

Dhaka as a Metropolis

Dhaka is already in the global megacity super-league with its 8-million-plus population. In seven years' time it will hit both the new millennium and the 10-million mark, without a question.

In about three weeks' time, the United Nations will sponsor a world conference in Tokyo on metropolitan governance. Dhaka is going to join the grand thing. The bureaucrats would prepare papers in well-honed English for the mayor to read there and come back with accolades.

Our worries about our metropolitan cities boil down to asking very plainly 'How are we doing in these holes — these cramped concrete villages?' In many ways the majority of the residents of these cities do not live an urban life.

This is not a problem peculiar to Bangladesh, otherwise we wouldn't have this Tokyo conference. Mexico City and Bombay and Calcutta — all are bulging dangerously at the extremities in spite of there being a lot of competent governance on both the metropolitan and national level.

The global nature of the problem is, in fact, reflected in the theme set for the four-day conference 'Metropolitan governance in the Global Age: Toward a new urban century.' The theme takes it for granted that the case of the village is lost and they would be on their way out during the new century.

Let Dhaka induct itself as a new learner in the art and the science of metropolitan governance. As Dhaka must learn its new lessons quickly, so also should the national government be prepared to heed the demands of modern civilised living of the cities and let the cities be cities as indeed the villages should be villages — the new retreat of the spiritually and materially advanced.

Fake Manpower Business

If figure speaks of a situation correctly, here is one. A report based on information from the Ministry of Manpower and Employment and carried in a leading Bangla daily says that 22,000 job-seekers were subjected to deceit and fraud by illegal manpower agencies.

The ill practice seems to have spread in different forms and proportions in a whole range of areas, surprisingly, not excluding the once-noble profession of journalism and teaching. Advertisements looking for journalists, more precisely mufassil correspondents, appearing for months together cannot but be suspect.

All this is because, admittedly, employment opportunities have really shrunk to a minimum level possible. As long as people are in desperate need for jobs — both at home or abroad — there is little chance that the illegal manpower business can be brought to an end or even restrained.

REFORMS IN FINANCIAL STRUCTURE IN BANGLADESH

People must Know a Detailed Action Plan from the Government

by AKN Ahmed

FINANCIAL structure reforms in Bangladesh have been undertaken at the behest of World Bank and the IMF since a few years back. It is understood, a loan of over 20 million dollars has been sanctioned by US Aid for funding certain items of expenses relating to implementation of the programme.

Curiously enough, even though the programme has been in force since some time past, very little information has been released to the public about the actual content of the programme, the time framework within which this will be completed and the changes that will be brought about in our financial arena when the programme ends.

In the absence of the particulars of our scheme of financial structure reform certain general observations are made below in the light of the experiences gained by other countries in carrying out similar measures. They are:

1. Reform of financial structure should move in tandem with similar reform carried out in the economy itself. Financial sector must reflect the real economy in order to perform its functions efficiently as mobiliser and allocator of credit. Too rapid liberalisation

To participate in the discussion, now in progress in these columns, on reforms in financial structure in Bangladesh, we have invited a number of experts to offer their views on the subject. The first response to our request comes from a former governor of the Bangladesh Bank, the position he held under two successive regimes in the seventies. Now living in Washington DC, in retirement, Ahmed is currently on a visit to Dhaka.

may result in the collapse of such reform experiments as have happened in Argentina, Chile and Turkey.

2. Reforms must be gradual and properly sequenced in advance. If this does not happen it is likely to have disastrous effect. Recent examples are USA and India. It is understood Govt of India has now decided to engage an internationally renowned economist — Prof Jagadish Bhagavati — to advise on proper sequencing of such reforms in the light of the situation prevailing there.

3. In determining appropriate sequencing of measures certain conditions precedent have to be ensured so that reform measures do not have bumpy ride or are derailed midway.

