

Commentary

Keynes returns — with Bill Clinton

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Guest Columnist

About a decade ago the Economist of London wrote, pointing to the declining influence of Keynesian economics on UK economy, 'Say is alive, Keynes is dead'. The Economist wrote this after Ronald Reagan defeated Jimmy Carter to become the president of the United States and adopted 'supply side' economics. Economists generally identified classical economists J B Say, Ricardo, Hume etc with the supply side economics for their firm believe in market forces. Keynes and his followers were identified with the demand side economics. Economist John Mynard Keynes wrote his epoch-making treatise on economics both in the depressionary period of 1930's and after this period in 1940's. Most of his writings related how to pull the US economy from the Great Depression of 1930's. For the first time in economic history Keynes argued forcefully that increased public expenditure could pull an economy from a situation of everything low. Keynes emphasized on the demand side of the economy, which he wanted to stimulate by the easy monetary policy of the government. In other words, he wanted government interference in economic functioning instead of leaving everything to market. President Franklin D Roosevelt took his advice, and the US economy came out of depression at the end of war period. Keynes prescriptions about how to pull the US economy

out of depression came to be known as 'New Deal'. Classical economists never recognized Keynes' prescription as something great or even correct. They kept criticising Keynes for favouring greater government role in economic activities. They say the Great Depression was a natural phenomenon for the capitalistic US economy and it would have rebounded over time without Keynes' advice. However, whatever the criticism Keynes deserve from the economists at the other end, it is undeniable that Keynes contributed a lot to the science of economics. Perhaps no other economist influenced so many economists after his own time as Keynes did. Keynes' idea lost ground in the US economy when it faced doubled digit inflation and unemployment figures in the later part of 1970s. At that time, Democrats under were in power led by Jimmy Carter and they were at a loss as to what to do with the economy. The more rigorously they applied Keynesian prescription, the more the economy worsened. Republicans took advantage of this situation. A situation marked by simultaneous inflation and unemployment rates of more than normal seven to eight per cent was named by the economists 'stagflation' — a new concept in economics since the beginning of 1980s. Republicans very strongly focussed on the weak points of Carter's economic policy which was based on

demand side economics, more or less as advocated by Keynes. Republican nominee Ronald Reagan spoke about tax cuts and stimulating supply to overcome the double digits inflation and unemployment. Reagan won the election and put to operation his version of supply side economics, moulded on the old classical line. Classical economists, were of course, dead against any kind of deficit financing by the government. Reagan failed on this count. He could not balance the budget and deficit rather increased. However, excepting deficit, Reagan's economic policy worked and both unemployment and inflation rates came down to a normal level, between seven to eight per cent. President Bush came to power in 1988 with almost the same programmes as pursued by Reagan. But he gave more attention to the international affairs. In the meantime, US economy worsened and people at home lost jobs and income. Reagan-Bush policy had hit the middle and lower middle class people hard both in terms of income and employment. By the turn of the Republican decade, economy again fell to depression, of course, not to the scale of Carter's time. Democrats who lived in despair for long twelve years, now got the opportunity in Bush's failures. They fielded a young and energetic person like Bill Clinton for presidency. Economy became the vital issue in the campaign and it ultimately boiled down to the is-

sue whether 'trickle-down' economics is good enough to take care of unemployment and inflation. Clinton took the position of old-styled Keynesian concept which says 'trickle-down' economics does not work. Bush, on the otherhand, accused Clinton for wanting a 'trickle-down government' instead of trickle-down economics which would only complicate the economic problems at later stages. Clinton promised to reduce budget deficit, tax-cuts for the poor and less involvement abroad for the military purposes. He promised more jobs and welfare programmes for the poor. These programmes are not easy to carry out, especially at a time when he also wants to reduce the budget deficit. It will be very difficult to reduce the present deficit of about \$350b by taxing the rich only unless he also slashes expenditures elsewhere. Spendings on roads and communication, infrastructure and health care were his other promises. These programmes will need direct government involvement in economic activities which the classical economists and monetarists stubbornly oppose. Through Bill Clinton's economic programmes we see the return of demand side economics and the disappearance of the supply side economics, at least, temporarily. Only time will say how far Keynesian economics will be successful this time.

