Dhaka, Sunday, June 20, 1993

### Taxing Knowledge

There are no convincing and heart-warming records of governmental or other collective initiative geared to pulling society, out of the present- abysmal reading situation — or the state of our cultivation of knowledge and the arts. Ours has long been a society starved of intellectual and artistic, material and spiritual enrichment, mainly due to our national aversion to books. There hasn't yet been any considerable action on the part of the government to change this in any significant manner.

Imposition of tax on the import of books in the new budget do tend to enshrine that endemic and nationsized apathy to books. One doesn't feel like joining issue with the new budget proposals if only because the major temper and predispositions of the package have already been commented upon extensively by many quarters, including ourselves. Nevertheless, we take up this issue in the belief that this seemingly small thing does in no way form a part of the policies on which the budget is built up. The minuscule amounts the 7.5 per cent duty would accrue to the government coffer would reduce further with shrinking book imports and a spurt in book smuggling. Books are going to be prohibitive not only for a rather paltry 7.5 per cent but because this would set a train of other things moving starting with 15 per cent VAT. Who is going to benefit from this government push up of price? Not even a fool would say it's the 7000-and-odd crore Taka government business called the budget. Then who?

The government has very obviously played into the hands of a pressure group calling themselves as publishers. Before yielding to their pressure for 'protection', government should have talked to respectable and big and genuine publishers. At a moment when the West Bengal market was opening up to Bangladeshi books, the ill-advised and unprecedented and unheard-of act of taxing knowledge and culture comes to set everything at nought. The tax-train is surely going to inhibit the inflow of international creative literature and books on all sciences and technology - something in direct violation of UNESCO principles. The void, so hopes the pressure group, could then be filled up by pirated editions of the books or mass-mesmerising dreadfuls published across the country.

Knowledge and culture must be unhindered They must not be allowed to be held hostage by any group seeking their own perverse interest. Books are much more than a mere commodity. People must have the easiest access to the best of these. The government has indeed been very unwise to propose a thing that goes against the norms of the whole civilised world. If the local productions have to be helped to compete with imports even as pure commodities, all the items. involved in printing and production— from paper and ink and binding to films and computers etc etc— must be made to cost less than now through government action and the publishers must ensure that the produced thing has in it stuff that can compete in intellectual quality. There is no other way to make the local printing materials competitive — and the proposed "protection' tax is a grave sin against cultivation of the mind or civilisation in general and our national interest in particular.

We very much feel that the proposal of tax on book import can be wholly dropped without affecting the budget in any manner. And we strongly recommend that the government do so.

#### Japanese Debacle

Japan's corruption-ridden politics has taken a further dip in that Prime Minister Kiichi Miyazawa lost a confidence vote on Friday. So crucial is the outcome of the no-confidence motion moved by the Japan Socialist Party that the course of Japanese politics is expected to take a radical shift from now on. Already political commentators are convinced that the Liberal Democratic Party's uninterrupted rule is over. Internecine bickering was brewing for quite a long time in the LDP, and Miyazawa was not attentive enough to remove the discontent in his party members: nor was quite sensitive to the public disgust at political corruption in the ruling party, in particular.

At the centre of the political row in Japan is the abandonment of the draft legislation to curb the practice of graft at the top administrative level. Miyazawa came to power on the promise to enact political reform aimed at doing away with such money politics'. The pressure for legislative reform was mounting after a number of payoff scandals rocked one after another government in Japan, forcing prime ministers and other cabinet ministers to resign. Miyazawa's credential as a clean personality help him to overtake other deserving candidates in his party to go to the top position. Maybe, he still maintains a clean slate, but his reluctance or incapacity - we do not know which of the two - to push through the much-expected legislation in parliament has disqualified Miyazawa to remain in power any longer.

