

The Flow of Investment

At a meeting held last week to review the progress of investment in the industrial sector over the last two years or, to be precise, since April, 1991, Shamsul Islam Khan, the Industries Minister, came out with some vital statistics. He was impelled to do so, it would seem, to counter what he said, a false and motivated campaign being carried out by some vested interest groups which have lost their credibility with the banks and hence were now being denied access to funds.

It is not difficult to understand that the political change-over in the country, and such a momentous one at that, followed by the devastating cyclones of April, 1991, would cause a disruption of normal economic activity. Due to the dislocation in infrastructure facilities, particularly in communication, power and transportation sectors, industrial investment often turns out to be the worst hit in such a situation. A pause in new investments was, therefore, perhaps inevitable. What has worried many was, whether or not this pause was degenerating into inertia. The data furnished now should help dispel some of these misgivings. The interregnum, it seems, is over.

Statistics furnished at the meeting show that during the period under review, the Board of Investment (BOI) has registered 602 large and medium scale industries outside the Chittagong Export Processing Zone while the Bangladesh Small and Cottage Industries Corporation (BSCIC) has registered 3319 units.

These numbers are encouraging. However, we have to point out that unless accompanied by a base for comparison, numbers reeled off do not, by themselves, bring out the full picture. For want of a referral, we, in this case, find ourselves unable to discern how much, by way of achievement, these numbers signify and whether the performance is impressive or just lacklustre. We feel that the minister would have done well to correlate his figures to the industrial investment targets for the private sector as set out in the Fourth Five Year Plan for the corresponding period. This would have provided a fairly firm base for adjudging the performance in two years' time.

Another area which has us worried is the relatively high incidence of what the minister called 'dormant' units among the industries registered during the period under consideration. Of the total number of industries registered with BOI, 189 or 31 per cent of the lot, are stated to have still remained dormant. In the case of BSCIC, it is 792 or nearly 24 per cent of the total. In a country where, after the change of administration, nearly one-third of the total industrial establishments are found to be non-performing, or 'sick' as many would put it, this phenomenon of dormancy is rather unnerving. It is not known to us if the sponsors of these dormant entities had already availed of bank financing. If it be so then we could be well on the way to creating a new breed of bank loan defaulters.

We suggest that this aspect of the matter should be looked into immediately. May be the appropriate agency, to our mind BOI, should carry out a survey of these dormant entities forthwith. The survey should identify the reasons for the dormancy and corrective measures. If any, that could appropriately be taken, both by the sponsors and the agencies in the government charged with the task of supporting the process of industrialisation. Such a job, if discharged earnestly, could also test how effective the present supportive role of the government is in promoting industry. May we also hope that the results of such a survey, if undertaken at all, would be made public as soon as possible.

Loan for the Disadvantaged

The arguments over macroeconomic and microeconomic plans have often been intensely passionate of late, with macroeconomy receiving overwhelmingly greater emphasis. Amidst the furore, however, economic and social justice seems to have gone out of focus. The lopsided planning manifests its weakness in myriad forms but a representative case in point is the irregularity not only in loan payment but also credit sanction. This newspaper carried a report on this issue yesterday highlighting the various problems small and marginal farmers face. The system has been manipulated to give benefits of agricultural loans to the comparatively better-placed middle class and landlords, leaving the poor peasants further disadvantaged. This report from Manikgonj speaks for almost the entire country which has to bear the mounting pressure of the ever-increasing landlessness — a natural consequence of the socio-economic aberration.

In question here are not the big loan defaulters, against whom the government is yet to decide its actions, but simple village folks with small amounts. Floods, droughts and other natural calamities have most of the times been responsible for the small farmers' non-payment of their loans. But even more pernicious is the abnormally high rate of interest on credits they receive from money-lenders and landlords. Evidently, if the privileged are allowed to enjoy the best of both worlds, the disadvantaged are forced to forsake claims to all conceivable rights. What a nice way of rewarding the most productive section of our people! After all it is not the toffs but the ill-clad farmers who produce most.

Yet this is not the only virtue of the small farmers to qualify them for a better deal. At least one glaring example of the poor people's repayment of loans has been set by the Grameen Bank. So the fault does not lie with the farmers but with the system itself. Sure enough, the banks and other financial institutes have exposed their internal drawbacks more, allegedly, by adopting a one-eyed policy in which the people of minority community are said to have been 'barred' from loan entitlement. Reports and articles carried in a section of the media also have it that members of the so-called minority community are facing difficulty to draw large sums from their own savings accounts. This reported discriminatory measure has come under attack but to no avail.