4. These conditions are broadly the following:

(a) Development of proper infrastructure for monitoring and surveillance of financial system with the help of modern technological tools. Laissez faire and competition in financial system should not mean saying good bye to prudential regulations and expecting banks and other financial intermediaries to function as gas stations to fill up the tanks of big business concerns with plenty of credit. Countries which have made such mis-

takes had to come to grief in the past. A properly thought-out regulatory mechanism has to be put in place in our country before initiating financial sector reform.

(b) Management capability of our financial institutions to function freely in a new environment of competition. This should be built up in advance and has to be per se a gradual and patient process. Until such upgrading of skills takes place caution should be exercised in exposing our system to competition from abroad.

(c) Adequate arrangements for introducing transparency in financial transactions. This calls for preparation and publication at regular intervals of balance sheet and profit-loss accounts of financial institutions, more credible audit reports, more accountability of our auditors and the individual directors of the boards of banks, enhancement of the professional ethics of auditors with provision of vigorous penalty and legal actions for lapses, failure and breach of trust. Without all these, it will be grossly irresponsible to call upon our people to take an investment decision with their money and face the consequences. It is hard to imagine healthy growth in an economy in which people have little

confidence in the institutions that hold and manage their money. The country's financial system runs on trust. Investors and depositors have to be able to trust auditors.

(d) Satisfactory arrangements for settling huge amount of non-performing loans of our banking system and introduction of steps to avoid recurrence of such irresponsible management of bank assets.

(e) Building up technical expertise and management capability within Bangladesh Bank to operate monetary policy and reserve management through interest rate and exchange rate when all direct controls are dismantled. In a liberalised economy interest rate and money regulation policies together with exchange rate policy are going to be three crucial instruments of macro economic management. Special provisions in Bangladesh Bank order should also be incorporated providing larger autonomy so that our central bank can formulate and enforce monetary policy appropriate for price stability without the Government breathing on its neck all the time. This has been the key element of reform measures in other countries. If some of the

indices of autonomy viz legislative provisions, level of inflation, turnover of Governors, terms and conditions and the place of the Governor in the bureaucratic pecking order are considered, Bangladesh Bank's position comes much lower in the league of central banks in the world.

(f) Countervailing measures to soften the impact of reforms. Financial sector reforms will have the effect of aggravating the existing inequality of income distribution, increasing rent seeking capacity of our business enterprises. Liberalisation measures will also divert credit from rural to urban sector, from poor to rich and further increase unemployment and poverty. Even now the substantial portion of funds mobilised by our private sector banks are being lent to a few, big enterprises in the urban sector in disregard of the needs of the rest of the economy. It is essential to understand that dismantling state control does not automatically usher in perfect competition. In between there is something, called imperfect competition in the real world. World Bank's Development Report, 1990 also dealt with concerns that strict structural adjustment might leave behind a generation of poor and

recognised that progressive relief from poverty should also be part of the adjustment process. Unless such steps are taken to lessen the social unrest and tension the entire programme may come out unstack.

The upshot of the above discussion is that we should not slide from regulatory inefficiency to deregulatory incompetence and should move in a manner so that at the end of the tunnel there is light and not another tunnel.

Will it be too much to expect that Bangladesh Bank and Government will come out with their detailed action plan? People should be provided with a chance to discuss this programme thoroughly.

This is the way to build up a consensus of informed public opinion behind such a programme. Our people should understand that such reforms will first involve pain and then gain. From my discussion with some Bangladesh Bank directors I am left with the impression that even they have been informed very little of such an important programme. The Government seems to have enlisted itself as an enthusiastic convert to free market crusade. There is nothing wrong in it. This is the rule of the day all over the world. What is wrong is not to take people into confidence. Running policies which are good for people, even if they do not understand and appreciate them, may appeal to the technocratic mind. But it is not the way political societies are supposed to be run at the end of the 20th century.