This verdict pronounced through the no-confidence vote serving its purpose in a most telling manner points to the crucial fact that members of the ruling party sometimes have to exercise their power in the best interest of the nation, overlooking partisan considerations. The rift in the party however painful it may prove stands to save the day for the nation. This is what politics should be all about and only then the issue of accountability gets its fullest part in the exercise

Known for its love for traditional and somewhat conservative values, Japan nevertheless has developed a highly cultivated democratic culture which is manifest in the fact that it has been returning the same conservative LDP victorious but still the system discards anyone resorting to devious practice. However, poor Miyazawa is a casualty not of his own fault but he has to pay for his party's lack of flexibility and vision. Indeed, Japanese society has been on the move and it has run out of patience. Financial kickbacks accepted by politicians either to enhance personal fortunes or to bolster party strength vitiate society beyond recuperation. Italy presents the most glaring example. The symptom of money politics here in Bangladesh looks stronger with every passing year. In a country where accountability to people is a fragile issue, caution should be taken to avoid such debacles — more so because of the weakness

of democratic institutions.

# Budget 1993-94: Does it respond to Our Concerns?

HE budget for the financial year 1993-1994 was presented to the Parliament on June 10. Predictably there was a chorus of praise from supporters of the government. The Finance Minister, at a press conference held on the following day, ex uded satisfaction at his own performance. His budget spe ech combined expressions of good intentions and populist remarks in order to create the impression that the economy had started to move in an upward curve and that the budget would further speed up the growth process. Let us take an objective look.

The slow-moving and lacklustre economy is our principal concern today. There is hardly any new investment. Neither domestic nor foreign investors are coming forward in significant numbers. Unemployment remains endemic, creating tremendous social tension. The rural economy is faced with bleak prospects despite a bumper crop because of the sharp fall in the price of rice. The government tells us that all the macro-economic indicators are favourable. If so, the economy should have picked up but so far it has not. Why has the "historic opportunity," as he calls it, failed to stimulate investment, employment and income? The reason, to my mind, is that the basic factor acting as a brake on the economy has not been addressed. Confidence in the economy is still lacking. Confidence, as most economists will testify, is an intangible and rather illusive factor but in the final analysis, all the crucial economic decisions are taken by entrepreneurs on the basis of the

level of confidence. The building up of confidence in the economy is an arduous and complex process which requires decisive action rather than mere complex process which requires decisive action rather than mere statements of concern. The

Arab-Israeli war without

Egypt and no Arab-Israeli

peace without Syria. And since

Syria is now the mandatory

power in Lebanon, there can be

no Lebanese-Israeli peace

This fact was amply demon-

strated in 1984 when Beirut re-

voked a peace treaty signed

with Israel in 1983 because of

the treaty's rejection by both

Damascus and a majority of

round of bilateral peace talks in

Washington, both Arab and

outside parties visited Dama-

scus to confer with the Syrians,

who remain committed to the

negotiations in spite of the lack

of progress during the first nine

remain deadlocked because the

two sides have not agreed on

the price Israel must pay for

peace with the Arabs. Israeli

Prime Minister Yitzak Rabin

stated his country's position on

May 2 when he said: "What we

are trying to do today is to

achieve peace ... without paying

the price (of full withdrawal) we

Israel's Arab interlocutors is

that ultimate objective of the

talks must be a "comprehensive

settlement" based on, virtually,

"total Israeli withdrawal on all

the ninth round of talks (April

27-May 13) as the last chance

for the peace process to achieve

some results. The round began

well, with the Israelis permitting

the return home of 30

Palestinian veteran deportees

and both sides approaching the

talks with a new seriousness of

purpose but addressing sub-

stantive issues rather than ar-

guing about procedure, as in

only that discussions on sub-

stance could achieve no more

progress than talks on matters

of procedure. Furthermore, the

Americans, who went into this

round as a full partner, did little

or nothing to bridge the wide

The ninth round showed

the other eight rounds.

The Arab side characterised

fronts."

But the position of all of

paid for peace with Egypt."

After 19 months the talks

In preparation for the tenth

without Syria.

