

A Milestone for BNP

The just concluded council session of the ruling party is likely to have a profound impact on its direction and growth. Though Begum Zia clearly spoke of the need for giving way to new and more energetic leadership — high ups in the party please take note — nevertheless she refrained from forcing any shake up for the time being. She was firm in her warning against factionalism, something that has been known to plague BNP and create serious rifts among party stalwarts.

While a more studied comment on the outcome of the Bangladesh Nationalist Party's fourth council session will have to await a more detailed examination of its conclusions, we want to record our views on two developments that have been reported in the press on Friday. We would like to congratulate the roughly 2000 odd councillors of the ruling party for showing the necessary courage, and commendable political foresight, in adopting the amendment to the party constitution, making it mandatory for the chairperson to seek re-election every two years, and that through the process of a secret ballot. The abolishing of the electoral college, and reposing of the power to elect the party chief on the party councillors, strengthens the representative tiers of the party, and gives those down below in the party hierarchy a little more power. However, it is the provision for secret balloting, that makes for a qualitative change in the election process.

This journal, on several occasions, has raised the issue of greater inner democracy for our political parties. There is too much power and authority in the person of the party bosses. The constitutional amendments adopted in BNP will not change much in that area. But the change in the election process is, in our opinion, a step in the right direction. Secrecy in voting is a fundamental feature of exercising franchise, be that at any level, for any post, and within any structure. If one is asked to vote, then that vote must be allowed to be exercised in confidence. If there is high probability of finding out who voted for whom, then the election process will be distorted.

The current practice of voice vote, or raising of hands or of thunderous clapping (in most cases orchestrated by party henchmen) in electing party leaders must be totally done away with. Ideally, there should be multiple choice, meaning there should at least be two contestants. The secret ballot will permit the dissenters at least registering their views, and the leader will have the benefit of a critical feedback that everything is not as fine as the sycophants would like the party leader to believe.

The other positive trend that we would like to commend is the open discussion that has been permitted in the council session. The decision to extend the session to permit a wider discussion, even if it was under pressure from the bottom, is a welcome change from the usual party culture of browbeating the lower tier members to endorse an already prepared party document. The openness has permitted the ventilation of pent-up resentment among the party workers. This is evident by what these grassroots workers have said. This ventilation can only benefit the party.

The just concluded council session is definitely a very important event for the BNP. The much postponed event appears to have lived up to the expectation of the party workers in most areas. As we had predicted, the overriding theme of the conference was strengthening of the party organisation throughout the country. In this direction the party leadership, especially its chairperson, appears to have made sincere efforts in listening to the voices from the bottom. The real success of this council session will lie in the follow up measures that the central leaders will take.

We Need Trees but Fruits too

The receding forest line along with the increasing depletion of trees all over the country has now become an environmental concern both nationally and globally. Although the world is responding in a number of admirable ways to the problem, so far our national attempt has been limited in planting trees — no mean job if pursued vigorously. But we have other worries about the floral wealth involving issues less spectacular and not so easily recognizable by the environmentalists. This is because of the special nature of the problem facing this protein-deficient country.

One of our North Bengal correspondents has come up with a story that is particular about the decrease in the number of fruit trees. Although the correspondent has not based his report on any study or survey, he might well be right in his simple observation. Common knowledge also says this is indeed the case in other parts of the country — not in his area alone. The cause, as expected, is the people's poverty that forces them to sell trees fit enough to bear fruits for many more years. Of course, the people turn to such fruit trees as a last resort but this does in no way diminish the gravity of the situation which should by now be considered quite precarious.

One startling but less noticeable fact is that the fruit trees felled are hardly replaced by their kinds or other fruit-bearing ones. The saplings supplied by the tree planting campaigners are mostly non-fruit-bearing and naturally the country is left with fewer fruit trees with every passing day. This is sadly one area which, unlike the cash crops made to produce in stead of foods, has not been prescribed by any multinational timber company or international financial institution or agency. But unwittingly, we are following the same pattern and the national loggers are giving proxy for their international kinds.

Given the insignificant share of fruits in our people's dishes, the overriding preference for growing more fruit trees should have figured in the tree plantation campaign. The beauty of it is that this could have served two purposes at the same time. We certainly have lost some time but not as much as could defeat our attempt to make a fresh start now. But first of all we must convince ourselves of the merit of such a drive.

THE wage rate in Bangladesh is one of the lowest in the world. There are very few places where one can get unskilled factory labour at around one dollar only for a manday of eight to ten hours of work. As a consequence, manufacturer of labour-intensive products such as garments where cutting and stitching — the making of the product — is practically all labour and therefore so competitive in the international market. Tailoring has become the mainstay of our export growth. This is a potential which is well recognised and we find signboards of garment factories sprouting up all over the city. Are we to become the tailors of the world very soon?