Clearly all this goes against the provisions of the country's constitution. The discrimination against the poor and the members of a certain community or communities may have different facets and connotations but essentially both of these leave a crippling effect on the country's economy. Hundreds of crores have been wasted in the name of industrialisation and on the privileged class. Even a fraction of this could resuscitate the economy at the grassroots level. It has to be a political decision arrived at with support from socio-economic planning.

HERE were times when none doubted the victory of the Congress at the polls; now none doubts the defeat of the party. It may not even emerge as the single largest group in the next Lok Sabha. The party is sliding down the slope so rapidly that its very future shape is uncertain.

To attribute this to the holding of Congress president's office by the prime minister is an over-simplification. Those who have been agitating for one-man, one-post may have found the issue handy to attack Prime Minister Narasimha Rao's functioning without coming into the open. But they too know he realises that it is not the principle they are after but Rao himself.

Jawaharlal Nehru, Indira Gandhi and Rajiv Gandhi combined the two positions. When Purshottam Das Tandon was elected the Congress president, despite Nehru's reservations, the former had to go. Later, Mrs Gandhi went to the extent of splitting the party when S Nijalingappa sided with the old guard to select Sanjiva Reddy as the party's presidential candidate in the face of her opposition. Rajiv Gandhi never took any chances.

Rao has been quite right in objecting to a parallel point of power. The Congress president, the organisational head, is bound to clash with the executive chief because one has all the trappings of position without power and the other has all the power.

The issue is not that of sharing power. Nor is the one raised by Arjun Singh, who has challenged Rao, that the Congress leadership has failed to evolve a strategy to counter Hindu communalism. The crisis stems from the increasing realisation among the Congressmen that they cannot win in the next elections with Rao as their leader. They want

SEVERAL Northern governments have cut their aid budgets or diverted the flow of funds from the South of Eastern Europe, despite the pledges their leaders made at the Earth Summit in Rio last June to increase aid significantly.

In the past month Sweden has announced a 10% cut in its aid programme by \$204 million from the 1992 level of \$2 billion. As a proportion of gross national income, the aid would decline from 1% to 0.9%.

In Canada, the government announced the development aid budget would be cut by 10% in each of the next three years, and over a five-year period the aid cut would amount to \$4.4 billion. According to news reports, a substantial part of the reduced aid would be diverted from the South towards Eastern Europe and aid to middle-income countries would be more closely tied to Canadian corporate interests.

The European Community has also planned to cut off 11% of its development aid budget which would fall by \$300 million, from \$2.81 billion in 1992 to \$2.51 billion.

In October, the Dutch Minister for Development Cooperation Jan Pronk, lamented that the spirit of

Congress: A Party without Ethos

As the party of the hardy lot, the present image of the Congress is that of a squabbling crowd interested only in seeking the spoils of office.

a vote catcher.

Consequently, there has been a fresh move to draft Sonia Gandhi. One wonders if she can win at the polls. The respect she commands is because she is not in politics like the Queen Mother. The BJP leaders say that they have only to project her Italian connections to deflate the balloon of her importance.

No wonder, the party machine men feel that at some stage Priyanka, Rajiv Gandhi's daughter, should be projected. They believe that the magic of the Gandhi dynasty and her youthful image could arouse sentiments of the old days. This may well be part of a long-term strategy but it does not cut Rao to size. Priyanka is not a prime minister waiting but Rao has still to convince his band of supporters that he is worthy of the office he holds. This only dwarfs the future of the Congress.

The real problem with the Congress is that it is a non-action and non-thought party. It is lacking without ideology or idealism. The dissidents are trying to refurbish the old image. Arjun Singh's call for confrontation against the Bhartiya Janata Party (BJP) or the other RSS front, Vishwa Hindu Parishad (VHP) is meant to regain the Congress appeal among the Muslims, who at present dislike the party more than the BJP. Some other critics have brought in even liberal economic reforms to rope in the large number of people who have been left out in the new policy.