Lebanese.

appalling law and order situa tion, the wide-spread practice of extortion of businessmen by criminal elements, corruption, inordinate delay in the decision-making process, umrest in the labour front - these are among the many problems that may account for the lack of confidence among entrepreneurs. These basic factors were not touched in the budget speech tough the authorities must be aware of them. So far the government has made little headway in addressing the structural impediments to achieving faster and more self-sustained growth in Bangladesh. There is much talk of stream lining the public sector, creating conditions conducive to a large role for the public sector in the economy, and freeing private investors from a restrictive regulatory framework Statements to this effect are certainly helpful in some respects - such as in winning the approval of the World Bank and the IMF - but the business community Bangladesh is more interested in the government's actions in the field of economic reform. Some businessmen seem to have reacted favourably to the governments' promises of structural reforms. This could be a positive development in

economy. The programme for privati zation is moving at a snails pace, if it is moving at all. In the third year of the BNP government it is still engaged in "preparatory exercises" in order to establish the viability of the enterprises before privatization. This needs to be speeded up. The transfer must be transparent so that the suspicion that this is a means of favouring party supporters may not mar the process. Those industries which fail to compete with foreign products are proposed to be simply eased out. Not enough importance is given to the fact that our local industry is facing attack from

building up confidence in the

two sides. Reduction of import duty, regardless of the impact. is threatening their profitability. Equally important, the flood of smuggled goods can and often does wipe out the margin of profit. Given the level of our labour productivity. any investor, under these circumstances, would hesitate and think twice before embarking on project. The current business climate is there fore not favourable for the long term commitment of his resources needed for setting up a new industry. The Finance Minister does admit that the "international market is not always competitive" and that excessive subsidies and other incentives may lead to dumping in the domestic market. We welcome his recognition of this point which was well understood by most economists.

Exchange rate policy is another area which can pro-

right direction if full convertibility of Bangladesh Taka on trade account is introduced. In fact this would be a big step in restoring business confidence.

Subsidies on many agricultural inputs have been withdrawn. This shock has been administered, most people believe, under the pressure of the World Bank and other donors. Farmers in this country have traditionally been victims of elever populist slogans which are used at election time but put away until the next election. The decision to withdraw subsidy on agriculture is somewhat ironical because the sheaf of paddy was the election symbol of the BNP. Personally I believe that subsidies create distortions and are not desirable in the long run. All the productive sectors of the economy including the farm sector must be able to stand on

rice. Instead credit was claimed for the bumper crop by referring to the removal of state interventions. No one would believe that the farmers have produced a bumper crop as a result of these policies. The farmers have been working hard because they have no choice. Sheer instinct for survival is the motivating force. It is not enough to praise our "hard working" farmers; one must also look at the reward that they are getting for their hard work. There were some refer-

ences to poverty alleviation in

the budget speech. This issue is of central concern to the opposition as well. In fact the opposition pointedly asked the government to give precise information in the budget on allocations targeted to poverty alleviation. Whether as a response to this request or not. one paragraph of the budget speech was devoted to the subject. However it was not explained how the amount allocated would be spent. Is the provision of Taka 1481 crore a new and additional allocation? FFW, VGD, GR and TR are all old programmes which have had only very marginal impact on the poverty situation. So what is new? The government has modified the agricultural credit policy, not in favour of the small and marginal farmers but in favour of the large farmers. The ceiling on farm-size has been raised from 2.5 acres to 5 acres. One does not have to be a financial wizard to see that this will diminish small and marginal farmers' share of

the available bank credit. Let us now see if the budget honestly reflects the governments stated intentions. We are told that the net loss in total revenue collection will be 328 crore Taka. The authorities propose to compensate this loss by means of "administrative reforms and restructuring". A very commendable intention but is it credible? Given the built-in inefficiency and corruption in

the system it would be unrealistic to count these chicken before they are hatched. After the last budget the tartff value of nearly 250 commodities including daily necessities such as powdered milk, sugar, salt, chilies, soybean oil were sharply increased under SRO. This brought additional rev enue for the government but raised the market price of these essential goods. The government may act under SRO to tax the people while taking credit for not raising taxes in the budget. As for last year's experience it would have been better to be a bit more honest with the Parliament