Such a high labour intensity of manufacturing is also true in case of shoes, consumer electronics, toys and very many other goods but their exports are not flourishing in the country. With liberalisation of imports, Dhaka shops are flooded with VCRs and television sets imported from countries where labour costs are at least three to five times more than ours. Of particular importance are spinning of yarn and weaving of fabrics which go into the cutting and making of garments. A great deal of labour — around five hundred full-time workers — is required to operate a standard size integrated textile mill consisting of spinning, weaving and finishing units. But we cannot compete with imported fabrics. Many textile mills are either running at a loss or have already closed down. Each year garment industry imports several hundred crores Taka worth of fabrics and as much as seventy per cent of our export earnings from garments are re-

quired to pay for imported fabrics. There is a demand next door from garment factories and labour accounts for a significant portion of the total manufacturing cost — yet textile mills are running at a loss.

If we look at the state of development, we will not fail to notice that except garment, no other labour intensive industry has so far been able to make a headway in the country. The potential of cheap labour does not appear to hold goods in all cases except one. Obviously, there are constraints. As a matter of fact, the apparent wage rate which is extremely low no doubt, is not enough to achieve competitive success. It is how labour is deployed to achieve productivity gains that determine the profitability of an enterprise depending on external markets.

Labour-Productivity

Relation

Labour is cheap in our country but it has to be related to the productivity of that cheap labour. If average productivity of labour in country A is higher than country B, then the former country can afford a higher wage rate to the extent of the higher output per unit of labour. Suppose labour is 50 per cent more productive in Thailand where factories usually operate for 300 days per year, three shifts a day while in Bangladesh, one-quarter of the work-hours, if lost due to above-mentioned factors, then even if the wage level in Thailand is double that of Bangladesh, low labour costs would not give us any particular competitive advantage at all. Not only that, due to absence of any dislocation, timely supplies of exports are assured from

Cheap Labour: Potential or Constraint

Thailand; while hartals spell disasters for our exports of manufactured goods and services.

real terms is pushed up further. Moreover, if in country A four workers in a textile plant can do the work of five workers in country B, then a wage rate which is one-third more in country A will not make any difference in terms of competitive success.

It is not the low wage but total production performance that critically determines the competitive position in the world market. Inspite of low wages, dislocations in the smooth running of factory shifts are so frequent due to hartals, loadshedding, turn-over of labour, unauthorised absence etc. that the desirable level of

ing and embroidery work is adequate for the purpose. As mentioned before, other labour-intensive industries are not developing because higher levels of skills required cannot be acquired by a largely illiterate labour force. There are limits to manual dexterity. After a certain point, a combination of brain and brawn, even for manual work, becomes critical.

In Vietnam, 70 per cent of the work-force has completed secondary education. Around the coastal regions, in special economic zones of the People's Republic of China, the literacy level would tend to be even higher. In Bangladesh, 80 per cent of the work-force is illiterate and the proportion is still higher in case of female labour — more important for several categories of manufacturing for exports. Given this background, the message is loud and clear. Unless we can bring about a literate labour-force, the expected rate of growth of manufacturing enterprises cannot be realised. Our target in this respect should be to ensure, by the turn of the century, a labour force where the majority (say upto 60 per cent) have completed primary schooling. This is the situation that prevails in Thailand today.

Above all, the capacity to and quality of work in manufacturing enterprises are largely functions of nutrition levels whose inadequacy in our country is well known. I was told that some garment factories of Dhaka started a free meal plan for the workers at mid-day and the resulting gains in productivity more than paid for the cost of such meals. It is obvious that when the stomach is full, the quality and quantity of work both are bound to be better.

It is not only low wage — there are several other factors which are relatively more important. If we intend to promote manufacturing development, ideally, it should be low wage labour with the desired attributes — the situation that exists today in China and Vietnam.

The main problem ultimately boils down to one simple question: how can we replicate China and Vietnam. Times without number it has been proved that there are no limits to human ingenuity — its capacity to adapt is enormous. The response to the challenge is bound to be fabulous if and only if people in general are not constrained to face it through the self-seeking motivated interests of short-term gainers who always make hay while the sun shines.

WINDOW ON ASIA

Shahid Latif

there are people who can afford to pay such exorbitant prices.