There are two reasons why the Congress is losing its hold. One is internal squabbling; ev-

ery state Congress organisation is riven by dissensions. Back-stair parlour politics and cabal meetings in private have returned. This is nothing new but in the past the prime minister was powerful enough to impose his or her will. Rao has been a consensus candidate and has failed to build the image of an unquestioned leader.

Take Maharashtra. He tried to build up a lobby against Sharad Pawar, the state satrap, and selected Sudhakar Naik as the chief minister. The ploy failed when Sharad Pawar decided to challenge Naik. In

Orissa, the two factions in the Congress came to blows this morning. Despite Rao's repeated appeals, they have not narrowed down their differences, much less come together. One faction has openly said that it would rather have the continuance of Janata Dal government than accept the

opposite faction. The Bihar Congress has been reduced to Jagannath Mishra's fiefdom. He goes his own way and listens to Rao whenever it suits him. The differences in Kerala have been peppered over by inducting A K Anthony in the Union cabinet.

The Congress in UP, the biggest state, is in a shambles. Rao has been able to win over N D Tiwari, former chief minister, who once felt alienated. In fact, the prime minister is consulting him regularly and may even one day induct him in the Union cabinet. But Tiwari cannot coalesce the party, which is divided into various competing groups. Nor can he retrieve the state, which has practically gone to the hands of the BJP. Rao, unlike Indira Gandhi, Rajiv Gandhi or even V P Singh, has

little following in the state.

Madhya Pradesh is the scene of open fighting between Arjun Singh and V C Shukla, who is reportedly running the state government, at present under the central rule, after the dismissal of the BJP ministry. This is one state from the earlier four BJP-run states which can be won back by the Congress. But factionalism is so deep and so wide that rivals are bent upon defeating each other even at the expense of the BJP's return.

Rao's threat of taking stringent action against anyone "crossing the bounds of discipline" in the party is not only late but also lacks credibility. Congress leaders realise that the history may repeat itself. Arjun Singh could become a V P Singh who, when ousted from the Congress, first provided a rallying point for the dissidents and then went on to become prime minister.

The other reason why Rao is on a weaker wicket is the demolition of the Babri Masjid. He is a lesser prime minister now. He has been seen as a helpless figure; worse than that Congress members from the minority community suspect him of being in league with the BJP. Some say that he ultimately wants to head a coalition with the BJP.

The signs of this unholy alliance were visible when he had a Congress MP elected as Speaker of the Lok Sabha after agreeing in advance that the post of deputy speaker would go to the BJP. I recall RSS chief Balasaheb Deoras praising Rao in my presence for doing what he described as a "good job."

Rao and his ardent supporters believe that their forte is the liberalisation of the national economy. But the party on the whole is still used to exhortations in the name of socialism. In fact, he had to defend himself from attacks that his policies fitted into Nehru's overall vision. This reasoning would have gone a long way if there had been more employment, bigger investment and rapid acceleration of growth. The Congressmen see failure on all fronts. Probably the gestation period will be long but the party men are impatient for quick results.

Indeed, the impotence of members is the biggest handicap of the party. A person joining Congress today wants office tomorrow. In any case, he starts thinking of himself from day one. He is not interested in the party's present image of the Congress is that of a squabbling crowd interested only in seeking the spoils of office. It is terrible to think that we may be losing all our values and sinking into the sordidness of opportunist politics," Nehru wrote to Krishna Menon in a letter nearly 35 years ago. That was bound to happen when the party has been falling from its ethos of service and dedication over the years. With deteriorating standards in the leadership, the situation was bound to be aggravated.

In the past two decades, there has hardly been any Congress leader at the Centre or in the states above the taint of nepotism. Rajiv Gandhi's Bofors gun deal is still rocking the nation. Rao's own family is said to be involved in land and business scandals. How does a Congressman at the grassroots defend his party and what inspiration does he draw? And how does the ousting of some from the party help it face the people's disillusionment?

Northern Countries Impose Drastic Aid Cuts

by Martin Khor

Aid or 'financial resources' was the Earth Summit's biggest issue. The principle of large increases was accepted. But the North is backtracking and imposing cuts instead, with severe social and economic consequences for Third World countries.

Rio had already seemed to have faded away and said 'we should not allow that to happen'. But in November, Pronk himself had to announce a real decline in Dutch development aid.

Faced with stagnant economies and high budget deficits, and placing increasingly higher priorities on Eastern Europe, most Northern governments seem to have been overcome by 'fatigue' in providing aid to the South.