Fast economic growth make China short of raw goods

BEIJING, Nov 14: Raw materials are in short supply in China as a result of its dramatic economic growth, requiring increased imports of metals and wood next year, the China Daily said Friday, reports AFP. Over the first nine months of the year the demand for the 16 most important raw materials rose 16.4 per cent, while domestic production of these materials rose 12.1 per cent, a shortfall certain to raise their prices, the newspaper said, quoting officials of the Ministry of Materials and Equipment, China's principal supplier and distributor of industrial materials.

Steel, copper, aluminium, wood and cement are particularly in short supply. A ministry report said the demand for steel is forecast to grow by nine per cent in 1993, outstripping the predicted rise in domestic production. The government plans to increase imports of raw materials to make up for the shortfall between supply and demand.

Since the beginning of the year the construction industry has been in boom. Between January and September fixed capital investments rose 36.3 per cent against the same period in 1991, the steepest rise since 1986, China's state statistics bureau recently reported.

WFP okays \$22m emergency food aid for Iraq

ROME, Nov 14: The United Nations World Food Programme (WFP) approved Friday over 22 million dollar in emergency food aid to Iraqis who it said were mostly mothers and children who would otherwise risk starvation this winter, reports Reuters. The agency said it would deliver 49,000 tonnes of food over four months to 1.2 million people, mostly in the northern part of the country where food supplies are dangerously low. "We must act very quickly," said Programme Director Catherine Bertini in a statement. The advent of the winter season puts at risk more than one million destitute and vulnerable persons in Iraq, particularly mothers and children.

The northern Kurdish areas will run out of food and fuel by the end of this month, the agency said. The programme will supply enough food to last until March 1993. Supplies in Iraq have been at extremely low levels since the UN imposed a trade embargo on the country after its 1990 invasion of Kuwait.

The World Food Programme was one of the first organisations to start relief operations in Iraq after the Gulf War. So far it has delivered 150,000 tonnes of food to the country.

Poultry farm owners demand ban on Indian eggs

Poultry farm owners demonstrated in the city Saturday against import of Indian eggs and demanded immediate ban on it, reports UNB. Pleading no need of importing eggs, the demonstrators claimed that domestic poultry farms and backyard poultry approximately meet the country's demand they estimated to be 300 crore annually. The poultry owners of the capital and neighbouring districts held a rally in front of the National Press Club in the morning and also addressed a press conference in the afternoon to press their demand. About 1,000 owners, workers and employees of different poultry farms and related organisations came in a procession after staging demonstration at Fulbaria. Convener of the 'Bharatiya Dim Andani Prothodh Committee' Ashraful Islam Hannan

presided over the rally, where speakers flayed Finance Minister Saifur Rahman for encouraging the import of Indian eggs. They warned that if the government failed to meet their demand, they would be compelled to go for action programme to save the local farms. Later, addressing a news conference at the Press Club, they urged the government to stop importing low-rate Indian eggs and thereby save local poultry farms from ruination. At present, they said, there are about 3,000 poultry farms in the capital alone and more than 3.10 lakh throughout the country, including backyard poultry. These altogether meet, more or less, country's annual demand for eggs. When asked about government proposal for imposing 30 per cent import tax on the foreign eggs, the poultry farm

owners said they would not accept it. It won't solve the problem, huge Indian eggs will roll into the country through smuggling conduits. The protesters criticised Saifur Rahman for asking local poultry farm owners to compete with the Indian counterparts, saying it will be tough for them to survive in competition because of high production cost. They, however, said they were ready to compete with Indians provided the government withdrew various taxes on raw material. They poultry farmers said India was pushing in eggs at subsidised rate to destroy local farms and capture market. When their design will be successful, they will increase price. Yearly per head consumption of egg is around 19 while the Indians eat 27 each, according to their estimate.