Illiteracy

Cheap labour may not be an advantage if workers are not literate. Since written instructions cannot be followed by them, cost of supervisory labour would increase, negating advantages of low labour costs. In Sri Lanka, Vietnam or China, labour is literate and as cheap as Bangladesh. Hence foreign investors would prefer those countries to Bangladesh.

Literacy is very closely related to skill development. In cutting and making of garments under intensive supervision, hardly any skill is involved and/or the innate skill acquired at home from mothers in stitching.

deployment is not feasible.

Hence the situation in Thailand

where despite the fact that garment workers are more expensive than in Bangladesh, such manufacturing ventures still remain competitive. Suppose labour is 50 per cent more productive in Thailand where factories usually operate for 300 days per year, three shifts a day while in Bangladesh, one-quarter of the work-hours, if lost due to above-mentioned factors, then even if the wage level in Thailand is double that of Bangladesh, low labour costs would not give us any particular competitive advantage at all. Not only that, due to absence of any dislocation, timely supplies of exports are assured from

SOME 66,000 people are leaving Hong Kong every year in advance of the colony's handover to China in 1997, but these numbers are being replenished by foreign nationals flocking here to flee recession in the West.

An estimated 35,000 foreign nationals arrived in 1992, joining the 276,000 expatriates already living in the British territory.

Many are reacting to a new consciousness in the United States and Europe that Asia is emerging as a major opportunity and an important 'growth pole' at a time when the West is stagnating.

But this is short-term opportunism, or will they remain after 1997, demonstrating confidence in the future of Hong Kong under Chinese rule?

Businessmen are generally bullish. The American Chamber of Commerce says US companies are using Hong Kong as a bridgehead into a rapidly expanding China market.

They believe China's rapid growth will continue after 1997, and Hong Kong's excellent infrastructure and telecommunications will not reduce its importance as a regional hub.

American Chamber of Commerce president Frank Martin says the influx of US citizens in part 'reflects the poor job market in (the United States) and the increasing interest of Americans in the Asia-

Pacific markets'.

The Canadian consulate, whose number of citizens in Hong Kong grew 20 per cent to almost 20,000 in 1992, reports the same flight from Western recession as does the Australian consulate.

Many are Hong Kong-born people returning to their native land after having obtained passports. Both consulates agree such people will stay after 1997 unless the chips are really down.

There are indications China will want to keep Hong Kong an international city, with foreign banks and companies having little trouble brining in the expert staff they need.

But many foreign nationals who have their own businesses and have invested heavily in Hong Kong may find themselves unwelcome. Ralph Sidney Woollett has spent more of his working life here than in Britain and owns his own trading company here. 'My business has right of abode here but I haven't,' he laments.

A recent survey by the Expatiates Civil Service Association of Hong Kong found that two-thirds of them would stay on even if their terms of service were graded down to 'local' levels, losing many of the perks they now enjoy.

Replacing expatriates with local Chinese is government policy and is believed to be behind the departure of many British people who would otherwise have stayed beyond 1997.

While many view localisation as a way to redress colonial inequalities, many of the civil servants have put down roots in the colony over the years.

Some are so committed to Hong Kong that at least 75 have even applied for British Dependent Territory Citizenship — the passport shunned by Hong Kong people.

They hope that by holding Hong Kong citizenship alongside their British or New Zealand nationality they can be classed as 'locals', entitling them to stay after 1997. Civil servant Royston Griffey is one of them. 'I've been here 14 years,' he

says. 'I have a Chinese wife and both my sons were born here. I am a local and I intend to stay.'

But while foreign passports can be stamped with 'right to land' in Hong Kong after seven years of residence, it is no protection against deportation.

For every newly arrived expatriate, there are 10 who have lived in Hong Kong for many years. Many echo Griffey's desire to stay beyond 1997.

Still, their future is uncertain, as China has not made it clear what rights long-term foreign residents will have after 1997, including Hong Kong.

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.

Congratulations Hosokawa

Sir, After 50 days of political crisis Japan has embarked on a historical political transition with Morihiro Hosokawa as the country's new Prime Minister.

It the USA is the military superpower Japan is the world's economic superpower, Japan's manufacturing output stands at 1.2 trillion US dollar annually.

Japan suffered catastrophic losses due to explosion of two atom bombs by the USA in Hiroshima and Nagasaki in the year 1945. She has healed the wounds after untold sufferings, and so she does not want to be; come a nuclear power. Japan is more interested in economic fields, science and technology than in destructive activities and so she has surpassed all in the development works.

Japan is also the most dominant power of Asia today. She is destined to play a very important role in the world affairs.

