banks and other financial institutions. This will be yet another government department to go over the ground, which the CBI, the vigilance commission, the finance ministry's intelligence and enforcement directorates and the banks' own supervisory departments, are already doing. The crisis is that of confidence. How can a bureau set it right?

The confidence in the bat of Indian scrips has got shattered. Foreign investors are loath to buy stock in even leading companies. Some to

which acts as a damper. They are apparently not impressed by our foreign reserves, which have increased from Rs 2,050 crore to Rs 16,000 crore in one year. Investors must be having their eyes on certain other things, because even Vietnam and Sri Lanka are attracting substantial foreign capital.

Maybe, too many developments, political and social, took place in the past one year to scare off investors. Maybe, they are now awaiting how the government fares in the current session of parliament, scheduled to end on August 8. One top World Bank functionary in New Delhi told me that much depended on how unscathed Finance Minister Manmohan Singh would

Organisational Planning for Excellence and Productivity

by Kazi Alauddin Ahmed

AFTER over one and a half decades I could not brush off the nostalgia. I have been silently nursing in my employment with the erstwhile EPIDC — the contractor for the then East Pakistan Industrial Development Corporation. This was indeed a well-knit organisation holding the rein of industrial development in this part of the sub-continent. I recall how much I longed for a berth in that organisation. It was in 1965 I made my first attempt for the position of Assistant Secretary. I could not be sure if my application would receive anybody's attention or withstand the stiff course of scrutiny. The only stupid mental advantage I prided with till then was my fourteen years' past experience which out-matched the five-year requirement.

A pleasant surprise soon awaited on me. I was asked to sit for the written test. The result was, all humility be unto God Almighty, provocatively satisfactory. I qualified for the crucial oral test. The faint ray of hope with which I started nurturing the project soon intensified. Information passing out to me from some friendly, knowledgeable insiders revealed that I was selected. But some mysterious backlash subsequent to the selection exercise stole away the coveted prize from me. I was shocked but not surprised because such crude and underhand manoeuvre has been an eternal partner of our national character.

Instinctively however, I was not daunted. I limped on with my patent sense of forbearance. The image of the organisation still remained superimposed in my vision. The ap-

parent foul game played backscreen on my genuine hopes did not succeed in the long run. It could be an act of providence that none was taken that year.

A similar position was re-advertised in the year following. Newer hopes rekindled in me and this time I succeeded. No foul game, no undercurrent or wire-pulling. So even belated, my dreams came true. I got the desired berth in the most dynamic organisation of yonder years.

The point I am trying to drive home with such a lengthy prelude is to tell my readers how organisational excellence can attract, develop and retain people. I could not measure the secret behind such excellence when I was at the threshold. Sooner, when I was formally inducted in the position the long path to realisation opened up before me. Organisational planning, a most essential catalyst for a good, dynamic institution had been, to my humble appreciation, the secret of EPIDC's organisational success.

DYNAMICS OF PLANNING: For obvious reasons, we shall talk of business planning in our competitive world. Thus, planning has to be seen against the historical element of "competition". The realisation comes from the historical fact that all of us in business are to pass through unusual business phenomenon. The developed economies understood the importance of planning and that's how they are thriving. The developing countries in the Third World, though trailing behind, are now attaching greater importance to planning. Over the past three

decades, I have always seen business competition as the primemover of business planning. Because, planning sets strategies to offset or contain competition. In fact, planning is all-pervasive, a most effective too of competitive management. Planning doesn't just happen. Like any other work, planning too is a work. To day's manager is working more at planning than his counterpart did 20 years ago.

COMPETITIVENESS: For whatever area we do the planning there must be an input of competitiveness. Let us take the case of production planning. When an economy is fast approaching a truly competitive stage, the businesses within its ambit give particular emphasis on production. The planners in the area, in their exercise, will set strategies to outproduce, produce for less, for mass production and standardisation. The competitor who has achieved sophistication from a production point of view will lead his pack as long as his more aggressive competitor do not match his sophistication. But, in most of the instances they do.

Businesses are moving into an era of planning. To many it is the critical competitive difference that lies at the core of their success. With the new found capability that planning provides, we are learning that its application to manufacturing enhances our ability to be more production-competitive, than we had been before; that its application to engineering permits us to be more engineering-competitive; and that further experience with the planning process will increas-

ingly sharpen our marketing competitiveness.

Unfortunately, however, marketing progress of any business can scarcely be kept under the corporate hat. The success showing up in the form of products denotes more value to the customer, new approaches to distribution which, at times become radical, heterogeneity in pricing procedures and innovational financial purchasing arrangements. For effective customer orientation, these successes are impossible to disguise. They must be openly exposed to the customer which signal a parallel exposure to competitors. Eventually the competitors duplicate the marketing techniques which ultimately culminate in cessation of competitive product or marketing differentiation. The stalemate that inevitably follows compels an aggressive business manager make a more serious attempt at effective planning.