Reassess Uruguay Round, Say International NGOs

Martin Khor writes from New Delhi

A major international convention brought together 150 experts and NGOs to assess various aspects of the GATT talks. Several speakers, including former top trade technocrats, strongly warned that the Uruguay Round present texts would cause severe economic and social dislocation in Third World countries.

IF Third World countries were to agree to sign onto the present draft text of the Uruguay Round talks under the General Agreement on Tariffs and Trade (GATT), they would generally stand to lose much more than gain. Their governments should therefore carefully assess the costs and benefits of the Round, and refrain from agreeing to the 'Dunkel Draft Text' (the document prepared by GATT Director General Arthur Dunkel incorporating the various proposed agreements).

This was the conclusion of a three-day 'International Convention on a People's Approach to GATT Talks' held in Delhi on 18-20 February and attended by 150 participants representing non-governmental organisations from 12 countries.

The participants of the meeting, organised by India's National Working Group on Patent Laws, with near unanimity agreed that the Dunkel Text would jeopardise the economic sovereignty of the countries of the South. In particular, various speakers concluded that:

The patent and intellectual property rights regimes to be imposed under the TRIPS (trade-related intellectual property rights) agreement would lead to the technological monopoly of transnational corporations, causing the massive outflow of royalties from the South and displacing the operations of domestic industries;

The services agreement would open up the services sectors of Third World countries to foreign banks, financial, business and professional companies. This would dislocate the smaller local enterprises and professionals and curb the development of a domestic service sector;

Small farmers in Third World countries would be prevented from using or controlling their own traditional seeds which would eventually be replaced by patented seeds of the transnational companies. In some countries, cheaper food imports would displace the livelihood of local farmers;

The creation of a Multilateral Trade Organisation, proposed in Dunkel Text, would be detrimental to Southern interests as it would be used to discipline the South through its dispute settlement system which includes cross-retaliation against countries. The US alternative of a GATT-II would make things worse.

Among the participants were several former top-level trade and economic bureaucrats with experience in the Uruguay Round negotiations. They spoke of the urgent need for Third World governments to take stock of the losses and gains to their countries should the Round conclude on the basis of the Dunkel Text.

S P Shukla, former Finance Secretary of India, said it was important for transparency and demystification of the Uruguay Round negotiations, for decoding the jargon and ensuring that people's concerns were addressed. Multilateral structures were now opaque and governments were evasive and unresponsive when pressed by the public to explain their positions in the negotiations.

According to Mr Shukla, the Uruguay Round could best be understood as an attempt to change the multilateral economic system to make it correspond to the globalisation process in technology and economic activities. With the growing power of transnational corporations, the expansion of production technology and the knowledge explosion, the present multilateral structure had become a source of irritation and of obstacles to the corporations.

Thus they sought to cut down the sovereignty of states in order to have greater free-

dom of mobility and activities beyond borders. Corporations and Northern governments, with the collaboration of some Third World elites, were seeking to change the multilateral system in the interests of the corporations, at the expense of the interest of the vast majority of people.

Prof Muchkund Dubey of the J Nehru University and former Foreign Secretary of India, said it was a fallacy to suggest that Third World countries must ensure the success of the Uruguay Round because its failure would cause nations to retreat to regionalism. This, he said, was a false proposition because the trend towards regional groupings is driven by technology and competition to command larger resources, and not by fear of failure of the multilateral system. Multilateralism and regionalism will coexist, and one would not be a substitute for the other.

Prof Dubey added that whatever happened to the Uruguay Round, there would be a trend towards unilateralism. He predicted the new US administration would continue to use unilateral actions under the Super and Special 301 instruments. Thus, a mix of multilateralism and unilateralism would exist.

The multilateral system being developed would also not be more liberal than the present one, Prof Dubey said. He gave three examples why the monopolistic practices of big corporations would be increased. There is no mechanism or regime in the Dunkel Text to control the restrictive business practices of transnational companies and thus he need to control the restriction of competition would be excluded from the multilateral system. The UNCTAD (United

Nations Conference on Trade and Development) code of Conduct on Technology Transfer has made no headway. And the UN Centre on Transnational Corporations had been seriously downgraded. Thus, the future multilateral system would not even attempt to control transnational corporations and their restrictive business practices.