The land of rising sun and the cherry flowers having world's oldest monarchy and post world war II democracy combined Japan maintains historic ties and cordial relations with Bangladesh. We are proud of the Bangladesh-Japan friendship, cooperation, bilateral trade and joint venture.

We heartily congratulate the Prime Minister Hosokawa on his assumption of office and we are confident that the existing close and beneficial relations between our two countries would be further strengthened in the years to come.

O H Kabir
Dhaka

Industrialization and bank interest rate

Sir, Government is reducing the rate of bank interest on Savings A/c, Fixed deposit A/c and loan payment with a view to industrialise our country. Of course this will help the industrialists. But this will not help the common men to change their bad luck. Because a few industrialists keep their money in fixed or savings A/c. They rather take loan from bank. Will common men get loan? No. Because they have no assets to mortgage with bank. On the other hand they will not get sufficient interest from bank on their small savings. Government should not think that reduction of bank interest rate will force everybody to set up

industrialists set up sophisticated machinery to produce quality products. But they cannot produce so due to their fascination for becoming rich overnight.

Many of them want to earn 100% profit using low standard raw materials and except a few they perhaps have no mentality to go for good quality. There are many pharmaceutical industries in Bangladesh and we don't feel confident to use their medicine except that of a few. If we fear to use local medicine, how can we patronise the local pharmaceutical industries? Then we will go for foreign medicine to save life, whether we get it through smuggling or proper way.

However, before taking any decision government should consider the interest of common man. I may say reduction of rate of interest on savings and fixed deposits is an unilateral decision of government without considering the interest of common man. If no interest is paid on savings and fixed deposits, common men must keep their money in bank. Because the common man cannot keep that in home for fear of theft and dacoity. On the other hand, they cannot invest their small savings in share market because share market may fall any time. Where will they keep their money? Naturally common men will keep their money in bank without interest for safety only.

This is, however, not fully correct. Bank may wind up any time. Where will common men go? Seemingly, government policy makes the rich richer and the poor poorer. For example, just a few years back DPS was most popular to the common man. Now most of the banks are reluctant to open new DPS account, rather they discourage it. The main reason, apparently, is to suppress the low paid service holders, farmers and rickshaw pullers who are the main holders of DPS account. No rich man participates in the DPS account and the government knows it. Is this the policy of our government to change the

lot of common man?

Lastly, I request our government, especially Honourable Finance Minister, to increase the rate of interest on savings account to 10 per cent and on fixed deposit to 16 per cent for the benefit of the common man. A genuine industrialist will take loan from bank in spite of high rate of interest. Government should take stable policy and should take stern action against smuggling and substandard products, in favour of industrialization.

Nirmal Chowdhury
Dhaka

Micro family programme

Sir, The activities of different international and national clubs like Lions, Rotary, Apex, Unesco etc are found to be quite spontaneous in the field of health care, education, rehabilitating the distressed people of our society, etc. Members of those clubs have sincerely and devotion to their club projects and henceforth their activities in different parts of the country are often found to be successful. Two of the main reasons, of their success, maybe that they are away from our country's political arena, and they are motivated by themselves to set up their projects successful.

I would like to draw the attention of and urge all the top personalities of the clubs to be united on one major problem of our country. Besides the usual activities of the clubs, temporary and permanent projects, they can possibly take up a 'Micro Family Programme' through motivation. Needless to mention that such a programme needs more and more effort and continuous motivation by the government, semi-govt, private and voluntary organizations of our country with top priority.

Motus Samad Chowdhury
Phultola Tea Estate, Sylhet

groups of upto even 1000 persons in one single large production hall adds a new dimension to our past practices and procedures. While monotony calls for diligence, very large group work requires unity and discipline. Obedience and strict adherence to orders are prerequisites to large-scale labour-intensive manufacturing development.

Above all, the capacity to and quality of work in manufacturing enterprises are largely functions of nutrition levels whose inadequacy in our country is well known. I was told that some garment factories of Dhaka started a free meal plan for the workers at mid-day and the resulting gains in productivity more than paid for the cost of such meals. It is obvious that when the stomach is full, the quality and quantity of work both are bound to be better.

It is not only low wage — there are several other factors which are relatively more important. If we intend to promote manufacturing development, ideally, it should be low wage labour with the desired attributes — the situation that exists today in China and Vietnam.

The main problem ultimately boils down to one simple question: how can we replicate China and Vietnam. Times without number it has been proved that there are no limits to human ingenuity — its capacity to adapt is enormous. The response to the challenge is bound to be fabulous if and only if people in general are not constrained to face it through the self-seeking motivated interests of short-term gainers who always make hay while the sun shines.

Hong Kong: Influx Despite 1997 Jitters