This is ironic, since so much time and effort had been expended at the Rio Summit and in the two years of preparatory meetings before that, to negotiate the size of the financial resources that the South needed from the North to implement UNCED (the United Nations Conference on Environment and Development) commitments.

The UNCED Secretariat had

estimated that the South required \$125 billion of external aid for Agenda 21 activities. After prolonged and heated debates, the governments at Rio agreed to reaffirm their commitments to reach the UN target of 0.7% of gross national product (GNP) for aid. Some countries agreed to reach the target by the year 2000. Developed countries agreed to make their best efforts to increase their ODA level.

On the last days of the Rio Summit, many Southern country diplomats had already expressed disappointment at the Northern countries' refusal to make a firm commitment to increase their aid to the already long pledged 0.7% of GNP level by a fixed year.

One diplomat said he found that after many months of agonising talks on aid and finance, 'we were after all negotiating the size of the zero'.

However, despite the lack of concrete aid commitments, there was a distinct understanding throughout the UNCED process that the North

would increase aid flows substantially to enable the South to implement UNCED proposals.

Now, only a few months af-

ter the Rio Summit, it is clear that many Northern countries are not even willing to maintain their aid budgets. The size of the aid increase has turned out to be even less than zero.

The inadequacy of aid flows, and indeed aid cutbacks, is likely to be a major issue for discussion at the first meeting of the Commission for Sustainable Development, to be held in New York in June.

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

OPINION

"Terrorist" as a Saviour

S G Hasan

If you are a Muslim and have "Mohammed" as a prefix or suffix to your name, these can't be very happy days for you in America. After the recent terrorist attack at the World Trade Centre in New York that left at least six persons dead and several hundred wounded, Muslims, especially those from the Arab countries, are under suspicion.

This has not surprised most Muslims. The American society, especially its media, appear to be generally biased against Muslims of Arab descent. "Fundamentalist" is a term applied almost exclusively to mean Muslims who are supposedly out there to destroy America and its most trusted ally, Israel. After Mohammed Salameh, a Jordanian of Palestinian origin, was arrested by FBI for possible involvement in the Trade Centre bombing, the New York Times flashed across its front page a banner headline proclaiming, "Muslim Fundamentalist arrested". The media and the FBI conveniently ignored the fact that his religion was only incidental.

And as expected, the arrest of the "Muslim fundamentalist" has led to an upsurge in open hostility towards all Muslims; Arab or not. According to reports, all mosques are now under surveillance. Many Muslim employees are being scrutinized and their backgrounds checked. A number of Arab employees have been dismissed, apparently "due to security reasons". As the President of New York's National Council on Islamic Affairs told the New York Times, "If you are a Muslim, you are now a suspect in the eyes of the law."

Mosques across America have come under hostile attacks from neighbourhood gangs. The New Jersey mosque, where Salameh used to pray, has been vandalized, its second floor seriously damaged. A large Islamic centre in Brooklyn, New York has been stoned. FBI squads have questioned the organizers of hundreds of Islamic centres in most major cities. Even a small prayer house used by Bangladeshis in New York has not eluded the police's stern vigilance. The mosque in New York's residential Jamaica district has been asked to stop functioning. "You don't have a certificate of occupancy," the mosque's head Imam was told.

The anti-Arab/Muslim hysteria reminds one of the Gulf war days. At that time, the FBI had interrogated practically all Arab and Middle Eastern business and community leaders.

Israeli officials recently that there was no guarantee that the level of US aid to Israel would remain unchanged. The ever vigilant New York Times immediately ran a lead story saying "Clinton challenged on share of US aid going to Israel and Egypt". Even before the strong pro-Israel lobby could ring the alarm bell, the panicked Clinton administration officials intervened to allay fears about reducing aid to Israel. "Our commitment to Israel is unconditional," a spokesman was quoted as saying. The following week, when Israeli Prime Minister Rabin visited Washington, President Clinton himself assured him that US aid flow would remain unchanged.

It has been suggested by many that President Clinton will face criticism from the developing countries if he significantly reduces US foreign aid without touching the kitty meant for Israel. But so sacrosanct the aid to Israel has become that Senator Bob Dole, the senior-most Republican Senator, had to retreat from a suggestion that more money should be channelled to Russia, even though it might mean channelling less money to Israel. His own colleagues, besides most major newspapers, and op ed page columnists, chided Mr Dole for even considering such a "fatal mistake".