and the people? A close study of the documents convinces me that there is no significant departure from last years budget Stability of economic policies is to be commended. Perhaps some sections of the business community found it satisfac tory for this reason. However the nation as a whole does not get a sense of direction from it. How many of the bank loan defaulters have been brought to justice and how much money has been recovered? Will there be some special incentive for exports? What about the rate of implementation of the Annual Development Plan? Only 46 per cent of the projects, we are told, have been implemented in the first nine months of the financial year. All these questions remain unanswered. While we will cagerly await the debate in the Parliament, I must confess my initial reaction is that the budget has not sent any signal which can invigorate the economy and put it on the path of dynamic growth. The Finance Minister was right when he said that Bangladesh is caught in a vicious circle of low income, low savings, low invest ment and low growth. But having identified the malaise he has failed to lead the way or take any effective action to get out of this vicious circle.

## ON THE RECORD

by Shah AMS Kibria

loundly influence the viability of our industries, both export and import -substituting. It is well known that India. Pakistan and Sri Lanka have in recent years followed an aggressive exchange rate policy to enhance the competitive ness of their exports, with excellent results. Since most of our exports - garments, jute, frozen fish and tea etc compete with these countries, our relatively passive exchange rate acted as a negative factor in the competition for market share. If the government looks more closely at indicators of external competitiveness, taking account of unofficial trade with India and the cost structure of the tradeable sector. they may find that the current exchange rate policy is a major source of the difficulties faced by the domestic industries. It will of course be a step in the

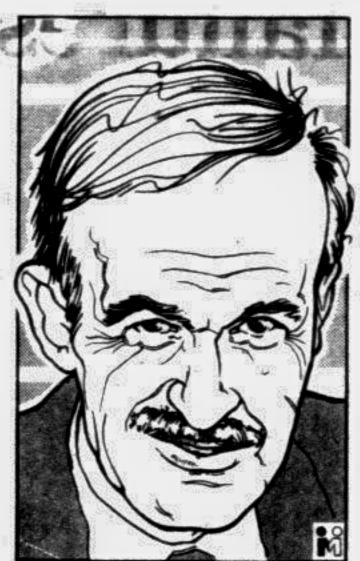
their own feet. However we cannot shut our eyes to the realities of life. Poverty in the rural areas, specially among the small and marginal farmers is so wide-spread and intractable that without some positive action it may be impossible to make any dent in it. Even in rich countries the farm sector is considered vulnerable and the government in these countrics do not leave their farmers to the tender mercy of the market. In order to support rural households massive farm subsidies are given by the United States, France and Germany. Japan and the Republic of Korea also give subsidy to their rice farmers on a significant scale. Why is it then that we must insist on withdrawal of support from the small and marginal farmers? Nothing was said

about the fall in the price of

# Syria is the Key to a Lasting Mid-East Peace T is said there can be no

Michael Jansen writes from Damascus

After 19 months the Middle East peace talks remain deadlocked because the two sides have not greed on the price Israel must pay for peace with the Arabs. Syria, a key player in Mid-East dynomacy, insists that Israel must commit itself to full withdrawal from the Syrian Golan Heights. As the tenth round of talks beings in Washington, Gemini News Service reports on the crucial role that Syria may play in the negotiations.



PRESIDENT ASSAD 'Full peace for full withdrawal'

gap between the sides, permitting the round to end in dead-

This put Syrian President Hafez al-Assad in a difficult position, politically and diplomatically, because he was personally responsible for persuading the Palestinians, Lebanese and Jordanians to return to the talks, suspended in December after Israel deported 413 Palestinians from the territories.

Assad convinced PLO Chairman Yasser Arafat to drop the repatriation of the deportees as a pre-condition for resuming the talks, on both bilateral and multilateral levels. And Arafat compelled the Palestinian negotiation team, made up of residents of the territories, to return to Washington for the ninth round, in the expectation that there would be a breakthrough. The breakthrough did not come.

For the deadlock to be bro-

ken on the Syrian track, Israel must commit fisch to full with drawal from the Syrian Golan Heights. Then, says a Syrian spokesman, "we will do two things: attend the multilateral talks (which Syria has boycotted, so far) and sct up working groups to discuss all relevant issues."