Imamuddin Ahmed Chowdhury, Chairman of the Board of Directors of Janata Bank addressing the Managers of Janata Bank, Mymensingh Area at a conference on Friday. Managing Director of the bank Muhammed Taheruddin and MD Enamul Hoque Chowdhury, General Manager are also seen in the picture.

London provides £ 55m to Dhaka for uplift projects this yr

In 1992, Britain is providing about 55 million pound to Bangladesh in bilateral aid from Overseas Development Administration (ODA). This is concentrated in four main areas — energy, natural resources, communications (specifically roads and bridges) and poverty alleviation, says a press release. Bangladesh is the second largest recipient of development aid from the British Government. The broad objectives are to tackle poverty alleviation, support structural adjustment and focus on a limited number of sectors to achieve maximum quality.

With its original aims now largely achieved, the project finished in June. Britain is involved with the World Bank and others in helping to develop the agricultural support services in cooperation with the Department of Agricultural Extension.

Britain has provided over 117 million pound in aid over the last 18 years for the Greater Dhaka power project to extend the electricity supply system in the capital for both industry and homes. A third phase of the project is underway designed to bring electricity to yet more people with Britain providing 63.2 million pound over a four-year period. Britain has also co-financed efforts to use Bangladesh's natural gas re-

serve and work has begun on a 22.90 million pound gas treatment works at Kailashitilla.

Natural Resource One of the main projects funded by the British Government was the Second Deep Tubewells Project, which ended in 1992. This installed over 4000 deep tubewells to irrigate 129,500 hectares of land and help increase food production.

Flood Action Plan Fisheries are one key element in the Flood Action Plan. In addition to a fisheries component, the ODA is helping to finance a regional study for the North West and one on operations and maintenance. The ODA aims to ensure that social and environmental data are available to inform water resources control and planning decisions.

Health and Population The ODA is planning a significant increase in its finance for health and population activities. It has proposed a £ 20 million contribution to the Fourth Health and Population Project. This will be targeted primarily at strengthening nursing and medical education, support for NGOs; developing health economics which is strengthening the country-side mother and child health and family planning services.

Poverty Alleviation A 7.8 million pound grant was made to Bangladesh Rural Advancement Committee (BRAC), to support its work of helping to stimulate income-generating activities in rural areas. BRAC's work includes setting up a special bank to provide credit to people on a self-sustaining basis. Lack of credit at reasonable rates is often a major constraint on people in rural communities. The ODA, with assistance from the British Council, provides scholarships and training for over 500 Bangladeshis in the United Kingdom. A number of inward visits and links to Bangladeshi institutions are also in place.

Shipping Intelligence

CHITTAGONG PORT

Berth position and performance of vessels as on 14.11.92

Berth No	Name of Vessels	Cargo	L Port Call	Local Agent	Date of Arrival	Leaving
J/1	Mezhidure	GI	Sing	Prog	7/11	18/11
J/2	Chensk Neptune	GI	Sing	Prog	7/11	18/11
J/4	Arti	C Peas	Poland	M&A	2/11	17/11
J/5	Banglar Robi	Wheat(P)	Damam	Seacoast	6/11	20/11
J/6	Pionar	Wheat	Muta	BSC	6/11	15/11
J/7	Height	Salt(P)	N Kha	M&A	30/10	17/11
J/8	Banglar Doot	Wheat	Lams	BSC	11/11	17/11
J/9	Al Salma	GI(Sugar)	Peng	BSC	9/11	22/11
J/10	Eco Scherir	M Seed	Mong	ASL	11/11	18/11
J/12	Thalia	Wheat(P)	Kheraon	Dynamic	8/11	16/11
J/13	Nikozia	Wheat(G)	Derm	Alamin	3/11	20/11
MPB/1	NGS Bangor	Cont	Mong	Lams	6/11	18/11
MPB/2	Yamburek	Cont	Sing	BDShip	11/11	14/11
CCJ	Ronald	C Clink	Col	UMAL	8/10	16/11
GSJ	Nikos-N	Wheat(G)	Sing	BSC	9/11	17/11
TSP	Al Reza	Repair	Pada	KSL	18/10	18/11
DDJ/1	Endurance	Repair	Agaba	EOSL	25/11	30/11
RM/8	S E Haider	Cement	Kara	ASL	R/A	18/11
RM/9	Banglar	Repair		BSC	R/A	17/11
CUFU	Shourabh Banglar Asha	Repair		BSC	R/A	16/11