Incidentally, Russia received only \$650 million during 1991 and 1992 in economic assistance from Washington. Mr Dole had only suggested that it was more important now to provide all possible help to Russia as America's national security was far more related to Moscow's success in consolidating democracy at home. Obviously, his appeal fell on deaf ears. President Clinton, who appears to be committed to helping Russia, has recently asked for an additional \$400 million and it is not sure whether he will be given the money.

Obviously the pro-Israel lobby was extremely pleased at the turn of events in the US. By focusing on the Palestinian identity of the alleged terrorist, constantly hammering his "fundamentalist" allegiance and portraying him as a "Hamas" supporter, they have been able to pull off another media coup for Israel. Mohammed Salameh may — or may not — be the man responsible for the bomb blast at the World Trade Centre, but he certainly seems to be a saviour for Israel.

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The writer is a resident of New York and contributes occasionally to the Star.

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.

"Letters to the editor"

Sir, I have gone through the letter captioned "Letters to the Editor" by Mr K R Zakhmi (The Daily Star 17.3.93). The remarks of Mr Zakhmi that "Mr Zahidul Haque has developed a mania for letter writing" and that he had "no intention to hurt his feelings in any way" while at the same time expressing wonder as to how Prof Haque manages to write so many letters to almost all the English language newspapers and periodicals on numerous topics and raising a question of his professional responsibility, very much amused me. After so many comments a reader will be very much in a fix to decide what actually Mr Zakhmi wants to say.

We have occasions to see that a bank officer may at the same time be a TV performer. A Govt employee may do some work in private capacity, which does not affect his main job either. Mr Zakhmi should realise that if he really did not mean wounding the feeling of Prof Haque, he miserably failed to make a point.

Hussain Ahmed 13, Abdul Hadi Lane, Dhaka

Ifar parties

Sir, This has a reference to Mr S M Ali's column, 'My World' of 19th March '93. In one of the parties that Mr Ali attended, he was told that the cost of the Ifar parties came from the contingency fund. This contingency fund is ob-

tained from the government taxes and ultimately from what the country produces through hard labour.

When 80% of the people in this country do not have two proper meals a day, the Ifar parties can hardly be justified.

The well heeled people of our society hardly need the nourishment that is offered in the parties. Besides, valuable time is lost, which is also a non-renewable resource.

Shahabuddin Mahab 51 Siddheswari Road Dhaka -1217

Chittagong Cement Co. dividend

Sir, This refers to a letter written by Mr Adeebur Rahman and appearing in your esteemed daily on the 19th February, 1993. The apprehension expressed by Mr Rahman is reinforced by the fact that the A G M of Chittagong Cement Co has not yet been convened despite the fact that BCIC as its Managing Agents declared 40% dividend as early as December, 1992 — maybe ostensibly for the purpose of enhancing the market value of its shares in an all time high and obtaining a big offer from the prospective bidders. In the process the small investors who purchased the shares at very high rate after declaration of 40% dividend are in a fix. Many of them had no knowledge about investment nor doubted about the sincerity of the

Corporation about the declared dividend.

For the past two years, the AGM was held in the month of March but this year there is still no indication yet about the date of AGM despite the declaration of 40% dividend in December last, which is quite unusual. Maybe the highest bidder is applying pressure on the Corporation and Govt Department concerned to hand over the management of the company before the AGM is held.

We hope that the AGM is held without further delay and that there won't be any foul play in this regard and the investors will not be deprived of the declared dividend.

B Hassam 54, Siddheswari Circular Road, Dhaka

Third Force in Politics

Sir, Mr Zillur Rahman Siddiqui's commentary on the "Third Force in Politics" (Star, "Passing Clouds", March 8) is more like an academician's benevolent look at the passing show, than an acute political analysis.

He has ignored the untenable scenario that two leaders at tug of war cannot lead the country forward. One has to yield substantially, and, obviously, that cannot be the party in power.

The main opposition party has to change the gear from reverse to forward. There is no point in harping on the quality of the government — a situation (understandable) in evolving societies.

We need dynamic leadership, not dynamometers (stationary running wheel to measure power).

Alif Zabr Dhaka