One such would be the nature of the peace to be established between Syria and Israel Israel has said it would not make a commitment on the extent of its withdrawal from the Golan until Syria defined the sort of peace it was prepared to conclude with the Jewish state.

Although Assad has said Syria would give "full peace for full withdrawal," it is doubtful if the full peace he envisages would mean the open borders and diplonatic and trade relations demanded by Israel.

For Damascus, "full peace," at present, means an end to belligerency, a peace treaty and security arrangements; it is far too early for the Syrian people to accept the notion of normalisation. Assad has suggested that any Syrian-Israeli settlement should be implemented step by step, so that the Syrian people could become used to the process of making peace

The Syrians insist that an Arab-Israeli peace settlement should be full and comprehensive. But Assad recently reiterated his position that the parties could reach bilateral accords without such accords becoming separate deals, like that between Israel and Egypt, but these are unacceptable to the Arabs.

The Syrian spokesman said that during the recent visit of Lebanese Prime Minister Rafiq

mood for a week. Its omission

Hariri to Damascus, it was, agreed that an Brack withdrawal from southern Lebanon would not be acceptable unless this was accompanied by an Israeli withdrawal from the

The hurried consultation followed reports from Washington that Israel had offered in talks with the Lebancse team to pull out of southern Lebanon. These reports proved false when it was revealed that Israel had suggested the creation of joint security committees to police the Israeli-Lebanese border before an Israeli withdrawal from its occupation zone north of the

Dr Amin al-Hafez, chairman of the foreign affairs committee of the Lebanese parliament, said Israel did not "take seriously" UN Security Council resolutions 425 and 426, adopted in 1978, which called on Israel to withdraw from Lebanese territory and to permit the UN Interim Force in Lebanon to help the Lebanese re-establish their sovereignty in the south of the country.

Al-Hafez said: "The Israelis want to discuss security committees, normalisation of relations, a peace treaty, everything except withdrawal."

Withdrawal is not yet on the agenda of the Palestinian-Israeli track. If is not due to be discussed until three years after Palestinian autonomy is established in the West Bank and Gaza.

So far, Palestinian and Israeli negotiators have not been able to agree on arrangements for Palestinian self-rule, on the shape of a representative body, its powers and jurisdiction and on the linkage of the autonomy regime with the final disposition of the occupied ter-

carnestly requested Mr Alt

prepare himself to publish 'My

World in book form based on

his cultural, political, social

and his purely personal expe-

riences in the countries of

erable. Progress on the Palestinian track has been repeatedly disrupted by Israeli actions in the occupied territories, such as the continuation of Jewish colonisation, the deportation of the 413 Palestinians from the territories in December and, most recently, the imposition of a

their jobs in Israel. Instead of working towards agreement on issues related to autonomy, Palestinian negotiators have been employed in wrenching concessions from the Israelis on these issues.

blockade on the territories,

denying Palestinians access of

East Jerusalem, their political

and cultural capital, and to

The two sides are in deadlock because neither the Arabs

without Egyptian muscle and Soviet arms and because the status quo in which Israel is settling and absorbing the territories captured in 1967 in intol-Israel must also stick with the peace process because since it began, israel has gained in

nor the Israelis can afford to

pull out. The Arabs have no al-

ternative but to talk peace be-

cause they cannot make war

ternational respectability through new ties with such countries as India, China and Nigeria and secured funds needed to absorb incoming Soviet immigrants. For the peace process to

progress, the United States. which has so far failed to become fully involved, as did president Jimmy Carter in 1978 and 1979 in the Israeli-Egyptian talks, must turn itself into an active partner and act even-handedly to produce a just, enduring, comprehensive

MICHAEL JANSEN was born in the US, lives in Cyprus, and has covered the Middle East for many years.