The emerging system would thus be far from adequate, concluded Prof Muchkund. It would not deal with the restrictive effects of regional groupings. It would not address crucial issues such as commodities, the environment and the development of the domestic services industry of Third World countries.

Dr Carlos Correa, director of Revista del Derecho Industrial and former vice-

minister and trade negotiator for Argentina, said many clauses of the TRIPS agreement proposed in the Dunkel Text would have serious negative effects on the South countries. For instance, the non-discrimination clause would have a devastating effect in the field of technology as it would eliminate the power of governments to impose compulsory licensing.

And while there was an upward harmonisation of standards and norms of developing countries in patents and trade marks, under the Dunkel Text, in matters relating to the Berne Convention (copyright etc.) where the US had lower standards of protection than those prevailing in the South and Europe, there was no upward revision, he complained. Surendra Patel, formerly

the director of UNCTAD's technology division, said many myths had been created about the Uruguay Round that should be countered. It was not true, for instance, that the Round would improve the lot of the South. Actually, the Round was a mechanism used by Northern countries which face high unemployment and balance of payments imbalances to shift the burden of adjustment to the South.

Mr Patel said the hypothesis that the Round would increase world trade by \$200 billion was another myth, as was the attitude that Third World governments must agree to the Dunkel Text because there was no alternative.

Besides providing a forum for discussing overall aspects of the Uruguay Round, the Convention also held several technical sessions on institutional issues, intellectual property rights, agriculture, services, investment measures and other GATT issues.

— Third World Network Features  
Martin Khor is director of the Third World Network.

OPINION

Many Blunders Mar Our Foreign Policy

Shah A M S Kibria

IN the opinion column of your esteemed paper, Mir Abdus Sattar has made a number of points on the subject of foreign policy which need to be answered. He has picked up a few observations made by A M Mominul Huq in his article and passed judgements on them in order to defend the record of the present government. I respect his wish to put in some words in favour of the BNP government; after all its record is so lacklustre that it certainly needs committed advocates. But in the interest of objectivity one must point out certain basic flaws in the assertions made by Sattar.

First, the term 'stagnation' is not simplistic. It describes a situation accurately and it has the advantage that the people can easily understand its meaning. In text books on economics the term is frequently used. When the macro-economic indicators are not reflected in the implementation of public sector projects or in an increase in private investment or above all, in income or employment, the economic situation cannot be considered as dynamic. Sattar can refer to the article by S B Chowdhury in The Daily Star of 22 March to appreciate why the term stagnation and non-performance may be very appropriate in describing the current economic situation. Of course an ordinary man in the street will also tell him the same thing but perhaps the certificate of foreigners is more important to him. Notwithstanding these certifi-

cates the farmers, whose products are selling at less than the cost of production, will tell a different story. Unemployed youth, marauding the streets intent on snatching and other acts of violence, will also refuse to echo the sentiments of Sattar about the state of the economy. The garment industry, the one shining light in an otherwise bleak picture,

had to suffer very recently avoidable loss due to delay and indecision on the part of the government. Is it a case of failure at the micro-level?