VESSLS DUE AT OUTER ANCHORAGE

Name of Vessels	Date of Arrival	Last Port Call	Local Agent	Cargo	Loading Port
Constellation	14/11	M Pol	Royal	MOP	-
Ocean Voyager	14/11	Pada	AML	Cement	-
Optima 2/11	15/11	Mong	RSL	Cont	Sing
NGS Express 5/11	15/11	Sing	BDShip	Cont	Sing
Thai Bhr	15/11	Sing	UMAL	C Clinker	-
Stonewall Jackson	16/11	Hald	Kama	GI	New York
Petr Strostin	16/11	Sing	CT	Cont	Sing
Ingenuty 5/11	16/11	Sing	RSL	Cont	Sing
Soarer Bellona	16/11	-	OWSL	Wheat	-
Shaplaeverett	16/11	-	EBPL	GI	Japa Fe
Lena (48) 11/11	16/11	-	Prog	-	-
M T Royal City	17/11	-	Anchor	-	Seagull
Hafex (E/L) 11/11	17/11	Mong	SSL	-	Abbas
Safar	17/11	Cal	ASL	-	-
Vishva Mamata	18/11	Mad	SSL	GI/GL	Japa
Banglar Kakoti	18/11	Cal	BSC	GI	-
Vishva Parag (E/L) 11/11	18/11	-	SSL	E/L	Dundee Ant
Scandinavian Express	18/11	-	SSL	GI	-
Skiathos	18/11	Sing	BSC	Wheat	-
Supreme	18/11	P Land	Royal	Wheat	-
Ahler Breeze 5/11	19/11	Col	SSL	Cont	Col
Fong Shih 8/11	19/11	Sing	BDShip	Cont	Sing
Al Swamruz	19/11	-	ASL	GI	-
Samudra Rani	20/11	Mong	SSL	-	Karachi
Lapu Lapu	20/11	Bark	Bite Ocean	GI/Sugar	-
Kota Buana 11/11	20/11	Sing	CTS	Cont	Sing
Horn	21/11	-	Prog	GI	-
You Yue	21/11	Kala	Royal	Wheat(P)	-
Shenton 12/11	21/11	Sing	Omni	Cont	Sing
Wezer Star 31/10	22/11	Sing	BDShip	Cont	Cal
Orang Berani	23/11	-	BHA	GI	-

TANKER DUE

Grigory Ordzhonikidze	19/11	Sing	MSPL	Lube Oil
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VESSLS AT KUTUBDIA

Name of Vessels	Cargo	Last Port Call	Local Agent	Date of Arrival
T T Energy	-	Col	NNL	27/4
Chestnut Hill	Wheat	N Orle	Lams	07/11
Devo	Wheat	Col	Lams	10/11

VESSLS AT OUTER ANCHORAGE

Ready on	Name of Vessels	Cargo	Last Port Call	Local Agent
Samudra Raj	GI	Kara	SSL	-
Fong Yun	Cont	Sing	BDShip	-
Eso Bayonne	HSD	Sing	MSP	-
Sae Byol	Cement	Sing	H&H	-

VESSLS NOT READY

Name of Vessels	Cargo	Last Port Call	Local Agent	Date of Arrival
Damon	Wheat	Mers	Royal	08/11
Port Au Prince	HSD	Sing	EOSL	11/11

VESSLS AWAITING INSTRUCTION

Name of Vessels	Cargo	Last Port Call	Local Agent	Date of Arrival
Banglar Jyoti	-	-	BSC	R/A (10/11)
Banglar Kiron	-	-	BSC	R/A (12/11)
M T Victorious	-	-	-	-
Mariner	-	Sing	ILA	-
Artemis-1	Cement	-	Bright	R/A