#### OPINION

# 'Negotiate Now'

Shahabuddin Mahtab

democratically elected government which must work for the the premise that the role and objective of a dictator is dramatically opposite to that of a popu- unions, because they have the larly elected government. If a government fumbles and falters in facing the fundamental and major issues of the government. Do they not constitute 80 per it hurts the feelings of the vast number of sensible people, who sincerely wish that the govern- subsidise agricultural input ment succeeds.

of the adage, "Better late than are known as clearly as the never".

late by 'several months: Again workshops, conferences all men and women are one of the or Jorimon. best, if they are not politicised and used. By the side of the separate note. The Industrial Vigarunnessa School and the Relations Ordinance 1969 was Monowara Hospital one road construction is going on, and it then Pakistan, under the dyis the women labour, who are namic leadership of Air doing the back breaking part of Marshall Nur Khan, Mr A M the work. We are often hearing Malik and Mr AKM Ahsan, and that Bangladeshi labour is ex- of course the countless silent pensive, and unwilling to work workers. etc. If this is so, then it is the

"work or perish".

We thank Anis Ud Dowla for ers, which another part of the his write up of the 16th June, government did not know. If 1993 (Daily Star, opinion) be- there were a continuous diacause it is a humanistic ap- logue, between the workers, the proach, where Mr Dowla Government and the employers showed his deep concern for the the present situation, in all welfare of the workers, the via- probability would not have bility of the industrial units, arisen. Whether it is in the and the necessary trans- "family unit or a national issue parency, correctness, firmness there would be a divorce in each which are the sine qua non of a case, if we are not faithful, true

and transparent". But it is no good now to cry total national interest. At the over the split milk. Let us now very outset we must start with grapple with the problem at the national level.

We are afraid of the labour clout. Should we not urgently focus our attention to our farmers, who are sustaining us? cent of our total population? Let us stop sermonising now, and immediately. We need not go 'Negotiate Now' reminds us into the details, because facts noon-time sun. Pray, do not de-The subject of a negotiation, stroy the farmers. It is they who that we are now talking of is feed us. The national seminars, we would like to emphasize that mean a big zero, when we are the Bangladesh labour, both unable to do anything for Gofur

> Here we all end up with a prepared and worked out in the

But what ever documents we leadership that is at fault. We prepare, it can only be operated, must submit to another adage, if all the three players stick to the rule of the game and be What happened a few honest and transparent with months back, was that one part the sincere desire to maintain of the Government, made some the productivity, and the peace commitments to the SKOP lead- that we fondly desire.

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.

#### Instant history

Sir, Thanks to Mr Mahfuz Anam for his commentary and reaction on Col (Retd) Akbar's shameful figure on the number of those embraced martyrdom during our great war of independence. Col Akbar owes it to the martyrs, the nation and the oppressed people of the world to apologise for his short sightedness. We give him the benefit of doubt, since he was a part of that great war and did not become a number of this undebatable number.

The Pakistanis, in 1971, labelled us as "few miscreants". I hope I, nor my son, have to live to hear that term being labelled against us again by those for whom this nation has become the milching cow. Akku Chowdhury, Nakhalpara, Dhaka

My World

Sir, One of the main attractions of The Daily Star is its weekly feature by S M Alt. It's read by many with special liking which keeps them in good

in any week makes us gloomy as we have little other sources to keep ourselves both enlightened and in good humour. Further, since 'My World' is written in international background it reduces the effects of suffocation which readers generally feel here. Anticipating that many of your readers will share my views I would request you to make it sure that 'My World' is published each and every week. Further, there is no dearth of such important persons who are or were in the SAARC and ASEAN countries as diplomats, teachers, doctors students, journalists, businessmen and in other capacities. Amongst write their experiences in good style and language. Why

Democracy in ciary in Pakistan.

O H Kabtr

K . Zakhmi, Khuina

SA ARC and ASEAN.

#### Pakistan

Sir, Democracy in Pakistan was given a big punch by the bureaucrat Ghulam Ishaq Khan and it was lying flat on the floor for weeks together. The Supreme Court of Pakistan has however made the historic judgement and declared President Khan's act illegal. We congratulate the winner - the sacked Premier Newaz Sharif and the National Assembly on the independence of judi-

Dhaka-1203

for The Daily Star?

them a few may be able to you do not invite them to write

In my earlier letter I