Sattar has made a very important statement when, criticizing Mominul Huq's remark about equidistance from India and Pakistan, he said that Dhaka's policy is to "recognize the special relations between New Delhi and Dhaka." I have never heard about this 'special relation' although I had the honour of having a humble role in implementing government's foreign policy for a number of years. Is he referring to the much-criticized friendship treaty? That treaty, I believe, has not been invoked even once by either side. Sattar must be aware of hitherto unknown information about matters which the country has a right to know. Far from a special relation, we witnessed the steady deterioration of the bilateral relation between India and Bangladesh over the last few months. In fact the readers of The Daily Star must have noticed the unseemly shouting match between Dhaka and Delhi over the causes of the second postponement of the SAARC summit. May I also remind Sattar about the harsh statement issued by Delhi after our Parliament, at the initiative of the government, passed a resolution on the Babri mosque issue? It was rather amusing to read his optimistic comment about the "stage being set" for talks on water, trade and "even" joint ventures as well as smuggling. This government has taken two years just to "set the stage" for doing all this. How many more years will it take to begin actual negotiation and then how many more decades will it take to implement the agreement on these subjects? Sattar's optimism seems to have no limits!

On the Rohingya issue

Sattar has gone off the tracks. By now it should be clear even to the casual observers that the agreement, signed by the Foreign Minister, was a diplomatic blunder. It excluded the UN from the repatriation process. Quite apart from other issues, this was the most important factor for the current impasse. I was astonished at the question Sattar asked about taking a firm line against Myanmar. Is he aware that the United States and other western countries, on whose generosity we often depend, were very unhappy at our policy on this issue? Perhaps he does not know that the Foreign Ministry had to spend a lot of time and energy and swallow its pride in trying to reassure the UN as well as the western powers about our commitment to the universally accepted humanitarian principles. Finally, why should we not take a firm line against a most undemocratic and brutal regime which has failed to provide security to its own nationals? If the countries which he names are our friends or if they are on the side of fairness and justice they cannot but support us on this issue. We are the aggrieved party because it is Myanmar which has placed this unacceptable burden on us by its cruel treatment of its own nationals. Our friends should stand by us on this question and not on the side of Myanmar. It is a pity that our diplomacy failed to put this obvious point to our advantage.

In the last para Sattar advises the contributors to focus on our "inherent weakness". Why this strange piece of advice? Successful diplomacy seeks to overcome these weaknesses. Throughout history small and relatively weak states have managed to survive and even prosper by using their diplomatic skill.

The writer, a guest columnist of this paper, is a former Foreign Secretary of Bangladesh.

To the Editor...

Subscriptions/donations

Sir, Please permit me to draw the attention of respectable members of medical profession to the following fact:

As a pharmaceutical company we often face unreasonable requests for contribution from some groups/members of the medical profession towards activities both medical and non-medical. It seems some doctors/medical students feel that whatever they do we should contribute good amounts to that. We have an obligation towards the medical profession but sometimes it is stretched beyond our capacity.

Both the amounts and number of requests are high. Presently there are no less than 200 units of various medical associations all over the country. You can imagine and the respectable members of the medical profession will agree that it is really difficult for a small company or even for a big company to meet all the

requests. It is quite embarrassing also to say 'no' to such requests.

Sometimes, student groups become unreasonable and aggressive. These students will be doctors soon and once they are, one apprehends, how aggressive they may be!

As a matter of fact we should, and do contribute in scientific activities. But in activities like annual functions, games, cultural shows, etc we should not be forced.

I request the senior members of the medical profession that they persuade the junior members and students to be reasonable and uphold the image of medical profession as a whole. Ethically, a doctor is not to accept anything beyond scientific/educational consideration. But for other activities it should be a gentle approach and I am sure companies will also be happy to contribute at their discretion.

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Rising Stars: An appreciation

Sir, I'd like to say 'thank you' for bringing Rising Stars, the most interesting weekly page of your esteemed daily.

While we children and young people get sick and tired being neglected of any real entertainment, I'm glad to say that we were very grateful to have dear Rising Stars. I'd very much like to express my gratitude to Sharif, your creative cartoonist. We the readers of Rising Stars find it most pleasant to have a cartoon each time.

Rising Stars is in a good shape, I have to admit. But I think it can be made even better if we also consider the age of the writers of the Rising Stars page. We'd also be very glad if you issue membership cards, which we can proudly show to our friends. Keep up the good work!

Tony (SSC)  
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