VESSLS NOT ENTERING

Name of Vessels	Cargo	Last Port Call	Local Agent	Date of Arrival
Malloweverett	Scraping	Cal	UMALR/A	(27/10)
Hang Loy	-	Sing	H&H	11/11

The above were the Saturday's shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

Price Index

Essentials

Item	Unit	Price
RICE	(Taka per kg)	
Amari(fine)	15.00-16.00	
Pajim	11.50-12.00	
VEGETABLES	(Taka per kg)	
Potato (local)	11.00-12.00	
Brinjal	10.00-12.00	
Karolla	11.00-13.00	
Lalshak	5.00-6.00	
Pappa	5.00-6.00	
Green Banana (Four Pieces)	4.00-6.00	
OTHER FOODGRAN	(Taka per kg)	
Flour	13.00-14.00	
Atta	11.00-11.50	
FISH	(Taka per kg)	
Kala(big)	160.00-180.00	
Katla(big)	110.00-130.00	
Hilsha	65.00-70.00	
Pangas	120.00-130.00	
Shrimp(big)	120.00-150.00	
Singi	100.00-110.00	
Koi	110.00-130.00	
MEAT		
Bud	NA	
Mutton	NA	
CHICKEN		
Large	66.00-68.00	
Moderate	70.00-72.00	
Small	74.00-76.00	
TEA		
Dust (Plain)	80.00-90.00	
EGG	(4 per)	
Hen	11.00-12.00	
Duck	10.50-11.00	
Firm	10.00-11.00	
PULSES	(Taka per kg)	
Masur	30.00-31.00	
Moogh	34.00-36.00	
Chhola	23.00-24.00	
Khenari	16.00-18.00	
FRUITS		
Green Coconut (Small)	4.00-5.00	(One piece)
Coconut (Large)	8.00-10.00	
Banana	(4 pieces)	
Sugar (Large)	10.00-12.00	
Chappa	3.00-4.00	
MILK	(Two kgs)	
Dano	332.00-333.00	
Red-Cow	321.00-322.00	
MISCELLANEOUS	(Taka per kg)	
Ghee	220.00-240.00	
Sab	7.00-8.00	
Sugar	32.00-33.00	

Gold & Silver

Item	Price (Taka for 10.00 grams)
Gold (Gutnea)	5395.00
Silver	200.00

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 November 14. (Figures in Taka)

Currency	Selling B.C.	T.T. (C)	Buying OD Transfers
US Dollar	39.1326	38.9087	38.6339
Poundsterling	59.6485	59.3438	59.9454
DM	24.7205	24.5682	24.3947
F.E.	7.2751	7.2294	7.1783
S Riyal	10.4641	10.4042	10.3307
D Guilders	21.8252	21.6882	21.5351
S Kroner	6.5609	6.5162	6.4708
Singapore Dollar	23.9255	23.7886	23.6206
UAE Dirham	10.6911	10.6299	10.5548
Kuwait Dinar	131.8495	131.0951	130.1692
Indian Rupee (AMU)	1.5104	1.5036	1.4961
Pak Rupee (AMU)	1.5357	1.5287	1.5210

Dhaka Stock Prices

At the close of trading on November 14, 1992

Dull trading

Performance of trading at Dhaka Stock Exchange (DSE) turned out poor. Comparing the figures against Thursday's finish both the turnovers lost. Volume suffered a loss of 33.93 per cent from 28909 to 19098. Similarly, value suffered a loss of 29.62 per cent against Thursday's finish of Taka 2592725.00. Trading on the share market was not much of excitement as the number of participants remained almost unchanged against Thursday's close. 27 shares traded on the day. Decliners still held their leading position outnumbering the gainers by 14 to eight, the rest, five shares traded at previous rates. No sign of improvement in DSE Index was in sight. Although, loss was very small sign of gain seemed quite far away.

DAY'S TRADING AT A GLANCE

DSE Share Price Index	368.3105
Market Capitalisation (Tk)	10,528,903,754.00
Turnover in Volume	19,098
Turnover in Value (Tk)	1824640.00