CORPORATE PLAN — ATTRACTION OR REPULSION: At this point I am tempted to revert to my initial attempt to highlight the organisational strength of the erstwhile EPIDC and why I was so crazy to be one of its members of the staff. It was in fact EPIDC's corporate plan and its almost magnetic attraction that worked in the back of my mind for years. Likewise, I realized why prospective candidates for executive positions would ask about company planning as part of the process of deciding intelligently whether to accept employment with a specific firm. Such a phenomenon can even

penetrate far below the executive level. A thoughtful business school graduate, in particular, will ask for a quick look at the overall corporate plans. Conversely, many progressive companies who are explicitly keen to have the best available people on their roll to augment their innate organisational strength and credibility, have started realising that the exposure of at least certain portions of their planning activities can be rewarding. Such a stance, they believe, can be the most persuasive method at their disposal for convincing prospective employees.

PLANNING VERSUS DECISION MAKING: In actual practice planning is decision making, for it forces a clearer definition of what the company is trying to be. Planning demands the development of specific work to accomplish its objectives. Planning, for many companies, seriously determines and clarifies what the corporate objectives should be. It eliminates the vague points and removes misunderstandings those may have crept in the corporate objectives. Assistance in managerial problem solving is invariably a critical benefit to be derived from business planning. The companies which are serious about their planning find that a number of important by-product benefits accrue almost automatically and the impact of planning upon managerial decision making can be cited as a very important example. In yester years an astute manager could go by with snap judgment decision making which is, in the present day competitive business atmosphere, almost an absurd proposition. Making a business decision now is

oil companies had bid in the first tender.

There is no early prospect of increasing the exports because of the collapse of the Soviet world which consumed one fifth of the chunk. Prices continue to rise and more and more hands are entering the market for jobs. The whimsical way in which the monsoon has behaved may confront India with one of the worst droughts in its history, necessitating import of food grains. And we continue to have an unfilled gap of Rs 6,500 crore (\$ 3.5 billion), taking into account all the inflow except the one from the consortium. Its fast dis-bursing loan of Rs 9,500 crore is a help but it is dependent on the fulfilment of certain conditions.

Even if investors decided to come forward today, it would take two to three years for their capital to flow. The gestation period is generally that long. Further delay in investment may not only aggravate the situation but also tell upon India's political stability. Social cost of liberalisation is beginning to show in various unhealthy ways.

The ruling Congress party is trying to find an answer to the investors' question by enticing MPs from the opposition to attain a majority in the Lok Sabha. True, this will give Narasimha Rao the requisite number, but not the nation's willing support, which can come only through better economic conditions. Foreign investors too face a Catch-22 situation.

It would be a tragedy if they were to follow a US top treasury official's observation: "We want better economic conditions and we are not bothered whether we have to deal with one India or 10 Indias."

many times costlier than what it was 10-20 years ago. The decisions affecting the areas like new plant and equipment, the cost of personnel development, developing a new product and introducing it into the marketplace are far more consequential than they were in the past, partly because of the larger sums of money that must be committed.

BETTER COMMUNICATION: As an effective tool of communication for the management, the plan carries an account of everything that is vital to the business for the period covered by the plan. Proper planning raises the moral of the individuals working for the organisation substantially, almost automatically. As a communication tool, the plan tells what is to be done, how it is to be done and who will do it. Many of the questions containing high content of insecurity are clarified. Security breeds confidence which, in turn, intensifies the desire to do a better job in the individual because he has a clearer understanding of everything. This eloquently testifies that the presence of a comprehensive organisational plan helps attract capable people. Similarly, once an individual is a part of the organisation and sees for himself exactly what his contribution is to the achievement of the company's objectives, he develops the kind of satisfaction that he may well doubt he will find elsewhere. He also knows how that planning encourages better use of time at all levels.

The writer is a management consultant.

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.

UN Charter needs revision

Sir, Nothing is absolute. In other words, everything has its limitations. Therefore, with the change of time, everything needs to be changed to suit the new realities.

The United Nations (UN) was established on June 26, 1945, through the adoption of its Charter by the delegates of 50 nations at San Francisco, USA, aiming at resolving international disputes peacefully and promoting cooperation among the nations. Visualizing future necessities, the drafters of the UN Charter inserted provisions in Chapter XVIII regarding the procedures of its amendment.

Being facilitated by these procedures, the Articles 23, 27 and 61 of the Charter have been amended in 1965 and the Article 109, in 1968. Since then two decades have passed. The global socio-political-economic developments which occurred in the meantime demand the following revisions of the UN Charter:

Chapter V of the Charter stipulates the composition,

functions and voting procedures of the Security Council. But since the mid-40s, the international system has changed considerably. The bipolar international system is on its march towards being multipolar with Japan emerging as an economic superpower and West Europe, another political-economic pole to be formed. The Soviet Union has been disintegrated and some Third World countries, namely: Brazil, India, Argentina, Mexico, Malaysia, Indonesia have made tremendous developments both economically and militarily, thus becoming factors in the international politics. So, Chapter V of the UN Charter should be revised, discarding some incumbent members and raising the number of members with the regional major powers.

Chapter VII stipulates actions with respect to threats to peace, breaches of peace and acts of aggression. It allows the formation of a Military Staff Committee in such a situation. But the experiences show that it could never have been possible because of the quarrel regarding the command of the said Committee. So, the provi-

sions should be clarified regarding the formation and operation of the said Committee.

Chapter XI provides a declaration regarding non-self governing territories, Chapter XII institutes the International Trusteeship System and Chapter XIII stipulates the composition, functions and voting procedures of the Trusteeship Council. But after the decolonization, the need for such a council has been no more and with the induction of Micronesia and Marshall Islands to the United Nations, its utility has been exhausted. So, the pre-mentioned long three chapters may be abolished.

Chapter XIV institutes the International Court of Justice (ICJ) to settle disputes between the nations. But because of some statutory complexities, the major international disputes could not be put forward to the court and there have also been some impediments regarding the implementation of the judgements of the court. So, clear provisions are needed to solve the complexities and to implement the judgements of the court.

Furthermore, regarding peace-keeping, children's rights, nuclear weapons, environment, outer space, the UN Charter does not contain any provision. So regarding these, new provisions may be inserted.

Md. Abdur Rouf
Department of International Relations, DU.

Let us live

Sir, There is absolutely no justification in increasing arbitrarily the tariff charges for use of gas on domestic account. The authorities could have placed it before the parliament session for a decision but they increased the rate with effect from 1st May 1992 which rather vitiated the image of the House. Titas Gas Company accumulated a fortune and it certainly did not warrant any further increase in gas charges both in domestic and commercial sector. Hon'ble Finance Minister was very much confident in his budget speech that this year poor consumers have been given relief as he has not touched power, water and gas. It was amazing to note that though the notice was published in the local dailies during the 1st week of July 92 the authorities claimed the increased charges with retrospective effect i.e. from 1st May 1992. Are we not living in a civilized world under a democratic government? All we can say is please let us live.

Abu M Faiz
Dhaka-1205

'Gono Shiksha' text book needed

Sir, What are the aims and objectives of education for all by the year 2000 A.D.? At least to make the illiterates literates and of course not to make the illiterates graduates, which is not possible.

We have three crore literate people in our country. Can we make our rest nine crore illiterate people literate within a span of next eight years?

With a view to making our national campaign 'education for all by 2000' a success — eradicating illiteracy and spreading literacy in every nook and corner of our country — we need a simple and easy text book on 'Gono Shiksha' (mass education).

The 'Gono Shiksha Text Book' may be written by a board of scholars of our country. The text book may contain Bangla alphabet, vowels, consonants, selected words and the method of spelling etc for reading and writing Bangla language and also simple arithmetic, numbers, addition, subtraction, division, multiplication, weight, measurement etc.

The 'Gono Shiksha Text Book' may be taught free in every educational institution before or after normal classes to the illiterate people, irrespective of their age and sex, by the teachers, college students, social workers and others voluntarily. By an act of the parliament, teaching of 'Gono Shiksha Text Book' by the college students may be made compulsory as a part of their educational curriculum. The text book may also be taught over radio and TV regularly.

The 'Gono Shiksha Text Book' may be taught continuously for five years all over the country. People thus learning may be awarded 'Gono Shi-

kkha' certificate and prizes. Similarly, teachers, social workers and students teaching 'Gono Shiksha Text Book' voluntarily may also be given appreciation letters and awards by the government.

Let us all make 'education for all by 2000' a success not by words only, but also by deeds.

O H Kabir
Dhaka-1203

Whither justice?

Sir, Those who retired before July 1, 1991, used to get one or two or three dearness allowances on basic pay depending on the time of retirement. Each of these dearness allowances amounts to ten per cent of the basic pay at the time of allowing those DA's by the government. Those retired personnel have not got any benefit of these DA's irrespective of financial benefits while calculating pension or gratuity. Fortunately, those who have retired after July 1, '91 have got all the benefits of three DA's and higher pay scale while computing pension or gratuity. Those gratuity claimants are deprived of much more since they are paid off fully on retirement while pensioners continue to get some benefit after each and every Pay Commission.

Under the above circumstances, should we call it justice, fairplay or equity in the eye of natural justice?

Sadiq Alee, Maghbazar, Dhaka